



**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE MEETING**

**Tuesday, March 28, 2023
at 1:30 p.m.**

**5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692**

The public shall have the opportunity to directly address the Committee on any item of interest before or during the Committee's consideration of that item. Public comment on items within the jurisdiction of the Committee 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 Committee 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.

AGENDA

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:

All items listed under the Consent Calendar are considered and acted upon by one motion. Committee members may request an item be removed for separate consideration.

3.1 Approve draft meeting minutes of the February 21, 2023 Executive Committee Special Meeting.

3.2 Authorize the Executive Director to enter into a five-year contract with Richardson & Company, LLP to provide professional auditing services for a not-to-exceed amount of \$28,900 for the FY 2023 audit.

Action: Approve Consent Calendar

4. EXECUTIVE DIRECTOR SALARY SURVEY AND COMPENSATION DRAFT REPORT

Member: Tony Firenzi, Board Chair and Patty Howard, Lead Advisor, RGS

Action: Receive and file Executive Director Salary Survey and Compensation Draft Report

5. FY 2023-24 PROPOSED RWA BUDGET

Staff: Josette Reina-Luken, Finance and Administrative Services Manager

Action: Recommend approval of the proposed FY 2023/24 Budget to the Board of Directors

6. LEGISLATIVE POSITIONS

Staff: Ryan Ojakian, Manager of Legislative and Regulatory Affairs

Discussion/Action: Approve positions on legislative bills

7. FUTURE EXECUTIVE COMMITTEE MEETING TIMES

Staff: Jim Peifer, Executive Director

Discussion: Provide feedback to staff

8. EXECUTIVE DIRECTOR'S REPORT

9. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

RWA Board Meeting: Thursday, May 18, 2023 at 9:00 a.m. located at City of Roseville, 2005 Hilltop Circle, Roseville, CA 95747.

RWA Executive Committee Meeting: Tuesday, May 2, 2023 at 1:30 p.m. at the RWA Office located at 5620 Birdcage Street, Suite 110, Citrus Heights, CA 95610.

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 packet.

RWA Board of Directors

2023 Chair: Tony Firenzi

2023 Vice Chair: Brett Ewart

California American Water

Audie Foster, General Manager

Evan Jacobs, Operations Manager

Carmichael Water District

Ron Greenwood, Board Member

Cathy Lee, General Manager

Citrus Heights Water District

Caryl Sheehan, Director

Raymond Riehle, Director

Hilary Straus, General Manager (alternate)

Rebecca Scott, Principal Operations Specialist (alternate)

City of Folsom

YK Chalamcherla, Councilmember

Marcus Yasutake, Environmental/Water Resources Director (alternate)

City of Lincoln

Holly Andreatta, Councilmember

Chuck Poole, Water Facilities Supervisor (alternate)

City of Roseville

Pauline Roccucci, Councilmember

Scott Alvord, Councilmember (alternate)

Sean Bigley, Assistant Environment Utilities Director

Rich Plecker, Director of Utilities (alternate)

City of Sacramento

Lisa Kaplan, Councilmember

Brett Ewart, Water Policy & Regional Planning Supervising Engineer, Vice Chair

Michelle Carrey, Supervising Engineer (alternate)

Anne Sanger, Policy and Legislative Specialist (alternate)

Mai Vang, Councilmember (alternate)

City of West Sacramento

Martha Guerrero, Councilmember

William Roberts, Director of Public Works and Operations

City of Yuba City

Shon Harris, Councilmember

Diana Langley, City Manager

Del Paso Manor Water District

Gwynne Pratt, Board Member

Victoria Hoppe, Acting General Manager

El Dorado Irrigation District

Pat Dwyer, Director/Board President

Jim Abercrombie, General Manager

Brian Mueller, Engineering Director (alternate)

* Names highlighted in red are Executive Committee members

Elk Grove Water District <i>Tom Nelson</i> , Board Chair <i>Bruce Kamilos</i> , General Manager
Fair Oaks Water District <i>Randy Marx</i> , Board Member <i>Tom Gray</i> , General Manager
Georgetown Divide Public Utility District <i>Michael Saunders</i> , Board Member <i>Nicholas Schneider</i> , General Manager <i>Adam Brown</i> , Operations Manager (alternate)
Golden State Water Company <i>Paul Schubert</i> , General Manager <i>Ernie Gisler</i> , Capital Program Manager
Nevada Irrigation District <i>Ricki Heck</i> , Board Member <i>Karen Hull</i> , Board Member (alternate) <i>Greg Jones</i> , Assistant General Manager <i>Jennifer Hanson</i> , General Manager (alternate)
Orange Vale Water Company <i>Robert Hunter</i> , Board Member <i>Joe Duran</i> , General Manager
Placer County Water Agency <i>Robert Dugan</i> , Board Member <i>Tony Firenzi</i> , Director of Strategic Affairs, Chair <i>Andy Fecko</i> , General Manager, (alternate) <i>Mike Lee</i> , Board Member, (alternate)
Rancho Murieta Community Services District <i>Tim Maybee</i> , Director <i>Michael Fritschi</i> , Interim General Manager
Sacramento County Water Agency <i>Patrick Kennedy</i> , Supervisor <i>Michael Grinstead</i> , P.E. Principal Civil Engineer
Sacramento Suburban Water District <i>Bob Wichert</i> , Board Member <i>Dan York</i> , General Manager (alternate) <i>Jay Boatwright</i> , (alternate) <i>Craig Locke</i> , (alternate) <i>Dave Jones</i> , (alternate) <i>Kevin Thomas</i> , Board Member (alternate)
San Juan Water District <i>Dan Rich</i> , Director <i>Greg Zlotnick</i> , Water Resources and Strategic Affairs <i>Ted Costa</i> , Board President (alternate)

* Names highlighted in red are Executive Committee members

RWA ASSOCIATES	
Organization	Representatives
El Dorado Water Agency	<i>Lori Parlin, Chair</i> <i>Ken Payne, General Manager (alternate)</i>
Placer County	<i>Ken Grehm, Director Public Works and Facilities</i> <i>Jared Deck, Manager Environmental Engineering</i>
Sacramento Municipal Utility District	<i>Paul Lau, General Manager/CEO</i> <i>Christopher Cole, Strategic Account Advisor</i> <i>Ansel Lundberg, Energy Commodity Contracts Specialist</i>
Sacramento Regional County Sanitation District	<i>Mike Huot, Director of Policy and Planning</i> <i>Terrie Mitchell, Manager Legislative and Regulatory Affairs</i> <i>David Ocenosak, Principal Civil Engineer</i> <i>Jose Ramirez, Senior Civil Engineer</i>
Sacramento Area Flood Control Agency	<i>Richard Johnson, Executive Director</i>
Yuba Water Agency	<i>Adam Robin, Government Relations Manager</i> <i>Willie Whittlesey, General Manager</i>

RWA AFFILIATE MEMBERS	
Organization	Representatives
Black & Veatch	<i>David Carlson, Vice president</i>
Brown & Caldwell	<i>Paul Selsky, Water Supply Planning, Vice president</i> <i>LaSandra Edwards, Civil Engineer</i> <i>May Huang, Engineer</i> <i>David Zuber, Vice President</i>
GEI Consultants	<i>John Woodling, Vice President, Branch Manager</i> <i>Chris Petersen, Principal Hydrogeologist</i> <i>Richard Shatz, Principal Hydrogeologist</i>
HDR, Inc.	<i>Jafar Faghieh, Water Resources Engineer</i> <i>Ed Winkler, Client Development Lead</i>
Sacramento Association of Realtors	<i>David Tanner, Chief Executive Officer</i> <i>Christopher Ly, Chief Operations Officer</i>
Stantec	<i>Kari Shively, Vice President</i> <i>Vanessa Nishikawa, Principal Water Resources Engineer</i> <i>Yung-Hsin Sun, Principal Engineer</i> <i>Rebecca Guo, Senior Associate Water Resources Engineer</i> <i>Ibrahim Khadam, Principal Engineer</i>
West Yost Associates	<i>Charles Duncan, President</i> <i>Abigail Madrone, Business Development Director</i> <i>Kelye McKinney, Engineering Manager I</i> <i>Jim Mulligan, Principal Engineer</i>
Woodard & Curran	<i>Ali Taghavi, Principal</i> <i>Jim Graydon, Senior Client Service Manager</i>

* Names highlighted in red are Executive Committee members

Topic: Public Comment
Type: New Business
Item For: Information/Discussion
Purpose: [Policy 200.1, Rule 11](#)

SUBMITTED BY: Ashley Flores, CMC
Secretary

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the Regional Water Authority Executive Committee to recognize or hear from visitors that may be attending the meeting or to allow members of the public to address the Executive Committee on matters that are not on the agenda.

As noted on the agenda, 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.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

Public agencies are required by law to provide an opportunity for the public to address the RWA Executive Committee matters that are not on the agenda.

Topic: Meeting Minutes
Type: Consent Calendar
Item For: Action; Motion to Approve
Purpose: [Policy 200.1, Rule 14](#)

SUBMITTED BY: Ashley Flores, CMC
Secretary

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Executive Committee to review and consider approving the draft minutes of the regular Regional Water Authority Executive Committee Meeting of February 21, 2023.

STAFF RECOMMENDED ACTION

A motion to approve the minutes, as presented or amended.

BACKGROUND

The draft minutes of the above referenced meetings are included with this Agenda. The minutes reflect the RWA Policy 200.1 to document specific details on items discussed at the meetings.

The Executive Director may list on the agenda a "consent calendar", which will consist of routine matters on which there is generally no opposition or need for discussion. Examples of consent calendar items might include approval of minutes, financial reports and routine resolutions. Any matter may be removed from the consent calendar and placed on the regular calendar at the request of any member of the Board. The entire consent calendar may be approved by a single motion made, seconded and approved by the Board.

FINDING/CONCLUSION

Staff believes the draft of the presented minutes correctly reflect the information shared and actions taken by the Executive Committee.

ATTACHMENTS

Attachment 1- Draft meeting minutes of the Regional Water Authority Executive Committee Meeting of February 21, 2023

1. CALL TO ORDER

Chair Firenzi called the regular meeting of the Executive Committee to order at 1:30 p.m. as a hybrid meeting. Six of the Executive Committee Members were present; a quorum was established. Individuals in attendance are listed below:

Executive Committee Members

S. Audie Foster, California American Water
Ron Greenwood, Carmichael Water District
Caryl Sheehan, Citrus Heights Water District
Tony Firenzi, Placer County Water Agency
William Roberts, City of West Sacramento
Bruce Kamilos, Elk Grove Water District

Staff Members

Jim Peifer, Trevor Joseph, Ryan Ojakian, Josette Reina-Luken, Amy Talbot, Michelle Banonis, Raiyna Villasenor, Monica Garcia, Ashley Flores and Andrew Ramos, legal counsel.

Others in Attendance:

Anne Sanger, Greg Zlotnick, and Vanessa Nishikawa

S. Audie Foster joined the meeting at 1:31 p.m.

Executive Director Peifer requested that Chair Firenzi approve to reorder agenda items 4 and 5. The new order is as follows: Agenda Item 4. RWA Principal Office Location and Agenda Item 5. FY2024 Budget Overview.

Chair Firenzi asked if any of the Executive Committee members objected to the change made to the agenda, there was no objection. Chair Firenzi adopted the agenda as amended.

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

A motion was made to approve the consent calendar as presented.

Motion/Second/Carried Mr. Greenwood moved, with a second by Ms. Sheehan

S. Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Caryl Sheehan, Citrus Heights Water District; William Roberts, City of West Sacramento; Bruce Kamilos, Elk Grove Water District and Tony Firenzi, Placer County Water Agency voted yes. The motion passed.

Roll Call Vote: Ayes- 6
 Noes- 0
 Abstained- 0
 Absent- 3

4. RWA PRINCIPAL OFFICE LOCATION

Executive Director Peifer provided a presentation on this action item to the Executive Committee to consider letting the Birdcage Street Principal Office lease expire without exercising an option and to recommend a new principal office location to the Board of Directors for their approval.

The 2295 Gateway Oaks Drive property was identified by the Office Space Committee and the RWA staff recommended the location to the Executive Committee for the RWA Board's approval of the RWA's principal office location. The location addresses all of the criteria used to select a new office location. Staff recommends not exercising the option for the existing Birdcage Office lease and letting the lease expire.

A motion was made to waive the lease provision to extend the lease at the Birdcage Street Office and recommendation of a new principal office location at 2295 Gateway Oaks Drive to the Board of Directors

Motion/Second/Carried Mr. Greenwood moved, with a second by Mr. Foster

S. Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Caryl Sheehan, Citrus Heights Water District; William Roberts, City of West Sacramento; and Tony Firenzi, Placer County Water Agency voted yes. Bruce Kamilos, Elk Grove Water District voted no. The motion passed.

Roll Call Vote: Ayes- 5
 Noes- 1
 Abstained- 0
 Absent- 3

5. FY2024 BUDGET OVERVIEW

Ms. Reina-Luken presented this action item for the Board of Directors to receive a presentation and provide direction on key issues for the FY2024 Budget.

The presentation provided an overview of those critical budget issues including potential increase in annual dues for board, associate and affiliate members, and budget expense category increases such as estimated cost of living allowance, office relocation, and PERS side payment to future unfunded liability. The presentation also included a discussion of potential budget transfers to staff subscription programs and the corresponding cash designations which restrict funds for specific purposes in accordance with RWA financial policies. Ms. Reina-Luken also explained how the unrestricted cash may be eligible for one or more or a combination of further reduction in annual dues, banking to offset future year expenses, increase administrative support and/or application to various RWA strategic priorities.

Direction was provided to staff and a motion was made to approve zero percent dues increase and invest the rest.

Motion/Second/Carried Mr. Greenwood moved, with a second by Mr. Kamilos

S. Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Caryl Sheehan, Citrus Heights Water District; William Roberts, City of West Sacramento; Bruce Kamilos, Elk Grove Water District and Tony Firenzi, Placer County Water Agency voted yes. The motion passed.

Roll Call Vote: Ayes- 6
 Noes- 0
 Abstained- 0
 Absent- 3

6. STRATEGIC PLAN SURVEY AND RWA STRATEGIC PLAN PRIORITIES

Executive Director Peifer presented an action item for the Executive Committee to receive a presentation summarizing feedback from a Strategic Plan Prioritization Survey from the members and to consider staff proposed priorities for the upcoming fiscal year.

Staff recommended the Executive Committee members consider the priorities and provide additional feedback to the staff to finalize the Strategic Plan. Staff believes the success indicators and goals identified in the RWA Strategic Plan are consistent with the workshop discussions and survey results provided by the RWA Executive Committee.

Chair Firenzi requested that Funding Support will continue to be an ongoing priority, but suspended from the list so it can be better understood the implications of what good vesting and funding looks like. Upon resolution of that process, the priority can be reassessed.

A motion was made to recommend to the RWA Board to approve Strategic Plan Priorities for Fiscal Year 2023/2024 as presented.

Motion/Second/Carried Ms. Sheehan moved, with a second by Mr. Greenwood.

S. Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Caryl Sheehan, Citrus Heights Water District; William Roberts, City of West Sacramento; Bruce Kamilos, Elk Grove Water District and Tony Firenzi, Placer County Water Agency voted yes. The motion passed.

Roll Call Vote: Ayes- 6
Noes- 0
Abstained- 0
Absent- 3

7. LEGISLATIVE AND REGULATORY UPDATE

Mr. Ojakian presented an informational oral update for the Executive Committee to review and discuss various State legislation. Ryan Ojakian, Legislative and Regulatory Affairs Manager will provide an oral report on legislation and recommended Executive Committee action on AB 249, AB 285, and SB 23.

Mr. Kamilos requested additional information on SB 23 and why RWA is supporting the bill.

Mr. Ojakian explained that SB 23 built off of an effort specifically led by Santa Clara Water to streamline permitting in relation to the Andersen Dam work they were conducting in Santa Clara. This is modeled off of that and experiences that they had in that legislative discussion. This particular bill is sponsored by ACWA and taking the lessons learned from that legislative process and including all permitting for specific water supply and flood control projects. I don't see it being critical to all RWA members but it could be helpful.

AB 249 (Holden D- Pasadena) Would require a community water system that serves a school site with a building constructed before January 1, 2010, to test for lead in the potable water system of the school site before January 1, 2027. Recommended oppose unless amended.

AB 285 (Luz Rivas D- Arleta) Would require teaching on the cause and effect of climate change to both grades 1-6 and 9-12. Recommended Support.

SB 23 (Caballero D- Salinas) Would make streamlined permitting changes to water supply and flood control projects. Recommended Support.

RWA is co-sponsoring SB 659 (Ashby D- Sacramento) with the California Association of Wine Grape Growers. The bill establishes a goal of 10 million acre-feet of groundwater recharge in wet years.

Mr. Kamilos exited the meeting at 2:55 p.m.

A motion to approve positions on legislative bills to oppose unless amended on AB 249 and support for AB 285 and SB 23.

Motion/Second/Carried Mr. Foster moved, with a second by Mr. Greenwood.

S. Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Caryl Sheehan, Citrus Heights Water District; William Roberts, City of West Sacramento; and Tony Firenzi, Placer County Water Agency voted yes. The motion passed.

Roll Call Vote: Ayes- 5
Noes- 0
Abstained- 0
Absent- 4

8. RWA BOARD OF DIRECTORS AGENDA

Executive Director Peifer presented this action item for the Executive Committee to review and consider approving the draft Agenda of the Regular Regional Water Authority (RWA) Board of Directors Meeting of March 9, 2023.

Executive Director Peifer requested to add two additional items for the agenda. RWA staff received a request from Mr. David Wheaton for the approval by resolution for his nomination for the ACWA JPIA's Executive Committee. Mr. Peifer requested that this item to be included on the Consent Calendar. Mr. Peifer also requested an additional action to be added to agenda item entitled RWA PRINCIPAL OFFICE LOCATION to direct the Executive Director to enter into a new lease agreement for the new principal office location.

A motion to approve RWA Board of Directors Agenda for March 9, 2023 Board Meeting, including the two additional items.

Motion/Second/Carried Ms. Sheehan moved, with a second by Mr. Greenwood.

S. Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Caryl Sheehan, Citrus Heights Water District; William Roberts, City of West Sacramento; and Tony Firenzi, Placer County Water Agency voted yes. The motion passed.

Roll Call Vote: Ayes- 5
Noes- 0
Abstained- 0
Absent- 4

9. EXECUTIVE DIRECTOR'S REPORT

No comment.

10. DIRECTORS' COMMENTS

Chair Firenzi reported on the PCWA is presenting their Year End and Strategic Plan on March 2, 2023 at their Board meeting at 2:00 p.m. in Auburn, CA.

Ms. Sheehan requested that the times in which the RWA Board and Executive Committee meetings are being held be placed on the agenda.

Executive Director Peifer stated that staff can get a sense of what the time commitments are for the Executive Committee. We can have that conversation at the next Committee meeting. Chair Firenzi reminded the committee that they voted on the set of meetings for the times we have so far, so we would have to reopen and take action as a committee before we set new times.

ADJOURNMENT

With no further business to come before the Board, Chair Firenzi adjourned the meeting at 3:59 p.m.

By:

Chairperson

Attest:

Ashley Flores, Secretary

Topic: Award of Contract for Professional Auditing Services
 Type: New Business
 Item For: Consent Calendar
 Purpose: [Policy 500.12](#)

SUBMITTED BY:	Josette Reina-Luken Finance & Administrative Services Manager	PRESENTER:	Josette Reina-Luken Finance & Administrative Services Manager
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EXECUTIVE SUMMARY

This is an action item for the Executive Committee to recommend the approval authorizing the Executive Director to enter into a five-year contract with Richardson & Company, LLP to provide professional auditing services.

STAFF RECOMMENDATION

A motion to authorize the Executive Director to enter into a five-year contract with Richardson & Company, LLP to provide professional auditing services for a not-to-exceed amount of \$28,900 for the FY 2023 audit.

BACKGROUND

A Request for Proposal (RFP) for Professional Auditing Services was emailed to 9 firms on January 20, 2023. The due date for proposals was February 24, 2023. We received three proposals. Staff conducted a preliminary scoring of the proposals to identify the potential firm(s) that would be interviewed. The scores were based on the following criteria: (1) knowledge/experience – 30 points max; (2) ability to meet the needs of RWA/SGA – 20 points max; and (3) project cost – 50 points max. The score for each submitting firm along with the project cost is listed in the table below.

Name of Firm	FY23 Audit Cost	5-Year Audit Cost	Proposal Score
Mann, Urrutia, Nelson CPAs & Associates, LLP	\$35,100	\$175,500	82
Maze & Associates	\$31,275	\$167,175	84
Richardson & Company, LLP	\$28,900	\$156,200	98

Based on the 5-year project costs being significantly lower (>\$10,000) and the disparity in the proposal score, staff decided to forgo the firm interviews. Since Richardson & Company (Richardson) was the previous auditor from 2012-2017, they already possess the internal working knowledge that is best suited to meet RWA and SGA needs. Additionally, Richardson has been providing accounting consultancy services to RWA and SGA in conjunction with the audit since

2019. Staff reviewed if there would be a conflict of interest or threat to the member's (Richardson) compliance with the Independence Rule if they continued to provide both accounting consulting and audit services simultaneously.

In accordance with American Institute of Certified Public Accountants, "threats would be at an acceptable level, and independence would not be impaired, when all of the following safeguards are met".

The member determines that the attest client and its management agree to:

1. Assume all management responsibility,
2. Designate an individual such as the Finance and Administrative Services Manager, who possess the suitable skill, knowledge, and experience to oversee the services,
3. Evaluate the adequacy and results of the services performed,
4. Accept responsibility for the results of the audit accounting consultancy services.

Before performing services, the member shall establish in writing their understanding of this with the attest client (RWA) as outlined by the generally accepted government auditing standards (GAGAS) to identify these services as threats to independence and document the safeguards employed to reduce threats to an insignificant level. In addition to the meeting the above requirements, Richardson will employ additional safeguards by having a staff member not on the audit team provide the accounting consultancy services, having another partner that is not on the audit team supervise the accounting consulting services, have a qualified auditor not on the audit team review the financial statements and document management's review and approval process over the non-audit services. These additional services are included in the annual proposal cost.

