



Brett Ewart, Chair

William Roberts, Vice Chair	Sean Bigley, Director
Audie Foster, Director	Ron Greenwood, Director
Bruce Kamilos, Director	Gwynne Pratt, Director
Michael Saunders, Director	Robert Wichert, Director

REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE MEETING

**Tuesday, December 17, 2024
at 1:30 p.m.**

**2295 Gateway Oaks, Suite 100
Sacramento, CA 95833
(916) 967-7692**

IMPORTANT NOTICE REGARDING VIRTUAL PUBLIC PARTICIPATION:

The Regional Water Authority currently provides in person as well as virtual public participation via the Zoom link below until further notice. 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.

Join Zoom Meeting

<https://us06web.zoom.us/j/88933048300>

Meeting ID: 889 3304 8300

Dial by your location

+1 669 444 9171 US or +1 669 900 6833 US (San Jose)

If we experience technical difficulties and the Zoom link drops and you are no longer able to connect to the Board meeting, please dial 1-877-654-0338 – Guest Code 198

Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above.

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting. The Board of Directors 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 October 22, 2024 Executive Committee.

Action: Approve Consent Calendar

4. RECOMMEND ACCEPTANCE OF THE RWA FINANCIAL AUDIT REPORT

Presenter: Tom Hoffart, Financial and Administrative Services Manager

Action: Recommend acceptance of RWA Financial Audit Report by the Board of Directors

5. APPROVAL OF MEMORANDUM OF UNDERSTANDING BETWEEN RWA AND CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

Presenter: Jim Peifer, Executive Director

Action: Recommend approval of MOU by the Board of Directors

6. 2025 POLICY PRINCIPLES

Presenter: Ryan Ojakian,

Action: Recommend approval of 2025 Policy Principles by the Board of Directors

7. APPROVE TASK ORDER WITH WOODARD & CURRAN FOR GROUNDWATER MODELING ANALYSIS FOR THE SACRAMENTO REGIONAL WATER BANK

Presenter: Trevor Joseph, Manager of Technical Services

Action: Approve Woodard & Curran Task Order # 3

8. RWA PROGRAMS UPDATE

Presenter: Jim Peifer, Executive Director

9. RWA BOARD MEETING AGENDA

Presenter: Jim Peifer, Executive Director

Action: Approve RWA Board Meeting Agenda for January 9, 2025

10. EXECUTIVE DIRECTOR'S REPORT

11. DIRECTORS' COMMENT

ADJOURNMENT

Upcoming meetings:

Next RWA Board of Director's Meeting:

Regular RWA Board Meeting, January 9, 2025, 9:00 a.m. at the City of Roseville, 2005 Hilltop Circle, Roseville, CA 95747. The location is subject to change.

Next RWA Executive Committee Meeting:

The next RWA Executive Committee Meeting is scheduled for January 28, 2025, 1:30 p.m. at the RWA Office located at 2295 Gateway Oaks, Suite 100, Sacramento, CA 95833.

Notification will be emailed when the RWA electronic packet is complete and posted on the RWA website at: <https://www.rwah2o.org/meetings/board-meetings/>.

Posted on: December 12, 2024



Ashley Flores, CMC, Clerk of the Board



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

SUBMITTED BY:	Ashley Flores, CMC Secretary	PRESENTER:	Brett Ewart Chair
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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.

3.0 CONSENT CALENDAR



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
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EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Executive Committee to review and consider approving the draft minutes of the Regional Water Authority Executive Committee Meeting of October 22, 2024.

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 October 22, 2024

1. CALL TO ORDER

Chair Ewart called the meeting of the Executive Committee to order on October 22, 2024 at 1:30 p.m. at the RWA Board Room located at 2295 Gateway Oaks, Suite 100, Sacramento, CA 95833. Nine of the Executive Committee Members were present at roll call; a quorum was established. Individuals in attendance are listed below:

Executive Committee Members

Audie Foster, California American Water
Ron Greenwood, Carmichael Water District
Sean Bigley, City of Roseville
Brett Ewart, City of Sacramento, Chair
William Roberts, City of West Sacramento, Vice Chair
Bruce Kamilos, Elk Grove Water District
Gwynne Pratt, Del Paso Manor Water District
Michael Saunders, Georgetown Divide Public Utility District
Robert Wichert, Sacramento Suburban Water District

Staff Members

Jim Peifer, Trevor Joseph, Tom Hoffart, and Raiyna Villasenor

Others in Attendance:

None

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

3.1 Approve draft meeting minutes of the September 24, 2024 Executive Committee Meeting.

A motion was made to approve the Consent Calendar as presented.

Motion/Second/Carried Director Saunders moved, with a second by Director Greenwood

Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Sean Bigley, City of Roseville; Brett Ewart, City of Sacramento, Chair;

William Roberts, City of West Sacramento, Vice Chair; Bruce Kamilos, Elk Grove Water District; Gwynne Pratt, Del Paso Manor Water District; Michael Saunders, Georgetown Divide Public Utility District; Robert Wichert, Sacramento Suburban Water District; voted yes. motion passed.

Ayes- 9
Noes- 0
Abstained- 0
Absent- 0

4. 2024/2025 STRATEGIC PLAN IMPLEMENTATION REVIEW AND STRATEGIC PLAN SURVEY QUESTIONS

Executive Director Peifer presented this information item for the RWA Executive Committee to approve the Annual Survey for FY 2025/2026 Strategic Plan priorities. The Executive Director presented the progress of implementing the Strategic Plan priorities for FY 2024/2025. Direction was given to staff, no action was taken.

5. AMENDMENT #1 TO PROFESSIONAL SERVICES AGREEMENT WITH RICHARDSON & COMPANY, LLP

Tom Hoffart, Finance and Administrative Services Manager presented this action item for the Executive Committee to recommend to the Board of Directors to authorize the Executive Director to execute a change order to the Regional Water Authority's Professional Services Agreement with Richardson & Company, LLP for an additional amount of \$13,050 in total for the next four annual audits. Additional compensation is requested based on unanticipated large grants received after the execution of the original agreement.

A motion was made recommending to the Board of Directors to approve Amendment #1 to the Professional Services Agreement with Richardson & Company, LLP. for an additional amount of \$13,050.

Motion/Second/Carried Director Greenwood moved, with a second by Director Roberts

Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Sean Bigley, City of Roseville; Brett Ewart, City of Sacramento, Chair; William Roberts, City of West Sacramento, Vice Chair; Bruce Kamilos, Elk Grove Water District; Gwynne Pratt, Del Paso Manor Water District; Michael Saunders, Georgetown Divide Public Utility District; Robert Wichert, Sacramento Suburban Water District; voted yes. motion passed.

Ayes- 9
Noes- 0
Abstained- 0
Absent- 0

6. TASK ORDER #3 WITH KHADAM CONSULTING INC.

Trevor Joseph, Technical Services Manager presented this action item for the Executive Committee to recommend to the Board of Directors to authorize the Executive Director to execute Task Order #3 with Khadam Consulting Inc. for an additional amount not to exceed \$88,000.

A motion was made recommending to the Board of Directors the approval of Task Order #3 with Khadam Consulting Inc. for an additional amount not to exceed \$88,000.

Motion/Second/Carried Director Greenwood moved, with a second by Director Bigley

Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Sean Bigley, City of Roseville; Brett Ewart, City of Sacramento, Chair; William Roberts, City of West Sacramento, Vice Chair; Bruce Kamilos, Elk Grove Water District; Gwynne Pratt, Del Paso Manor Water District; Michael Saunders, Georgetown Divide Public Utility District; Robert Wichert, Sacramento Suburban Water District; voted yes. motion passed.

Ayes- 9
Noes- 0
Abstained- 0
Absent- 0

7. RWA BOARD MEETING AGENDA

Executive Director Peifer presented this action item for the Executive Committee to review and consider approving the draft agenda of the Regional Water Authority, Board of Directors Meeting of November 14, 2024.

A motion was made to approve RWA Board Meeting Agenda for November 14, 2024.

Motion/Second/Carried Director Kamilos moved, with a second by Director Roberts

Audie Foster, California American Water; Ron Greenwood, Carmichael Water District; Sean Bigley, City of Roseville; Brett Ewart, City of Sacramento, Chair; William Roberts, City of West Sacramento, Vice Chair; Bruce Kamilos, Elk Grove Water District; Gwynne Pratt, Del Paso Manor Water District; Michael Saunders, Georgetown Divide Public Utility District; Robert Wichert, Sacramento Suburban Water District; voted yes. motion passed.

Ayes- 9
Noes- 0
Abstained- 0
Absent- 0

8. EXECUTIVE DIRECTOR’S REPORT

Executive Director Peifer disclosed that he is currently on the Metro Chamber Policy Committee. He also reported three upcoming events Coffee Chat on Thursday, November 7, 10:00 am. hosted by Ryan Ojakian, Manager of Government Relations, Ryan will interview Pablo Garza, Chief Consultant for the Assembly Committee on Water, Parks, and Wildlife. RWA Member Reception at the ACWA Fall conference, Tuesday, December 3. RWA Holiday Social will be on the Delta King on Thursday, December 12.

9. DIRECTORS’ COMMENT

Director Roberts reported Measure O support is appreciated. The measure will help support the City’s infrastructure.

Director Greenwood reported that he would like to see additional advocacy on education. The Carmichael Board of Directors discussed in-leu water banked at last Board meeting.

Director Kamilos reported that Sofia Sherman is completing her last term with the Elk Grove Water District, they are now onboarding Josh Green.

Director Saunders reported on GDPUD will be presenting their Water Portfolio at the November 7 Board meeting, starts at 2:00p.m..

Director Foster thanked staff for FBI presentation at the last Board meeting.

Director Bigley reported the City of Roseville is holding the “State of Water” online October 23 at 6:00p.m., accessible through Zoom link on city’s Facebook page.

Director Pratt reported that there are three seats up for reelection.

ADJOURNMENT

Chair Ewart adjourned the meeting at 3:08 p.m.

Approved by:

Brett Ewart, RWA Chair

Attested by:

Ashley Flores, CMC, Clerk of the Board



Topic: Fiscal Year 2023/2024 Audit Report
Type: New Business
Item For: Action/Discussion
Purpose: Annual Audit Requirement

SUBMITTED BY:	Tom Hoffart Finance & Administrative Services Manager	PRESENTER:	Tom Hoffart Finance & Administrative Services Manager
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EXECUTIVE SUMMARY

Review the fiscal year 2023/24 Independent Auditor’s Report, Financial Statements, Internal Control and Compliance Report, and Governance Letter with the RWA’s independent auditor, Richardson and Company, LLP.

STAFF RECOMMENDATION:

Recommend acceptance of the Fiscal Year 2023/2024 RWA Financial Audit Report to the Board of Directors.

BACKGROUND

Presentation of the draft Fiscal Year 2023/2024 Audit Report to be made by Ingrid Shepline of Richardson & Company, LLP.

ATTACHMENTS

- Attachment 1- Audit Presentation Agenda - Fiscal Year 2023/2024
- Attachment 2- Audited Financial Statements - Fiscal Year 2023/2024
- Attachment 3- Governance Letter - Fiscal Year 2023/2024

REGIONAL WATER AUTHORITY
AUDIT PRESENTATION AGENDA

December 17, 2024

Presentation by Richardson & Company, LLP of the Audited Financial Statements, including the following communications required by Generally Accepted Auditing Standards:

Reports issued

- Auditor's opinion on financial statements
- Internal Control and Compliance Report
- Governance (required communications) letter
- Management letter

Independent Auditor's Report

- Unmodified (clean) opinion

Discussion of financial statements

- Statements of Net Position (page 14)

 - \$732,122 unexpended subscription program advances from members
 - Unrestricted net position of \$1,644,867 (portion designated by Board)

- Statements of Revenues, Expenses (page 15)

 - Increase in grants of \$2.7 million, increased grant awards of \$2.8 million
 - Net loss of \$226,693—use of reserves

- Note 1, Subscription Program Advances/Unearned Income (page 20)

 - Advances to be expended by program

- Note 5, Pension Plan (pages 27 to 33)

 - Pension liability increased to \$223,583 – no significant changes in actuarial assumptions

- Note 6, Other Postemployment Benefits Plan (pages 33 to 39)

 - OPEB liability of \$26,842 – plan mostly funded

- Net Position Restrictions and Designations (page 39)

 - Operating fund of 4 to 6 months

- Note 9, Commitment (page 40)—ARTESIAN grant of \$55 million over next few years

- Note 12, Subsequent Events (page 42)—new DWR grant for Watershed Resilience Pilot Program

Report on Internal Control and Compliance (pages 51 to 52)

- No internal control weaknesses noted

- Complied with applicable laws and regulations material to the financial statements

Governance letter

- Management judgments and accounting estimates

- No change in accounting practices

- No audit adjustments noted

- No difficulties in performing the audit and no unusual accounting practices

No management letter

- Prior year recommendations for improvement were addressed

REGIONAL WATER AUTHORITY

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2024 AND 2023

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REGIONAL WATER AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Regional Water Authority
Sacramento, California

Opinions

We have audited the accompanying financial statements of the Regional Water Authority (RWA) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise RWA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RWA as of June 30, 2024 and 2023 and the changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RWA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RWA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RWA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RWA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RWA's basic financial statements. The Program Schedule of Revenues, Expenses, and Changes

Board of Directors
Regional Water Authority

in Net Position, and Schedule of Allocated Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024 on our consideration of RWA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RWA's internal control over financial reporting and compliance.