FINDING/CONCLUSION

After reviewing these requirements, Richardson feels comfortable to attesting to management's ability to oversee and direct the services and RWA staff agrees to perform all management responsibilities as required.

ATTACHMENTS

Attachment 1- Request for Proposal for Professional Auditing Services

Attachment 2- Draft Contract for Professional Auditing Services

Regional Water Authority Sacramento Groundwater Authority Request for Proposal for Professional Auditing Services

GENERAL PROPOSAL INFORMATION

Request for Proposal

As the administrator for both organizations, the Regional Water Authority (RWA) is requesting proposals from qualified firms of certified public accountants to audit RWA and Sacramento Groundwater Authority's (SGA) financial statements for the fiscal year ending June 30, 2023, with the option at RWA's discretion of auditing its financial statements for each of the four subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

The RWA reserves the right to modify the anticipated timeline set forth below. There will be no public opening of proposals. The RWA reserves the right to reject any and all proposals, cancel all or part of this RFP, and waive any minor irregularities and to request additional information from proposing firms. This request for proposals does not obligate the RWA to award a contract. There is no expressed or implied obligation for the RWA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, send proposals to josette@rwah2o.org. **Proposals must be received by the Authority via email no later than 3:00 p.m., local time, on February 24, 2023, as determined by the email receipt time.** Submit your proposal as one (1) PDF formatted file. The email subject line should be addressed "Proposal for RFP 2023 – Audit Services." The RWA reserves the right to reject any or all proposals submitted.

RWA Profile

The RWA was formed in 1990 as a joint powers authority that serves and represents the interests of 22 water providers and associated agencies in the greater Sacramento area, including parts of Placer, El Dorado, Nevada, Sutter, Yolo and Yuba Counties. The RWA's primary mission is to help its members protect and enhance the reliability, availability, affordability and quality of water resources. Other RWA goals include ensuring a high quality, reliable water supply to over 2 million people in the greater Sacramento region; supporting and implementing the objectives of the Sacramento Area Water Forum to preserve American River environmental values and ensure a reliable water supply for the next generations; saving rate-payer dollars by pooling resources and securing grant funding; providing a forum for regional policy development and collaboration; protecting surface water and groundwater rights to assure reliable future supplies; and advocating on legislative and regulatory matters of interest to the members.

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

Under an administrative services agreement, the RWA also staffs and manages the SGA. Several agencies are members of both the RWA and the SGA.

RWA has an auditor rotation policy with a term not to exceed five years.

Regional Water Authority Sacramento Groundwater Authority Request for Proposal for Professional Auditing Services

SGA Profile

The SGA is a joint powers authority created in 1998 and is a separate legal entity from RWA. The SGA was formed to collectively manage, protect, and sustain Sacramento region's North Area Groundwater Basin, which includes all of Sacramento County north of the American River. SGA draws its authority from a joint powers agreement between the cities of Citrus Heights, Folsom, and Sacramento and the County of Sacramento to exercise their police power to protect the underlying groundwater basin. In turn, these agencies chose to manage the basin cooperatively by allowing representatives of the fourteen local water purveyors and a representative from agricultural and self-supplied pumpers to serve as the Board of Directors of the SGA.

SGA has developed a progressive groundwater management vision including a regional conjunctive use program designed to not only provide local and regional benefits but also has the potential to provide broader statewide benefits. SGA is the groundwater sustainability agency for its service area in compliance with the Sustainable Groundwater Management Act (SGMA).

Additional SGA goals include implementing a groundwater management plan to guide activities that will ensure a reliable future water supply; supporting and implementing the Water Forum objectives of preserving American River environmental values and providing water supply reliability to support the Sacramento region's economic health; maintaining and protecting the North Area Groundwater Basin's long-term sustainable yield and quality; promoting wet-year banking so that the basin can sustain users during dry periods; and coordinating with central and south county groundwater management efforts.

Principal Contact

The auditing firm's principal contact with the RWA and SGA will be:

Josette Reina-Luken, Finance and Administrative Services Manager
5620 Birdcage Street, Ste. 180,
Citrus Heights, California, 95610
Voice: (916) 967-7692
Email: josette@rwah2o.org

**Regional Water Authority
Sacramento Groundwater Authority
Request for Proposal for Professional Auditing Services**

RFP Timeline

January 20, 2023	Distribution of RFP
February 24, 2023	RFP filing deadline
February 27- March 10, 2023	Staff review of proposals
March 13 - 17, 2023	Audit firm interviews
March 29, 2023	Staff recommendation of audit firm selection to RWA Board of Director's Executive Committee
April 13, 2023	SGA Board of Directors approval of selection
May 18, 2023	RWA Board of Directors approval of selection

PROPOSAL SUBMITTAL AND EVALUATION

Proper Completion and Submission of RFP

To be considered, each auditing firm submitting a proposal must provide by the due date one PDF copy to RWA's principal contact shown on page 2. The RWA reserves the right to reject any or all proposals submitted. **Proposals will be delivered via email to the RWA's principal contact.** Late submissions will not be considered.

Rights to Submitted Materials

The RWA and SGA reserve the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the RWA and SGA and the firm selected.

Changes to RFP

The RWA will send any changes to this RFP to each firm to whom an RFP has been sent. Such changes become an integral part of the RFP for incorporation into any contract awarded pursuant to the RFP.

Inquiries to RFP

Please first submit any inquiries or clarification concerning the proposal submission via email to RWA's principal contact. Answers to inquiries will be returned via email and also posted at www.rwah2o.org for all other interested parties to review.

Evaluation of Proposals

Proposals submitted will be considered by an evaluation team consisting of the RWA staff and representatives of member agencies.

During the evaluation process, the audit selection committee, RWA management and/or full Board of Directors reserve the right, where it may serve the RWA's or SGA's best interest, to request additional information or clarifications from proposers, or to allow corrections of errors or

**Regional Water Authority
Sacramento Groundwater Authority
Request for Proposal for Professional Auditing Services**

omissions. At the discretion of the audit selection committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

Award of Contract

RWA's and SGA's selection of an auditing firm will be completed by May 19, 2023. Following notification of the selected firm, it is expected that a contract will be executed between RWA and the selected auditing firm by June 30, 2023 in accordance with RWA's and SGA's administrative services agreement (see Policy 100.2 "Administrative and Management Services Agreement").

Term of Engagement

The contract term will be from one to a maximum of five years at RWA's discretion. If RWA and the selected auditing firm enter into a multi-year services contract, such contract will be subject to annual review and conditional renewal based on auditor performance at the discretion of RWA and SGA.

Subcontracting

If a proposer intends to subcontract any of the work in its proposal, that fact, the name of the proposed subcontracting firm(s), and the work to be performed by each subcontractor must be clearly identified in the proposal.

Insurance

The selected auditing firm will maintain in full force and effect throughout the term of the auditing services contract the following insurance coverage:

- A. Comprehensive General Liability Insurance coverage of not less than \$1,000,000 Combined Single Limit, with coverage at least as broad as ISO CG00 01.
- B. Automotive Liability Insurance coverage of a limit of not less than \$1,000,000 Combined Single Limit with coverage at least as broad as ISO CA00 01 (hired or non-owned).
- C. Workers' Compensation Insurance coverage at the statutory limits, covering its employees used in performance of this Agreement. The auditor also will require any approved sub-contractors that perform auditing services for RWA and SGA to also provide Workers' Compensation Insurance covering such sub-contractor's employees.
- D. Professional Liability Insurance of a limit of not less than \$1,000,000.
- E. All of the auditing firm's insurance is to be placed with insurers licensed to do business by and in good standing with the California Department of Insurance, with a current A.M. Best's rating of A or better unless otherwise acceptable to RWA. All insurance will be endorsed to name RWA and SGA as additional insureds.

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F. If requested by RWA and/or SGA, all proposers will promptly submit to RWA and/or SGA evidence of insurance coverage.

SCOPE OF SERVICES

Nature of Services

The RWA and SGA are soliciting the services of qualified firms of certified public accountants to audit RWA's and SGA's respective financial statements for the fiscal year ending June 30, 2023, with the option, at RWA's and SGA's discretion, to renew the contract to audit RWA's and SGA's financial statements for each of the four subsequent fiscal years. The audit(s) are to be performed in accordance with the provisions contained in this request for proposals.

The RWA and SGA desire the auditor to express an opinion on the fair presentation of their basic financial statements in conformity with accounting principles generally accepted in the United States of America.

Anticipated Audit Timeline

Early October 2023	Auditor year end fieldwork begins
November 2023	Draft financial statements and management letter
December 7, 2023	Present audit report and management letter comments to SGA Board of Directors
December 13, 2023	Present audit report and management letter comments to RWA Board of Directors' Executive Committee
January 11, 2024	Present audit report and management letter comments to full RWA Board of Directors

Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue, one week prior to the above-Board meeting(s) one PDF file for each of the RWA and SGA audits, including:

1. An independent audit report on the financial statements conducted in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.
2. An independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with Government Auditing Standards.
3. A management letter communicating any items for improvement noted during the audit, if deemed necessary.

In the required report(s) on internal control over financial reporting and on compliance and other matters, the auditor shall communicate any deficiency, material weakness or significant deficiencies found during the audit. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of

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performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on compliance and internal controls. The report(s) on internal control over financial reporting and on compliance and other matters shall include all material instances of noncompliance required to be reported under Government Auditing Standards. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report(s) on internal control over financial reporting and on compliance and other matters.

Presentations of Audit Reports

The selected auditor shall also present the results of the audits at three separate meetings as follows:

December 7, 2023	The SGA Regular Board Meeting
December 13, 2023	The RWA Board of Directors' Executive Committee Meeting
January 11, 2024	The RWA Regular Board Meeting

Irregularities and Illegal Acts

Auditors shall be required to make an immediate, written report to the RWA or SGA Board of Directors of all irregularities and illegal acts or indications of illegal acts of which they become aware.

Reporting to the Executive Committee of the Board of Directors

Auditors shall assure themselves that the RWA's Executive Committee and the RWA and SGA Board of Directors are informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards;
2. Significant accounting policies;
3. Management judgments and accounting estimates;
4. Significant audit adjustments corrected and uncorrected;
5. Other information in documents containing audited financial statements;
6. Disagreements with management;
7. Management consultation with other accountants;
8. Major issues discussed with management prior to retention;
9. Difficulties encountered in performing the audit; and
10. Significant Risks Identified by the Auditor.

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OPERATIONS AND FINANCIAL INFORMATION

RWA Operations

The RWA has an operating budget of approximately \$2,760,000 funding the core administration of RWA's mission and objectives and the common operating costs for RWA and SGA. RWA staffs and manages the SGA through an administrative services agreement and shares in common operating costs. For the fiscal year ending June 30, 2023, \$860,000 in common operating costs are expected to be reimbursed by SGA.

In addition, RWA offers its members a host of additional program services, which costs can vary significantly year to year, depending upon grant awards and outside programs. Members will pay additional fees for these additional services and the nature of these services varies from year to year. For fiscal year ending 2023, the program operating budget is projected at approximately \$4,270,000.

The RWA employs nine full-time regular employees to manage both RWA and SGA. Based upon workload utilization, RWA has 5.7 FTEs and SGA has 3.3 FTE's staff allocations.

More detailed information on the RWA's governance and its finances can be found in the reports below at www.rwah2o.org:

1. RWA's 2022-2023 Approved Budget;
2. The RWA Independent Auditor's Report and Financial Statements for the year ended June 30, 2022; and
3. Other general information.

RWA Fund Structure

For financial reporting purposes, RWA is considered a special-purpose local government agency engaged in business-only type activities and maintains one proprietary fund. Its accounting records are maintained on a cash basis and are adjusted at year end to an accrual basis of accounting. RWA adopts an annual budget in accordance with legal requirements.

RWA's State and Local Awards

During the fiscal year ending on June 30, 2023, the RWA anticipates participating in state grants from the Department of Water Resources, private grant funding agencies and/or member funded agency programs. All of which are reported within the RWA Annual Financial Report. No separate or single-fund audits are required with the exception of the Sacramento Groundwater Authority.

RWA Budgetary Basis of Accounting

The RWA prepares its budgets reflecting expected fees and expenses. It does not budget for depreciation and fixed asset acquisitions are reflected as operating expenses. Additionally, fund balances are not budgeted. However, cash balances and designations are projected. The annual budget preparation begins in January with participation from staff and the Board of Directors' Executive Committee and concludes with Board adoption in May for a July 1st fiscal year start date.

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SGA Operations

The SGA's operating budget for fiscal year 2023 is projected at approximately \$1,150,00 which includes a budgeted amount of \$860,000 of common operating costs allocated to SGA by RWA according to an administrative and management services agreement.

SGA's plans during 2023 include implementing the Groundwater Sustainability Plan, monitoring groundwater levels and water quality, grant application assistance, maintaining and improving the groundwater data management system, pursuing regional contamination issues and groundwater modeling work to comply with SGMA.

More detailed information on SGA's governance and its finances can be found in the reports below at www.sgah2o.org:

1. SGA's 2022-2023 Approved Budget;
2. The SGA Independent Auditor's Report and Financial Statements for the years ended June 30, 2022 and 2021; and
3. Other General Information.

SGA Fund Structure

For financial reporting purposes, SGA uses a governmental fund type. The SGA's governmental fund type is a Special Revenue Fund and is used to account for proceeds of specific revenue sources that are legally restricted for specified purposes. SGA's accounting records are maintained on a cash basis and are adjusted at year end to a modified accrual basis of accounting and government-wide accrual basis of accounting.

SGA Budgetary Basis of Accounting

The SGA prepares its budgets reflecting expected fees and expenses. It does not budget for depreciation and fixed asset acquisitions are reflected as operating expenses. Additionally, SGA does not budget for fund balance, however cash balances and designations are projected. The annual budget preparation begins in February with participation from staff and a Budget Committee and concludes with Board adoption in June for a July 1st fiscal year start date.

Pension Plans and Other Post-Employment Benefits

The RWA and SGA participate in the California Public Employee Retirement System (CalPERS), which is a defined benefit pension plan. Actuarial services for these plans are provided by CalPERS. Additionally, RWA offers its employees a Deferred Compensation Plan administered by CalPERS. RWA does not contribute to the Deferred Compensation Plan on behalf of its employees. SGA had contractual obligations to CalPERS beginning in FY17 and therefore adopted GASB 68 in FY2017.

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RWA hires an actuary to determine the cost of other post-employment benefits (OPEB). RWA places OPEB funds into a trust account with California Employers' Retiree Benefits Trust (CERBT) managed by CalPERS. The annual required explicit contribution is paid each year in order to keep funding current. The implicit contribution may be funded as well, depending upon approved budget and available resources. The retiree health benefit payments are reimbursed from the CERBT.

RWA Assets

RWA currently owns several pieces of computer equipment and office furniture. RWA has a fixed asset policy that requires capitalization of assets with a minimum value of \$2500. RWA also leases their office building space and one copier and reports it under GASB 87 beginning in FY2022.

Finance & Administrative Services Organization

RWA's and SGA's administrative services are directed and overseen by Executive Director James Peifer. The individuals listed below will be available during the audit to assist the selected auditing firm by providing information, documentation and explanations, including confirmation preparation.

Function	Individual
Finance & Administrative Services Oversight/Reporting, Audit Oversight	Executive Director
Accounts Payable, Accounts Receivable, Account Reconciliation, Cash/Investment Management, General Ledger, Payroll and Human Resources, preparation of the State Controller's Report, drafting of the Management Discussion and Analysis and financial statement and footnotes, and key audit liaison and coordinator	Finance & Administrative Services Manager
Information Technology, assistance with questions on grant reporting	Manager Technical Services
Accounting and budgeting assistance, assisting with the management discussion and analysis, supporting schedules, balance sheet, income statements, and cash flow statements for the annual audit.	Outside Consultant

Availability of Prior Audit Reports and Working Papers

Interested firms who wish to review prior years' audit reports and management letters should contact the RWA's principal contact. The RWA will use its best efforts to make prior RWA and SGA audit reports and supporting working papers available to firms to aid their response to this request for proposals. RWA and SGA Policies, Board meeting agendas and minutes, and additional information is available at rwah2o.org and sgah2o.org.

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PROPOSAL REQUIREMENTS

Proposal Requirements

In order to facilitate the comparison of proposals from competing firms and to assist the evaluation team with the review process, proposing firms are requested to organize their proposals in accordance with the following instructions.

Title Page

State the RFP subject, name of the audit firm, local address, telephone number of the proposer's chief contact person, and the date of the proposal.

Table of Contents

The table of contents of the proposal should include a clear and complete identification of the materials submitted by section and page number.

Profile of Proposing Firm

Include staffing size of your firm and your firm's client base (i.e. local, regional, statewide, etc.) and the location of the office from which the work will be done and the staffing allocation for that office. Include a statement as to the firm's capability to conduct audits of governmental entities, including an affirmation that the proposing firm and its agents are properly licensed for practice as Certified Public Accountants. It is expected that the firm's staff will meet the Continuing Education Requirements of auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Independence

The firm should provide an affirmative statement that it is independent of the RWA and SGA as defined by generally accepted auditing standards ("GAAS") and Government Auditing Standards (GAS). The firm should disclose whether it has any audit relationships with RWA and/or SGA member agencies. For a list of member agencies, refer to the following website links: <http://rwah2o.org/board-members/> (RWA) and <http://sgah2o.org/board-members/> (SGA).

Partner, Supervisory and Staff Qualifications and Experience

Identify staff, including engagement partners, managers, supervisors and specialists, who would be assigned to the engagement. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit. Include an affirmative statement that the firm and all assigned key professional staff are properly registered/licensed to practice in California.

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Work Plan and Schedule

Outline a work plan to accomplish the proposed scope of work to demonstrate how the time requirements for the audit will be met. The work plan should include time estimates for each significant segment of the work to be performed and a description of the expected assistance from RWA. The work plan should also identify and describe any anticipated potential audit problems and the firm's approach to resolving these problems. In addition, the work plan should indicate if the proposer is willing to enter into a single year or a multi-year engagement of no more than five consecutive years.

Similar Engagements

List a maximum of five similar recent engagements performed. Indicate the scope of work, date, engagement partner(s), total hours, and the name and telephone number of the principal client contact.

Peer Review Results

Please provide a copy of the audit firms most recent peer review report. You may include any additional information that addresses any peer review findings.

Cost Proposal

The cost to provide the auditing services should be included in the proposal with detail of the hours and rates to be charged:

- 1) Total hours and a not-to-exceed price for the engagement, including out-of-pocket expenses. If the proposer seeks a multi-year contract, the not-to-exceed price should be included for each of the years 2023 through 2028.
- 2) Rates by partner, supervisor, and staff with hours anticipated for each.
- 3) Out-of-pocket expenses.
- 4) Rates for additional professional services, should the need arise.

Progress payments will be made on the basis of hours of work completed during the course of the work and out-of-pocket expenses incurred in accordance with the firm's dollar cost under terms to be agreed to in a contract to be executed between the selected auditor and RWA.

SELECTION CRITERIA

RWA staff will review proposals and recommend selection of a single firm to the RWA and SGA Boards of Directors based on the following criteria, which will be assigned point values up to the total amounts indicated: knowledge/experience (30 points), ability to meet RWA/SGA needs (20 points), and project cost (50 points). There is a maximum possible score of 100 points.

Regional Water Authority Services Agreement

This Agreement is entered into as of the date last signed and dated below by and between Regional Water Authority, a local government agency ("RWA"), and Richardson & Company, LLP., Certified Public Accountants ("Contractor"), who agree as follows:

1 Scope of Work

Contractor shall perform the work and render the services described in the attached Exhibit A (the "Work"). Contractor shall provide all labor, services, materials and supplies required or necessary to properly, competently and completely perform the Work. Contractor shall determine the method, details and means of doing the Work.

2 Payment

2.1 RWA shall pay to Contractor a fee based on:

___ Contractor's time and expenses necessarily and actually expended or incurred on the Work in accordance with Contractor's fee schedule on the attached Exhibit A.

X The fee arrangement described on the attached Exhibit A.

The total fee for the Work shall not exceed \$156,200. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by RWA. Contractor's fee includes all of Contractor's costs and expenses related to the Work.

2.2 At the end of each month, Contractor shall submit to RWA an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), payment due, and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, RWA shall pay the invoice within 30 days of its receipt.

3 Term

3.1 This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. If Exhibit A includes a Work schedule or deadline, then Contractor must complete the Work in accordance with the specified schedule or deadline, which may be extended by RWA for good cause shown by Contractor. If Exhibit A does not include a Work schedule or deadline, then Contractor must perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

3.2 This Agreement may be terminated at any time by RWA upon 10 days advance written notice to Contractor. In the event of such termination, Contractor shall be fairly compensated for all work performed to the date of termination as calculated by RWA based

on the above fee and payment provisions. Compensation under this section shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor's claimed benefit of the bargain.

4 Professional Ability of Contractor

4.1 Contractor represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. RWA has relied upon Contractor's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Contractor shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in Contractor's field.

4.2 The following individuals are designated as key personnel and are considered to be essential to the successful performance of the work hereunder: individuals included in Exhibit A.. Contractor agrees that these individuals may not be removed from the Work or replaced without compliance with the following sections:

4.2.1 If one or more of the key personnel, for whatever reason, becomes, or is expected to become, unavailable for work under this contract for a continuous period exceeding 30 work days, or is expected to devote substantially less effort to the work than indicated in the proposal or initially anticipated, Contractor shall immediately notify RWA and shall, subject to RWA's concurrence, promptly replace the personnel with personnel of at least substantially equal ability and qualifications.

4.2.2 Each request for approval of substitutions must be in writing and contain a detailed explanation of the circumstances necessitating the proposed substitutions. The request must also contain a complete resume for the proposed substitute and other information requested or needed by RWA to evaluate the proposed substitution. RWA shall evaluate Contractor's request and RWA shall promptly notify Contractor of its decision in writing.

5 Conflict of Interest

Contractor (including principals, associates and professional employees) represents and acknowledges that (a) it does not now have and shall not acquire any direct or indirect investment, interest in real property or source of income that would be affected in any manner or degree by the performance of Contractor's services under this agreement, and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Contractor is not a designated employee within the meaning of the Political Reform Act and RWA's conflict of interest code because Contractor will perform the Work independent of the control and direction of the RWA or of any RWA official, other than normal contract monitoring, and Contractor possesses no authority with respect to any RWA decision beyond the rendition of information, advice, recommendation or counsel.

6 Contractor Records

6.1 Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. RWA may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

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

7 Ownership of Documents

All works of authorship and every report, study, spreadsheet, worksheet, plan, design, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software and any other document or thing prepared, developed or created by Contractor under this Agreement and provided to RWA (“Work Product”) shall be the property of RWA, and RWA shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Contractor or any other party. Contractor may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Contractor shall not provide any Work Product to any third party without RWA’s prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Contractor may copyright the same, except that, as to any Work Product that is copyrighted by Contractor, RWA reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If RWA reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then RWA shall hold Contractor harmless against all claims, damages, losses and expenses arising from such reuse or modification. For any Work Product provided to RWA in paper format, upon request by RWA at any time (including, but not limited to, at expiration or termination of this Agreement), Contractor agrees to provide the Work Product to RWA in a readable, transferable and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file, AutoCAD file).

8 Confidentiality of Information

8.1 Contractor shall keep in strict confidence all confidential, privileged, trade secret, and proprietary information, data and other materials in any format generated, used or obtained by the RWA or created by Contractor in connection with the performance of the Work under this Agreement (the “Confidential Material”). Contractor shall not use any Confidential Material for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by RWA. Contractor also shall not disclose any Confidential Material to any person or entity not connected with the

performance of the Work under this Agreement, unless otherwise authorized in advance in writing by RWA. If there is a question if Confidential Material is protected from disclosure or is a public record or in the public domain, the party considering disclosure of such materials shall consult with the other party concerning the proposed disclosure.

8.2 Contractor, and its officers, employees, agents, and subcontractors, shall at all times take all steps that are necessary to protect and preserve all Confidential Material. At no time shall Contractor, or its officers, employees, agents, or subcontractors in any manner, either directly or indirectly, use for personal benefit or divulge, disclose, or communicate in any manner, any Confidential Material to any person or entity unless specifically authorized in writing by the RWA or by order of a court or regulatory entity with jurisdiction over the matter. Contractor, and its officers, employees, agents, and subcontractors shall protect the Confidential Material and treat it as strictly confidential in accordance with applicable law, RWA policies and directives, and best industry security practices and standards.

8.3 If any person or entity, other than RWA or Contractor, requests or demands, by subpoena, discovery request, California Public Records Act request or otherwise, Confidential Material or its contents, the party to whom the request is made will immediately notify the other party, so that the parties may collectively consider appropriate steps to protect the disclosure of those materials. The parties agree to take all steps reasonably necessary to preserve the confidential and privileged nature of the Confidential Material and its content. In the event that the parties cannot agree whether to oppose or comply with a disclosure demand, the opposing party may oppose the demand at its sole cost and expense, in which event the party favoring disclosure will refrain from disclosing the demanded Confidential Material until such time as a final agreement regarding disclosure is reached or, if an agreement is not reached, a judicial determination is made concerning the demand.

8.4 Unless otherwise directed in writing by the RWA, upon contract completion or termination, Contractor must destroy all Confidential Materials (written, printed and/or electronic) and shall provide a written statement to the RWA that such materials have been destroyed.

9 Compliance with Laws

9.1 General. Contractor shall perform the Work in compliance with all applicable federal, state and local laws and regulations. Contractor shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Work. Contractor shall comply with all federal, state and local air pollution control laws and regulations applicable to the Contractor and its Work (as required by California Code of Regulations title 13, section 2022.1). Contractor shall be responsible for the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

10 Indemnification.

10.1 Contractor shall indemnify, defend, protect, and hold harmless RWA, and its officers, employees and agents (“Indemnitees”) from and against any claims, liability, losses, damages and expenses (including attorney, expert witness and Contractor fees, and litigation costs) (collectively a “Claim”) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor or its employees, agents or subcontractors. The duty to indemnify, including the duty and the cost to defend, is limited as provided in this section. However, this indemnity provision will not apply to any Claim arising from the sole negligence or willful misconduct of RWA or its employees or agents. Contractor’s obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

10.2 This section 10.2 applies if the Contractor is a “design professional” as that term is defined in Civil Code section 2782.8. If a court or arbitrator determines that the incident or occurrence that gave rise to the Claim was partially caused by the fault of an Indemnatee, then in no event shall Contractor’s total costs incurred pursuant to its duty to defend Indemnitees exceed Contractor’s proportionate percentage of fault as determined by a final judgment of a court or final decision of arbitrator.

11 Insurance

Types & Limits. Contractor at its sole cost and expense shall procure and maintain for the duration of this Agreement the following types and limits of insurance: ***[The general liability and automobile coverage limits may be adjusted depending on the Work’s overall risks, cost and complexity.]***

<i>Type</i>	<i>Limits</i>	<i>Scope</i>
Commercial general liability	\$2,000,000 per occurrence & \$4,000,000 aggregate	at least as broad as Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury
Automobile liability	\$1,000,000 per accident	at least as broad as ISO Business Auto Coverage (Form CA 00 01)
Workers’ compensation	Statutory limits	
Employers’ liability	\$1,000,000 per accident	
Professional liability*	\$1,000,000 per claim	

*Required only if Contractor is a licensed engineer, land surveyor, geologist, architect, doctor, attorney or accountant.

11.1 **Other Requirements.** The general and automobile liability policy(ies) shall be endorsed to name RWA, its officers, employees, volunteers and agents as additional insureds regarding liability arising out of the Work. Contractor's general and automobile coverage shall be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. RWA's insurance or self-insurance, if any, shall be excess and shall not contribute with Contractor's insurance. Each insurance policy shall be endorsed to state that coverage shall not be canceled, except after 30 days (10 days for non-payment of premium) prior written notice to RWA. Insurance is to be placed with insurers authorized to do business in California with a current A.M. Best's rating of A:VII or better unless otherwise acceptable to RWA. Workers' compensation insurance issued by the State Compensation Insurance Fund is acceptable. Except for professional liability insurance, Contractor agrees to waive subrogation that any insurer may acquire from Contractor by virtue of the payment of any loss relating to the Work. Contractor agrees to obtain any endorsement that may be necessary to implement this subrogation waiver. The workers' compensation policy must be endorsed to contain a subrogation waiver in favor of RWA for the Work performed by Contractor.

11.2 **Proof of Insurance.** Upon request, Contractor shall provide to RWA the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverage.

12 **General Provisions**

12.1 **Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

12.2 **Independent Contractor.** Contractor's relationship to RWA is that of an independent contractor. All persons hired by Contractor and performing the Work shall be Contractor's employees or agents. Contractor and its officers, employees and agents are not RWA employees, and they are not entitled to RWA employment salary, wages or benefits. Contractor shall pay, and RWA shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Contractor's employees. Contractor shall, to the fullest extent permitted by law, indemnify RWA, and its officers, employees, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning Contractor's independent contractor status or employment-related liability.

12.3 **Subcontractors.** No subcontract shall be awarded nor any subcontractor engaged by Contractor without RWA's prior written approval. Contractor shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in section 11 of this Agreement. Any approved

subcontractor shall obtain the required insurance coverages and provide proof of same to RWA in the manner provided in section 11 of this Agreement.

12.4 Assignment. This Agreement and all rights and obligations under it are personal to the parties. The Agreement may not be transferred, assigned, delegated or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement.

12.5 No Waiver of Rights. Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by RWA to Contractor shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

12.6 Severability. If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

12.7 Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal district court where RWA's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

12.8 Notice. Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

RWA:

Regional Water Authority

Attn: James Peifer

Regional Water Authority, 5620 Birdcage St # 180, Citrus Heights, CA 9561

E-mail: jpeifer@rwah2o.org

Contractor: Richardson & Company, LLP.

Attn: Ingrid Sheipline

Richardson & Company, LLP., 550 Howe Avenue, Suite 210, Sacramento, CA 95825

Email: isheipline@richardsoncpas.com

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

12.9 **Signatures and Authority.** Each party warrants that the person signing this Agreement is authorized to act on behalf of the party for whom that person signs. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument. Counterparts may be delivered by facsimile, electronic mail (including PDF or any electronic signature complying with California's Uniform Electronic Transactions Act (Cal. Civ. Code, §1633.1, et seq.) or any other applicable law) or other transmission method. The parties agree that any electronic signatures appearing on the Agreement are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Regional Water Authority:

Dated: _____

By: _____

James Peifer
Executive Director

Richardson & Company, LLP.:

Dated: _____

By: _____

Ingrid Sheipline
Managing Partner

Exhibit A

Richardson & Company will perform the following tasks as presented in the below proposal to perform the financial audit services to the Regional Water Authority and Sacramento Groundwater Authority for the year ended June 30, 2023 in the amount of \$28,900. Subject to the Executive Committee annual approval, an additional four years of audit services may be extended to Richardson & Company in accordance with their cost proposal for a five-year total services agreement in the not-to-exceed amount of \$156,200.

PROPOSAL TO PROVIDE
FINANCIAL AUDIT SERVICES TO



FOR THE YEAR ENDED JUNE 30, 2023

CONTACTS:

Ingrid Sheipline, Managing Partner

isheipline@richardsoncpas.com

Brian Nash, Partner

bnash@richardsoncpas.com



550 Howe Avenue, Suite 210
Sacramento, California 95825
Phone: (916) 564-8727
Fax: (916) 564-8728

February 24, 2023

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February 24, 2023

Josette Reina-Luken, Finance and
Administrative Services Manager
Regional Water Authority
5620 Birdcage Street, Ste. 180
Citrus Heights, CA 95610

Thank you for your interest in our firm and the opportunity to present our proposal to serve the **Regional Water Authority (RWA)** and **Sacramento Groundwater Authority (SGA)**. We are genuinely enthusiastic about the prospect of serving as your auditors. Auditing special districts, especially water-related agencies, has developed into one of our firm's major areas of expertise. If given the opportunity, you can be sure that we would serve RWA and SGA with great care and pride.

Independent Accountants with Proven Expertise Serving Water Districts and Other Governmental Entities

In any service organization, it is the people who make the difference. Our team members know and understand the challenges and opportunities confronting governmental entities and our team consists of professionals who have proven their ability to provide auditing services to water agencies. Serving this industry with its unique reporting requirements has developed into one of our firm's areas of expertise. The water agencies we have served range in size from small agencies, such as Orleans Community Services District and Volcano Community Services District, to very large, such as Sacramento Suburban Water District, Yuba County Water Agency and El Dorado Irrigation District. We have previously provided audit and accounting services to RWA and SGA so we are familiar with the operations, which ensures a smooth transition. We have also audited water and groundwater agencies and other joint powers authorities, such as Yolo Subbasin Groundwater Agency, Amador County Groundwater Management Authority (i.e., Amador Water Agency), Delta Conveyance Financing Authority and many others. We have also audited the State Department of Water Resources on behalf of a large Southern California water agency for over 40 years, including 12 years while our key employees were with Ernst & Young. We have audited many special districts in the water and other industries and most of the cities located in the greater Sacramento region. Our audits of these various agencies as well as the water agencies listed on the following pages have included auditing for compliance with various grants received from federal agencies as well as state funds received as a result of propositions, similar to those received by RWA.

Our Profile and Commitment to Quality

Richardson & Company is a regional CPA firm founded in 1991 and located in Sacramento. We have a total staff of thirty, including twelve CPAs. We are among the top fifteen largest CPA firms operating in the Sacramento area. We provide audit, accounting, tax and business advisory services to numerous entities, including governmental entities (water districts, joint powers authorities, cities, fire districts, transportation planning agencies, special districts and others), nonprofits, financial institutions, SEC registrants, affordable housing partnerships, the largest

water district in the world located in Los Angeles and other clients primarily located in northern California.

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the AICPA National Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. All firms that join the Center for Audit Quality agree to adhere to published AICPA and PCAOB quality control standards and submit to peer reviews and PCAOB inspections of their practice every three years. We have passed all ten peer reviews and all three PCAOB inspections of our practice.

Why We are Best Qualified

Richardson & Company, LLP is the best qualified to perform the auditing services required by RWA and SGA for the following reasons:

- We have extensive history in providing high-quality audits to water districts and other governmental agencies, as previously discussed.
- Our firm uses more experienced staff to actually perform the work than is typical of larger and other firms. If our firm is selected, we plan to have senior managers and the Partner present during fieldwork. While larger and other firms may be able to demonstrate significant amounts of experience in the areas of expertise needed to provide the services you require, the specific individuals they actually assign to your engagement may not have the specific experience you need like the team of accountants we will assign to your engagement. The use of more experienced staff will also ensure you will receive quality services. Also, smaller firms do not have our large government experience, which is essential to address unusual and complicated transactions.
- We have a thorough audit approach that focuses on substantive testing of RWA and SGA's accounts. Some firms provide lower cost audits by performing mostly analytical review procedures and the evaluation of internal controls instead of performing substantive testing of account balances. Our thorough approach ensures material misstatements are detected, which should provide a level of comfort to management and the Board of Directors.

* * * * *

Once again, we would like to thank you for the opportunity to discuss our services, present our qualifications, and submit our proposal to serve as independent auditors for RWA and SGA. We are genuinely enthusiastic over the prospect of serving you and sincerely believe that we have the people, experience, resources and reputation to assure you of outstanding services. For the preceding reasons and many others as outlined in this proposal, we genuinely believe that your selection of our firm as RWA and SGA's independent accountants is the best decision that RWA and SGA could make.

If you have questions or need additional information, please contact Mr. Brian Nash or me at (916) 564-8727, fax (916) 564-8728, correspondence at 550 Howe Avenue, Suite 210, Sacramento, California 95825 or email sent to bnash@richardsoncpas.com or isheipline@richardsoncpas.com.

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid Sheipline, CPA
Managing Partner

RICHARDSON & COMPANY, LLP PROFILE

Firm Qualifications and Experience

Richardson & Company, LLP is a regional CPA firm established in 1991 and located in Sacramento. We have a total staff of thirty, including twelve CPAs. Our governmental audit staff totals twenty-five, all of which are located in Sacramento. Richardson & Company, LLP is a member of the Government Audit Quality Center of the AICPA. Richardson & Company, LLP is a certified Micro-Small Business Enterprise by the California Department of General Services and a certified Disadvantage Business Enterprise (DBE) and Woman-owned Business Enterprise by CalTrans. We provide audit, accounting, tax and business advisory services to governmental entities (water districts, cities, regional transportation planning agencies, special districts and joint powers authorities), nonprofit organizations, financial institutions and bank holding companies, affordable housing partnerships, and others primarily located in northern California, including the largest water district in the world located in Los Angeles. We perform Single Audit Act and grant compliance audits for both nonprofits and governmental entities. We provide tax services to our audit clients requiring those services.

All of the firm's staff meet the continuing education requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions published by the U.S. General Accounting Office because of our extensive experience auditing governmental entities.

Our team members have conducted many financial and compliance audits of governmental entities in conformity with *Government Audit Standards* and generally accepted auditing standards. We have performed these audits for numerous special districts, most of the cities located within the greater Sacramento region, large fire and water districts, such as the Sacramento Metropolitan Fire District and Sacramento Suburban Water District, and several transportation planning agencies including the Sacramento Area Council of Governments, Placer County Transportation Planning Agency, Butte County Association of Governments and Calaveras County Council of Governments and their city and county funding recipients.

Our services to governments have also included performing several investigative, forensic audits of governmental special districts that received extensive statewide news media attention and resulted in one general manager and his assistant serving federal prison sentences after our testimony in federal court. We have assisted several governmental entities with receiving the Government Finance Officer's Certificate of Achievement for Excellence in Financial Reporting, including two on their first attempt.

Independent Accountants with Proven Expertise Serving Governmental Entities including the Water Utility Industry

In any service organization, it is the people who make the difference. Our team members know and understand the challenges and opportunities confronting governmental entities and our team consists of professionals who have proven their ability to provide auditing and consulting services to the water industry. Serving this industry with its unique reporting requirements has developed into one of our firm's areas of expertise. Included in the list of governmental entities we have served in the water industry are the Sacramento Suburban Water District, San Juan Water District, Fair Oaks Water District, Citrus Heights Water District, Carmichael Water District, Yuba County Water Agency, Florin Resource Conservation District (Elk Grove Water District), Rio Linda/Elverta Community Water District, American River Flood Control District, Yolo Subbasin Groundwater Agency, Nevada Irrigation District, Tri-Dam Project and Power

Authority, Westlands Water District, San Luis and Delta Mendota Water Agency, South San Joaquin Irrigation District, Oakdale Irrigation District, El Dorado Irrigation District, South Yuba Water District and South Sutter Water District.

We have audited the California Department of Water Resources on behalf of a large Southern California water agency for the past thirty years, including twelve years while key personnel in our firm were with Ernst & Young. The agency is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. This large, complex audit of the multi-billion dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than “Big Four” firms.

We also have extensive experience with performing audits of other special districts and joint powers authorities, including the Sacramento Metropolitan Fire District, Sacramento Transportation Authority, Cosumnes Community Services District, Sacramento Regional Fire/EMS Communications Systems, Yolo-Solano Air Quality Management District, Yolo County Transportation District, Sacramento Regional Transit District, El Dorado County Transit Authority, Yolo County Transportation District, Yuba-Sutter Transit Authority and many others. We have also served numerous cities, including the cities of Elk Grove, Folsom, Citrus Heights, West Sacramento, Sonoma, American Canyon, Colfax, Paradise, Chico and Lincoln. We have extensive experience with Single Audit Act procedures and reports, preparation of State Controller’s Reports, letters to underwriters and preparation and review of Annual Comprehensive Financial Reports for compliance with the GFOA’s preparer’s checklist in order to receive the Certificate of Achievement for Excellence in Financial Reporting.

The services we provide to governmental agencies proves that we have the ability to provide the services that RWA and SGA requires. Examples of these services include the following:

- We conduct the audits of the general purpose financial statements of numerous special districts, including water districts. Our experience performing these audits of general and special purpose governmental financial statements has made us thoroughly familiar with the application of generally accepted governmental accounting principles.
- We have also provided audit services to most of the cities in the Sacramento area including the Cities of West Sacramento, Lincoln, Chico, American Canyon, Colfax, Elk Grove, Citrus Heights, Sonoma, Sutter Creek, Dixon, Folsom, Marysville, Ione, Biggs, Colusa, Rancho Cordova and the Town of Loomis. We have also audited the Transportation Development Act (TDA) funds of the various cities and counties in Sacramento, Yolo, Yuba, Sutter, Butte, El Dorado, Calaveras, Amador, Placer, Lassen and San Joaquin counties.
- We have extensive experience with Single Audit Act procedures and reports, preparation of State Controller’s Reports, pension and OPEB entries, letters to underwriters and preparation and review of Annual Comprehensive Financial Reports (ACFR) for compliance with the Government Finance Officer’s Association preparers checklist in order to receive the Certificate of Achievement for Excellence in Financial Reporting. Providing these services for these entities makes us exceptionally well qualified to provide the services you currently request and to provide you with these additional services should you request them in the future.
- We have provided federal compliance auditing services to numerous entities, including the Yuba County Water Agency, South San Joaquin Irrigation District, El Dorado Irrigation District, Calaveras County Water District, Rio Linda/Elverta Community

Water District, Cities of Chico, Colfax, Lincoln, Elk Grove, West Sacramento, Citrus Heights, Marysville, Sutter Creek, Colusa, Amador Transit, Butte County Association of Governments, Yolo County Transportation District, El Dorado County Transit Authority, Courtland Fire Protection District, Yuba-Sutter Transit Authority, the Transport System of the University of Davis, Paratransit and to several nonprofit organizations receiving federal grants that must also comply with *Government Auditing Standards* and the Single Audit Act. We have the experience necessary to perform these services for RWA and SGA, if necessary.

In addition, our firm and its key members presently provide or have provided auditing and consulting services to the following water districts and agencies:

- **Various Water Agencies (listed on page 3)**

We prepared the general purpose financial statements or Annual Report and performed the annual audits of these Districts in accordance with generally accepted accounting standards and *Government Auditing Standards*. We also prepared the State Controller's Report for a number of these agencies. We have assisted Oakdale Irrigation District, Nevada Irrigation District, Florin Resource Conservation District, Fair Oaks Water District, Sacramento Suburban Water District, San Juan Water District and El Dorado Irrigation District with the preparation of their ACFR.

- **Large Southern California Water Agency**

We perform the ongoing audit of the cost accounting records of the State Water Project on behalf of one of the world's largest water agencies, including completion of numerous special projects, reviewing the Department of Water Resources budget and representing the agency at meetings with Department of Water Resources personnel.

- **Department of Water Resources - State Water Resources Development System**

Conducted the financial audit of the State Water Resources Development System enterprise fund and provided other services associated with bond offerings and refundings, including letters to underwriters.

- **Central Valley Project Water Association (CVPWA)**

CVPWA is an association of approximately 250 water users receiving water from the Central Valley Project. The Central Valley Project is maintained and operated by the U.S. Bureau of Reclamation. We have performed audits of the Bureau's cost accounting records of the Central Valley Project on behalf of CVPWA, including the completion of numerous special projects. The Bureau uses the FERC chart of accounts.

- **Department of Water Resources - Reid Gardner Power Plant and Pine Flat Power Sales Contract**

Examination of the costs associated with the Department's Participation Agreement with Nevada Power Company for the construction and operation of Reid Gardner Unit No. 4 and the costs associated with the Pine Flat Power Sales Contract between the Department and Kings River Conservation District.

- **Santa Clara Valley Water District, East Bay Municipal Utility District, Contra Costa Water Agency, Westlands Water District and Other Federal Water Users**

Performed several special auditing and consulting projects for these districts related to their contracts with the U.S. Bureau of Reclamation for delivery of water from the Central Valley Project.

We have been selected several times to conduct special, forensic audits on behalf of several water and fire districts, including situations where it was alleged that expense reimbursements had been paid in excess of amounts authorized by policy or law. Our investigations proved the allegations were true and discovered several other problems. Our audit results were made public by districts involved and extensively reported in the local and statewide news media. The FBI, IRS and the Sacramento District Attorney subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work. This special audit work proves that our firm has the resources and expertise to successfully complete difficult, unusual auditing projects in a timely manner.