Richardson & Company, LLP

December 2, 2024

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

The Regional Water Authority (RWA) promotes collaboration on water management and water supply reliability programs in the greater Sacramento area. The following discussion and analysis of the RWA financial performance provides an overview of the financial activities for the fiscal year ending June 30, 2024, and 2023. This discussion and analysis should be read in conjunction with the financial statements, which can be found on pages 6 to 42 of this report.

Description of Basic Financial Statements

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

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

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the financial statements. The notes to the financial statements can be found on pages 17 to 42 of this report.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Condensed Statements of Net Position

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Current Assets	\$ 3,257,106	\$ 3,524,312	\$ (267,206)	\$ 3,394,268	\$ 130,044
Non-Current Assets	-	117,369	(117,369)	788,863	(671,494)
Capital Assets	224,936	19,168	205,768	58,163	(38,995)
Total Assets	3,482,042	3,660,849	(178,807)	4,241,294	(580,445)
Deferred Outflows	706,072	731,602	(25,530)	585,643	145,959
Total Assets and Deferred Outflows	4,188,114	4,392,451	(204,337)	4,826,937	(434,486)
Current Liabilities	969,153	1,415,559	(446,406)	905,117	510,442
Non-Current Liabilities	998,907	460,613	538,294	709,205	(248,592)
Total Liabilities	1,968,060	1,876,172	91,888	1,614,322	261,850
Deferred Inflows	217,306	286,838	(69,532)	580,225	(293,387)
Net Position:					
Invested in Capital Assets	-	9,246	(9,246)	12,238	(2,992)
Restricted	357,881	526,712	(168,831)	599,879	(73,167)
Unrestricted	1,644,867	1,693,483	(48,616)	2,020,273	(326,790)
Total net position	\$ 2,002,748	\$ 2,229,441	\$ (226,693)	\$ 2,632,390	\$ (402,949)

Fiscal Year 2024 Compared to Fiscal Year 2023

Total current assets decreased \$267,206, primarily due to a decrease in restricted cash and investments related to subscription programs of \$1,010,586, offset by an increase in unrestricted cash and investments of \$175,092 and an increase in receivables of \$558,139. Increased activity in the Water Efficiency Program, Common Interest Management Services, Regional Water Bank programs resulted in a decrease in restricted cash and investments available to those programs, as well as an increase in related receivables.

Non-current assets decreased by \$117,369. This is due to the Other Post Employment Benefits (OPEB) representing a liability for the year ended June 30, 2024, as opposed to an asset for the year ended June 30, 2023.

Capital Assets increased \$205,768, primarily due to recognizing a right-of-use asset for the new office lease that the RWA moved into on July 1, 2023.

Current liabilities decreased by \$446,406, primarily due to decreases in the current portion of subscription program advances for the Regional Water Bank and Common Interest Management Services. Non-current liabilities increased by \$538,294, primarily due to increases in the non-current portion of subscription

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

program advances for the Common Interest Management Services and lease liability related to the RWA new office lease.

Net position invested in capital assets has no balance due to the lease liability associated with the RWA new office lease, restricted net position decreased by \$168,831 due to the spend down of WEP projects, and unrestricted net position declined by \$48,616 for a total decrease in net position of \$226,693 from the prior year.

Fiscal Year 2023 Compared to Fiscal Year 2022

Total current assets, mainly cash and investments increased \$130,044, primarily due to the close-out and release of retention of grants and improved performance of LAIF interest earnings. The June 30, 2023 receivables reflect amounts earned for fulfillment of obligations from the Proposition 1 (Round 1), Proposition 84 (Round 3), Regional Water Bank project along with the 2022 Urban Planning grant, 2021 Urban Drought grant, Bonneville Environmental Foundation (BEF), 2014 Drought grant and Other Water Efficiency Programs (WEP).

Non-current assets decreased by \$671,494. This is due to a decrease in net pension assets due to a change of market conditions as of the pension valuation date of June 30, 2021. In the prior year's 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, resulting in a net pension asset. During this period, this has essentially been reversed. RWA made additional contributions to the plan.

The deferred outflows amount is \$731,602. This is comprised of pension in the amount \$450,368 which is slightly down by \$2,084 from last year and OPEB in the amount of \$281,234 which is up by \$148,043 from the prior year. This represents an overall increase of \$145,959 from the prior year.

Current liabilities increased by \$510,442 primarily due to subscription program advances for the second phase of Regional Water Bank and Biological Opinion Support Services. Non-current liabilities decreased by \$248,592 as several RWA and WEP projects such as Regional Water Bank Phase I, Bonneville Environmental Foundation Grant and 2014 Drought Grant came to a close and/or retention was released which reduced unearned revenue.

The deferred inflows amount is \$286,838. This is comprised of pension in the amount \$29,686 which is down from last year by \$34,227 and OPEB in the amount of \$257,152 which is down from last year by \$259,160. This represents an overall combined decrease of \$293,387 from the prior year.

Net position invested in capital assets slightly changed by \$2,992 due to the depreciation of capital assets, restricted net position decreased by \$73,167 due to the spend down of WEP projects, and unrestricted net position declined by \$326,790 for a total change of \$402,949 decrease in net position from the prior year. This type of fluctuation is expected as a result of varying beginning and closure of project and grant programs.

REGIONAL WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023

Condensed Schedule of Revenues, Expenses, and Changes in Net Position

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

	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>2022</u>	<u>Change</u>
Operating Revenues:					
Assessment Income	\$ 1,157,225	\$ 1,149,017	\$ 8,208	\$ 1,074,246	\$ 74,771
Subscription Program Fees	1,758,654	1,591,194	167,460	869,785	721,409
Incentives, Grants and Reimbursements	5,640,462	2,989,712	2,650,750	2,420,970	568,742
Other Income	38,944	4,907	34,037	6,270	(1,363)
Total Operating Revenues	<u>8,595,285</u>	<u>5,734,830</u>	<u>2,860,455</u>	<u>4,371,271</u>	<u>1,363,559</u>
Interest Income	110,806	75,817	34,989	11,937	63,880
Total Revenues	<u>8,706,091</u>	<u>5,810,647</u>	<u>2,895,444</u>	<u>4,383,208</u>	<u>1,427,439</u>
Operating Expenses:					
Administrative Expenses	2,035,674	2,222,452	(186,778)	855,870	1,366,582
Core Program Expenses	20,000	20,000	-	25,000	(5,000)
Subscription Program					
Direct Expenses	1,166,937	1,094,803	72,134	382,010	712,793
Grant Awards	5,658,517	2,874,022	2,784,495	2,372,023	501,999
Other Expenses	30,602	-	30,602	-	-
Total Operating Expenses	<u>8,911,730</u>	<u>6,211,277</u>	<u>2,700,453</u>	<u>3,634,903</u>	<u>2,576,374</u>
Interest Expense	21,054	2,319	18,735	4,140	(1,821)
Total Expenses	<u>8,932,784</u>	<u>6,213,596</u>	<u>2,719,188</u>	<u>3,639,043</u>	<u>2,574,553</u>
Increase in Net Position	<u>(226,693)</u>	<u>(402,949)</u>	<u>176,256</u>	<u>744,165</u>	<u>(1,147,114)</u>
Net Position, July 1	<u>2,229,441</u>	<u>2,632,390</u>	<u>(402,949)</u>	<u>1,888,225</u>	<u>744,165</u>
Net Position, June 30	<u>\$ 2,002,748</u>	<u>\$ 2,229,441</u>	<u>\$ (226,693)</u>	<u>\$ 2,632,390</u>	<u>\$ (402,949)</u>

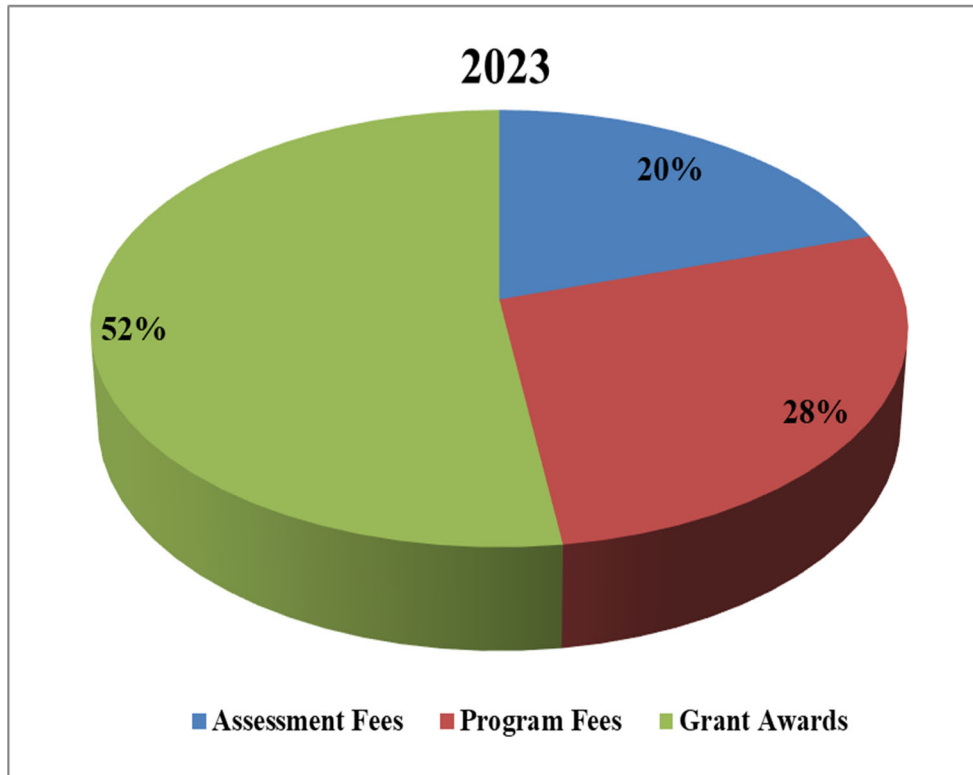
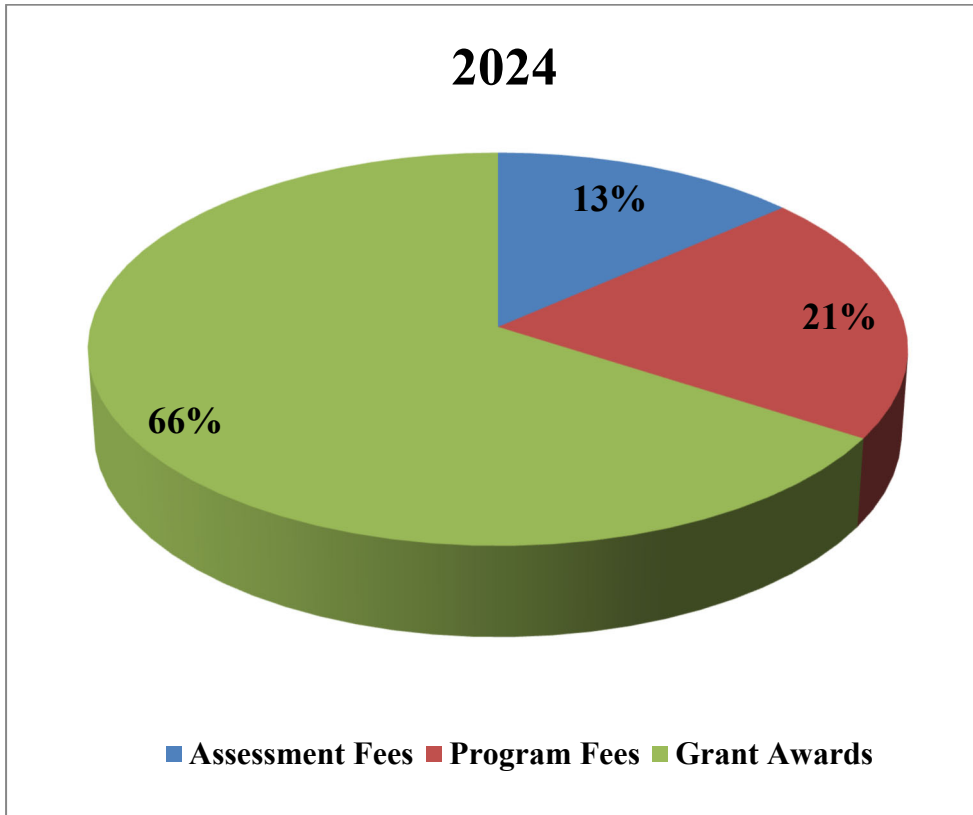
Operating Revenues

RWA's operating revenues are substantially derived from assessment fees, subscription program fees (program fees), and grant awards. Grants and incentives are awarded to RWA from state, federal, or local agencies to fund water related projects and conservation, depending upon the grant program. The following pie chart graphically displays the percentage of operating revenues by category.