We have built a practice oriented toward providing services equal in caliber to those provided by firms operating on a national level. Governmental organizations we serve or have previously served include the following:

Water Agencies

- Regional Water Authority
- Sacramento Groundwater Agency
- Yolo Subbasin Groundwater Agency
- State Water Project Contractors Authority
- Delta Conveyance Financing Authority
- Amador Water Agency/Amador County Groundwater Management Authority
- San Luis and Delta-Mendota Water Authority
- San Joaquin Valley Drainage Authority
- Yolo County Flood Control and Water Conservation District
- Rancho Murieta Community Services District
- El Dorado Irrigation District
- Tuolumne Utilities District
- Calaveras County Water District
- Sacramento Suburban Water District
- San Juan Water District
- South Feather Water and Power Agency
- Glenn-Colusa Irrigation District
- Fair Oaks Water District
- Carmichael Water District
- Nevada Irrigation District
- Yuba County Water Agency
- Reclamation District 1000
- Reclamation District 2035
- Byron Bethany Irrigation District
- Orleans Community Services District
- Volcano Community Services District
- Westlands Water District
- Elk Grove Water Service
- Merced Irrigation District
- Tri-Dam Project and Power Authority
- Oakdale Irrigation District
- South San Joaquin Irrigation District
- Citrus Heights Water District
- Rio Linda/Elverta Community Water District
- American River Flood Control District

- South Yuba Water District
- Solano County Water Agency
- South Sutter Water District

Other Governmental Agencies

- Cities of West Sacramento, Elk Grove, Chico, Lincoln, Colfax, Citrus Heights, American Canyon, Sutter Creek, Sonoma, Rocklin, Marysville, Paradise, Dixon, Folsom, Rancho Cordova, Ione, Isleton, Colusa and Biggs
- Mountain House Community Services District
- Yolo County Transportation District
- Yolo County Local Agency Formation Commission
- Yolo-Solano Air Quality Management District
- Calaveras Public Power Agency
- Sacramento Metropolitan Fire District
- Sacramento Area Council of Governments
- Sacramento Transportation Authority
- Sacramento Public Library Authority
- Sacramento Regional Fire/EMS Communications Center
- Sacramento Metropolitan Cable Television Commission
- Amador County Transportation Commission
- Amador Transit
- Butte County Association of Governments
- El Dorado County Transportation Commission
- El Dorado County Transit Authority
- El Dorado County Emergency Services Authority
- El Dorado Hill Community Services District
- El Dorado Hills Fire Department
- California Exposition and State Fair
- Yolo Emergency Communications Agency
- Paratransit, Inc.
- California Tahoe Emergency Services Authority
- Calaveras Council of Governments
- Yuba-Sutter Transit Authority
- Placer County Transportation Planning Agency
- Regional Waste Management Authority
- Cosumnes Community Services District
- Sacramento Valley Basinwide Air Quality Control Council
- San Joaquin Council of Governments
- Lassen County Transportation Commission
- Lassen Transit Services Agency
- Cortina Community Services District
- Diablo Community Services District
- Dixon and Vacaville Public Library Districts
- California Educational Facilities Authority
- California Health Facilities Financing Authority
- California Fire and Rescue Training Authority
- California Pollution Control Financing Authority
- Sacramento County Waste Management and Recycling
- Wilton, Herald, Courtland, Rescue and Pacific-Fruitridge Fire Protection Districts
- Stanislaus Consolidated Fire Protection District

- Transport System of the University of California at Davis (Unitrans)
- Calaveras Transit Agency
- County of Calaveras Transit Fund
- Marin County Transit District
- City of Angels and County of Calaveras Transportation Development Act Funds
- Sacramento County State Transit Assistance Fund
- Counties of Sacramento, Sutter, Yolo and Yuba Transportation Development Act Funds
- Local Transportation Funds of the Counties of Sacramento, Sutter, Yolo and Yuba
- Cities of Folsom, Galt, Isleton, Sacramento, Davis, Live Oak, Rancho Cordova, Yuba City, Marysville, Wheatland, West Sacramento, Winters and Woodland Transportation Development Act Funds
- El Dorado County and City of Placerville Transportation Development Act Fund
- El Dorado County Local Transportation and State Transit Assistance Funds
- County of Butte and Cities of Oroville, Chico, Gridley, Biggs and Paradise Transportation Development Act Funds
- Cities of Escalon, Lodi, Manteca, Lathrop, Ripon and Tracy and County of San Joaquin Transportation Development Act Funds
- San Joaquin County Local Transportation Fund and State Transit Assistance Fund
- San Joaquin Regional Transit District
- Cities of Manteca, Lathrop, Tracy, Lodi and Ripon Transit Systems
- The Alpha Fund (a joint powers authority and workers compensation risk pool primarily for rural hospitals) an affiliate of the Association of California Healthcare Districts, Inc.
- Funds and accounts of the California Department of Water Resources on behalf of the Metropolitan Water District of Southern California, including special analyses and projects related to its contract with the State

In addition to demonstrating that we have the technical expertise needed to serve RWA and SGA, we have also demonstrated that we have the engagement management skills and local staffing resources sufficient to ensure that RWA and SGA's reporting deadlines are met. We have planned, scheduled and conducted our audits of the governmental entities we serve in an efficient and effective manner in order to meet reporting deadlines. From time to time our clients may need to contact us to ask questions or discuss accounting issues and other matters. We are available through the year to answer questions and encourage our clients to ask questions as the issues surface. We are timely and responsive to our clients' questions and requests for information. We have established a reputation with our clients for quality service, timeliness and professionalism.

Quality Control and Peer Review

We are a member of the Center for Audit Quality of the American Institute of Certified Public Accountants (AICPA) and participate in the California Society of CPA's Peer Review Program. We are registered with the Public Company Accounting Oversight Board (PCAOB) created by the Sarbanes-Oxley Act to inspect firms that audit SEC registrants. Membership in the Center for Audit Quality is voluntary and all firms that join agree to adhere to published quality control standards and submit to peer reviews and inspections of their practice every three years. We have passed all ten of our peer reviews with a "clean opinion" and all three PCAOB inspections. The ten peer reviews cover the entire thirty-year period our firm has been in existence. All peer reviews have included governmental engagements. Our latest peer review report is attached to this proposal as Attachment A.

The quality control policies for our auditing practice are described in detail in our firm's Quality Control Document. All employees and members of our firm are provided with a copy of our Quality Control Document and are responsible for understanding, implementing and adhering to these policies and procedures. Our policies and procedures cover each of the following six elements of quality control: 1) Leadership, 2) Relevant Ethical Requirements, 3) Acceptance and Continuance of Clients and Engagements, 4) Human Resources, 5) Engagement Performance and 6) Monitoring. The adequacy of our quality control system and our compliance with that system are independently evaluated every three years through a peer review.

We also demonstrate our commitment to providing quality service in many other ways, including:

- Organizing, staffing, and managing engagements to provide for appropriate levels of technical competence, experience, supervision and review.
- Undertaking quality control reviews of selected engagements to assure compliance with professional standards.
- Recognizing our obligation to the public as well as to our clients.
- Conducting engagements in accordance with clients whose concern for reputation and integrity is similar to our own.
- Promoting the growth of our firm primarily by referrals from existing clients satisfied with the quality of our services.

In addition to excellent peer review and inspection results, other examples of our commitment to quality include:

- Assisting numerous governmental entities with receiving the Certificate of Excellence in Financial Reporting awarded by the Government Finance Officers Association, including several that received the award on the first attempt.
- Engaging a nationally recognized accounting consultant who has authored several accounting and reporting manuals, including those dealing with SEC matters, as technical support for our firm in addition to the support customarily available through the American Institute and California Society of CPAs.
- Engaging a partner and Director of Audit and Banking Practices for a large midwestern firm to serve as the concurring reviewer for our SEC registrant bank as well as providing consultation with respect to audit and accounting issues for other clients. He has extensive experience auditing banks and public companies as a result of more than twenty years with Ernst & Young, KPMG and his current firm.
- Auditing the California Department of Water Resources on behalf of a large Southern California water agency for the past thirty years, including twelve years while key personnel in our firm were with Ernst & Young. The water agency is a consortium of twenty-six cities and water districts serving nearly nineteen million people in the Los Angeles and San Diego areas. This large, complex audit of the multi-billion-dollar State Water Project managed by the California Department of Water Resources is on a scale and nature as to rarely be performed by other than "Big Four" international CPA firms.
- Performing several special investigative audits for governmental special districts that have received extensive statewide news media attention. Being selected several times to conduct this special audit work demonstrates that our firm has the resources and expertise to successfully complete difficult, unusual auditing projects in a timely manner. Our

investigations discovered several problems and our audit results were made public by the districts involved. The FBI, IRS and district attorney's office subpoenaed our workpapers to assist them with their investigations. We have testified in federal court and given depositions related to this work which, in certain cases, resulted in managers and assistants serving federal prison sentences.

- Preparing audited financial statements and other information for inclusion in several public offering documents reviewed by the SEC and other CPA firms, including Big Four firms, with minimal insignificant changes.
- Preparing audited financial statements reviewed by the State Board of Accountancy without change.

INDEPENDENCE

Richardson & Company is independent of the RWA and SGA as defined by generally accepted auditing standards and the U.S. General Accounting Office's *Government Auditing Standards* (latest edition). Our firm meets the independence and quality control requirements of the Standards for Audit of Governmental Organizations, Programs, Activities and Functions currently in effect.

We have in the past provided audit services to RWA and SGA member agencies. We currently provide audit services to the following members/affiliates: Rancho Murieta Community Services District, Del Paso Manor Water District and Yuba County Water Agency. We currently provide accounting advice and other services to two of your member agencies: Sacramento Suburban Water District and Carmichael Water District. We have for the past couple of years assisted RWA and SGA with preparing calculations for some of the closing entries and preparing the financial statements. The services we provide to RWA and SGA are not considered by the generally accepted government auditing standards (GAGAS) definitions to be prohibited services. While we would need to identify these services as threats to independence, GAGAS just requires us to document the safeguards we would apply to reduce these threats to a insignificant level. The safeguards we would put in place include having a different manager assigned to the audit and non-audit services, having another partner review the financial statements and documenting management's review and approval processes over the non-audit services.

QUALIFICATIONS OF OUR KEY PERSONNEL

We have the personnel with the necessary professional qualifications and technical ability to provide you with the quality service you are looking for. As you can see from the resumes of our key personnel, we have developed the proficiency in the accounting principles and standards and governmental and grant compliance auditing to ensure you will receive quality work. Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. We have a history of providing technical excellence through teamwork responsive to clients' needs and expectations. Our commitment to quality results in satisfying the needs of our clients by providing value-added services and attracting and retaining clients of the highest caliber.

Our key audit executives will participate heavily in the audit of RWA and SGA. This assures RWA and SGA will receive a quality audit managed and executed on-site by seasoned professionals, knowledgeable of the government and specifically the water industry. We believe the quality of our services exceeds that of national and other firms because our audit team uses more experienced professionals to actually perform the work. National and other firms typically rely heavily on senior and staff accountants to perform audit fieldwork with minimal on-site direction from partners or managers.

The following resumes outline the qualifications and experience of our key team members.

Ingrid M. Sheipline, CPA (Managing Partner)

Ingrid serves as our Managing Partner and would be RWA and SGA's audit partner. She would have overall responsibility for planning, directing and coordinating our services for you. Since significant and timely partner involvement is a cornerstone of our quality control procedures, she will be involved in all phases of our audit work from initial planning through report preparation. Formerly an audit manager with Ernst & Young LLP, she is a Certified Public Accountant with over thirty-five years of experience. Ingrid has supervised and conducted the fieldwork for a variety of clients including governmental entities, nonprofit organizations, utilities, banks, insurance agencies, manufacturers and distributors. While with Ernst & Young LLP, she specialized in governmental entities and grant compliance auditing, and has attended or taught numerous governmental education seminars. She is currently serving or has served almost all of the governmental entities listed in this proposal, including most of the water agencies, such as Regional Water Authority, Sacramento Groundwater Authority, Amador Water Agency, Tuolumne Utilities District, Fair Oaks Water District, Sacramento Suburban Water District, Carmichael Water District, San Juan Water District, American River Flood Control District, State Water Project Contractors Authority, Citrus Heights Water District, South Feather Water and Power Agency, Merced Irrigation District, Nevada Irrigation District, Rancho Murrieta Community Services District, El Dorado Irrigation District, Rio Linda/Elverta Community Water District and South Yuba Water District and numerous other governmental agencies.

Ingrid has a Bachelor of Science degree in accounting with honors from California State University, Sacramento. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants, having served on the Board of Directors of the Society's Sacramento Chapter and as a member of the Government and Nonprofit Committee.

Brian Nash, CPA (Partner and Concurring Reviewer)

Brian, a Certified Public Accountant and partner with our firm, would serve as the concurring reviewer. He has thirty years of professional accounting and auditing experience and has provided services to a variety of clients, including most of the government entities, nonprofits, banks, water agencies and other entities described in the following section of this proposal. He currently serves or has served a number of the water agencies, including Yolo Subbasin Groundwater Agency, San Luis & Delta-Mendota Water Authority, San Joaquin Valley Drainage Authority, Yolo County Flood Control and Water Conservation District, Westlands Water District, El Dorado Irrigation District, Elk Grove Water District, Oakdale Irrigation District, South San Joaquin Irrigation District, Sacramento Suburban Water District, Tri-Dam Project and Power Authority, San Juan Water District, Yuba County Water Agency, Calaveras County Water District, South Feather Water and Power Agency, Tuolumne Utilities District, Solano County Water Agency, Merced Irrigation District and South Yuba Water District, American River Flood Control District, and numerous other governmental agencies, including cities and other special districts. Brian received a Bachelor of Science degree in accounting with honors from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants and is licensed to practice in California.

David Chiaravalloti, CPA (Audit Senior Manager)

David, a senior audit manager with our firm, will organize, conduct, review and evaluate field work and will be responsible for the planning and report preparation and review under the direction of Ingrid. He has extensive experience auditing water districts, cities and other governmental entities with Richardson & Company, LLP and another CPA firm. He has twenty-two years of professional experience, including nineteen years with our firm. The clients he has served include Yolo Subbasin Groundwater Agency, San Joaquin Valley Drainage Authority, San Luis & Delta-Mendota Water Authority, Fair Oaks Water District, El Dorado Irrigation District, Merced Irrigation District, San Juan Water District, Citrus Heights Water District, South Yuba Water District, Yolo County Flood Control and Water Conservation District, County Water Agency, Mountain House Community Services District, City of West Sacramento, City of Lincoln and City of Colfax. He has also worked on the California Department of Water Resources audit for the entire time he has been with our firm. He also has experience with other public agencies including auditing proprietary funds at cities. David received a Bachelor of Science degree in accounting from California State University, Sacramento. He is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants and is licensed to practice in California.

Other Staff

We would assign a senior and staff accountants to the engagement with experience working on governmental audits since everyone in our firm is required to work on a portion of our previously mentioned audits.

Our Commitment to Staffing Continuity

Richardson & Company, LLP has proven its ability to attract and retain an excellent professional staff to serve our clients and meet our commitments. We currently have twenty-six professional staff, including twelve CPAs, and four administrative staff. In addition, while national and other firms have high staff turnover rates, which makes it difficult to provide staffing continuity from year to year, our firm has experienced a very low turnover rate. Accordingly, we commit to

maintaining a staffing level sufficient in size and experience to successfully complete the audit each year. We consider staffing to be of the utmost importance because of its significant impact on our ability to provide you with outstanding service. We have consistently demonstrated our firm's ability to recruit, train and maintain a quality staff as evidenced by our excellent peer review results for the past thirty years and our ability to consistently attract and serve quality clients.

If selected as your auditors, Ingrid Shepline would have overall responsibility for our services for you. Ingrid would spend a substantial amount of time on site during the audit and will assist with the resolution of any issues. Ingrid would work closely with David to ensure they have all the resources necessary to provide RWA and SGA with excellent service.

The engagement manager would be David, who has been with our firm for nineteen years. He would work on site as the in-charge accountant during the duration of the audit fieldwork. While we would have other auditors assigned to the engagement with less experience, they will always be supervised by David. We have three other senior managers with similar experience that could be assigned to the audit that would be equally qualified to perform RWA and SGA's audit.

Education

Our firm regularly attends courses on government accounting and auditing issues and grant compliance auditing and is represented at the California Society of CPA's Sacramento Chapter of the Government Committee to stay abreast of current issues affecting the government industry. Consistent with *Government Auditing Standards*, each of our auditors that are responsible for planning, directing, conducting or reporting on any of our government-related audits completes 80 hours of continuing education and training every two years, including subjects directly related to the government environment and to grant compliance auditing. All personnel that will be assigned to your engagement team have attended governmental training programs. Our governmental training program consists of governmental courses offered by professional societies as well as subscription to a video training service that includes significant issues relating to governmental accounting standards and grant compliance presented by top government experts from throughout the country. We also provide internally developed classes addressing current accounting and auditing issues pertinent to our clients. Topics of these courses attended by each of the staff above over the past three years have included the following:

Annual Governmental Accounting and Auditing Conference	Yellow Book and Single Audit Update
Government Auditing Standards	Communicating Internal Control in Government Audits
Audit Risk Assessment Standards	GASB, New Standards
New Guidance: From Derivatives to OPEB	Government Fraud: Profiling & Prevention
Fraud: Exposures and Solutions	GASB's Lease Standard
Fraud Update	The Accounting Controls Guidebook
The Reporting Model - Revisiting GASB 34	Government Pension Accounting Standards
Audit Issues/Compliance Update	GASB's Defined Benefit Pension A&A Standards
Governmental Legal Update	Auditing Standards Update
Internal control and Fraud Detection	Government Audits: From Improper Payment to Change Agent
State and Local Government update on Legislation	How the New "Risk-Based" Audits Will Affect You
Overview of GASB Proposals for Financial Statement Users	Pension Obligations: Improving Accounting & Financial Reporting
Where's GASB Headed with the Financial Reporting Model Project?	

Employee Fraud
Single Audit: Where's It Going
Municipal Bonds & Municipal Finance:
 What's Going On?
2018 Yellow Book: What You Need to Know
Government Auditing Standards and Single
 Audit Issues
Annual GASB Update
New Financial Reporting Model
Occupational Fraud and Abuse
AICPA Standards Update

GASB: Continued Progress, Continued Issues
Scouting the Landscape of California
 Government Finance Today
OPEB and New Accounting Standards GASB 75
Auditing, Assurance & Ethics Update for
 Governments
Leasing Standards (GASB 87) and Fiduciary
 Activities (GASB 84)
2021 Yellow Book and Single Audit Update
What the State Auditor Does
Annual Required Government Audit Quality Center

WORK PLAN AND SCHEDULE

Scope of Services

We understand that RWA and SGA requires an audit of its basic financial statements for the fiscal year ended June 30, 2023 and, at RWA and SGA's option, the fiscal years ended June 30, 2024, 2025, 2026 and 2027 including all procedures necessary for the issuance of an opinion regarding the fairness of the presentation of the financial statements in conformity with U.S. generally accepted accounting principles. The audits will be conducted in accordance with U.S. generally accepted auditing standards, the standards set forth for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States as revised, and the Minimum Audit Requirements and Reporting Guide for California Special Districts as required by the State Controller's Office. These services will include the following:

1. Perform an audit of RWA and SGA's financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards* and the State Controller's Minimum Audit Requirements for California Special Districts.
2. Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of RWA and SGA and the changes in financial position in conformity with generally accepted accounting principles (GAAP), and issue an independent auditor's report stating this opinion.
3. Test internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with *Government Auditing Standards*, and issue an independent auditors' report on their consideration. Any significant deficiencies and material weaknesses, if any, found during the audit will be addressed in these reports.
4. Apply limited audit procedures to the Required Supplementary Information (RSI), including Management's Discussion and Analysis (MD&A).
5. Prepare a management letter and SAS 114 letter to the Boards of Directors which identifies significant audit findings, difficulties encountered in performing the audit, identify any correct and uncorrected misstatements, disagreements with management, management representations, control deficiencies, significant deficiencies and material weaknesses, if any, and our recommendations for improvements in accounting and administrative controls.
6. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which we become aware to the Executive Committee and Board of Directors.
7. Present audited financial statements to RWA's Executive Committee and to SGA's Board of Directors.

Audit Approach

Our extensive experience in auditing ensures that we will concentrate on those areas of highest risk and plan and coordinate our work with management. We will not waste your time and resources by auditing areas that have no material risk to the financial statements. We will perform an assessment of the internal controls for the purpose of determining the procedures necessary to perform our audit, and any recommended enhancements to internal controls that we note during our audit will be communicated to management and the Board of Directors.

Our audit approach to this engagement is divided into three stages as follows:

Initial Planning: We believe that a smoothly-run audit is based upon the early identification and resolution of reporting and auditing issues. Due to the extensive knowledge gained through auditing governmental organizations similar to RWA and SGA, we will identify such issues in a timely manner and obtain a better understanding of your organization and the external and internal environments in which RWA and SGA operates. We will examine significant contracts and agreements to determine the effect on the nature and extent of the auditing procedures and to determine laws and regulations subject to test work. We will meet with your personnel to update our understanding of your internal control structure policies and procedures and to document the flow of information through the accounting system, including how the accounting system is used to process data, and prepare internal control questionnaires and walkthrough memos with the assistance of your staff.

Program Development: Our risk assessment and evaluation of internal controls will provide the basis for determining the nature, timing and extent of audit procedures for specific transactions and accounts. Our approach to gaining an understanding of internal control will be in accordance with Statement of Audit Standard (SAS) Nos. 104 through 111, as updated by Nos. 122 through 125. Accordingly, we will focus on obtaining an understanding of the control environment, risk assessment, information and communication, and monitoring components. We will use our past experience with RWA and SGA to refamiliarize ourselves with RWA and SGA's control environment and will perform a walkthrough of significant areas to assess control risk for the purpose of planning our substantive tests. We will perform additional testing of internal controls as needed based on our risk assessment. An overall audit program is the end product of our initial planning. The primary purpose of this phase of our audit approach is to assess the likelihood of material error in the accounts and transactions and to determine the most cost effective and cost-efficient mix of audit procedures. In developing the audit program, our aim will be to:

- Provide a complete audit program for all important financial statement amounts.
- Eliminate redundant audit procedures.
- Use audit procedures that accomplish more than one purpose.

Our audit approach is based on an analysis and understanding of the external and internal risks currently facing the organization we are auditing. Risk analysis enables us to design the most effective and efficient audit program, which evaluates and includes audit tests in relation to the size and probability of these risks. This approach provides us with a uniform method for developing and documenting the basis for our audit program. We provide our clients with a detailed list of items needed during the audit well in advance to allow for sufficient time to gather the information. This approach minimizes disruption to RWA staff during the course of the audit. Items we will request include significant agreements affecting RWA and SGA, bank reconciliations, account analysis, payroll records, confirmation letters, supporting documentation for various account balances and transactions and explanations for significant variances in account balances from previous years. We will request that RWA and SGA provide a general ledger trial balance in electronic format for import into our audit software.

Program Execution: During this stage of our audit, we will perform the tests of transactions processed through the accounting system, direct tests of account balances and tests of compliance with laws, regulations and contracts. We plan to use either random or systematic sample selection methods to perform such tests. We will utilize analytical procedures in all areas of the audit, especially for revenues and expenses. We will perform all requested tasks as one integrated engagement and will schedule the timing of our field work so that there will be

minimal disruption of the day-to-day operations. We will perform testing of internal controls in the area of payroll and cash disbursements. We will select our samples randomly from number sequences or other documents provided by RWA and SGA. We will use RWA and SGA's budget to determine the need for restrictions or designations as well as to perform analytical procedures for comparison to actual revenues and expenses.

We will perform analytical procedures to assist us in identifying areas of risk for which substantive procedures will be performed. However, we believe analytical procedures alone will not identify all potential significant misstatements and will detail test certain balance sheet and income statement accounts that our experience has shown are frequently misstated, such as certain receivables and subsequent payments that may need to be accrued as liabilities. We will utilize computer software during the engagement, including during the on-site fieldwork, for all workpaper preparation and for developing the lead schedules and trend analysis reports used in the audit process.

The following work plan was developed with your deadlines in mind. The timing identified in the work plan is approximate. **Upon selection as your independent accountants, we will meet with you, and together we will determine a specific timetable which ensures minimal disruption of your employees and that RWA and SGA's desired deadlines are met.** As can be seen from the following work plan, the service team is composed in such a way that each member has adequate supervision and technical support.

Work Plan

Task	Timing	Estimated Hours				Total
		Partner	Manager	Supervisor/ Senior	Staff	
Audit Planning:	July	3	5	10		18
Begin audit planning process	or earlier					
Internal control/risk assessment documentation and evaluation						
Develop audit programs						
Prepare audit assistance package and confirmation letters						
Compliance Testing:	October	2	5		10	17
Tests of transactions for cash disbursements and payroll	or earlier					
Grant compliance						
Substantive Testing:	October	14	30	80	30	154
Cash and investments						
Revenue and receivables						
Payroll and related liabilities						
Expenses for goods and services and related liabilities						
Property and equipment						
Equity and other credits						
Reporting and Wrap-up:	November	8	10	10	10	38
Review financial statements and prepare management letter/other reports						
Delivery of final SGA reports	December 6					
Delivery of final RWA reports	November 30					
Meetings with the Boards	December to January	3				3
Total Annual Audit Hours		30	50	100	50	230

Our audit will be planned so that delivery of all required reports will be accomplished in a timely manner. We believe that the staffing of the audit is sufficient to ensure the timely completion of the audit and to ensure that the work is properly supervised. We would work closely with management to ensure that we provide timely services consistent with your requirements. We will review the financial statements for consistency with professional standards and will review the drafts of all our reports and letters with RWA and SGA prior to finalization to ensure the reports meet your requirements. Upon completion of the audit, we will provide RWA and SGA with copies of our reports, as needed, for distribution to management, the Board of Directors, and other interested parties.

Richardson & Company, LLP is willing to enter into a multi-year engagement of no more than five consecutive years.

Our firm philosophy centers around our commitment to the highest level of quality service--delivered by quality people. Our tradition of providing technical excellence through teamwork responsive to clients' needs and expectations--and doing so to the very best of our ability--requires that our single focus be on quality. Our commitment to quality results in:

- Satisfying RWA and SGA's needs by providing value-added services.
- Attracting and retaining clients of the highest caliber.
- Providing personal satisfaction and opportunity for professional growth for every member of our organization.
- Satisfying RWA's and SGA's needs by providing value-added services.
- Attracting and retaining clients of the highest caliber.
- Providing personal satisfaction and opportunity for professional growth for every member of our organization.

Some of the specific benefits RWA and SGA will realize from our audit approach include:

A Smooth, Quick Transition--Our audit approach, a familiarity with RWA's and SGA's operations and structure and our experience in succeeding other accountants prepares us to effect a smooth transition. Our transition plan will ensure that:

- We understand the auditing procedures and accounting treatment currently in place.
- Disruption to your normal operations and time lost due to "educating" the new firm will be minimal.
- We will coordinate and plan our work closely with your staff.

A Fresh Look--We will ensure that RWA and SGA benefits from a "fresh look" by its new auditors--Richardson & Company. Our approach to transition engagements, with which we are very experienced, will result in:

- A thorough review and evaluation of your systems of internal accounting and compliance controls.
- A review and evaluation of your significant data processing systems and controls.
- A fresh review of operating practices.

Ongoing Communications with Management--We will work closely with you to resolve issues and serve as RWA's and SGA's advisor on a timely basis. We do not take dogmatic, unyielding positions, and will keep the lines of communications open. We understand the concepts of materiality and will work with RWA's and SGA's personnel on all issues with

materiality in mind. Members of our engagement team will be readily available to answer RWA's and SGA's questions and to respond to RWA's and SGA's needs.

Relevant and insightful suggestions--Our plan and approach requires us to obtain a complete knowledge of RWA's and SGA's operating environment and accounting systems. This will position us well as an "advisor" to RWA and SGA management.

Less disruption to RWA and SGA--Our audit plan will result in the most effective and efficient combination of internal control and account balance testing. This will eliminate duplicate procedures and unnecessary tasks, minimizing the necessary number of auditors and, consequently, result in less disruption of RWA's and SGA's personnel.

Potential Audit Problems

RWA and SGA requested in the RFP that we identify and describe any anticipated potential problems with the audit and the Firm's approach to resolving these problems. We have reviewed the financial statements of RWA and SGA, as well as the budgets, and based on this review, as well as past experience with RWA and SGA, we do not anticipate any audit problems. Since we have audited joint powers authorities and agencies in the water industry, we are experienced in auditing the activities in which RWA and SGA are engaged. We have also audited many different grants so we do not anticipate audit problems related to the grant or other outside agency funding RWA or SGA receives.

SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

The following is a list of similar engagements to the engagement described in RWA and SGA's Request for Proposal.

Name of referenced entity: Fair Oaks Water District
Name of client contact and title: Tom Gray, General Manager
Email: tgray@fowd.com
Address: 10317 Fair Oaks Blvd.
Fair Oaks, California 95628
Phone number: (916) 967-5723
Services Performed: Audit of the financials in accordance with generally accepted auditing standards, and *Governmental Auditing Standards* and review of the ACFR.
Completion dates: Years ended December 31, 2004 through 2008 and 2014 through 2019.

* * * * *

Name of referenced entity: Tuolumne Utilities District
Name of client contact and title: Steve Sheffield, CPA, Finance Director
Email: s.sheffield@tudwater.org
Address: 18885 Nugget Blvd.
Sonora, California 95370
Phone number: (209) 532-5536 ext. 482
Services Performed: Audit of the financials in accordance with generally accepted auditing standards, *Governmental Auditing Standards* and A-133 and preparation of the State Controller's Report.
Completion dates: Years ended June 30, 2013 through 2022.

* * * * *

Name of referenced entity: Amador Water Agency
Name of client contact and title: Larry McKenney, General Manager
Email: lmckenney@amadorwater.org
Address: 12800 Ridge Road
Sutter Creek, California 95685
Phone number: (209) 223-3018
Services Performed: Audit of the financial statements in accordance with generally accepted auditing standards, *Government Auditing Standards*, and A-133, and preparation of the State Controller's Report.
Completion dates: Years ended June 30, 2019 through 2022.

COST PROPOSAL

Our goal is to provide quality service using the highest professional standards at a reasonable cost. We plan each assignment carefully and set a time budget for each phase of the engagement. All of our staff are well indoctrinated in the need to use their time to the fullest efficiency.

Since Richardson & Company, LLP consists primarily of experienced auditors, you can be sure that you will receive the experience level and quality of service you expect. Our firm will bring to the audits a strong technical background, government and utility accounting expertise, outstanding engagement management skills, which will provide a “fresh look” at your programs.

Based upon our current understanding of the situation, our professional fees for the annual audit contract will not exceed the amounts in the following table. These fees include out-of-pocket expenses for items including clerical support, computer charges, supplies, telephone charges, printing and travel. There will be no additional charges to RWA and SGA related to these items. Therefore, our fee is all inclusive and represents a not to exceed amount. The break-down of our fee by classification is as follows for the annual audit:

Classification	Rates	Per Year	Fee
Principal/Audit Director	\$ 200	30	\$ 6,000
Senior Manager	180	50	9,000
Supervisor	150	50	7,500
Senior	120	50	6,000
Staff	100	50	5,000
		<u>230</u>	<u>33,500</u>
Discount			<u>(4,600)</u>
Total June 30, 2023 Fee			28,900
Total June 30, 2024 Fee			29,900
Total June 30, 2025 Fee			30,800
Total June 30, 2026 Fee			32,500
Total June 30, 2027 Fee			<u>34,100</u>
Grand total, June 30, 2023 to 2027			<u><u>\$ 156,200</u></u>

The discount of the rates above gives recognition to the fact the timing of your audit fits extremely well in our schedule and also reflects our commitment to serving water agencies.

Our fees are based upon anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered. If significant changes in the scope of work occur due to, for example, the loss of key accounting personnel, the issuance of new accounting or auditing standards, or the need for a single audit, we will discuss a new fee estimate with you. While we would expect that our fees would only be increased annually for inflation, changes in accounting or auditing pronouncements and standards, changes in the internal control environment, and significant changes in operations are all factors that could result in fee increases that are more than annual inflationary increases.

Should you have any questions about the details of our fees, or should our fees not appear competitive with those of the other firms, we would appreciate an opportunity to discuss them with you before you make your final decision.

Standard Billing Rates for Additional Services:

Our rates for additional services are as follows:

<u>Classification</u>	<u>Rate per Hour</u>
Partner	\$ 200
Tax Director	240
Senior Manager	180
Managers	160
Supervisors	150
Seniors	120
Staff	100
Administrative or clerical	65

ATTACHMENT A – PEER REVIEW REPORT



Jones, Nale & Mattingly PLC

REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners
Richardson & Company, LLP
and the Peer Review Committee of the California Society of CPA's

We have reviewed the system of quality control for the accounting and auditing practice of Richardson & Company, LLP (the firm) in effect for the year ended March 31, 2021. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Richardson & Company, LLP in effect for the year ended March 31, 2021, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Richardson & Company, LLP has received a peer review rating of pass.

A handwritten signature in cursive script that reads "Jones, Nale & Mattingly, PC".

Louisville, Kentucky
August 13, 2021

Certified Public Accountants and Advisors

401 West Main Street, Suite 1100 Louisville, Kentucky 40202 tel: 502.583.0248 fax: 502.589.1680 www.jnmcpa.com

Topic: Executive Director Salary Survey and Compensation Draft Report
Type: Discussion/Action
Item For: Action; Receive and file
Purpose:

SUBMITTED BY: Tony Firenzi, Chair	PRESENTER: Tony Firenzi, Chair Patty Howard, RGS, Lead Advisor
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EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Executive Committee to review and consider a motion to receive and file the Executive Director Salary Survey and Compensation Draft Report.

Ms. Patty Howard, Regional Government Services, Lead Advisor, will be presenting their findings on the Executive Director Salary Survey and Compensation Draft Report along with a brief PowerPoint presentation. Ms. Howard will be available to answer questions the Committee may have at this time.

STAFF RECOMMENDED ACTION

A motion to receive and file the Executive Director Salary Survey and Compensation Draft Report.

BACKGROUND

The Regional Water Authority (the RWA) engaged Regional Government Services (RGS) to conduct an agency-wide classification and total compensation study in May 2022. RGS completed the classification study in September 2022. It was determined that the compensation study would be completed in two phases: 1) all staff classifications, except the Executive Director and 2) the Executive Director classification. RGS completed the compensation study for staff in December 2022.

ATTACHMENTS

Attachment 1- Draft Regional Water Authority Executive Director 2023 Compensation Study Report
Attachment 2- Executive Director Compensation Study Worksheet, dated March 18, 2023

REGIONAL WATER AUTHORITY EXECUTIVE DIRECTOR 2023 COMPENSATION STUDY REPORT

Prepared for:



5620 Birdcage Street, Ste 180
Citrus Heights, CA 95610

Prepared By:



P.O. Box 1350
Carmel Valley, CA 93924

2022 COMPENSATION STUDY REPORT

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ATTACHMENT

Compensation Data Worksheets

EXECUTIVE SUMMARY

The Regional Water Authority (the RWA) engaged Regional Government Services (RGS) to conduct an agency-wide classification and total compensation study in May 2022. RGS completed the classification study in September 2022. It was determined that the compensation study would be completed in two phases: 1) all staff classifications and 2) the Executive Director classification. RGS completed the compensation study for staff in December 2022. The following provides the methodology, findings, and recommendations for the RWA Executive Director classification. The goals and objectives of the compensation portion of the study were to:

- Determine the compensation for similar classifications in the RWA's identified comparable agencies.
- Determine the value of benefits provided by comparable agencies to similar classifications.
- Analyze the RWA's compensation and benefits relative to the market utilizing the data obtained.

COMPENSATION STUDY

STUDY CLASSIFICATION

RGS reviewed the employment contract and other documents to ensure a thorough understanding of the Executive Director's duties and responsibilities. One of the most critical factors in conducting a compensation study is ensuring the classifications studied from the comparator agencies match as closely as possible to the study position. When comparing appropriate matches to the study classification, the analysis must include more than job titles. While job titles may be similar, this alone may be misleading. Therefore, a more extensive analysis is performed. The criteria used to determine class matches include:

- Education and experience requirements;
- Scope and complexity of the work;
- Knowledge, skills, and abilities required to perform the work;
- Supervision received and exercised;
- Consequence of error; and
- Organizational structure of the agency.

Appropriate staff within the comparator agencies were contacted via phone and email to ensure a thorough understanding of these factors.

MARKET COMPARATORS

RGS analyzed various agencies to determine comparability for inclusion in the study and presented a list of twelve (12) agencies to the RWA Executive Committee for selection. The RWA Executive

2022 COMPENSATION STUDY REPORT

Committee directed RGS to use the following nine (9) comparator agencies to collect compensation data. The agencies were selected due to various factors, including shared labor market and similarities in staff size, the number of Board members, population served, and annual budget.

These comparator agencies include:

- Association of California Water Agencies
- California Association of Councils of Government
- California Municipal Utilities Association
- California Special Districts Association
- Northern California Water Association
- Placer County Transportation Planning Agency
- Sacramento Area Council of Governments
- Sacramento Area Flood Control Agency
- State Water Contractors

The Executive Committee also directed RGS to add any or all of the three remaining agencies to the study if RGS determined that the data collected was insufficient to provide valid compensation recommendations.

SURVEY OF SALARY AND BENEFITS

The following are the agreed upon salary and benefit components included in the compensation study, briefly describing each. Only those components representing the cost of the position to the agency have been included in the total compensation calculation. However, other components have been included for informational purposes to ensure a complete picture of each agency's salary and benefits structure related to those for the study position. The components provided for informational purposes only are identified below with underlined text.

Monthly Base Salary: The top of the salary range (excluding longevity salary steps). RGS has collected data based on both gross salary and pensionable salary. All figures are presented on a monthly basis.

Insurance

Medical Insurance: The maximum monthly amount the agency contributes to medical premiums for the employee and dependents. This amount is included in the total compensation calculation. The maximum monthly amount paid by the employee and the total cost are presented for informational purposes.

2023 COMPENSATION STUDY REPORT

Dental Insurance: The maximum monthly amount the agency contributes to dental premiums for the employee and dependents. This amount is included in the total compensation calculation. The maximum monthly amount paid by the employee and the total cost are presented for informational purposes.

Vision Insurance: The maximum monthly amount the agency contributes to vision premiums for the employee and dependents. This amount is included in the total compensation calculation. The maximum monthly amount paid by the employee and the total cost are presented for informational purposes.

Pension

Social Security (Employee share): This is the amount the employee pays of the employee's statutory required contribution. This amount is presented for informational purposes.

Social Security (Employer share): This is the amount the employer pays of the employer's statutory required contribution. This amount is included in the total compensation calculation.

Employee Paid Member Contribution: This is the amount the employee pays of the employee's statutory required contribution to the retirement system. This amount is presented for informational purposes.

Employee Paid Employer Contribution: This is the amount the employee agrees to pay of the statutorily required employer contribution to the retirement system. This amount is included in the total compensation calculation (shown as a negative number).

Employer Paid Member Contribution: This is the amount the agency agrees to pay of the statutorily required employee contribution to the retirement system. This amount is included in the total compensation calculation.

Minimum Required Employer Contribution: This includes the annual cost of service accrual for the upcoming fiscal year for active employees (Normal Cost).

Other Cash Benefits

Leaves: The number of hours provided to the employee annually. The number of days has been converted to a dollar amount based on the Top Actual Monthly Salary and is included in the total compensation calculation.

2022 COMPENSATION STUDY REPORT

Deferred Compensation Match or Contribution: This is the monthly amount the agency contributes to the agency-sponsored deferred compensation plan on behalf of the employee. This amount is included in the total compensation calculation.

Automobile Allowance: The amount provided to the employee for using a personal vehicle while engaged in the work. This amount is included in the total compensation calculation.

Cell Phone Allowance: The amount provided to the employee for using a personal cell phone while engaged in the work. This amount is included in the total compensation calculation.

All Other Compensation: This category includes any additional compensation benefits available to the employee of the study class. This amount is included in the total compensation calculation.

SUMMARY OF FINDINGS

RGS contacted the nine comparator agencies to collect the study data. The California Association of Councils of Government and the State Water Contractors declined to participate in the study. Per the Executive Committees' direction, RGS included the Bay Area Water and Conservation Agency and the Chino Basin Watermasters. Therefore, the final nine agencies contacted were:

- Association of California Water Agencies
- Bay Area Water Supply and Conservation Agency
- California Municipal Utilities Association
- California Special Districts Association
- Chino Basin Watermasters
- Northern California Water Association
- Placer County Transportation Planning Agency
- Sacramento Area Council of Governments
- Sacramento Area Flood Control Agency

RGS contacted the nine comparator agencies to collect the study data. While most comparator agencies were responsive to our requests for information, multiple requests for salary and benefit information to the Bay Area Water Supply and Conservation Agency, the California Special Districts Association, and the Northern California Water Association were unsuccessful. Therefore, these agencies are not included in the study.

For the remaining six (6) agencies, RGS collected and verified salary and benefits data, analyzed the data received, and compared it to data obtained from the RWA. The summary provided below is based on this data.

Our analysis includes the median (midpoint) and the 62nd percentile of the classification's maximum monthly base pay data. The median is the exact midpoint of all market data collected, with 50% of market data below and 50% of market data above. The 62nd percentile is the

compensation calculation the RWA utilized for the compensation recommendations for their staff classifications.

We have also provided the percentage differences between the RWA's compensation and the median and 62nd percentile of all comparator agencies' compensation. As a rule, if a classification falls within 5% above or below the market, we consider it competitive and would not recommend an adjustment. The differences within 5% above or below market allow for slight differences between job duties, assignments, and benefits packages.

Based on the data collected from the six comparable agencies, the base pay for the RWA's Executive Director classification of \$19,601 is approximately 19.98% below the median salary of \$24,495/month and approximately 21.98% below the 62nd percentile salary of \$25,125/month. When benefits are included, the total compensation for the RWA's Executive Director classification of \$29,536/month is approximately 16.91% below the median total compensation of \$35,545/month and approximately 19.40% below the 62nd percentile total compensation of \$36,644/month.

DETAILED FINDINGS

The following is a more detailed summary of the findings of survey data collected from the comparable agencies and the RWA:

Health Insurance

All agencies surveyed contribute on behalf of their employees for health benefits (medical, dental, vision).

- **Cafeteria Plan**

- Two agencies contribute to medical, dental, and vision insurance through a cafeteria plan. The contributions range from \$1,727 to \$2,114/month.
- The RWA does not offer a cafeteria plan for health benefits.

The remaining agencies contribute a specific amount to each of these benefits. The following reflects those contributions.

- **Medical Insurance**

- Four agencies contribute a separate amount to medical insurance on behalf of their employees. Contributions range from \$1,274 to \$2,376 per month.
- The RWA contributes \$2,653 per month for medical insurance.

- **Dental Insurance**

- Four agencies contribute a separate amount to dental insurance on behalf of their employees. Contributions range from \$57 to \$227 per month.
- The RWA contributes \$211/month for dental insurance.

- **Vision Insurance**

- Four agencies contribute a separate amount to vision insurance on behalf of their employees. Contributions range from \$9 to \$28 per month.
- The RWA contributes \$33 per month for full family vision insurance.

Pension

- **Social Security**

- Three agencies contribute the statutorily required employer share of Social Security of 6.2%.
- The RWA contributes the same statutorily required employer share of Social Security of 6.2%.

- **Employer Paid Member Contribution (EPMC)**

- One agency contributes to the members' share of retirement (7%).
- The RWA does not contribute to any portion of the member's share of retirement.

- **Employee Paid Employer Contribution**

- None of the agencies have the employees contribute to the employer's share of retirement.
- The RWA does not require the employee to contribute to the employer's share of retirement.

- **Minimum Required Employer Contribution**

- The survey agencies' minimum required employer contribution (normal cost) ranges from 9.12% to 13.12%.
- The RWA's minimum required employer contribution is 11.06%.

Other Benefit Components

- **Universal/Personal Time Off (PTO) Leave**

- Two agencies provide universal/PTO leave. One agency provides 25 days (200 hours) per year for any type of leave. One agency provides 35 days (280 hours) in place of vacation and sick leave.
- The RWA does not provide universal/PTO leave.