For fiscal year 2024, the percentage of assessment fees and program fees both decreased by 7%, offset by an increase in grant awards of 14%. This was primarily due to a significant increase in grant awards from the prior year.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023



Fiscal Year 2024 Compared to Fiscal Year 2023

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Total revenues – Total revenues including interest income are \$8,706,091 and was \$2,895,444 higher than the previous year. The increase is primarily the result of an increase in grant revenue of \$2,650,750 along with other less significant increases.

Assessment fees – There was no rate increase for the year ended 2024. The \$8,208 increase in assessment fees was primarily due to changes in the number of member agency retail connections.

Subscription Program Fees – During fiscal year 2024, the RWA mainly earned subscription program fees from the Water Efficiency Program, Regional Water Bank, Common Interest Management Services. Program fees are not expected to be comparable from year to year. The program fees increased overall by \$167,460. For the details of fees earned by program, see the Program Schedule of Revenues, Expenses and Changes in Net Position in the supplementary section of the financial statements.

Incentives, grants, and reimbursements – In fiscal year 2024, RWA earned over \$5.6 million in grant revenues from various grants, including Proposition 1 Round 1, 2021 Urban Drought Implementation grant, Regional Water Bank-Urban Planning grant, Water Efficiency Program-Drought Relief grant and Common Interest Management Services-ARTESIAN grant. These programs contributed largely to the overall \$2.7 million increase in grant awards.

1. Proposition 1 authorized \$510 million in IRWM funding. Funds are allocated to 12 hydrologic region-based Funding Areas including the Sacramento Region. Prop 1 Round 1 grant funds contributed \$1,843,530 to RWA in revenues during this period.
2. The 2021 Urban Drought Implementation is a DWR awarded grant in an amount 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 groundwater wells for the Fair Oaks Water District, Orange Vale Water Company, Carmichael Water District, and grant administration. This project comprised \$2,301,777 towards RWA grant revenue total.
3. The 2022 Urban Planning is a DWR grant that is complimentary to the Regional Water Bank efforts. The amount of revenue received from this grant during the fiscal year is \$278,968.
4. The Water Efficiency Program recognized a total of \$1,163,843 in grant revenues through the Water Efficiency Program's portion of Proposition 1 Round 1, Water Efficiency Program's Drought Relief grant and toilet/washer replacement incentives program.
5. The Common Interest Management Services recognized \$48,428 in grant revenues from the ARTESIAN grant.

Additionally, the RWA received a \$2 million grant from DWR for the Watershed Resilience program subsequent to year end.

Operating expenses – Operating expenses fall into five major categories: administrative expenses, core program expenses, subscription program direct expenses, grant awards and other expenses.

Administrative Expenses – Total administrative expenses decreased by \$186,778 from the previous fiscal year resulting from a decrease in pension expense of \$312,631 offset by normal inflationary increases in administrative expenses.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Core Program Expenses – For the year ended June 30, 2024, core expenses was unchanged from 2023; continued \$20,000 annual payment from the RWA core to the Powerhouse Science Center exhibits.

Subscription Program Direct Expenses – During fiscal year 2023, RWA incurred subscription program expenses from the core program, Water Efficiency Program, Regional Water Bank, and Common Interest Management Services programs. Program expenses are not expected to be comparable from year to year. For the detail of fees earned by program, see the Program Schedule of Revenues, Expenses and Changes in Net Position in the supplementary section of the financial statements.

Grant Awards – In fiscal year 2024, RWA expended over \$5.7 million in grant awards for various grants, including Proposition 1 Round 1, 2021 Urban Drought Implementation grant, Regional Water Bank-Urban Planning grant, Water Efficiency Program-Drought Relief grant and Common Interest Management Services-ARTESIAN grant. These programs contributed largely to the overall \$2.8 million net increase in grant expenses.

Fiscal Year 2023 Compared to Fiscal Year 2022

Total revenues – Total revenues including interest income are \$5,810,647 and was \$1,427,439 higher than the previous year. The increase is a compilation of increased member dues, higher grant revenues, the start of new subscription programs and improved LAIF interest income performance.

Assessment fees – The \$74,771 increase in assessment fees is due to a Board approved dues increase for the year ended June 30, 2023 in the amount of 3.7% for the additional funding needed to support staff salary and benefits, the water policy position as part of RWA's core program as well as the continued set aside of future payments for the unfunded pension.

Subscription Program Fees – During fiscal year 2023, RWA mainly earned subscription program fees from the Water Efficiency Program, Regional Water Bank, Common Interest Management Services formerly Major Project Management Services/Biological Opinion Support Services programs and water transfers. Program fees are not expected to be comparable from year to year. The program fees increased overall by \$721,409 mainly due to Water Efficiency Program, the completion of Regional Water Bank Phase I and the kickoff of Regional Water Bank Phase II, and the Common Interest Management Services program. For the details of fees earned by program, see the Program Schedule of Revenues, Expenses and Changes in Net Position in the supplementary section of the financial statements.

Incentives, grants, and reimbursements – In fiscal year 2023, RWA earned over \$2.9 million in grant revenues from 2014 Drought Prop 84, Prop 84 Round 3 grants, Proposition 1 Round 1, 2021 Urban Drought Implementation grant, 2022 Urban Planning grant, and the Water Efficiency Program. These programs contributed largely to the overall \$568,742 net increase in grant awards.

1. The 2014 Drought Prop 84 grant revenue increased by \$18,250 as a result of a grant extension. These grant projects are now closed, and all retention has been released.
2. The Prop 84 Round 3 grant increased by \$72,148. This grant provided funding from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 to Grantee to assist in financing projects associated with the American River Basin Integrated Regional Water Management (IRWM) Plan. This project is nearing completion.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

3. Proposition 1 authorized \$510 million in IRWM funding. Funds are allocated to 12 hydrologic region-based Funding Areas including the Sacramento Region. Proposition 1 Round 1 contributed \$637,313 to RWA in revenues during this period.
4. The 2021 Urban Drought Implementation is a DWR awarded grant in an amount 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 groundwater wells for the Fair Oaks Water District, Orange Vale Water Company, Carmichael Water District, and grant administration. This project comprised \$951,956 towards RWA grant revenue total.
5. The 2022 Urban Planning is a recent DWR grant that is complimentary to the Regional Water Bank efforts. The amount of revenue received from this grant during the fiscal year is \$75,226.
6. The Water Efficiency Program experienced a total of \$1,234,819 in grant revenues for its own Water Efficiency Program Project funded through 2014 Water Efficiency Program Drought grant, Water Efficiency Program Proposition 1 project, Water Efficiency Program Prop 84 Round 3, as well as some private foundational grants.

Additionally, the Water Efficiency Program received new grant awards from DWR for Direct Installs exceeding \$3 million during fiscal year 2023. Although these grants did not make significant contributions to revenues, these grant awards will contribute significantly to future revenues. The timing of these awards varies from year to year.

Operating Expenses – Operating expenses fall into four major categories: administrative expenses, core program expenses, subscription program direct expenses, and grant awards.

Administrative Expenses – Total administrative expenses increased by \$1,375,307 from the previous fiscal year resulting from an increase in salary expense with the completion of the 5-year compensation survey and a reversal of the pension asset to a pension liability resulting from market conditions during this period.

Core Program Expenses – For the year ended June 30, 2023, core expenses decreased by \$5,000 related to the Powerhouse Science Center exhibits.

Subscription Program Direct Expenses – During fiscal year 2023, RWA incurred subscription program expenses from the core program, Water Efficiency Program, Regional Water Bank, and Common Interest Management Services programs. Program expenses are not expected to be comparable from year to year. The program expenses increased overall by \$699,068. For the detail of fees earned by program, see the Program Schedule of Revenues, Expenses and Changes in Net Position in the supplementary section of the financial statements.

Grant Awards – In fiscal year 2023, RWA expended over \$2.8 million in grant awards coming from 2014 Drought Prop 84, Prop 84 Round 3 grants, Proposition 1 Round 1, 2021 Urban Drought Implementation grant, 2022 Urban Planning grant, and the Water Efficiency Program. These programs contributed largely to the overall \$501,999 net increase in grant expenses.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

Capital Assets

Capital assets include furniture, equipment, website development, leasehold improvements, right-of-use buildings and right-of-use equipment.

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

	<u>2024</u>	<u>2023</u>	<u>Increase</u>	<u>2022</u>
Furniture	\$ -	\$ 3,722	\$ (3,722)	\$ 3,722
Equipment	18,561	22,190	(3,629)	22,190
Website Development	-	15,604	(15,604)	15,604
Leasehold Improvements	-	14,785	(14,785)	14,785
Right-to-use Buildings	271,742	71,163	200,579	71,163
Right-to-use Equipment	8,944	8,944	-	8,944
Gross Capital Assets	<u>299,247</u>	<u>136,408</u>	<u>162,839</u>	<u>136,408</u>
Less Accumulated Depreciation	(12,646)	(46,674)	34,028	(42,962)
Less Accumulated Amortization	<u>(61,665)</u>	<u>(70,566)</u>	<u>8,901</u>	<u>(35,283)</u>
Total Accumulated Depreciation and Amortization	<u>(74,311)</u>	<u>(117,240)</u>	<u>42,929</u>	<u>(78,245)</u>
Net Capital Assets	<u>\$ 224,936</u>	<u>\$ 19,168</u>	<u>\$ 205,768</u>	<u>\$ 58,163</u>

Economic Factors and Assumptions for Fiscal Year June 30, 2025

Periodically, RWA outlines goals and objectives to assist its members in collaborating on programs that will protect and enhance the quality and reliability of the region's water supplies. These goals and objectives drive the annual budget process. The following economic factors and assumptions affected the budget for fiscal year June 30, 2025.

- 1) The RWA Board of Directors approved a 5% membership fee rate increase for fiscal year 2025. The new base retail connection fee is \$2.39 per connection. Member agency fees will vary based on their change in retail connections from the previous year.
- 2) Staff expenses include nine employees, of which the RWA core program is responsible for 3.9 full-time-equivalent employees (FTE), the SGA is responsible for 3.4 FTE, the Water Efficiency Program is responsible for 0.8 FTE and the Common Interest Management Services program is responsible for 0.9 FTE.
- 3) Increases in budgeted staff expenses include increases in salaries/wages due to merit and cost of living adjustments; increases in expenses for pension and OPEB due to changes in actuarial valuations; and normal increases for health benefits due to inflation. Additionally, in accordance with policy and based on the most recent actuarial valuations, the RWA will make additional payments to CalPERS and the OPEB trust related to their respective unfunded liabilities.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2024 AND 2023

- 4) Office expenses budget includes increases in rent due to fiscal year 2025 being the first full year of rent payments for the new RWA office lease.
- 5) The projected budget decreased for professional fees due to the RWA no longer needing an accounting consultant, and other consultant fees expected to remain relatively constant.
- 6) The RWA has an Administrative and Management Services agreement with the Sacramento Groundwater Authority. As part of the agreement, the SGA is responsible for 50% of shared administrative and management costs. Additionally, the allocation of employee costs to SGA is as follows: 50% of the Executive Director, Manager of Technical Services, Finance & Administrative Services Manager and Executive Assistant; 20% of the Manager of Government Relations and Project Research Assistant; and 100% of the Senior Project Manager.
- 7) Subscription program revenues provide reimbursement to RWA for providing staffing and office support to subscription-based programs. These programs include the Water Efficiency Program, Common Interest Management Services and various other programs.
- 8) The RWA received an award for \$55 million from the California Department of Natural Resources and DWR to assist in the construction of groundwater infrastructure. The American River Terms for Ecosystem Support and Infrastructure Assistance Needs (ARTESIAN) agreement was executed in July 2023. The program was in its infancy during fiscal year 2024 and the RWA is expecting significant activity to occur during fiscal year 2025.
- 9) The Watershed Resilience Pilot Program grant from DWR in the amount of \$2 million was awarded subsequent to the fiscal year ending June 30, 2024. The grant provides funding to develop the blueprint and direction for implementation of strategies, projects and actions that will provide a resilient water future.
- 10) The RWA core budget projects a net deficit for fiscal year 2025 that will be offset by operating fund reserves.

Requests for Information

This financial report is designed to provide a general overview of RWA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance and Administrative Services Manager, Regional Water Authority, 2295 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833.

REGIONAL WATER AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and Investments	\$ 1,414,813	\$ 1,239,721
Restricted Cash and Investments	746,024	1,756,610
Grants/Incentives Receivable	628,964	269,297
Programs Receivable	251,203	40,468
Accounts Receivable	10,201	44,331
Receivable from Sacramento Groundwater Authority (SGA)	115,522	96,462
Interest Receivable	26,944	24,137
Prepaid Expenses	63,435	53,286
Total Current Assets	3,257,106	3,524,312
Non-Current Assets		
Net Other Post Employment Benefits (OPEB) Asset	-	117,369
Capital Assets, Net	224,936	19,168
Total Non-Current Assets	224,936	136,537
Total Assets	3,482,042	3,660,849
DEFERRED OUTFLOWS		
Pension	341,150	450,368
OPEB	364,922	281,234
Total Deferred Outflows	706,072	731,602
TOTAL ASSETS AND DEFERRED OUTFLOWS	4,188,114	4,392,451
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	450,105	360,216
Compensated Absences, Current Portion	93,926	78,056
Lease Liability, Current Portion	56,188	8,177
Subscription Program Advances, Current Portion	343,535	949,110
Unearned Revenue, Current Portion	25,399	20,000
Total Current Liabilities	969,153	1,415,559
Non-Current Liabilities		
Compensated Absences, Net of Current Portion	52,000	64,500
Lease Liability, Net of Current Portion	207,895	1,745
Subscription Program Advances, Net of Current Portion	388,587	102,665
Unearned Revenue, Net of Current Portion	100,000	120,000
Net Pension Liability	223,583	171,703
Net OPEB Liability	26,842	-
Total Non-Current Liabilities	998,907	460,613
Total Liabilities	1,968,060	1,876,172
DEFERRED INFLOWS		
Pension	14,334	29,686
OPEB	202,972	257,152
Total Deferred Inflows	217,306	286,838
NET POSITION		
Net Investment in Capital Assets	-	9,246
Restricted	357,881	526,712
Unrestricted	1,644,867	1,693,483
Total Net Position	\$ 2,002,748	\$ 2,229,441

The accompanying notes are an integral part of these financial statements.

REGIONAL WATER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES:		
Assessment Income	\$ 1,157,225	\$ 1,149,017
Subscription Program Fees	1,758,654	1,591,194
Incentives, Grants, and Reimbursements	5,640,462	2,989,712
Other Income	38,944	4,907
Total Operating Revenues	8,595,285	5,734,830
OPERATING EXPENSES:		
Administrative Expenses	2,035,674	2,222,452
Core Program Expenses	20,000	20,000
Subscription Program Direct Expenses	1,166,937	1,094,803
Grant Awards	5,658,517	2,874,022
Other Expenses	30,602	-
Total Operating Expenses	8,911,730	6,211,277
OPERATING LOSS	(316,445)	(476,447)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	110,806	75,817
Interest Expense	(21,054)	(2,319)
Total Nonoperating Revenues (Expenses)	89,752	73,498
DECREASE IN NET POSITION	(226,693)	(402,949)
Net Position, Beginning of Year	2,229,441	2,632,390
NET POSITION, End of Year	\$ 2,002,748	\$ 2,229,441

The accompanying notes are an integral part of these financial statements.

REGIONAL WATER AUTHORITY

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from members and participants	\$ 2,409,834	\$ 2,853,283
Cash received from SGA	786,978	725,534
Cash received from grants and other sources	5,280,795	2,787,969
Cash paid to employees, related benefits and taxes	(1,964,935)	(1,923,956)
Cash paid to suppliers	(2,981,751)	(2,164,618)
Cash paid to subscription program participants	(4,435,779)	(2,312,504)
Net Cash Used by Operating Activities	(904,858)	(34,292)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments on lease liability	(17,581)	(36,003)
Interest payments on lease liability	(21,054)	(2,319)
Net Cash Used by Capital and Related Financing Activities	(38,635)	(38,322)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	107,999	57,379
NET DECREASE IN CASH AND CASH EQUIVALENTS	(835,494)	(15,235)
CASH AND CASH EQUIVALENTS, Beginning of Year	2,996,331	3,011,566
CASH AND CASH EQUIVALENTS, End of Year	\$ 2,160,837	\$ 2,996,331
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET:		
Cash and investments	\$ 1,414,813	\$ 1,239,721
Restricted cash and investments	746,024	1,756,610
Total cash and cash equivalents	\$ 2,160,837	\$ 2,996,331
RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (316,445)	\$ (476,447)
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	3,712	3,712
Amortization	62,262	35,283
Change in operating assets and liabilities:		
Grants/Incentives receivable	(359,667)	(27,583)
Programs receivable	(210,735)	(40,468)
Accounts receivable	34,130	(17,066)
Receivable from SGA	(19,060)	(20,936)
Prepaid expenses	(10,149)	(20,788)
Accounts payable and accrued liabilities	89,889	149,433
Compensated absences	3,370	2,244
Subscription program advances	(319,653)	186,508
Unearned revenue	(14,601)	(212,035)
Net pension liability	51,880	465,427
Net OPEB asset/liability	144,211	377,770
Change in deferred outflows/inflows of resources for pension	(99,040)	(182,270)
Change in deferred outflows/inflows of resources for OPEB	55,038	(257,076)
Net Cash Used by Operating Activities	\$ (904,858)	\$ (34,292)
NONCASH TRANSACTIONS:		
Right-of-use asset obtained in exchange for new lease liability	\$ 271,742	\$ -

The accompanying notes are an integral part of these financial statements.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Future Pronouncements – In June 2022, the GASB issued Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for the year ended June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement will implement changes to the financial reporting model including the Management's Discussion and Analysis, Unusual or Infrequent Items, presentation of the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position, Major Component Unit Information, and Budgetary Comparison Information. The provisions of this Statement are effective for year ended June 30, 2026.

In October 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, that requires certain types of assets to be disclosed separately in the note disclosures and establishes requirements for capital assets held for sale.

RWA will analyze the impact of these new statements prior to the effective date listed above.

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

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

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

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

Right-to-use lease assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

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

	2024	2023
Valuation Date (VD)	June 30, 2022	June 30, 2021
Measurement Date (MD)	June 30, 2023	June 30, 2022
Measurement Period (MP)	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022

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

	2024	2023
Valuation Date	June 30, 2023	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Measurement Period	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022

Deferred Outflows and Inflows – Deferred outflows of resources is a consumption of net position by RWA that is applicable to a future period and deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Both deferred inflows and outflows of resources

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

are reported in the statements of net position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate. See Note 5 for further details related to the pension deferred outflows and inflows. See Note 6 for additional details related to the OPEB related deferred outflows and inflows.

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

	2024	2023
Common Interest Management Services	\$ 458,587	\$ 521,703
Regional Water Bank	193,954	379,635
Prop 84	40,848	40,848
Rachio Controller	20,223	22,235
Prop 1 Round 1	11,830	31,893
Urban Drought	6,680	13,893
Regional Emergency Preparedness Program	-	41,250
Water Suppliers Incentives	-	318
Less: Current Portion	(343,535)	(949,110)
Non-Current Portion	\$ 388,587	\$ 102,665

Unearned Revenue – Unearned revenue is comprised of the following at June 30:

	2024	2023
Powerhouse Science Center	\$ 125,000	\$ 140,000
Annual Assessment	399	-
Less: Current Portion	(25,399)	(20,000)
Non-Current Portion	\$ 100,000	\$ 120,000

The unearned revenue relates to the Powerhouse Science Center water exhibit agreement which represents amounts collected from members but not yet remitted to the Powerhouse Science Center, and a prepayment by a member for the annual assessment.

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

Net investment in capital assets: Capital assets, net of accumulated depreciation and amortization, and related payables and long-term liabilities.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Restricted: Represents net position which consists of constraints placed on net asset use through external requirements imposed by creditors, grantors, members, or laws and regulations of other governments or constraints by law through enabling legislation. A portion of net assets have been restricted based upon subscription contractual provisions. The restrictions by contract represent fees by participants in excess of program costs for the specific program. These funds are restricted for the intended program by contract, along with expenses to administer these programs. Restricted net position consists of cumulative Water Efficiency Program fees in excess of expenses incurred of \$357,881 and \$526,712 as of June 30, 2024 and 2023, respectively.

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

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

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

Additionally, RWA simultaneously recognizes a grant award expense and grants payable for these grant awards since RWA then will reimburse participating agencies when the actual cash is received.

Assessment Income – Each of the member water districts, cities and service districts pay yearly assessments to RWA based on the number of retail water connections each provides. During 2024, the minimum assessment was \$3,819 and the maximum assessment was \$94,342. During 2023, the minimum assessment was \$4,106 and the maximum assessment was \$94,236.

Non-voting associate members pay an annual fee with a maximum annual fee of \$15,637 per year in 2024 and 2023, subject to adjustments from time to time by the RWA Board. Lastly, RWA affiliates pay an annual fee of \$800 and \$750 per year in 2024 and 2023, respectively.

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

Grant Revenue – RWA coordinates grant applications among program participants and then administers these grant awards. Typically, the program participants incur the expenses and make payments to vendors and request reimbursement for these expenses from RWA. RWA has administrative grant responsibilities and submits the grant reimbursement requests to the grantor. The grant reimbursements are recorded in the financial statements as grants revenue. The amounts payable to the program participants and the related expenses are presented in the financial statements as grant awards.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Related Parties – RWA invoices the Sacramento Groundwater Authority (SGA) for management services and common office costs. SGA was created in 1998 under another Joint Exercise of Powers Agreement. Many of the member agencies of RWA are also member agencies of SGA. Under an Administrative Services Agreement, SGA and RWA are equally responsible for all costs incurred to operate the joint office. Expenses paid on SGA’s behalf by RWA were \$806,038 and \$746,470 for the years ended June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the amount receivable from SGA was \$115,522 and \$96,462, respectively, for these administrative related costs. The Statements of Revenues, Expenses, and Changes in Net Position reflect the net expenses of RWA after reimbursement by SGA. The Statements of Cash Flows reflect the cash payments from SGA as well as all expenses paid by RWA to employees and suppliers.

2. CASH AND INVESTMENTS

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

	<u>2024</u>	<u>2023</u>
Cash and Investments	\$ 1,414,813	\$ 1,239,721
Restricted Cash and Investments	746,024	1,756,610
	<u>\$ 2,160,837</u>	<u>\$ 2,996,331</u>

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

	<u>2024</u>	<u>2023</u>
Deposits with financial institutions	\$ 145,424	\$ 163,916
Investments in LAIF	2,015,413	2,832,415
Total cash and investments	<u>\$ 2,160,837</u>	<u>\$ 2,996,331</u>

Investments Authorized by RWA’s Investment Policy

RWA’s investment policy authorizes investments in the local government investment pool administered by the State of California (LAIF). RWA is a voluntary participant in LAIF that is regulated by the California Government Code under oversight by the Local Investment Advisory Board, which consists of five members as designated by state statute. The fair value of RWA’s investment in this pool is reported in the accompanying financial statements at amounts based upon the RWA’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The total fair value of all public agencies invested in PMIA at June 30, 2024 and 2023 was \$179,046,993,600 and \$177,045,532,802, respectively. For information on the types of investments made by LAIF, refer to the State of California Treasurer’s separately issued investment reports. Copies of these investment reports may be obtained by calling (916) 653-3001, by writing to LAIF, 915 Capitol Mall, Room 106, Sacramento, CA 95814, or by logging on to the treasurer’s website at www.treasurer.ca.gov/pmia-laif/reports/monthly.asp.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

The investment policy does not contain any specific provisions to limit RWA's exposure to interest rate risk, credit risk and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment's sensitivity to the changes in market interest rates increases as the length of maturity increases. The average maturity of the investments in the LAIF investment pool on June 30, 2024 and 2023 was approximately 217 and 260 days, respectively.

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

LAIF has a separate investment policy, governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments. RWA has 93% and 95% of its cash invested in LAIF for the years ended June 30, 2024 and 2023, respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The California Government Code and RWA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as LAIF. At June 30, 2024 and 2023, the carrying amount of the deposits was \$145,424 and \$163,916 and the balance in financial institutions was \$478,494 and \$275,373, respectively. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance at June 30, 2024 and 2023, and the remaining amounts were secured by a pledge of securities by the financial institution, but not in the name of RWA.