- **Vacation Leave**
 - Four remaining agencies provide separate vacation leave. The amount of leave varies between 13 – 25 days (104-200 hours) per year.
 - The RWA provides 20 days (160 hours) of annual vacation leave.
- **Sick Leave**
 - Four agencies provide separate sick leave. The amount ranges from 12-15 days (96-120 hours) per year.
 - The RWA provides 12 days (96 hours) of annual sick leave.
- **Holiday Leave**
 - Five agencies provide separate holiday leave. The amount ranges from 10-16 days (80-128 hours) per year.
 - The RWA provides 13 days (104 hours) of annual holiday leave.
- **Management/Administrative/Personal Leave**
 - Four agencies provide separate management/administrative leave. The amount ranges from 37.5 – 100 hours per year.
 - The RWA does not provide management/administrative leave.
- **Deferred Compensation**
 - Four agencies provide an employer contribution to a deferred compensation plan. Three agencies contribute a percentage that ranges from 4%-14%.
 - One agency contributes \$350 + 4% of base pay each month.
 - The RWA does not provide an employer contribution to a deferred compensation plan.
- **Automobile Allowance**
 - Five agencies provide an automobile allowance for the match classifications. The amount ranges from \$150 to \$1,200 per month.
 - The RWA provides the Executive Director with an automobile allowance of \$600/month.
- **Cell Phone Allowance**
 - Four agencies provide a cell phone allowance to the match classifications. The amount ranges from \$45 to \$100 per month.
 - The RWA provides the Executive Director with a cell phone allowance of \$50/month.
- **Other Compensation**
 - Two (2) agencies provide additional compensation to the incumbent in the match classification. The amount ranges from \$120 to \$1290 per month.

- The RWA does not provide any additional compensation to the Executive Director.

CONSIDERATIONS

COMPETITIVENESS WITH LABOR MARKET

When analyzing compensation, it is customary to consider competitiveness in the relevant labor market. Maintaining competitiveness in the labor market is essential to attracting qualified applicants, retaining current employees, and contributing to an organization's image as an employer of choice. As a rule, if a classification falls within 5% above or below the market, we consider it competitive and would not recommend an adjustment. The differences within 5% above or below market allow for slight differences between job duties, assignments, and benefits packages. When a classification is more than 5% below the market, it is customary to review compensation for that classification and consider an adjustment.

The data shows that the compensation for the RWA's Executive Director is significantly below the external market, whether looking at base pay (19.98%-21.98) or total compensation (16.91%-19.40%). Therefore, RGS recommends the RWA consider a salary (and potentially benefits) adjustment for the Executive Director position.

When the total compensation study was conducted for general staff, the salaries recommended and adopted brought the base pay for staff classes within 5% of the 62nd percentile of the match classes in the comparable agencies. If the RWA wishes to maintain this threshold, the base pay for the Executive Director would need to increase to \$23,869 per month. This would be an increase of approximately 18% (\$4,268 per month).

While any additions to the benefits package would not affect the gap in base pay between RWA and the market, it would affect the gap between RWA's total compensation and the 62nd percentile of the comparable agencies. For example, four agencies provide management/administrative leave to their Executive Director (or comparable class), and four provide an employer contribution to a deferred compensation plan.

INTERNAL SALARY RELATIONSHIPS

External market data is only one factor in determining appropriate salaries. Examining the internal alignment of salaries for classifications within an organization is equally important. This is true whether setting or adjusting salaries for classifications within the same class series or setting salaries for classifications that share classification factors such as the scope of responsibility, organization level, and work complexity. These standards include considering the following:

Relationship to Classifications Within the Same Reporting Structure

Classifications that are related to each other by reporting structure (i.e., Executive Director, Director, Manager, etc.) are often separated by a significant differential to reflect the level of

complexity of the work and the authority exercised at each level. This practice often provides a healthy separation between the levels for career development and to avoid compaction. Compaction is a term that refers to classifications within 5% or less of each other.

Value to the Organization

Some classifications have a greater value to an organization than others. It is important for you to consider the value of each classification, as well as the potential difficulty to replace that position, when reviewing compensation.

Impediments to Recruitment

During various times during an organization's life, a position(s) may become extremely difficult to recruit for due to labor market shifts and other reasons. When this occurs, compensation is one factor to be considered.

INFOXINFOXINFOINFOXINFOINFOXINFOX*XXINFOXXXXXXXXXX																												
EXECUTIVE DIRECTOR																												
Agency	Classification Title	Top Monthly Salary	MEDICAL INSURANCE			DENTAL INSURANCE			VISION INSURANCE			PENSION						ADDITIONAL BENEFIT COMPONENTS								TOTAL COMPENSATION		
			EE Paid Medical (Full Family)	ER Paid Medical (Full Family)	Total Cost Medical (Full Family)	EE Paid Dental (Full Family)	ER Paid Dental (Full Family)	Total Cost Dental (Full Family)	EE Paid Vision (Full Family)	ER Paid Vision (Full Family)	Total Cost Vision (Full Family)	Employee Paid Social Security	Employer Paid Social Security	Employee Paid Portion Employee Contribution	Employer Paid Employee Contribution (EPMC)	Employee Paid Employer Contributions	Employer Contribution (Normal Rate) FY22/23	Employer PEPRA Rate FY 22/23	Vacation Leave	Sick Leave	Holiday Leave	Mgmt/Admin Leave	Deferred Compensation	Auto Allowance	Cell Allowance	Other Forms of Compensation	Total Benefits	Total Pay and Benefits
Association of CA Water Agencies	Executive Director	\$30,135	\$634.00	\$1,593.00	\$2,227.00	\$0.00	\$123.00	\$123.00	\$0.00	\$17.00	\$17.00	\$0.00	\$0.00	\$2,410.82	\$0.00	\$0.00	\$3,679.51	7.47%	\$2,086.29	\$1,390.86	\$1,622.67	\$543.30	\$0.00	\$1,200.00	\$80.00	\$0.00	\$12,336	\$42,471
CA Municipal Utilities Association	Executive Director	\$25,836	\$0.00	\$2,114.00	\$2,114.00	Included	\$70.00	\$70.00	Included	\$0.00	\$0.00	\$827.70	\$827.70	\$1,808.51	\$0.00	\$0.00	\$2,937.53	7.60%	\$2,484.21	\$0.00	\$0.00	\$0.00	\$0.00	\$400.00	\$0.00	\$0.00	\$8,833	\$34,669
Chino Basin Watermaster	General Manager	\$23,967	\$191.90	\$1,727.10	\$1,919.00	Included	\$227.48		Included	\$0.00	\$0.00	\$0.00	\$0.00	\$1,917.34	\$0.00	\$0.00	\$2,185.77	4.74%	\$2,304.49	\$1,106.16	\$921.80	\$460.90	\$2,876.01	\$600.00	\$45.00	\$0.00	\$12,455	\$36,421
Placer County Transportation Planning Agency	Executive Director	\$18,389	\$0.00	\$2,375.72	\$2,375.72	\$0.00	\$123.73	\$123.73	\$19.28	\$9.04	\$28.32	\$0.00	\$0.00	\$0.00	\$1,287.23	\$0.00	\$2,134.96	7.76%	\$919.45	\$1,061.96	\$919.45	\$884.09	\$2,574.46	\$450.00	\$60.00	\$1,287.23	\$14,087	\$32,476
Sacramento Area Council of Governments	Executive Director	\$25,023	\$548.24	\$1,827.48	\$2,375.72	\$0.00	\$118.50	\$118.50	\$0.00	\$11.00	\$11.00	\$827.70	\$827.70	\$2,001.84	\$0.00	\$0.00	\$3,283.02	7.65%	\$3,368.48	\$0.00	\$1,539.88	\$481.21	\$1,601.15	\$0.00	\$0.00	\$120.00	\$13,178	\$38,201
Sacramento Area Flood Control Agency	Executive Director	\$20,360	\$1,102.04	\$1,273.68	\$2,375.72	\$150.48	\$56.63	\$207.11	\$0.00	\$25.37	\$25.37	\$827.70	\$827.70	\$1,425.22	\$0.00	\$0.00	\$2,426.94	7.60%	\$2,583.21	\$998.44	\$1,096.32	\$0.00	\$814.41	\$150.00	\$100.00	\$0.00	\$10,353	\$30,713
Bay Area Water Supply & Conservation Agency	CEO/General Manager-	No Response	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CA Special Districts Association	Chief Executive Officer	No Response	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Northern CA Water Association	President	No Response	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CA Association of Councils of Government	Executive Director	Declined	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Water Contractors	General Manager	Declined	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional Water Authority	Executive Director	\$19,601		\$2,652.73			\$211.10			\$33.32		\$827.70	\$827.70	\$1,372.07	\$0.00	\$0.00	\$2,167.87	7.76%	\$1,507.77	\$904.66	\$980.05	\$0.00	\$0.00	\$600.00	\$50.00	\$0.00	\$9,935	\$29,536
Median of Comparator Agencies		\$24,495																								\$12,395	\$35,545	
% Above/Below Median		-19.98%																									-19.85%	-16.91%
62.5% of Comparator Agencies		\$25,125																									\$36,644	
% Above/Below Average		-21.98%																									-19.40%	

X - Included in the total compensation calculation
X* - This is subtracted from the total compensation calculation as it reduces the City's liability
INFO - Amounts are shown for informational purposes only. Not included in the total compensation calculator

Topic: FY2024 Budget Overview
Type: Unfinished; Old Business
Item For: Action/Discussion
Purpose:

SUBMITTED BY:	Josette Reina-Luken Finance & Administrative Services Manager	PRESENTER:	Josette Reina-Luken Finance & Administrative Services Manager
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EXECUTIVE SUMMARY

This is an action item for the Executive Committee to receive a presentation and recommend the approval of the draft Fiscal Year 2023-2024 (FY24 Budget) to the RWA Board of Directors. The following provides an overview of the FY24 Budget.

STAFF RECOMMENDED ACTION

Recommend the approval of the draft Fiscal Year 2023-2024 (FY24 Budget) to the RWA Board of Directors.

Revenues

A zero percent (0%) increase on general membership and associate membership fees is proposed for Fiscal Year 2023-2024 (FY24). Originally a 4.5% increase was forecasted when the RWA Board of Directors adopted the FY22/23 budget in May 2022. The reduced dues increase is a result of better than projected beginning cash balance derived from additional revenue gained from new members, grant retention release from grant close-outs, higher interest income than expected, and prior year operational savings. Affiliate membership dues are slated to increase by \$50 per year (from \$750 to \$800) as Affiliated dues have not increased for more than 5 years.

The amount of available cash projected at year end FY23 may appear to be even larger than expected. However, these funds have been restricted in the designation section of RWA's budget since they are dedicated for various projects, grants, and member subscription programs in FY24 and future budget years. Some of these projects include Water Bank, Water Efficiency Program, CIMS Program, MOSAC/ Powerhouse Science Center, etc.

SGA service fees represent 50% sharable costs according to the Administrative Services Agreement and exclude the Water Efficiency and CIMS staffing. As RWA is the official employer of all staff, SGA positions, even those that are dedicated solely to SGA, are budgeted within RWA but then reimbursed by SGA service fees.

Agenda Item 5

WEP Program provides approximately 8% of the needed RWA Core revenues and reflects income earned from providing staffing and office support to the WEP program. The CIMS Program provides approximately 11% of the needed RWA Core revenues and reflects income earned from providing administrative support to the CIMS program. Other subscription program and grant revenues provide approximately 3.5% of needed RWA Core revenues and reflect income earned from providing staffing and office support services to these other various programs. 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.

Other revenues represent interest income, holiday social revenues, and purchasing rebates and are stated as miscellaneous income.

Expenses

The core program budgets for all staffing positions including salary and benefits. Shared staffing costs for four administrative staff positions are allocated 50/50 to SGA and RWA (2 FTE each RWA and SGA). For FY24, the Legislative and Regulatory Program Manager is 90% funded by RWA (.9 FTE); the Water Efficiency Program Manager is funded 100% by WEP (1 FTE); and the Project Research Assistant is funded 80% by WEP and various RWA projects (.8 FTE), the Strategic Affairs Manager is fully paid for by CIMS subscription program fees (1 FTE), and the Associate Program Manager is solely dedicated to SGA resulting in 5.7 FTEs for RWA. When added to the 3.3 FTEs for SGA; total of 9.0 staff members.

Staff salaries are within ranges assigned by the compensation survey and reflect a possible 4% increase for merit if eligible plus an assumption of 3% for a cost-of-living allowance (COLA) and a similar combined increase in the out years. Beginning in FY19, staff is paying the full employee share of their pension contributions.

Benefit costs also include projected increases for retiree health care and PERS retirement benefits. Benefits expense line item also include estimates for Other Post Employment Benefit (OPEB) costs for active and future retirees.

Due to market conditions as of the CalPERS pension valuation date, investment income on the investment pools were unusually large, which resulted in a significant reduction in the net pension liability of the plan and caused RWA's share of the plan assets to be higher than its share of the pension liability, creating a net pension asset. Additional contributions RWA has made to the plan also helped to RWA having a net pension asset. Therefore, RWA does not have a pension liability for FY24 in accordance with RWA Policy 500.15.

The budget uses an escalator based upon previous budget numbers so as not to budget based on uncommon circumstances. For FY24 and beyond, these costs are estimated at a maximum of 3% annual increases unless specific increases have been identified.

Agenda Item 5

Professional fees include audit, accounting, and actuarial analysis fees due to the reporting requirement for GASB 68 and GASB 75, increase in public relations, human resources assistance, increase in legal costs, IRWM consulting costs, and 100% of the state's water advocacy consulting fees. Although the prior year actual expenses may not have used the entire allotted budget, budget amounts are based on foreseen increased usage.

Other expense includes office furniture and equipment purchases as well as a one-time office relocation/moving expense as the current RWA office lease will expire on August 31, 2023.

Core project expenses include costs a placeholder associated with the IRWM expenses at \$15,000 per year to provide for needed improvements to the database system and Powerhouse Science Center/MOSAC partnership at \$25,000 per year through FY 2030.

Revenues net of Expenses

The FY24 budget reflects expenses in excess of revenues by \$259,452, which is a deficit. However, FY23 improved projected budget results in combination with additional revenues from new members will offset the deficit and still allow for RWA to be compliant with all budget policies.

Designations/Restrictions

The operating designation for FY24 is 5.5 months which is within the target of between 4 to 6 months of the operating fund (using the method of netting SGA reimbursements), which is compliant to RWA's budget policy. Funds in excess of the Operating Fund Designation revert to undesignated (non-restricted) cash which can later be applied towards future year expenses. The Powerhouse Science Center ("PSC")/MOSAC designation represents the difference in collection of fees for this project versus the payments made per the PSC contract. The restrictions for the RWA subscription programs including WEP, CIMS, and RWA member-based grant programs including the Biological Opinion Support Services and Sacramento Regional Water Bank programs reflect a decrease in approximately \$259,438 from the prior year reflecting a spend down and/or completion of specific programs like the completion of the Bonneville grant program (\$242,000).

Subscription Programs

Subscription-based programs are subject to approval by the individual participants. Adopting the FY24 budget does not approve the subscription-based programs. The revenues are included for total estimated purposes and to reflect the expected contribution towards RWA for staffing and administrative costs. Grant and subscription program revenues for staff administration, labeled as Staff Reimbursements, are projected for Prop 1, 2021 Urban Drought Grant, Regional Water Bank, and annual water transfers.

Grant and subscription program expenses, labeled "Pass-Thru" in the Program Budget, represent the direct consulting and third-party costs for these programs. These expenses are normally paid in advance and then reimbursed within the next two months for a net-zero effect. However, these costs have been included in the FY24 budget to show the cash flow effect. There are two RWA subscription programs that fund staff positions and programmatic costs in its

Agenda Item 5

entirety including WEP and CIMS programs. For FY24, a total of 30% of WEP's staffing and office expenses will be paid for by RWA core dues as reimbursement for time that the WEP Manager spends on non-WEP related activities. For CIMS, a 10% transfer for the Manager of Strategic Affairs for time spent on non-CIMS related activities. With this transfer, WEP projects expenses in excess of revenues by approximately \$47,360 which will be paid from WEP reserves. The CIMS program covers 100% of the Manager of Strategic Affairs salary and all programmatic and administrative costs after the 10% RWA Core Transfer.

ATTACHMENTS

Attachment 1- Draft Fiscal Year 2023-2024 Budget Presentation (PowerPoint)

Attachment 2- Draft Fiscal Year 2023-2024 Budget



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



Regional Water Authority

Draft Fiscal Year 2023-24 Budget

March 28, 2023



Overview

- Proposed FY24 Dues
- FY24 Revenues
- FY24 Expenses
- FY24 Budget Results
- Timeline
- Questions and Discussion

Proposed FY24 Dues

- Per the EC recommendation, the Proposed Dues for FY24 will be at 0% increase for both RWA Board and Associate members.
- Affiliate members will increase from \$750 to \$800 per year.
- Results in \$10,900 additional revenues
- Assumes no changes in RWA membership
- Approving budget does not approve subscription-based programs.
 - Subscription programs support RWA core staff costs but has their own fees
 - WEP transfer for FY23/24 is 30%
 - CIMS transfer for FY23/24 is 10%





FY24 Revenues

- Member Dues – est. total is \$1,137,809
- SGA Reimbursements – \$880,744 includes SGA 3.3 FTE staffing and annual increase in shared expenses
- Subscription Program Revenues:
 - WEP Subscription Program – \$222,813 covers WEP PM staffing + overhead charges to the program
 - Staff Reimbursements – \$95,980 from Program Management Fees to various Projects and Grants
 - CIMS Program – \$293,750 covers Strategic Manager staffing + overhead charges to the program
- Misc. and Interest Income – \$64,500
- Total FY24 Revenues = \$2,695,596

FY24 Expenses

- Expenses are adjusted from FY22/23 budgeted amounts: 3% COLA for staffing, 3% CPI for Office Expense, and 5% for Professional Fees
- No PERS UAL payment for FY24
- Includes Increase in OPEB payment for FY24
- Other expenses – \$40,000 placeholder for office relocation to be split with SGA and subscription programs
- Core Project expenses – IRWM/Opti-system for \$15,000 and Powerhouse Science Center/MOSAC payment of \$25,000
- Total FY24 Expenses = \$2,955,047

FY24 Budget Results

- FY24 Budget Result is a planned deficit of (\$259,452)
- FY24 Budget Deficit is a result of 0% dues increase
- Budget shortfall will be offset by available cash balance and Powerhouse Science Center designation
- Possibility for FY24 expenses to be higher due to a staffing COLA/CPI greater than estimated
- Possibility for FY24 savings in office relocation costs, professional, office and IRWM costs
- Pension UAL costs are expected to resume and be higher in FY25

Strategic Plan Alignment

Strategic Plan Goal	Associated Budget Item
Planning Goal	Regional Water Bank - \$226,400 CIMS Program - \$631,829
Implementation Goal	Staff and Benefits - \$2,180,147 Water Efficiency Program - \$770,619 IRWM - \$15,000 Office Move - \$40,000 IT Upgrades - \$8,500
Advocacy Goal	Lobbyist Consultant - \$125,000 Legal - \$80,000
Communication Goal	Public Outreach Consultant - \$140,000 Dues, Subscriptions, & Sponsor - \$26,000 Powerhouse Science Center - \$25,000

Strategic Plan Alignment

Overall , RWA spends approximately:

- \$2,180,147 in staffing and salary costs to implement Strategic Plan (73.7%)
- \$345,000 in direct costs (11.7%) can be linked to a Strategic Plan Goal.
- Over 85% of budget connected to RWA's Strategic Plan. Remaining budget of \$429,900 is either overhead, regulatory (audit) costs, or as needed consulting services
- Subscription Programs support RWA goals in a total amount of \$1,653,848 for Water Bank, WEP, CIMS and Powerhouse Science Center





Budget Outlook

- FY25 and FY26 forecast membership dues increase annually by 2% subject to budget performance
- Future years are compliant with the Operating Designation Policy parameters
- All non-restricted cash is depleted
- Currently, there are no new RWA programs or grants forecasted beyond FY25 (excludes WEP)
- Any changes in current membership could have significant financial impact on future budgets
- Budget numbers are based on estimates - Actual budget results may not be achieved



Timeline

Date	Action
May 18, 2023	Draft budget to RWA Board for possible adoption
May 30, 2023	Budget back to EC if not adopted
Special June Meeting	Budget to RWA Board for adoption



Questions and Discussion



2023 - 2024 FYE Budget Summary
Projected Dues Increase:
Combined Core & Subscription Program Budget

135

	Approved FY23	Projected FY23	Proposed FY24	Change from Prior Year	Comments
Revenues					
Dues	\$ 1,126,909	\$ 1,111,142	\$ 1,137,809	\$ 26,667	0% rate increase
SGA Service Fee	\$ 857,842	\$ 870,507	\$ 880,744	\$ 10,237	Based upon shared costs and dedicated SGA position
Other	\$ 20,300	\$ 64,450	\$ 64,500	\$ 50	Interest, holiday social, other reimbursements
Subscription Program	\$ 615,474	\$ 934,483	\$ 612,543	\$ (321,940)	Water Efficiency Program and Efficiency Grants, CIMS, Regional Water Bank, Prop 84, Prop 1 IRWM, 2014 Drought, 2021 Urban Drought, and water transfers
Total Revenues	\$ 2,620,525	\$ 2,980,582	\$ 2,695,596	\$ (284,987)	
Expenses					
Staff and Benefits	\$ 2,036,013	\$ 2,199,026	\$ 2,180,147	\$ (18,878)	All staff costs, including additional pension plan liability payment if applicable
Office	\$ 178,200	\$ 170,900	\$ 191,700	\$ 20,800	General 3% cost increases assumed and some specific cost increases
Professional Fees	\$ 488,700	\$ 441,800	\$ 503,200	\$ 61,400	Audit, PR, accounting, legal, actuary, human resources, water advocacy
Other expenses	\$ 20,000	\$ -	\$ 40,000	\$ 40,000	Office equipment, furniture, and moving costs
Core Project Expenses	\$ 40,000	\$ 40,000	\$ 40,000	\$ -	IRWM and Powerhouse Science Center
Total Expenses	\$ 2,762,913	\$ 2,851,726	\$ 2,955,047	\$ 103,322	
Revenues net of Expenses	\$ (142,388)	\$ 128,856	\$ (259,452)	\$ (388,308)	
Cash, beginning	\$ 2,149,770	\$ 2,632,390	\$ 2,761,246	\$ 128,856	
Source (Use) of Funds	\$ (142,388)	\$ 128,856	\$ (259,452)	\$ (388,308)	
Cash, ending	\$ 2,007,382	\$ 2,761,246	\$ 2,501,794	\$ (259,452)	
				Increase (decrease) in Cash	
DESIGNATIONS/RESTRICTIONS/ADVANCES					
<i>Designations</i>					
Operating Fund	\$ 729,271	\$ 1,053,000	\$ 917,200	\$ (135,800)	
Membership Dues Fund	\$ 168,100	\$ 165,800	\$ 169,700	\$ 3,900	
Subscription Program Stabilization	\$ 52,357	\$ 83,540	\$ 51,656	\$ (31,884)	
Powerhouse Science Center	\$ 155,000	\$ 155,000	\$ 130,000	\$ (25,000)	
Office Relocation	\$ -	\$ -	\$ -	\$ -	
RWA Restricted Program/Advances	\$ 346,000	\$ 597,856	\$ 574,562	\$ (23,294)	
WEP Restricted Program/Advances	\$ 556,654	\$ 706,036	\$ 658,676	\$ (47,360)	
Non-designated cash	\$ -	\$ -	\$ -	\$ -	
Subtotal core cash	<u>\$ 2,007,382</u>	<u>\$ 2,761,232</u>	<u>\$ 2,501,794</u>	\$ (259,438)	
No. of months cash pays for operations	<u>4.7</u>	<u>6.5</u>	<u>5.5</u>		



2023 - 2024 FYE Budget Summary

Projected Fee Increase 0%

Major Assumptions - Combined Core & Subscription Program Budget

Revenues

- 1) Fee on General Dues is based on \$2.28 per retail connection - see attachment for fees by agency.
- 2) SGA Service Fees represents 50% cost sharing excluding staffing: WEP Manager, Mgr of Strategic Affairs, 90% of Legislative Program Manager, 80% of the Project Assistant, and RWA only costs.
- 3) WEP represents approximately 8% towards Core operations which provides for WEP Manager, 60% of the Project Assistant, and admin support.
- 4) Subscription Program/Grants - Staff Reimbursements which contribute approximately \$90,000 towards Core operations and represent fees earned by RWA for providing staff consulting services and allocated office costs to the subscription programs. These revenues come from Regional Water Bank, Prop 84, Prop 1, Drought grants, USBR Interties, water transfers and WEP grants. These subscriptions based programs are subject to approval by the program participants. Pass thru revenues and expenses are included for total cash flow estimate purposes.
- 5) CIMS program represents 11% towards Core operations which provides for the Strategic Affairs Manager and admin support..
- 6) Adopting the fiscal year 2023-2024 budget does not approve any of the subscription based programs.