Restricted Cash

Restricted cash represents cash received by RWA for subscription-based program revenue restricted in use for these programs. The restriction is based upon contractual agreements on how to use the advanced program revenues. Additionally, the amounts received in advance for the Powerhouse Science Center have been restricted.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

As of June 30, restricted cash by program is as follows:

	2024	2023
Common Interest Management Services	\$ 226,419	\$ 650,847
Regional Water Bank	160,636	440,439
Water Efficiency Program	151,641	377,440
Powerhouse Science Center	125,000	160,000
Regional Emergency Preparedness Program	41,250	41,250
Prop 84 Program Management	40,848	40,848
Urban Drought	230	13,893
Prop 1 Round 1	-	31,893
	\$ 746,024	\$ 1,756,610

3. CAPITAL ASSETS

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

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024
Furniture	\$ 3,722	\$ -	\$ (3,722)	\$ -
Office Equipment	22,190	-	(3,629)	18,561
Website Development	15,604	-	(15,604)	-
Leasehold Improvements	14,785	-	(14,785)	-
Right-of-use Asset - Buildings	71,163	271,742	(71,163)	271,742
Right-of-use Asset - Equipment	8,944	-	-	8,944
Total Capital Assets	136,408	271,742	(108,903)	299,247
Less Accumulated Depreciation	(46,674)	(3,712)	37,740	(12,646)
Less Accumulated Amortization	(70,566)	(62,262)	71,163	(61,665)
Total Accumulated Depreciation and Amortization	(117,240)	(65,974)	108,903	(74,311)
Capital Assets, Net	\$ 19,168	\$ 205,768	\$ -	\$ 224,936

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Balance			Balance
	June 30, 2022	Increases	Decreases	June 30, 2023
Furniture	\$ 3,722	\$ -	\$ -	\$ 3,722
Office Equipment	22,190	-	-	22,190
Website Development	15,604	-	-	15,604
Leasehold Improvements	14,785	-	-	14,785
Right-of-use Asset - Buildings	71,163	-	-	71,163
Right-of-use Asset - Equipment	8,944	-	-	8,944
Total Capital Assets	136,408	-	-	136,408
Less Accumulated Depreciation	(42,962)	(3,712)	-	(46,674)
Less Accumulated Amortization	(35,283)	(35,283)	-	(70,566)
Total Accumulated Depreciation and Amortization	(78,245)	(38,995)	-	(117,240)
Capital Assets, Net	\$ 58,163	\$ (38,995)	\$ -	\$ 19,168

On April 5, 2023, RWA entered into a lease agreement for office space at 2295 Gateway Oaks Drive Suite 100 in Sacramento, California beginning July 1, 2023 for a period of 60 months ending June 30, 2028. The intangible right-of-use asset is being amortized over the remaining term of the lease. Terms of this lease are described in Note 4.

On January 11, 2018, RWA entered into a lease agreement for office space at 5620 Birdcage Street Suite 110 and 180 in Citrus Heights, California beginning September 1, 2018 for a period of 60 months ending August 31, 2023. The intangible right-of-use asset is being amortized over the remaining term of the lease. Terms of this lease are described in Note 4.

RWA entered into a 60 month lease agreement for a copier beginning February 20, 2020. The intangible right of use asset is being amortized over the remaining term of the lease. Terms of this lease are described in Note 4.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

4. LONG-TERM LIABILITIES

The following summarizes the changes in long-term liabilities for the years ended June 30:

	Balance			Balance	Amounts
	June 30, 2023	Additions	Retirements	June 30, 2024	Due Within
					One Year
Compensated Absences	\$ 142,556	\$ 110,580	\$ (107,210)	\$ 145,926	\$ 93,926
Lease Liability	9,922	271,742	(17,581)	264,083	56,188
Subscription Program Advances	1,051,775	474,000	(793,653)	732,122	343,535
Unearned Revenue	140,000	399	(15,000)	125,399	25,399
Net Pension Liability	171,703	51,880	-	223,583	-
Net OPEB Liability	-	26,842	-	26,842	-
Total Long-Term Liabilities	\$ 1,515,956	\$ 935,443	\$ (933,444)	\$ 1,517,955	\$ 519,048

	Balance			Balance	Amounts
	June 30, 2022	Increases	Decreases	June 30, 2023	Due Within
					One Year
Compensated Absences	\$ 140,312	\$ 104,819	\$ (102,575)	\$ 142,556	\$ 78,056
Lease Liability	45,925	-	(36,003)	9,922	8,177
Subscription Program Advances	865,267	566,892	(380,384)	1,051,775	949,110
Unearned Revenue	352,035	-	(212,035)	140,000	20,000
Net Pension Liability	-	171,703	-	171,703	-
Total Long-Term Liabilities	\$ 1,403,539	\$ 843,414	\$ (730,997)	\$ 1,515,956	\$ 1,055,343

Leases

On April 5, 2023, RWA entered into a lease agreement for office space at 2295 Gateway Oaks Drive Suite 100 in Sacramento, California beginning July 1, 2023. The lease extends through June 30, 2028 and contains base rents of \$5,992 to \$6,744 per month. As part of the lease RWA received seven rent free months. The lease has an option to extend for an additional five-year term at fair market rent rates. For purposes of discounting future payments on the lease, RWA used the discount rate of 8.25%.

On January 11, 2018, RWA entered into a lease agreement for office space at 5620 Birdcage Street Suite 110 and 180 in Citrus Heights, California beginning September 1, 2018. The lease extends through August 31, 2023 and contains base rents of \$2,695 to \$2,965 per month. For purposes of discounting future payments on the lease, RWA used the discount rate of 4.75%.

On February 20, 2020, RWA leased a copier for a term of 60 months at \$229 per month. For purposes of discounting future payments on the leases, the RWA used the discount rate 4.75%.

The leased building and equipment and accumulated amortization of the right-of-use assets are outlined in Note 3. Minimum lease payments over the remaining term of the leases include:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2025	\$ 56,188	\$ 19,702	\$ 75,890
2026	61,416	14,863	76,279
2027	69,056	9,512	78,568
2028	77,423	3,504	80,927
Total	\$ 264,083	\$ 47,581	\$ 311,664

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

5. EMPLOYEE PENSION PLANS

Plan Description

RWA participates in a public agency cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by California Public Employees' Retirement System (CalPERS). Since RWA has less than 100 active members as of the years ended June 30, 2023 and 2022 (measurement date), qualified employees are covered under the Miscellaneous 2% at 55 Risk Pool. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for this plan. This report is available online at www.calpers.ca.gov.

The California Legislature passed and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA) on September 12, 2012. PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012. Benefit provisions and other requirements are established by State statute. The miscellaneous plan is closed to new employees unless the new employee is considered a classic member as defined by PEPRA.

Benefits Provided

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

Contributions

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

	<u>Employer</u>		<u>Employee</u>	
	<u>Classic</u>	<u>PEPRA</u>	<u>Classic</u>	<u>PEPRA</u>
June 30, 2024	12.63%	8.00%	7.00%	8.25%
June 30, 2023	11.06%	7.76%	7.00%	7.25%

Employer contributions rates may change if plan contracts are amended. For the years ended June 30, 2024 and 2023, the employer required contributions to the plan were \$109,012 and \$97,406, respectively. RWA also made additional non-required employer pension contributions of \$36,700 for the year ended

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

June 30, 2023 towards payment of its unfunded liability. No additional contribution was made for the year ended June 30, 2024.

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

RWA's net pension asset/liability (NPL) for the Plan is measured as the proportionate share of the NPL. The NPL of the Plan is measured as of June 30, 2023 for the year ended June 30, 2024. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. As of June 30, 2024 and 2023 RWA's proportionate share of the Plan's NPL was \$223,583 and \$171,703, respectively.

Using RWA's individual employer rate plan's share of the risk pool TPL and Fiduciary Net Position (FNP), the proportionate shares of the TPL and FNP at the measurement date are determined for RWA by the actuary for the June 30, 2023 and 2022 measurement dates. The following table shows RWA's employer allocation factors for the Plan as of the fiscal years ending June 30:

2024:

Proportion - June 30, 2024	0.00447%
Proportion - June 30, 2023	<u>0.00367%</u>
Change – increase	<u><u>0.00080%</u></u>

2023:

Proportion - June 30, 2023	0.00367%
Proportion - June 30, 2022	<u>(0.01547%)</u>
Change – increase	<u><u>0.01914%</u></u>

For the fiscal years ended June 30, 2024 and 2023, RWA incurred a pension expense of \$254,759 and \$567,390, respectively.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

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

	Deferred Outflow of Resources	
	2024	2023
Contributions after measurement date	\$ 109,012	\$ 134,106
Difference between actual and expected experience	11,422	3,448
Changes in assumptions	13,499	17,595
Net difference between projected and actual earnings on plan investments	36,200	31,451
Difference between employer contributions and the employer's proportionate share of contributions	1,532	
Adjustments due to differences in proportions	169,485	263,768
	\$ 341,150	\$ 450,368

The \$109,012 and \$134,106 reported as deferred outflows of resources related to employer contributions after the measurement dates will be recognized as a reduction of the NPL for the years ended June 30, 2025 and 2024, respectively.

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

	Deferred Inflow of Resources	
	2024	2023
Difference between actual and expected experience	\$ 1,772	\$ 2,309
Differences between employer contributions and the employer's proportionate share of contributions	12,562	27,377
	\$ 14,334	\$ 29,686

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

2024:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2025	\$ 113,599
2026	71,145
2027	32,022
2028	1,038

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

2023:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2024	\$ 107,434
2025	100,625
2026	59,280
2027	19,238

Actuarial Assumptions

For the measurement periods ended June 30, 2023 and 2022, the TPL was determined by rolling forward the June 30, 2022 and June 30, 2021 TPL, respectively. The TPL was based on the following actuarial methods and assumptions:

For the measurement period
ending June 30:

	2023	2022
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership data for all Funds	Derived using CalPERS' Membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Changes in Assumptions

No benefit or assumption changes were made for the measurement period ended June 30, 2023. For the measurement period ended June 30, 2022, changes in actuarial assumptions consisted of decreases in the discount rate, the inflation rate and the post retirement benefit and changes in the mortality rate table.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2023 and 2022 (the measurement date) was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The expected real rates of return by asset class for the measurement periods ended June 30, 2023 and 2022 are as follows:

<u>Asset Class</u>	<u>June 30, 2023</u>	
	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(a)(b)</u>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
	<u>100.00%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Asset Class	June 30, 2022	
	Assumed Asset Allocation	Real Return Years 1-10(a)(b)
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)
	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

The long-term expected real rates of return by asset class can be found in CalPERS' Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023 and 2022.

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

The following presents RWA's Proportional Share of the NPL of the Plan, calculated using the discount rates of 6.90% for the measurement periods ended June 30, 2023 and 2022, as well as what the Proportional Share of the NPL would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

2023:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Proportionate Share of Plan's NPL	\$ 683,346	\$ 223,583	\$ (154,840)

2022:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Proportionate Share of Plan's NPL	\$ 591,298	\$ 171,703	\$ (173,520)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Payable to the Pension Plan

RWA had \$2,258 and \$2,096 in outstanding payables to the pension plan at June 30, 2024 and 2023, respectively.

Deferred Compensation Plan

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

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Benefits Provided

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

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Employees Covered

As of the June 30, 2023 actuarial valuation, the following inactive and active employees were covered by the benefit terms under the OPEB Plan:

Inactive employees receiving benefits	6
Inactive employees entitled to but not receiving benefits	1
Participating active employees	<u>9</u>
Total	<u>16</u>

Contributions

RWA makes annual contributions to the CERBT fund. The current policy is to prefund benefits through annual contributions based on an actuarially determined contribution. For the fiscal year ended June 30, 2024, RWA's benefit payments directly to retirees net of reimbursements was \$69,195 and the estimated implied subsidy was \$12,534, resulting in total payments of \$81,729. For the fiscal year ended June 30, 2023, RWA's cash contributions were \$51,874 in payments to the trust, benefit payments directly to retirees net of reimbursements were \$4,718 and the estimated implied subsidy was \$8,772, resulting in total payments of \$65,364. These assets accumulate and are invested in the CERBT. Employees are currently not required to contribute to the plan.

Net OPEB Liability/Asset

The net OPEB asset for June 30, 2024 and 2023, was measured as of June 30, 2023 and 2022, respectively. The total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation dated June 30, 2023 and 2021 to determine the June 30, 2024 and 2023 total OPEB liability, based on the following actuarial methods and assumptions:

	2024	2023
Valuation Date	June 30, 2023	June 30, 2021
Funding Method	Entry Age Normal, Level Percent of Pay	Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Discount Rate	6.10%	6.00%
Long-term Return on Assets (net of plan investment expenses and inflation)	6.10%	6.00%
Salary Increase	3.00%	3.00%
Inflation Rate	2.50%	2.50%
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally ⁽¹⁾	MacLeod Watts Scale 2022 applied generationally ⁽¹⁾
Mortality	CalPERS 2021 Experience Study ⁽²⁾	CalPERS 2017 Experience Study ⁽³⁾
Healthcare Trend	6.50% decreasing to 3.90% ⁽⁴⁾	5.60% decreasing to 3.90% ⁽⁵⁾

⁽¹⁾ The MacLeod Watts Scale 2022 was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2021 Report, published in October 2021 and (2) the demographic assumptions used in the 2021 Annual

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published August 2021.

- (2) Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of CalPERS using data from 1997 to 2019, except for a different basis used to project future mortality improvements.
- (3) Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of CalPERS using data from 1997 to 2015, except for a different basis used to project future mortality improvements.
- (4) The healthcare trend ranges from increases of 6.50% in 2025 to 3.90% in 2075 and beyond.
- (5) The healthcare trend ranges from increases of 5.60% in 2024 to 3.90% in 2075 and beyond.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or more than the target rate of return of 6.10% and 6.00%, for measurement periods ended June 30, 2023 and 2022, respectively.

The CERBT offers three diversified allocation strategies. RWA has elected to participate in CERBT's Strategy 1 which has the highest long-term expected rate of return and return volatility. The following table shows the target asset allocation for employers participating in CERBT Strategy 1:

Asset Class	2024	2023
Global Equity	49%	49%
Fixed Income	23%	23%
Global Real Estate (REITs)	20%	20%
Treasury Inflation Protected Securities	5%	5%
Commodities	3%	3%
Total	100%	100%

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2024 and 2023 was 6.10% and 6.00%, respectively. The projection of cash flows used to determine the discount rate assumed that RWA contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Changes in the OPEB Liability/Asset

The changes in the net OPEB liability/asset are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2023			
Measurement Date 6/30/2022	\$ 1,233,434	\$ 1,350,803	\$ (117,369)
Changes During the Period:			
Service Cost	93,184	-	93,184
Interest Cost	77,862	-	77,862
Employer Contributions	-	65,364	(65,364)
Net Investment Income	-	81,263	(81,263)
Benefit Payments	(57,821)	(57,821)	-
Plan Experience	140,280	-	140,280
Assumption Changes	(13,726)	-	(13,726)
Investment Experience	-	7,156	(7,156)
Administrative Expenses	-	(394)	394
	239,779	95,568	144,211
Net Changes in Fiscal Year 2023-2024			
Balance at Fiscal Year Ending 6/30/2024			
Measurement Date 6/30/2023	\$ 1,473,213	\$ 1,446,371	\$ 26,842
	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	OPEB Liability (Asset) (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2022			
Measurement Date 6/30/2021	\$ 1,074,009	\$ 1,569,148	\$ (495,139)
Changes During the Period:			
Service Cost	83,549	-	83,549
Interest Cost	73,189	-	73,189
Employer Contributions	-	56,710	(56,710)
Net Investment Income	-	101,772	(101,772)
Benefit Payments	(63,155)	(63,155)	-
Plan Experience	-	-	-
Assumption Changes	65,842	-	65,842
Investment Experience	-	(313,273)	313,273
Administrative Expenses	-	(399)	399
	159,425	(218,345)	377,770
Net Changes in Fiscal Year 2022-2023			
Balance at Fiscal Year Ending 6/30/2023			
Measurement Date 6/30/2022	\$ 1,233,434	\$ 1,350,803	\$ (117,369)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Sensitivity of the Net OPEB Liability/Asset to Changes in the Discount Rate

The following presents the net OPEB liability/asset if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement periods ended June 30:

2024:

	Discount Rate -1% (5.10%)	Current Discount Rate (6.10%)	Discount Rate +1% (7.10%)
Net OPEB liability (asset)	\$ 208,787	\$ 26,842	\$ (123,957)

2023:

	Discount Rate -1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
Net OPEB liability (asset)	\$ 33,612	\$ (117,369)	\$ (243,428)

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

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

2024:

	Medical Trend Rate -1%	Current Medical Trend Rate	Medical Trend Rate +1%
Net OPEB Liability (asset)	\$ (133,269)	\$ 26,842	\$ 221,337

2023:

	Medical Trend Rate -1%	Current Medical Trend Rate	Medical Trend Rate +1%
Net OPEB Liability (asset)	\$ (249,885)	\$ (117,369)	\$ 43,291

OPEB Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available on CalPERS' website in an annual report titled "California Employers' Retiree Benefit Trust, Agent Multiple-Employer Other Postemployment Benefits Plan, Schedule of Changes in Fiduciary Net Position by Employer".

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Additionally, CalPERS annually issues an ACFR Report which includes the CERBT fund's financial information.

Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years at June 30, 2024 and 2023. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.44 and 7.17 years at June 30, 2024 and 2023, respectively.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal years ended June 30, 2024 and 2023, RWA recognized OPEB expense of \$88,072 and \$35,931, respectively. As of fiscal years ending June 30, deferred outflows of resources related to OPEB are from the following sources:

	2024	2023
	Deferred Outflows of Resources	Deferred Outflows of Resources
OPEB contributions subsequent to measurement date	\$ 81,729	\$ 65,364
Changes in assumptions	76,100	105,143
Differences between expected and actual experience	121,425	-
Net differences between projected and actual earnings on OPEB plan investments	85,668	110,727
Total	\$ 364,922	\$ 281,234

As of fiscal years ended June 30, deferred inflows of resources related to OPEB are from the following sources:

	2024	2023
	Deferred Inflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 133,306	\$ 180,420
Changes in assumptions	69,666	76,732
Total	\$ 202,972	\$ 257,152

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

The \$81,729 and \$65,364 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 and 2022 measurement dates will be recognized as a reduction of the net OPEB liability during the fiscal years ended June 30, 2025 and 2024, respectively. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2024:

Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2025	\$ (3,169)
2026	(10,599)
2027	41,399
2028	3,698
2029	22,837
Thereafter	26,055

2023:

Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2024	\$ (17,684)
2025	(18,748)
2026	(26,178)
2027	25,820
2028	(11,880)
Thereafter	7,388

7. BOARD DESIGNATIONS

The Board establishes and approves the operating fund, membership dues, and subscription program designation target balances on an annual basis as part of the budget process based upon available cash and may modify these targets during the year so as to follow or temporarily modify the Financial/Designation Reserve Policy No. 500.1. The available cash at June 30, 2024 and 2023 is sufficient to set aside the designations for budget purposes.

The designations as of June 30 are as follows:

	2024	2023
<u>Board Designations</u>		
Operating Fund	\$ 917,200	\$ 729,271
Membership Dues	169,700	168,100
Subscription Programs	51,656	52,357
Total Board Designations	\$ 1,138,556	\$ 969,728

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

The operating fund is designed to ensure cash resources are available to fund daily administration and operations for RWA as well as a resource for matching funds for grant partnership opportunities. The operating fund target designation is four to six months of operating expenses. The membership dues stabilization fund is fully funded and designed to supplement operating cash flow in the event a member does not renew and is targeted at 15% of membership dues. The subscription program revenue fund is designed to be used in the event subscription program revenue to support operating expenses does not materialize as planned. This fund is set at 10% of net subscription program support revenue.

8. INSURANCE

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

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

RWA's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General, Auto and Public Officials, Errors & Omissions Liability	\$ 5,000,000	\$ 50,000,000	None
Cyber Liability	-	5,000,000	\$50,000 - \$100,000
Property Coverage	10,000,000	490,000,000	\$1,000 - \$100,000 (1)
Fidelity Insurance	100,000	-	1,000
Workers' Compensation Insurance	2,000,000	Statutory	None

(1) Earthquake deductible varies

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

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

9. COMMITMENTS

In July 2023, RWA entered into a grant agreement with the California Natural Resources Agency and DWR for the American River Terms for Ecosystem Support and Infrastructure Assistance Needs project (ARTESIAN). Under the terms of this agreement RWA will receive up to \$1.1 million for grant administration and RWA is committed to passing-through up to \$53.9 million to participating members

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

for infrastructure projects in return for making available up to 30,000 acre-feet of water through groundwater replenishment for up to 3 years.

In January 2024, RWA entered into an agreement with West Yost Associates, Inc. to provide ARTESIAN grant administration services for an amount not to exceed \$380,000, as of June 30, 2024, the remaining commitment was \$336,213.

10. CONTINGENCIES

Grant Awards and Payments

RWA participates in numerous grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies. Therefore, to the extent that RWA has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2024 and 2023 may be impaired. In the opinion of RWA's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

RWA entered into voluntary grant agreements with the California Department of Water Resources (DWR). Five to ten percent of the eligible grant award payment is withheld until program completion. Program completion is considered an eligibility requirement. This contingent grant award revenue is estimated at \$19,217 at June 30, 2024. There was no contingent grant award revenue at June 30, 2023.

Powerhouse Science Center

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

11. ECONOMIC DEPENDENCIES

RWA incurs common administrative expenses to operate both RWA and SGA. RWA relies upon reimbursement of these expenses by SGA. As discussed in Note 1, summary of significant accounting policies, SGA reimbursed \$806,038 and \$746,470 for the years ended June 30, 2024 and 2023 which represents 28% and 25% of RWA's total administrative expenses, respectively. Additionally, RWA relies upon subscription-based programs to pay for administration expenses of 26% and 23% for the years ended June 30, 2024 and 2023, respectively. To the extent subscription-based programs did not exist or were reduced, RWA membership dues would need to increase to fund operating expenses.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

12. SUBSEQUENT EVENTS

In July 2024, RWA entered into a grant agreement with DWR for the Watershed Resilience Pilot Program. Under terms of this agreement RWA will receive up to \$2 million to complete a Watershed Resilience Plan that provides the blueprint and direction for implementation of strategies, projects and actions that will provide a resilient water future. Related to this grant, in July 2024, RWA entered into an agreement for professional Services with Jacobs Engineering Group, Inc. for an amount not to exceed \$1.7 million.

REQUIRED SUPPLEMENTAL INFORMATION

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**SCHEDULE OF THE PROPORTIONATE SHARE OF
NET PENSION ASSET/LIABILITY
Last Ten Years**

	Measurement Date									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension (asset)/liability	0.004471%	0.003669%	-0.015469%	0.002520%	0.001757%	0.002383%	0.003917%	0.004247%	0.012618%	0.013650%
Proportionate share of the net pension (asset)/liability	\$ 223,583	\$ 171,703	\$ (293,724)	\$ 106,279	\$ 70,367	\$ 89,817	\$ 154,391	\$ 147,540	\$ 346,165	\$ 337,276
Covered - employee payroll	\$ 938,751	\$ 847,507	\$ 711,891	\$ 598,436	\$ 511,721	\$ 536,680	\$ 466,290	\$ 365,294	\$ 592,756	\$ 565,797
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	23.82%	20.26%	-41.26%	17.76%	13.75%	16.74%	33.11%	40.39%	58.40%	59.61%
Plan fiduciary net position as a percentage of the total pension liability	77.97%	78.19%	88.29%	75.10%	75.26%	75.26%	73.31%	75.87%	78.40%	79.82%
RWA fiduciary net position as a percentage of the RWA pension (asset)/liability	93.42%	94.42%	110.71%	95.77%	96.82%	95.45%	90.24%	89.09%	83.50%	83.03%

Notes to Schedule:

For the measurement period ended June 30, 2023 there was no assumption changes.

For the measurement periods ended June 30, 2022, the discount rate decreased from 7.15% to 6.90%, the inflation rate decreased from 2.50% to 2.30%, the post retirement benefit decreased and the mortality rate table changed.

For the measurement periods ended June 30, 2021, 2020 and 2019 there were no assumption changes.

For the measurement period ended June 30, 2018, the inflation rate was lowered from 2.75% to 2.5%.

For the measurement period ended June 30, 2017, the discount rate decreased from 7.65% to 7.15% due to an assumption change.

For the measurement period ended June 30, 2015, the discount rate changed from 7.50% (net of administrative expenses) to 7.65% to correct for an adjustment to exclude administrative expenses.

There were no benefit changes in any of the years presented.