Expenses

- 1) Staffing costs include the WEP, Manager of Strategic Affairs, and SGA program staff.
- 2) Staff is allocated 50/50 to SGA and RWA, excluding the WEP Manager, Manager of Strategic Affairs, the Project Assistant and water advocacy staff. The Project Assistant splits time between SGA, WEP and RWA. With the addition of an Associate Project Manager for SGA and SGA's 10% contribution towards RWA's Legislative Manager position, RWA has 5.7 FTEs and SGA has 3.3 FTEs.
- 3) Staffing costs are projected within the salary ranges using an estimated 3% COLA in accordance with RWA policy.
- 4) Since FY19, employees pay their entire employee PERS cost.
- 5) Staffing expense includes additional payments to the PERS unfunded actuarial liability (UAL). If the UAL is positive, no payment is required.
- 6) For FY24, the WEP will receive a 30% Core transfer of the WEP manager and office expense to offset time spent on non-WEP related activities.
- 7) For FY24, the Manager of Strategic Affairs will receive a 10% Core transfer of the Manager of Strategic Affairs and office expense to offset time spent on non-CIMS related activities.
- 8) Office costs generally assume a maximum of 3% increases unless specific increases have been identified, such as the office lease.
- 9) Professional fees include audit, actuarial, PR, accounting, legal, human resources, regional water issues and general consulting.
- 10) Other includes relocation of offices costs, office furniture and computer equipment purchases.
- 11) Core Project Expenses includes Powerhouse Science Center expense and IRWM placeholder for consulting fees.
- 12) Subscription Pass Thru represents the direct consulting and expenses for these subscription programs for these programs.
Costs have been included in the program budget only to show the cash flow effect but are excluded from the Summary Table.



2023 - 2024 FYE Budget Summary

Projected Fee Increase 0%

Major Assumptions - Combined Core & Subscription Program Budget

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

- 1) Core expenses are expected to exceed revenues by approximately \$259,452. The difference will be paid from the Powerhouse Science Center Fund at \$25,000 with the remainder being paid from prior year savings.
- 2) The WEP program projects expenses in excess of revenues by approximately \$47,360. The difference will be paid from WEP reserves.

Designations/Restrictions

- 1) The Operating fund is projected to be 5.5 months (within policy guidelines) at the end of FY2024.
- 2) The designations and restrictions are broken out by type and subtotaled by core and subscription services. The total change in cash from Projected FY22/23 to Proposed FY23/24 by subtotal reflect the departmental effect on each designation and restriction group.
- 4) Unrestricted cash is the remaining balance after all restricted and designated funds have been made. For the most part, this amount represents the residual amount leftover, if any, after rounding the Operation fund to the nearest tenth.

FY25 and beyond

- 1) RWA dues have been projected at 2%.
- 2) The unfunded pension plan liability additional annual payments is based upon RWA's policy. These annual payments can expect to fluctuate significantly, positive or negative, due to the shorter time frame for paying down this liability.
- 3) The budget assumes that the current membership remains stable.
- 4) Budget estimated numbers are based on current information. Therefore, budget results cannot be assured.

% increase in fees: 3.7% 0.0% 2.0% 2.0%

RWA PROPOSED FY2023-2024 BUDGET PROJECTION 2-Year Projection

	RWA FY 23 Approved Budget	RWA Total FY 23 Projected	RWA FY 24 Proposed Budget	RWA Projected FY 25 Budget	RWA Projected FY 26 Budget	Notes
ANNUAL REVENUES						
OPERATING REVENUES						
General Assessments/Dues	\$ 1,052,415	\$ 1,036,648	\$ 1,060,056	\$ 1,081,257	\$ 1,102,882	Assumes a 0% increase in RWA general fees
Associate Membership Dues	\$ 68,494	\$ 68,494	\$ 71,353	\$ 72,780	\$ 74,236	There are six associate members
Affiliate Membership Dues	\$ 6,000	\$ 6,000	\$ 6,400	\$ 6,800	\$ 7,200	Increase \$50 annually - eight affiliate members.
SGA Service Agreement Fee	\$ 857,842	\$ 870,507	\$ 880,744	\$ 911,949	\$ 946,099	Fees from Sacramento Groundwater Authority (SGA)
WEP Subscription Program	\$ 208,574	\$ 208,574	\$ 222,813	\$ 231,726	\$ 240,995	Fees from Water Efficiency Program
Subscription Program/Grant - Staff Reimbursement	\$ 91,900	\$ 99,080	\$ 95,980	\$ 99,580	\$ 35,000	Staff time reimbursements from Program Budget
Subscription Program - CIMS	\$ 315,000	\$ 626,829	\$ 293,750	\$ 305,500	\$ 317,720	Fees supporting Manager of Strategic Affairs Program
Misc. Revenues	\$ 7,800	\$ 4,450	\$ 4,500	\$ 4,600	\$ 4,700	Holiday Social payments and cash discounts
Interest Income	\$ 12,500	\$ 60,000	\$ 60,000	\$ 50,000	\$ 32,000	RWA Local Agency Investment Fund (LAIF) account
TOTAL REVENUE	\$ 2,620,525	\$ 2,980,582	\$ 2,695,596	\$ 2,764,191	\$ 2,760,831	
ANNUAL EXPENSES						
STAFF EXPENSES (General):						
Staff Salaries/Wages - 100%	\$ 1,426,985	\$ 1,566,485	\$ 1,567,256	\$ 1,619,057	\$ 1,682,611	For nine full time positions (RWA 5.7 FTE; SGA 3.3 FTE)
Benefits	\$ 404,469	\$ 430,522	\$ 431,511	\$ 457,183	\$ 473,020	PERS, medical, vision, dental, disability, OPEB and workers' comp
Pension Plan Unfunded Liability	\$ 36,700	\$ 36,700	\$ -	\$ 40,000	\$ 40,000	Installment payment; UAL divided by four years if applicable
Payroll Taxes	\$ 114,159	\$ 125,319	\$ 125,380	\$ 129,525	\$ 134,609	Payroll taxes for nine staff members
Travel/Meals/Conferences	\$ 43,700	\$ 35,000	\$ 45,000	\$ 47,000	\$ 48,000	Travel and Conferences
Professional Development/Training	\$ 10,000	\$ 5,000	\$ 11,000	\$ 12,000	\$ 13,000	License renewals, training and professional development classes
TOTAL GENERAL STAFF EXPENSES	\$ 2,036,013	\$ 2,199,026	\$ 2,180,147	\$ 2,304,765	\$ 2,391,240	
OFFICE EXPENSES:						
Rent & Utilities Contract	\$ 35,600	\$ 35,600	\$ 30,000	\$ 75,000	\$ 78,000	Office lease at \$1.10 per sq/ft. Current lease expires in 08/2023
General Liability Insurance	\$ 33,000	\$ 40,100	\$ 42,000	\$ 43,500	\$ 45,000	Property, Liability, Auto and Cyber through ACWA JPIA
Office Maintenance	\$ 1,000	\$ 700	\$ 1,000	\$ 1,100	\$ 1,200	Office maintenance as needed
Postage and Postal Meter	\$ 3,600	\$ 2,000	\$ 4,200	\$ 4,400	\$ 4,600	Cost of meter rental and postage
Internet/web hosting	\$ 10,000	\$ 1,000	\$ 11,000	\$ 12,000	\$ 13,000	Conference call service, web hosting, and internet service costs
Meetings & Events	\$ 14,000	\$ 14,000	\$ 15,000	\$ 16,000	\$ 17,000	Meeting charges including food/refreshments incl. Holiday Social
Printing/Supplies	\$ 23,000	\$ 21,500	\$ 24,000	\$ 25,000	\$ 25,500	Printing, copier maintenance and lease costs, associated supplies
Dues, Subscriptions and Sponsorships	\$ 25,000	\$ 18,000	\$ 26,000	\$ 27,000	\$ 28,000	ACWA, AWWA, CSDA, PPIC, Sac Metro Chamber, WEF, etc.
Computer hardware/software	\$ 6,000	\$ 8,000	\$ 8,500	\$ 9,000	\$ 9,500	Acquisition of new and replacement hardware/software
Computer maintenance	\$ 27,000	\$ 30,000	\$ 30,000	\$ 31,000	\$ 32,000	Phone and computer maintenance and consulting service
TOTAL OFFICE EXPENSE	\$ 178,200	\$ 170,900	\$ 191,700	\$ 244,000	\$ 253,800	
PROFESSIONAL FEES						
RWA Legal	\$ 75,000	\$ 75,000	\$ 80,000	\$ 85,000	\$ 89,250	Legal expenses in support of RWA activities
RWA/SGA Audit	\$ 30,800	\$ 31,200	\$ 35,000	\$ 38,000	\$ 41,000	Est. Audit fees will be set by the awarded proposal thru FY2028
ADP Payroll Services/banking	\$ 3,600	\$ 3,600	\$ 3,800	\$ 4,000	\$ 4,200	Payroll service costs for nine staff and banking fees
RWA Lobbyist Services	\$ 125,000	\$ 120,000	\$ 125,000	\$ 127,500	\$ 130,000	Lobbying Services for RWA Core Membership

% increase in fees: 3.7% 0.0% 2.0% 2.0%

RWA PROPOSED FY2023-2024 BUDGET PROJECTION 2-Year Projection

	RWA FY 23 Approved Budget	RWA Total FY 23 Projected	RWA FY 24 Proposed Budget	RWA Projected FY 25 Budget	RWA Projected FY 26 Budget	Notes
RWA Public Outreach Services	\$ 130,000	\$ 130,000	\$ 140,000	\$ 147,000	\$ 150,000	Communication consultant expense for RWA Core Membership
Budget/Audit Support Services	\$ 67,600	\$ 45,500	\$ 69,600	\$ 71,600	\$ 73,000	Accounting consultant to support annual financial audit (shared expense)
Actuarial Services	\$ 4,200	\$ 4,500	\$ 9,000	\$ 5,000	\$ 10,000	Actuary consultant to produce biennial forecasts (shared expense)
Human Resources Services	\$ 12,500	\$ 11,000	\$ 14,000	\$ 15,000	\$ 16,000	Expense for recruitments, onboarding, and guidance (shared expense)
Salary Survey	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	5-Year Salary Survey last complete in FY23 (shared expense)
General Consulting Services	\$ 25,000	\$ 6,000	\$ 26,800	\$ 28,000	\$ 30,000	For response and as needed service requests (shared expense)
TOTAL PROFESSIONAL FEES	\$ 488,700	\$ 441,800	\$ 503,200	\$ 521,100	\$ 543,450	
OTHER EXPENSES						
Office furniture & Fixed Assets - Net	\$ -	\$ -	\$ 20,000	\$ 8,000	\$ 8,000	Furniture and Office Equipment
Office Move	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ -	Amount for Office Move (50% to be SGA reimbursed)
TOTAL Other Expenses	\$ 20,000	\$ -	\$ 40,000	\$ 8,000	\$ 8,000	
CORE PROJECT EXPENSES						
IRWM	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	Optisystem upgrade and IRWM unplanned costs
Powerhouse Science Center	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	Annual payment Powerhouse Science Center exhibit at MOSAC
Total Core Project Expenses	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	
TOTAL EXPENSES	\$ 2,762,913	\$ 2,851,726	\$ 2,955,047	\$ 3,117,865	\$ 3,236,490	
Net Income (Loss) - Total	\$ (142,388)	\$ 128,856	\$ (259,452)	\$ (353,674)	\$ (475,660)	Difference between total funds received versus total expenses
CALCULATED CASH RESERVES						
CASH available, Beginning	\$ 2,149,770	\$ 2,632,390	\$ 2,761,246	\$ 2,501,794	\$ 2,148,121	Beginning balance from FY22 Annual Financial Statement
SOURCE (USE) OF FUNDS	\$ (142,388)	\$ 128,856	\$ (259,452)	\$ (353,674)	\$ (475,660)	Roll forward based on projected cash and future expenditures
CASH available, Ending	\$ 2,007,382	\$ 2,761,246	\$ 2,501,794	\$ 2,148,121	\$ 1,672,461	RWA's estimated year ending cash balance
DESIGNATIONS						
Operating Fund (4 to 6 months)	\$ 729,271	\$ 1,053,000	\$ 917,200	\$ 1,086,495	\$ 974,000	RWA Designations are set per RWA Policy 500.1
Membership Dues Stabilization @ 15%	\$ 168,100	\$ 165,800	\$ 169,700	\$ 173,106	\$ 176,568	RWA Designations are set per RWA Policy 500.1
Subscription Progr. Stabilization @ 10%	\$ 52,357	\$ 83,540	\$ 51,656	\$ 53,723	\$ 55,871	RWA Designations are set per RWA Policy 500.1
Powerhouse Science Center Fund	\$ 155,000	\$ 155,000	\$ 130,000	\$ 105,000	\$ 80,000	Designation for future payments through 2030
RWA Restricted/Program Advances	\$ 346,000	\$ 597,856	\$ 574,562	\$ 180,000	\$ -	Restricted funds for RWA Program Advances
WEP Restricted/Program Advances	\$ 556,654	\$ 706,036	\$ 658,676	\$ 549,798	\$ 386,022	Restricted funds for Water Efficiency Program
Non-restricted Cash	\$ -	\$ -	\$ -	\$ -	\$ -	Non-restricted Funds
Total Cash in bank	\$ 2,007,382	\$ 2,761,232	\$ 2,501,794	\$ 2,148,121	\$ 1,672,461	
# of months core + non-designated cash cover exp	4.7	6.5	5.5	6.0	5.2	

Regional Water Authority

Program Summary Budget

Fiscal Year 2023-2026

STAFF TIME REIMBURSEMENTS	FY23 Adopted	FY23 Projected	FY24 Proposed	Notes	Forecasted FY25	Forecasted FY26
Grants & Projects Reimbursements						
2015 IRWM Grant Management Fees (RWA R3)	\$ -	\$ 13,885	\$ -	2	\$ -	\$ -
Prop 1 Round 1 RWA PM	\$ 20,000	\$ 20,000	\$ 10,000	3	\$ 10,000	\$ -
2021 Urban Drought Grant	\$ 9,580	\$ 5,000	\$ 4,580	4	\$ 9,580	\$ -
Regional Water Bank Phase 1	\$ 4,920	\$ 4,920	\$ -	6	\$ -	\$ -
Regional Water Bank Phase 2	\$ 16,400	\$ 5,000	\$ 6,400	6	\$ 5,000	\$ -
2022 Water Transfer	\$ 35,000	\$ 22,000	\$ 35,000	10	\$ 35,000	\$ 35,000
RWA Staff Time Reimbursement	\$ 85,900	\$ 70,805	\$ 55,980	11	\$ 59,580	\$ 35,000
WATER EFFICIENCY PROGRAM (WEP)						
2014 Drought Grant Management Fees (WEP)		\$ 77,606	\$ -	1	\$ -	\$ -
Bonneville Grant	\$ 6,000	\$ 28,275		5	\$ -	\$ -
Sierra Institute Direct Install			\$ 10,000	7	\$ 10,000	\$ -
DWR Direct Install			\$ 30,000	8	\$ 30,000	\$ -
Water Efficiency Program Admin. Fees (Cat.1)	\$ 448,110	\$ 449,410	\$ 462,853	12	\$ 448,110	\$ 448,110
Water Efficiency Grant Revenues (Cat. 2)	\$ 192,174	\$ 85,522	\$ 125,000	13	\$ 125,000	\$ 125,000
RWA Transfer to WEP (based on 30%)	\$ 60,000	\$ 56,286	\$ 95,406	14	\$ 68,000	\$ 73,000
Total WEP Revenues	\$ 706,284	\$ 697,099	\$ 723,259		\$ 681,110	\$ 646,110
WEP Expenses:						
Water Efficiency Program Admin. (Cat.1)	\$ 588,068	\$ 584,332	\$ 645,619	12	\$ 664,988	\$ 684,937
Water Efficiency Grant Payments (Cat. 2)	\$ 127,000	\$ 85,312	\$ 125,000	13	\$ 125,000	\$ 125,000
Total WEP Expenses	\$ 715,068	\$ 669,644	\$ 770,619		\$ 789,988	\$ 809,937
WEP Net Income (Loss)	\$ (8,784)	\$ 27,455	\$ (47,360)	15	\$ (108,878)	\$ (163,827)
STRATEGIC AFFAIRS (SA) PROGRAMS						
CIMS Subscription Program	\$ 315,000	\$ 1,042,925	\$ 328,500	16	\$ 341,640	\$ 355,306
RWA Transfer to CIMS (based on 10%)	\$ -	\$ -	\$ 36,500	14	\$ 37,960	\$ 39,478
Total SA Revenues	\$ 315,000	\$ 1,042,925	\$ 365,000		\$ 379,600	\$ 394,784
CIMS Subscription Program	\$ 315,000	\$ 416,096	\$ 631,829	17	\$ 559,600	\$ 574,784
Total SA Expenses	\$ 315,000	\$ 416,096	\$ 631,829		\$ 559,600	\$ 574,784
SA Net Income (Loss)	\$ -	\$ 626,829	\$ (266,829)	18	\$ (180,000)	\$ (180,000)

GRANTS & PROJECTS - PASS THROUGH	FY23 Adopted	FY23 Projected	FY24 Proposed	Notes	FY25 Forecasted	FY26 Forecasted
Revenues (Pass thru)						
Prop 1 Round 1 RWA PT	\$ 2,314,786	\$ 82,000	\$ 4,779,083	3		\$ -
Prop 1 Round 1 WEP PT	\$ 596,352	\$ 130,000	\$ 470,140	3	\$ -	\$ -
2021 Urban Drought Grant	\$ -	\$ 400,000	\$ 3,439,673	4	\$ 3,039,673	
Bonneville Grant	\$ 242,000	\$ 242,000		5	\$ -	\$ -
Regional Water Bank Phase 1	\$ 313,247	\$ 148,000		6	\$ -	\$ -
Regional Water Bank Phase 2	\$ 110,000	\$ 55,000	\$ 220,000	6	\$ 190,000	
Sierra Grant Institute Direct Install			\$ 125,000	7	\$ 250,000	\$ 125,000
DWR Direct Install			\$ 300,000	8	\$ 1,200,000	\$ 1,600,000
Total Revenues Collected	\$ 3,576,385	\$ 1,057,000	\$ 9,333,896	9	\$ 4,679,673	\$ 1,725,000
Expenses (Pass thru)						
Prop 1 Round 1 PT	\$ 2,314,786	\$ 82,000	\$ 4,779,083	3		\$ -
Prop 1 Round 1 WEP PT	\$ 596,352	\$ 130,000	\$ 470,140	3	\$ -	\$ -
2021 Urban Drought Grant	\$ -	\$ 400,000	\$ 3,439,673	4	\$ 3,039,673	
Bonneville Grant	\$ 242,000	\$ 242,000		5	\$ -	\$ -
Regional Water Bank Phase 1	\$ 313,247	\$ 148,000		6	\$ -	\$ -
Regional Water Bank Phase 2	\$ 110,000	\$ 55,000	\$ 220,000	6	\$ 190,000	\$ -
Sierra Grant Institute Direct Install			\$ 125,000	7	\$ 250,000	\$ 125,000
DWR Direct Install			\$ 300,000	8	\$ 1,200,000	\$ 1,600,000
Total Expenses Disbursed	\$ 3,576,385	\$ 1,057,000	\$ 9,333,896	9	\$ 4,679,673	\$ 1,725,000
Net Income (Loss)	\$ -	\$ -	\$ -		\$ -	\$ -

RWA
FY 2023-2024 BUDGET PROJECTION NOTES
PROGRAM ONLY

- 1 RWA received a \$9.765 million award from Department of Water Resources (DWR) 2014 Integrated Regional Water Management Drought Grant funded through Proposition 84. 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 but extended due to the drought. Revenue received in FY23 reflects grant payment retention.
- 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. Revenue received in FY23 reflects grant payment retention.
- 3 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 including a WEP project.
- 4 In 2021, the Department of Water Resources (DWR) awarded over \$4 million in grant funding to RWA and two of its members for projects that advance drought and climate resiliency. Funded projects include planning for the Sacramento Regional Water Bank, groundwater wells for the Fair Oaks Water District and Orange Vale Water Company, and grant administration.
- 5 This grant, executed in 2021, will upgrade the landscape areas of commercial, industrial, institutional (CII) properties in the riparian zone and surrounding watershed of the North American River Subbasin which drains to the Lower American River through a variety of interventions including conversion of turfgrass to native and low water use plant material (including trees), installation of high efficiency irrigation equipment , and the creation of site-specific landscape budgets.
- 6 The Regional Reliability Plan was a subscription project launched in FY17 to fund consultant support to develop the plan, which will include an update to the RWA Integrated Regional Water Management Plan. In FY20, the project transitioned to the Regional Water Bank, Phase 1 and in FY21, the beginning of Regional Water Bank Phase 2.
- 7 Commencing in January 2023, the Sierra Institute is a grantee of the California Department of Water Resources (DWR), Urban and Multibenefit Drought Relief Program which received funding from the Budget Act of 2021 to assist in financing the Sacramento Regional Indoor Direct Install Projects. The Sierra Institute appoints the Contractor to perform services for disadvantaged and tribal communities for drought relief.

RWA
FY 2023-2024 BUDGET PROJECTION NOTES
PROGRAM ONLY

- 8 Awarded in February 2023, RWA received a \$3.1 million from the California Department of Water Resources (DWR) to fund an indoor fixture installment program for disadvantaged communities and a climate-resilient yard transformation program. The yard transformation program will reduce outdoor water use by providing rebates to residential, commercial and institutional properties, while the indoor fixture project will directly replace inefficient indoor fixtures in 5,060 multi-family and commercial/institutional properties.
- 9 Anticipated total pass through revenues to be received by grantor and disbursed to member agencies through RWA. Net result of revenues minus expenses should be zero.
- 10 Each year, depending on drought conditions, RWA member agencies may conduct water transfer actions in/outside of the region. When working within the RWA membership composition, staff may assist in completing these transactions. Revenues indicated for these year(s) are to account for reimbursement of these services.
- 11 Anticipated total revenues to be received as a result of billing staff time reimbursements to grants and projects. This amount will be used as an offset to salary expense.
- 12 Anticipated revenues and direct costs for the program from the Water Efficiency (WEP) Program for Category I. WEP budget still under development.
- 13 WEP Category II revenue and expenses are projected for the SRCSD incentives program and other misc. reimbursements and expenses related to WEP member programs.
- 14 Represents the amount of RWA Core Program transfer to WEP or CIMS for reimbursement of staff time spent on non-program related activities.
- 15 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.
- 16 Anticipated revenues for the CIMS program.
- 17 Anticipated expenses and direct costs for the CIMS program and Manager of Strategic Affairs position.

RWA FY2023-2024 DUES

	2022 Retail Connections	First 3,000 Connections	3,001-7,000 Connections		Proposed FY24 Dues	Current FY23 Dues	Difference
Small agencies		\$2.28	\$1.14				
Del Paso Manor WD	1,940	\$ 4,423			\$ 4,423	\$ 4,106	\$ 317
Rancho Murrieta CSD	2,858	\$ 6,516			\$ 6,516	\$ 6,229	\$ 287
Georgetown Divide PUD	3,700	\$ 4,283					
Orange Vale WC	5,690	\$ 6,840	\$ 3,067		\$ 9,907	\$ 9,907	\$ -
		Up to 30,000 Connections					
Medium agencies		\$2.28					
Carmichael WD	11,738	\$ 26,763			\$ 26,763	\$ 26,968	\$ (205)
Elk Grove WD	13,279	\$ 30,276			\$ 30,276	\$ 29,991	\$ 285
Fair Oaks WD	14,371	\$ 32,766			\$ 32,766	\$ 32,809	\$ (43)
City of West Sacramento (1)	15,653	\$ 35,689			\$ 32,120	\$ 31,925	\$ 195
Golden State WC	17,172	\$ 39,152			\$ 39,152	\$ 39,020	\$ 132
Yuba City (1)	19,371	\$ 44,166			\$ 39,749	\$ 39,604	\$ 146
Nevada Irrigation District (1)	19,619	\$ 29,075			\$ 20,018	\$ 17,875	\$ 2,143
Citrus Heights WD	20,494	\$ 46,726			\$ 46,726	\$ 46,111	\$ 616
City of Lincoln	21,403	\$ 48,799			\$ 48,799	\$ 47,458	\$ 1,341
City of Folsom	23,816	\$ 54,300			\$ 54,300	\$ 52,857	\$ 1,443
		Up to 30,000 Connections	Up to 40,000	Up to 50,000	Up to 60,000	Over 60,000	
Large agencies		\$2.28	\$1.14	\$0.57	\$0.29	\$0.07	
San Juan WD (2)	10,813	\$ 68,400					\$ -
Placer County WA	39,071	\$ 68,400	\$ 10,341				\$ -
El Dorado ID	43,320	\$ 68,400	\$ 11,400	\$ 1,892			\$ 157
Sacramento Suburban WD	46,670	\$ 68,400	\$ 11,400	\$ 3,802			\$ (246)
City of Roseville	48,420	\$ 68,400	\$ 11,400	\$ 4,799			\$ 863
Sacramento County WA	59,510	\$ 68,400	\$ 11,400	\$ 5,700	\$ 2,710		\$ (32)
CA American Water	68,592	\$ 68,400	\$ 11,400	\$ 5,700	\$ 2,850	\$ 601	\$ 137
City of Sacramento	145,601	\$ 68,400	\$ 11,400	\$ 5,700	\$ 2,850	\$ 5,992	\$ 106
	653,101	\$ 956,979	\$ 81,809	\$ 27,594	\$ 8,410	\$ 5,992	\$ 7,641
					\$ 1,060,056	\$ 1,052,415	

(1) Agency is outside of core American River Basin region, so it receives a 10% discount on its dues after they are calculated based on # of connections.

(2) San Juan Water District *Wholesale* is a community services district that provides drinking water to 160,000 people in portions of Sacramento and Placer Counties so it is treated as the minimum size of a large member agency.

RWA Associate Members	FY2024	FY2023
El Dorado Water Agency	\$ 6,056	\$ 6,056
Placer County	\$ 15,637	\$ 15,637
Sacramento Area Flood Control Agency	\$ 8,636	\$ 8,636
Sacramento Municipal Utilities District	\$ 15,637	\$ 15,637
Sac Regional Comm. Services (SRCSD)	\$ 15,637	\$ 15,637
Yuba Water Agency	\$ 9,750	\$ 7,500
ASSOCIATE MEMBER TOTAL	\$ 71,353	\$ 68,494

Topic: Legislative and Regulatory Update
Type: New Business
Item For: Discussion/Action
Purpose: Policy 100.5 and Strategic Plan Priority- Advocacy Objective A

SUBMITTED BY:	Ryan Ojakian Legislative and Regulatory Affairs Manager	PRESENTER:	Ryan Ojakian Legislative and Regulatory Affairs Manager
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EXECUTIVE SUMMARY

This is a discussion/action item for the Executive Committee to review and discuss various State legislation. Ryan Ojakian, Legislative and Regulatory Affairs Manager will provide an oral report on legislation and recommended Executive Committee action on bills related to water rights administration, bond measures, groundwater management, and water use efficiency.

STAFF RECOMMENDED ACTION

A motion to approve positions on legislative bills.

BACKGROUND

AB 460 (Bauer-Kahan D- Orinda) Would establish expansive authority for the State Water Resources Control Board to issue interim relief orders. Recommendation: Oppose Unless Amended

AB 560 (Bennett D- Ventura) Would require the court to refer a proposed judgment in specified adjudication proceedings to the State Water Resources Control Board for an advisory determination as to whether the proposed judgment will substantially impair the ability of a groundwater sustainability agency, the board, or the department to achieve sustainable groundwater management. Recommendation: Oppose

AB 676 (Bennett D- Ventura) Would provide specific examples of the use of water for domestic purposes, including, but not limited to, sustenance of human beings and household conveniences. The bill would provide that all water rights remain subject to specified laws. Recommendation: Oppose

AB 754 (Papan D- San Mateo) Would require an urban water management plan, if a reservoir is identified as an existing or planned source of water, to include specified information related to water storage and conservation, including, among other things, a target water supply storage curve, and an automatic conservation plan that would be implemented when the reservoir storage level falls below the target water supply storage curve. Recommendation: Oppose

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AB 779 (Wilson D- Fairfield) Would require new actions to be taken by a GSA in the event of an adjudication in their basin. Those include a requirement for a GSA to submit and report on a monitoring plan, pumping restrictions, require a GSA to hold a public meeting on what an adjudication means, and authorize a GSA to invite the Water Board and or DWR to the public meeting. Recommendation: Oppose

AB 1337 (Wicks D- Oakland) Would authorize the State Water Resources Control Board to adopt regulations for various water conservation purposes, including, but not limited to, to prevent the waste, unreasonable use, unreasonable method of use, or unreasonable method of diversion of water, and to implement these regulations through orders curtailing the diversion or use of water under any claim of right. Recommendation: Oppose

AB 1567 (Garcia D- Coachella) Would enact the Safe Drinking Water, Wildfire Prevention, Drought Preparation, Flood Protection, Extreme Heat Mitigation, and Workforce Development Bond Act of 2023, which, if approved by the voters, would authorize the issuance of \$15.1 billion of bonds pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, wildfire prevention, drought preparation, flood protection, extreme heat mitigation, and workforce development programs. Would provide for the submission of these provisions to the voters at the November 5, 2024, statewide general election. Recommendation: Support If Amended

AB 1572 (Friedman D- Burbank) Would prohibit the use of potable water, as defined, for the irrigation of nonfunctional turf located on commercial, industrial, municipal, institutional, and multifamily residential properties, as specified. Recommendation: Oppose Unless Amended

SB 48 (Becker D- Menlo Park) Current law requires each utility to maintain records of the energy usage data of all buildings to which they provide service for at least the most recent 12 complete calendar months, and to deliver or otherwise provide that aggregated energy usage data for each covered building, as defined, to the owner, as specified. This bill would expand those requirements, beginning January 1, 2025, to include each utility that provides water service and its water usage data. Recommendation: Oppose Unless Amended

SB 361 (Dodd D- Napa) Would require the Department of Water Resources and the State Water Resources Control Board, upon appropriation of funds by the Legislature, to reactivate, upgrade, and install new stream gages, as provided. Recommendation: Support

SB 389 (Allen D- Santa Monica) Would authorize the State Water Resources Control Board to investigate the diversion and use of water from a stream system to determine whether the diversion and use are based upon appropriation, riparian right, or other basis of right. Recommendation: Oppose Unless Amended

SB 867 (Allen D- Santa Monica) Would enact the Drought and Water Resilience, Wildfire and Forest Resilience, Coastal Resilience, Extreme Heat Mitigation, Biodiversity and Nature-Based Climate Solutions, Climate Smart Agriculture, and Park Creation and Outdoor Access Bond Act of 2023,

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which, if approved by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance projects for drought and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate smart agriculture, and park creation and outdoor access programs. Would provide for the submission of these provisions to the voters at an unspecified statewide election. Recommendation: Support If Amended

FINDING/CONCLUSION

The action is consistent with Policy Principles adopted as part of RWA policy 100.5 and Strategic Plan Priority- Advocacy Objective A

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Topic: Future Executive Committee Times
Type: New Business
Item For: Discussion
Purpose:

SUBMITTED BY: Jim Peifer, Executive Director PRESENTER: Jim Peifer, Executive Director

EXECUTIVE SUMMARY

This is a discussion item to discuss the time to start and conclude Executive Committee meetings in the future.

STAFF RECOMMENDED ACTION

Provide feedback to staff.

Topic: Executive Directors' Report
Type: New Business
Item For: Information
Purpose: General

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an information item for the Executive Director to provide a briefing on important activities, reports, communications, advocacy, and other updates.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

This agenda item is a standing item to provide an opportunity for the Executive Director to report to the Executive Committee on important activities, reports, communications, advocacy, and other updates.

Recharge

Governor Newsom issued an Executive Order (N-4-23) on March 10, 2023, to facilitate recharge. A copy of the executive order is attached.

Communications and Outreach

Mr. Peifer was interviewed by James Taylor from CBS News Sacramento on the recent Governor's Executive Order. You can find the interview here:

<https://www.cbsnews.com/sacramento/news/newsom-executive-order-storing-water-rain-savings/>

Capitol Public Radio interviewed Mr. Ojakian on the recent storms. You can find the interview here: <https://www.capradio.org/articles/2023/03/07/upcoming-storm-could-melt-massive-snowpack-officials-warn-of-potential-flooding/>

Director Sean Bigley and Mr. Peifer were interviewed by Ryder Todd Smith for the Public CEO Report podcast. You can find it here: <https://www.youtube.com/watch?v=W-w1TxpECW0>

Mr. Peifer made a presentation as part of the Water Education Foundation's American River tour on February 24th.

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Mr. Peifer made a presentation on Water Bank at the request of Sarah Hodge of ACWA to the Rotary Club of Sacramento on March 21st.

Cap to Cap - Executive Director Peifer will join the Water Team for the upcoming Metro Chamber Cap to Cap event scheduled for April 22 to April 26.

ATTACHMENTS

Attachment 1- Executive Order N-4-23 Ground Water Recharge

EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

EXECUTIVE ORDER N-4-23

WHEREAS on April 21, 2021, May 10, 2021, July 8, 2021, and October 19, 2021, I proclaimed States of Emergency to exist due to drought conditions; and

WHEREAS the ongoing effects of climate change contribute to aridification in California, but also contribute to large swings between extreme wet and extreme dry conditions; and

WHEREAS these conditions magnify uncertainty in hydrologic forecasting and exacerbate drought impacts on our communities, environment, and economy, with particular impacts on groundwater basins, local water supplies, and ecosystems; and

WHEREAS the ongoing drought continues to have significant, immediate impacts on communities with vulnerable water supplies, farms that rely on irrigation to grow food and fiber, groundwater basins, and fish and wildlife that rely on stream flows and cool water; and

WHEREAS since I issued Executive Order N-3-23 on February 13, 2023, powerful winter storms that hit California beginning in late February have improved drought conditions in some regions, but severe drought conditions remain in much of Northern California, the Klamath River basin, and the Colorado River basin, and many groundwater basins remain depleted from overreliance and successive multi-year droughts; and

WHEREAS the March 3, 2023, snow survey conducted by the Department of Water Resources found that most regions of the Sierra Nevada are above average for snow water content, and some regions are nearing record amounts of snow, with significant snow since March 3 and more snow forecast in the next week; and

WHEREAS the upcoming significant snowmelt runoff creates both risk, in the form of catastrophic flooding if warm storms and rising seasonal temperatures cause the snowpack to melt rapidly, and opportunity, in the form of groundwater recharge resulting from snowmelt runoff that can mitigate ongoing drought impacts on depleted groundwater aquifers; and

WHEREAS groundwater use accounts for 41 percent of the State's total water supply on an average annual basis but as much as 58 percent in a critically dry year, and approximately 85 percent of public water systems rely on groundwater as their primary supply; and

WHEREAS capturing and storing storm and snowpack runoff underground to recharge aquifers is an important strategy to help regions stabilize water supplies in the face of hydrologic extremes; and

WHEREAS state agencies have created streamlined permitting pathways to enable groundwater recharge that augments natural aquifer recharge, while protecting the environment and other water users, but more opportunities exist to facilitate groundwater recharge; and

WHEREAS existing law requires that persons seeking to divert water from streams and rivers to lands where it can recharge groundwater and be beneficially used, including for drinking water and agricultural supplies, must obtain a water right permit from the State Water Resources Control Board (Water Board), but there can be additional opportunities for diversion of flood flows for groundwater recharge that do not adversely affect more senior water users, fisheries, or the environment;

WHEREAS to protect public health and safety, it is critical the State take certain immediate actions without undue delay to prepare for and mitigate the effects of the drought and potential flood conditions, and under Government Code section 8571, I find that strict compliance with various statutes and regulations specified in this Order would prevent, hinder, or delay the mitigation of the effects of the drought conditions.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes, including the California Emergency Services Act, and in particular, Government Code sections 8567, 8571, and 8627, do hereby issue the following Order to become effective immediately:

IT IS HEREBY ORDERED THAT:

1. The orders and provisions contained in my State of Emergency Proclamations dated April 21, 2021, May 10, 2021, July 8, 2021, and October 19, 2021, and Executive Orders N-10-21 (July 8, 2021), N-7-22 (March 28, 2022), and N-3-23 (February 13, 2023), remain in full force and effect, except as modified by those proclamations and orders and herein. State agencies shall continue to implement all directions from those proclamations and orders and accelerate implementation where feasible.
2. To protect health, safety, and the environment during this drought emergency, to accelerate groundwater recharge, and to reduce the risks of local and regional catastrophic flooding, the following are suspended for diversions of flood flows that meet all requirements in paragraph 3:
 - a. Chapter 6 (commencing with section 1600) of division 2 of the Fish and Game Code, and regulations adopted pursuant to that chapter;
 - b. Division 13 (commencing with Section 21000) of the Public Resources Code, and regulations adopted pursuant to that division; and
 - c. Part 2 (commencing with section 1200) of division 2 of the Water Code, exclusive of section 1225, and regulations adopted pursuant to that part, such that applications and permits for water rights shall not be required for such diversions, nor shall such diversions create new water rights or modify existing water rights.

3. The suspensions created by Paragraph 2 shall apply to diversions of flood flows as to which all of the following conditions are met:
- a. The diversion of flood flows must occur between March 10, 2023, and June 1, 2023, for flood management and associated groundwater recharge.
 - b. A local or regional flood control agency, city, or county has given notice via its internet website, electronic distribution list, emergency notification service, or another means of public notice, that flows downstream of the point of diversion are at imminent risk of flooding and inundation of land, roads, or structures.
 - c. The diversions cease when the flood conditions have abated to the point there is no longer a risk of flooding and inundation of land, roads, or structures downstream of the point of diversion.
 - d. Any water diverted is not diverted to and will not be applied to:
 - i. dairy land application areas;
 - ii. any agricultural field where pesticide or fertilizer application has occurred in the prior 30 days;
 - iii. any area that could cause damage to critical levees, infrastructure, wastewater and drinking water systems, drinking water wells or drinking water supplies, or exacerbate the threat of flood and other health and safety concerns; or
 - iv. any area that has not been in active irrigated agricultural cultivation within the past three years, including grazing lands, annual grasslands, and natural habitats. This limitation does not apply to facilities already constructed for the purpose of groundwater recharge or managed wetlands.
 - e. With respect to diversions from waters tributary to the Sacramento and San Joaquin River Delta (Delta), the Delta is in excess conditions as described in Water Board Decision D-1641, footnote 79, at the time of the diversion.
 - f. The diversion uses:
 - i. either existing diversion infrastructure or temporary pumps;
 - ii. existing groundwater recharge locations, where available;
 - iii. no new permanent infrastructure or permanent construction; and

- iv. simple screens installed on temporary pump intakes to minimize the impacts of diversion to salmon and other aquatic life.
- g. The person or entity availing itself of suspensions created by Paragraph 2 files a preliminary report with the Water Board and any applicable Groundwater Sustainability Agency (GSA) or GSAs for the basin, no later than 14 days after initially commencing diversion of flood flows for groundwater recharge, and a final report with the Water Board and any applicable GSA or GSAs for the basin no later than June 15, 2023. The preliminary and final reports required by this subparagraph shall:
 - i. Identify the person or entity utilizing the suspensions created by Paragraph 2;
 - ii. Identify the triggering condition from subparagraph b;
 - iii. Provide the GPS coordinates for the point of diversion, a map identifying the approximate area inundated by the flood flows, and the corresponding assessor parcel number(s);
 - iv. Identify the time when diversions of flood flows to groundwater recharge commenced, and for final reports, when diversions ceased;
 - v. Provide an estimate, as of the report's date, of the amount of flood flows diverted utilizing the suspensions created by Paragraph 2.

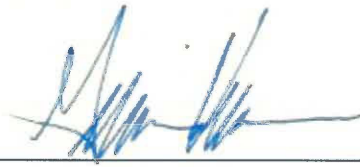
The Water Board shall post on its internet website all reports received pursuant to this subparagraph.

- 4. To protect public health, safety, and the environment and ensure diversions relying on the suspensions provided in this Order conform to the protective conditions identified in Paragraph 3, the Water Board and other public agencies shall use their existing enforcement authorities to ensure that diversions of flood flows for groundwater recharge relying on the suspensions created by Paragraph 2 occur in conformance with all the conditions specified in Paragraph 3.
- 5. The Department of Water Resources shall provide, upon request, technical assistance to any local entity making determinations pursuant to Paragraph 3.b.
- 6. To maximize the extent to which winter precipitation recharges underground aquifers, the Department of Water Resources, Water Board, and the Department of Fish and Wildlife shall continue to collaborate on expediting permitting of recharge projects and shall work with local water districts to facilitate recharge projects.
- 7. All public agencies shall consider other lawful actions for the control or prevention of flooding, and nothing in this order precludes other necessary actions to avoid or to mitigate the potential for flooding.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have
hereunto set my hand and caused
the Great Seal of the State of
California to be affixed this 10th day
of March 2023.



GAVIN NEWSOM
Governor of California

ATTEST:

SHIRLEY N. WEBER, PH.D.
Secretary of State

Topic: Board Directors' Comments
Type: New Business
Item For: Information
Purpose: Routine

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Tony Firenzi
Chair

EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the RWA Executive Committee to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

This agenda item is a standing item to provide an opportunity to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.