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

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**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN
Last Ten Years**

	Fiscal Year									
	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Contractually required contribution (actuarially determined)	\$ 109,012	\$ 97,406	\$ 89,293	\$ 76,480	\$ 62,065	\$ 51,840	\$ 49,160	\$ 47,566	\$ 44,595	\$ 70,182
Contributions in relation to the actuarially determined contributions	109,012	134,106	125,993	113,180	77,065	114,840	91,160	89,566	181,995	70,182
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (36,700)</u>	<u>\$ (36,700)</u>	<u>\$ (36,700)</u>	<u>\$ (15,000)</u>	<u>\$ (63,000)</u>	<u>\$ (42,000)</u>	<u>\$ (42,000)</u>	<u>\$ (137,400)</u>	<u>\$ -</u>
Covered - employee payroll	\$ 1,011,406	\$ 938,751	\$ 847,507	\$ 711,891	\$ 598,436	\$ 511,721	\$ 536,680	\$ 466,290	\$ 365,294	\$ 592,756
Contributions as a percentage of covered - employee payroll	10.78%	14.29%	14.87%	15.90%	12.88%	22.44%	16.99%	19.21%	49.82%	11.84%
Contributions valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Contributions measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry age normal										
Amortization Method	Level percentage of payroll, closed										
Remaining amortization period	Varies, not more than 30 years										
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Investment Rate of Return	6.80%	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation	2.30%	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	2.80%	2.75%	2.75%	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Salary Increases	Varies by entry age and service										
Mortality	Most recent CalPERS Experience Study										

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

REGIONAL WATER AUTHORITY

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIO
For the Measurement Period Ended June 30**

Measurement Period	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability							
Service Cost	\$ 93,184	\$ 83,549	\$ 78,624	\$ 76,149	\$ 66,236	\$ 64,152	\$ 57,930
Interest Cost	77,862	73,189	81,028	75,707	84,785	78,135	71,699
Changes of Benefit Terms	-	-	-	-	1,871	-	-
Actual and Expected Experience Difference	140,280	-	(190,864)	-	(58,867)	-	(141,761)
Assumption Changes	(13,726)	65,842	49,216	-	(152,520)	-	139,794
Benefit Payments	(57,821)	(63,155)	(79,394)	(75,036)	(55,816)	(42,919)	(40,972)
Net change in OPEB Liability	239,779	159,425	(61,390)	76,820	(114,311)	99,368	86,690
Total OPEB Liability - Beginning	1,233,434	1,074,009	1,135,399	1,058,579	1,172,890	1,073,522	986,832
Total OPEB Liability - Ending (a)	<u>\$ 1,473,213</u>	<u>\$ 1,233,434</u>	<u>\$ 1,074,009</u>	<u>\$ 1,135,399</u>	<u>\$ 1,058,579</u>	<u>\$ 1,172,890</u>	<u>\$ 1,073,522</u>
Plan Fiduciary Net Position							
Employer Contributions	\$ 65,364	\$ 56,710	\$ 58,947	\$ 87,282	\$ 84,977	\$ 73,980	\$ 72,745
Net Investment Income	88,419	(211,501)	345,183	45,208	70,945	77,895	90,150
Benefit Payments	(57,821)	(63,155)	(79,394)	(75,036)	(55,816)	(42,919)	(40,972)
Administrative Expenses	(394)	(399)	(475)	(601)	(240)	(520)	(460)
Other Expenses	-	-	-	-	-	(1,297)	-
Net change in plan fiduciary net position	95,568	(218,345)	324,261	56,853	99,866	107,139	121,463
Plan fiduciary net position - Beginning	1,350,803	1,569,148	1,244,887	1,188,034	1,088,168	981,029	859,566
Plan fiduciary net position - Ending (b)	<u>\$ 1,446,371</u>	<u>\$ 1,350,803</u>	<u>\$ 1,569,148</u>	<u>\$ 1,244,887</u>	<u>\$ 1,188,034</u>	<u>\$ 1,088,168</u>	<u>\$ 981,029</u>
Net OPEB Liability (Asset) (a) - (b) = (c)	<u>\$ 26,842</u>	<u>\$ (117,369)</u>	<u>\$ (495,139)</u>	<u>\$ (109,488)</u>	<u>\$ (129,455)</u>	<u>\$ 84,722</u>	<u>\$ 92,493</u>
Plan fiduciary net position as a percentage of OPEB liability (b)/(a)	98.18%	109.52%	146.10%	109.64%	112.23%	92.78%	91.38%
Covered Payroll (d)	\$ 1,259,512	\$ 1,168,267	\$ 1,018,771	\$ 933,449	\$ 799,048	\$ 834,157	\$ 752,115
Net OPEB (Asset) Liability as a percentage of covered payroll (c)/(d)	2.13%	-10.05%	-48.60%	-11.73%	-16.20%	10.16%	12.30%

Notes to Schedule:

Historical information is only required for the years which GASB 75 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.

REGIONAL WATER AUTHORITY

**SCHEDULE OF OPEB CONTRIBUTIONS
For the Measurement Period Ended June 30**

Fiscal Year Ended June 30	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC) (a)	\$ 79,297	\$ 60,646	\$ 56,710	\$ 58,626	\$ 87,603	\$ 84,977	\$ 73,980
Contributions in Relation to ADC	81,729	(65,364)	(56,710)	(58,947)	(87,282)	(84,977)	(73,980)
Contribution Deficit (Excess)	<u>\$ (2,432)</u>	<u>\$ (4,718)</u>	<u>\$ -</u>	<u>\$ (321)</u>	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll (b)	\$ 1,526,256	\$ 1,259,512	\$ 1,168,267	\$ 1,018,771	\$ 933,449	\$ 799,048	\$ 833,750
ADC as a % of covered employee payroll (a)/(b)	5.35%	5.19%	4.85%	5.79%	9.35%	10.63%	8.87%

Notes to Schedule:

Valuation Date	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2017	June 30, 2017	July 1, 2015
Actuarial Cost Method				Entry Age Normal			
Amortization Method/Period	Level Percent of Pay over a open 30-year period			Level Percent of Pay over a closed 10-year period			
Asset Valuation Method				Market Value of Assets			
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary Increase	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%
Investment Rate of Return	6.00%	6.50%	6.50%	6.90%	7.00%	7.00%	7.00%
Healthcare Trend	5.6% in 2024, fluctuating down to 3.9% by 2075			6.50% in 2021, stepping down by 0.5% to 5.00% in 2024	6.50% in 2021, stepping down by 0.5% to 5.00% in 2024		7.50% in 2017, stepping down by 0.5% to 4.50% in 2023
Retirement Age				From 50 to 75			
Mortality	CalPERS 2017 Experience Study; Projected with MacLeod Watts Scale 2022			CalPERS 2017 Experience Study; Projected with MacLeod Watts Scale 2018	CalPERS 2014 Experience Study; Projected with MacLeod Watts Scale 2017		CalPERS 2014 Experience Study; Projected with MacLeod Watts Scale 2014

Notes to Schedule:

Historical information is only required for the years which GASB 75 is applicable. Future years' information will be displayed for up to 10 years as information becomes available.

SUPPLEMENTARY INFORMATION

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Regional Water Authority
Statement of Revenues, Expenses and Changes in Net Assets - By Program
For the Year Ended June 30, 2024

	Agency Core Program	Water Efficiency Program	Common Interest Management Services	Regional Water Bank	Prop 1 Round 1	Urban Drought	Total RWA
Operating Revenues							
Assessment Income	\$ 1,157,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,157,225
Subscription Program Fees	-	498,377	592,320	640,681	20,063	7,213	1,758,654
Incentives, Grants, and Reimbursements	3,916	1,163,843	48,428	278,968	1,843,530	2,301,777	5,640,462
Other Income	38,944	-	-	-	-	-	38,944
Total Operating Revenues	1,200,085	1,662,220	640,748	919,649	1,863,593	2,308,990	8,595,285
Operating Expenses							
Administrative Expenses	\$ 1,301,920	304,103	289,784	77,747	44,630	17,490	2,035,674
Core Program Expenses	20,000	-	-	-	-	-	20,000
Subscription Program Direct Expenses	-	296,700	302,353	567,884	-	-	1,166,937
Grant Awards	-	1,230,248	43,788	274,018	1,818,963	2,291,500	5,658,517
Other Expenses	30,602	0	-	0	-	0	30,602
Total Operating Expenses	1,352,522	1,831,051	635,925	919,649	1,863,593	2,308,990	8,911,730
Net Operating Income	(152,437)	(168,831)	4,823	-	-	-	(316,445)
Nonoperating Revenues/ Expenses	89,752	-	-	-	-	-	89,752
Net Income (Loss)	\$ (62,685)	\$ (168,831)	\$ 4,823	\$ -	\$ -	\$ -	(226,693)
Net Position, Beginning of the Year							2,229,441
Net Position, End of the Year							\$ 2,002,748

Regional Water Authority
Statement of Revenues, Expenses and Changes in Net Assets - By Program
For the Year Ended June 30, 2023

	Agency Core Program	Water Efficiency Program	Common Interest Management Services	Regional Water Bank	Prop 1 Round 1	Urban Drought	Prop 84	Water Transfers	Total RWA
Operating Revenues									
Assessment Income	\$ 1,149,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,149,017
Subscription Program Fees	-	501,291	521,222	489,683	14,743	6,106	10,488	47,661	1,591,194
Incentives, Grants, and Reimbursements	-	1,234,819	-	75,226	637,313	951,956	90,398	-	2,989,712
Other Income	4,907	-	-	-	-	-	-	-	4,907
Total Operating Revenues	<u>1,153,924</u>	<u>1,736,110</u>	<u>521,222</u>	<u>564,909</u>	<u>652,056</u>	<u>958,062</u>	<u>100,886</u>	<u>47,661</u>	<u>5,734,830</u>
Operating Expenses									
Administrative Expenses	\$ 1,537,846	271,975	281,802	38,520	35,442	9,607	10,488	36,772	2,222,452
Core Program Expenses	20,000	-	-	-	-	-	-	-	20,000
Subscription Program Direct Expenses	221,876	372,068	45,946	454,913	-	-	-	-	1,094,803
Grant Awards	(14,854)	1,165,234	-	71,415	616,614	947,762	72,997	14,854	2,874,022
Other Expenses	-	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>1,764,868</u>	<u>1,809,277</u>	<u>327,748</u>	<u>564,848</u>	<u>652,056</u>	<u>957,369</u>	<u>83,485</u>	<u>51,626</u>	<u>6,211,277</u>
Net Operating Income	<u>(610,944)</u>	<u>(73,167)</u>	<u>193,474</u>	<u>61</u>	<u>-</u>	<u>693</u>	<u>17,401</u>	<u>(3,965)</u>	<u>(476,447)</u>
Nonoperating Revenues/ Expenses	<u>73,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,498</u>
Net Income (Loss)	<u>\$ (537,446)</u>	<u>\$ (73,167)</u>	<u>\$ 193,474</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 693</u>	<u>\$ 17,401</u>	<u>\$ (3,965)</u>	<u>(402,949)</u>
Net Position, Beginning of the Year									<u>2,632,390</u>
Net Position, End of the Year									<u>\$ 2,229,441</u>

REGIONAL WATER AUTHORITY

SCHEDULE OF ALLOCATED ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

RWA manages the SGA and shares 50% of the common administrative costs. Additionally, RWA administers subscription-based programs and allocates administrative costs to run these programs. The information below details total administrative expenses incurred by RWA by type and how these costs are then allocated to SGA and the various subscription-based programs. The remaining net agency administrative expenses are expected to be paid for by member annual assessment dues or by designations.

The allocation of administrative expenses for the year ended June 30, 2024 is:

	Staff Expenses	Office Expenses	Professional Fees	Total Administrative Expenses
RWA Administrative Expenses	\$ 2,174,924	\$ 239,846	\$ 426,942	\$ 2,841,712
Allocated to Sacramento Groundwater Authority	(660,534)	(80,894)	(64,610)	(806,038)
Total RWA Administrative Expenses - Net of SGA allocation	1,514,390	158,952	362,332	2,035,674
Allocated Administrative Expenses to Subscription Programs				
Water Efficiency Program	(275,543)	(17,904)	(10,656)	(304,103)
Common Interest Management Services	(262,294)	(16,834)	(10,656)	(289,784)
Regional Water Bank	(77,747)	-	-	(77,747)
Prop 1 Round 1	(44,630)	-	-	(44,630)
Urban Drought	(17,490)	-	-	(17,490)
Total Allocated Administrative Expenses - Subscription Programs	(677,704)	(34,738)	(21,312)	(733,754)
Net Agency Administrative Expenses - Agency Core Program	\$ 836,686	\$ 124,214	\$ 341,020	\$ 1,301,920

REGIONAL WATER AUTHORITY

SCHEDULE OF ALLOCATED ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JUNE 30, 2023

The allocation of administrative expenses for the year ended June 30, 2023 is:

	Staff Expenses	Office Expenses	Professional Fees	Total Administrative Expenses
RWA Administrative Expenses	\$ 2,351,111	\$ 190,043	\$ 427,768	\$ 2,968,922
Allocated to Sacramento Groundwater Authority	(613,159)	(77,708)	(55,603)	(746,470)
Total RWA Administrative Expenses - Net of SGA allocation	1,737,952	112,335	372,165	2,222,452
Allocated Administrative Expenses to Subscription Programs				
Water Efficiency Program	(246,410)	(10,308)	(15,257)	(271,975)
Common Interest Management Services	(272,159)	(7,417)	(2,226)	(281,802)
Regional Water Bank	(38,520)			(38,520)
Prop 1 Round 1	(35,442)			(35,442)
Urban Drought	(9,607)			(9,607)
Prop 84	(10,488)			(10,488)
Water Transfers	(36,772)			(36,772)
Total Allocated Administrative Expenses - Subscription Programs	(649,398)	(17,725)	(17,483)	(684,606)
Net Agency Administrative Expenses - Agency Core Program	\$ 1,088,554	\$ 94,610	\$ 354,682	\$ 1,537,846

OTHER REPORTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Regional Water Authority
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and special revenue fund of the Regional Water Authority (RWA) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise RWA's basic financial statements, and have issued our report thereon dated December 2, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Directors
Regional Water Authority

Purpose of this Report

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

Richardson & Company, LLP

December 2, 2024



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
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GOVERNANCE LETTER

To the Board of Directors
Regional Water Authority
Sacramento, California

We have audited the financial statements of the Regional Water Authority (the Authority) for the year ended June 30, 2024 and have issued our report thereon dated December 2, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS), *Government Auditing Standards*

As stated in our engagement letter dated September 23, 2024, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Authority. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we also performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. No internal control related matters were noted during our audit. Recommendations mentioned in the prior year management letter have been adequately addressed.

We are required by the audit standards to identify potential risks of material misstatement during the audit process. We have identified the following significant risk of material misstatements as part of our audit planning: Management override of controls and revenue recognition. These are the areas that the audit standards require at a minimum to be identified as significant risks.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated September 23, 2024.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2023/24. We noted no transaction entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include the retirement and other postemployment benefits contributions and related liabilities, the depreciable lives and method used to depreciate capital assets, the discount rate used to calculate the lease liability and right-to-use asset and the accrual of grants receivable. The liability for retirement and other postemployment benefits was determined by an actuarial valuation, which is required to be performed every two years. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the following:

Pension Liability: Information on the Authority's pension plans, including the Authority's share of the unfunded pension liability, is shown in Note 5. The Authority's share of the unfunded pension liability at June 30, 2023, the most recent measurement date, was \$223,583 which is reflected as a liability in the Authority's financial statements as of June 30, 2024. As a result of the changes in the net pension liability and related deferred inflows and outflows, the Authority's pension expense is \$254,759.

Liability for Other Postemployment Benefits: The postemployment benefit (OPEB) disclosure in Note 6 shows that the Authority's share of the unfunded OPEB liability at June 30, 2023, the most recent measurement date, was a liability of \$26,842 which is reflected as a liability in the Authority's financial statements as of June 30, 2024. As a result of the recording of the net OPEB liability and related deferred inflows and outflows, the Authority's OPEB expense is \$88,072 primarily to record changes in the net OPEB liability and deferred outflows and inflows.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We had no adjustments as a result of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Items Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) as reported in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Program Schedule of Revenues, Expenses and Changes in Net Position and the Schedule of Allocated Administrative Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

December 2, 2024



Topic: Approval of a Memorandum of Understanding Between RWA and California Municipal Utilities Association
Type: New Business
Item For: Action; Recommend Approval
Purpose: Policy 200.2

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an action item for the Executive Committee to review and consider recommending approval of a Memorandum of Understanding between the Regional Water Authority and the California Municipal Utilities Association.

STAFF RECOMMENDED ACTION

Recommend approval of a Memorandum of Understanding between the Regional Water Authority and the California Municipal Utilities Association by the Board of Directors.

BACKGROUND

Per RWA Policy 200.2, the Executive Committee is authorized to review and recommend authorizing agreements on by the Board of Directors.

The California Municipal Utilities Association (CMUA) represents publicly owned electric utilities, water agencies, and gas and oil services statewide and where members of CMUA collectively provide water service to 75 percent of Californians and electric service to 25 percent of the state.

FINDING/CONCLUSION

Executive Director Peifer in discussion with Ms. Danielle Blacet of CMUA developed an agreement that could mutually benefit both agencies to collaborate on legislative, regulatory and membership activities as they relate to water and wastewater issues important to our collective membership.

ATTACHMENTS:

Attachment 1- Memorandum of Understanding between the Regional Water Authority and the California Municipal Utilities Association

**Memorandum of Understanding between
California Municipal Utilities Association and Regional Water Authority**

This Memorandum of Understanding (the “**MOU**”) is entered into on November 12, 2024 by and between California Municipal Utilities Association (CMUA) and Regional Water Authority (RWA) also individually referred to as “**Party**”, and collectively “the **Parties.**”

WHEREAS, the CMUA represents its members’ interests on energy and water issues before the California Legislature, the Governor’s Office, and regulatory bodies, such as the California Energy Commission, the California Air Resources Board, the Department of Water Resources, the California Independent System Operator, and the State Water Resources Control Board; and

WHEREAS, the RWA is a joint powers authority with 22 member agencies; and

WHEREAS, The RWA’s mission is to serve and represent the interests of the regional water providers and stakeholders for the purpose of improving water supply reliability, availability, quality and affordability; and

WHEREAS, the CMUA represents publicly owned electric utilities, water agencies, and gas and oil services statewide and where members of CMUA collectively provide water service to 75 percent of Californians and electric service to 25 percent of the state; and

WHEREAS, the CMUA would benefit from RWA’s participation in CMUA by leveraging the experience and capabilities of RWA’s staff; and

WHEREAS, the RWA would benefit from participating in CMUA as a non-voting contributor because CMUA is an association with a proven track record of advocating positive outcomes on policy matters in support of their member’s interests; and

WHEREAS, the City of Sacramento, the City of Roseville, the Placer County Water Agency and the Sacramento Municipal Utility District are mutual members of the RWA and CUMA; and

WHEREAS, many RWA member agencies provide wastewater service to their customers and CMUA advances those interests for their members; and

WHEREAS, the partnership between CMUA and RWA would allow for improved legislative and regulatory advocacy; and

WHEREAS, the Parties desire to enter into an agreement to more intentionally collaborate on legislative, regulatory and membership activities as they relate to water and wastewater issues important to our collective memberships; and

WHEREAS, the Parties desire to memorialize certain terms and conditions of their anticipated endeavor;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the Parties agree as follows:

1. **Purpose and Scope.** The Parties intend for this MOU to provide the foundation and structure for any and all possible coordination and collaboration on legislative, regulatory and membership activities. This MOU is an agreement between the Parties to work together in such a manner to encourage an atmosphere of collaboration and alliance in the support of an effective and efficient partnership to establish and maintain objectives and commitments with regards to water and wastewater issues.
2. **Objectives.** The Parties agrees as follows:
 - 2.1. The Parties shall work together in a cooperative and coordinated effort so as to bring about the achievement and fulfillment of the purpose of the MOU.
 - 2.2. It is not the intent of this MOU to restrict the Parties to this Agreement from their involvement or participation with any other public or private individuals, agencies, or organizations.
 - 2.3. This MOU is not intended to create any rights, benefits, and/or trust responsibilities by or between the Parties.
 - 2.4. The MOU shall in no way obligate either Party to financially contribute to the other organization.
 - 2.5. The MOU shall in no way obligate either Party to agree to a position taken by the other party, and allows for objection and disagreement if necessary.

3. **Term.** This Agreement shall commence upon the Effective Date, as stated above, and will continue until one or more Parties terminate the agreement.
4. **Termination.** This Agreement may be terminated at any time by either Party upon 30 days written notice to the other Party.
5. **Representations and Warranties.** Both Parties represent that they are fully authorized to enter into this Agreement. The performance and obligations of either Party will not violate or infringe upon the rights of any third-party or violate any other agreement between the Parties, individually, and any other person, organization, or business or any law or governmental regulation.
6. **Indemnity.** The Parties each agree to indemnify and hold harmless the other Party, its respective affiliates, officers, agents, employees, and permitted successors and assigns against any and all claims, losses, damages, liabilities, penalties, punitive damages, expenses, reasonable legal fees and costs of any kind or amount whatsoever, which result from the negligence of or breach of this Agreement by the indemnifying party, its respective successors and assigns that occurs in connection with this Agreement. This section remains in full force and effect even after termination of the Agreement by its natural termination or the early termination by either party.
7. **Limitation of Liability.** Under no circumstances shall either Party be liable to the other Party or any third Party for any damages resulting from any part of this agreement such as, but not limited to, loss of revenue.
8. **Severability.** In the event any provision of this Agreement is deemed invalid or unenforceable, in whole or in part, that part shall be severed from the remainder of the Agreement and all other provisions should continue in full force and effect.
9. **Waiver.** The failure by either Party to exercise any right, power, or privilege under the terms of this Agreement will not be construed as a waiver of any subsequent or future exercise of that right, power, or privilege or the exercise of any other right, power, or privilege.

10. **Legal and Binding Agreement.** This Agreement is legal and binding between the Parties as stated above. The Parties each represent that they have the authority to enter into this Agreement.
11. **Governing Law and Jurisdiction.** The Parties agree that this Agreement shall be governed by California law.
12. **Entire Agreement.** The Parties acknowledge and agree that this Agreement represents the entire agreement between the Parties. In the event that the Parties desire to change, add, or otherwise modify any terms, they shall do so in writing to be signed by both parties.

The Parties agree to the terms and conditions set forth above as demonstrated by their signatures as follows:

California Municipal Utilities Association

Signed: Barry Moline

Name: Barry Moline

Date: 10/24/24

Regional Water Authority

Signed: _____

Brett Ewart, Chair

Date: _____



Topic: 2025 Policy Principles
Type: Legislative Matter
Item For: Action Item; Recommend Approval
Purpose: Policy 100.5 and Strategic Plan Priority- Advocacy Objective A

SUBMITTED BY:	Ryan Ojakian Manager of Government Relations	PRESENTER:	Ryan Ojakian Manager of Government Relations
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EXECUTIVE SUMMARY

The purpose of this item is for the Executive Committee to consider and recommend approval to the Board of Directors the proposed 2025 Policy Principles.

STAFF RECOMMENDED ACTION

Recommend approval of 2025 Policy Principles by the Board of Directors

BACKGROUND

The RWA updates policy principles annually. This typically occurs at the January RWA board meeting. The 2024 Policy Principles were adopted in January of 2024. Input on revisions to 2024 Policy Principles was solicited from the Advocacy group. The suggested revisions were grammatical and stylistic in nature. A track changes proposed changes to the proposed 2025 policy principles as compared to the adopted 2024 policy principles is attached.

FINDING/CONCLUSION

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

RWA Legislative and Regulatory Priority and Policy Issues

(Pending approval by the Board January 9, 2025)

This updates the policy principles adopted by the board on January [18, 2024 with grammatical and stylistic changes.](#)

Introduction

The Regional Water Authority (RWA) Legislative and Regulatory Advocacy Program (Advocacy Program) has been created as part of the commitment to regional collaboration and unity in pursuit of the region's common goals as acknowledged by the "RWA Strategic Plan". The intent of the Advocacy Program is to positively influence legislative and regulatory actions to protect, preserve and improve the region's water supply reliability, quality, and affordability.

This advocacy effort takes on many forms including high level commitment to increasing the region's profile in California water politics; a focused and agreed upon set of priorities; a clear and resolute set of Policy Principles to guide advocacy positions and decisions; and fostering beneficial coalitions with allied organizations. The success of these advocacy efforts will be directly linked to maintaining the level of excellence this region has demonstrated in the stewardship of our water resources. This stewardship has resulted in the preservation and enhancement of our local watersheds; protection of a federally designated Wild and Scenic River running through a metropolitan area of over 2 million people (the Lower American River); and a reliable and diverse water supply supporting the growth of the local economy.

The Priority Issues and companion Policy Principles that are adopted by the RWA Board and included herein serve as the foundation for RWA's Advocacy Program. The Priority Issues are the long-standing, foundational issues that are at the core of RWA's mission and stand the test of time. An example of a Priority Issue adopted as part of the Advocacy Program is the "protection of the water rights and entitlements of RWA member agencies". Vigilant protection of these valuable, local assets will be a perpetual priority for RWA and its member agencies. The Policy Principles that support each of the Priority Issues are also long-term in nature though the RWA Advocacy Program should carefully consider and modify these on a regular basis to stay abreast of the ever-changing politics of California's water resources management.

Combined, the Priority Issues and Policy Principles adopted by the Board of Directors serve as the Advocacy Platform that will guide development of annual legislative and regulatory work plans. The advocacy platform allows RWA staff and member agencies to operate within an agreed upon set of guidelines when advocating for the region's common goals.

Following the Priority Issues and Policy Principles are the guidelines the Advocacy Program will use for determining recommended positions and prioritizing legislation that is introduced as part of each legislative session.

Finally, this document includes an overview of the California legislative process and calendar, as well as an overview of key state agencies with which we engage.

Priority Issues

Ensure a Diverse, Resilient, and Reliable Water Supply

Increasing conjunctive use of surface and groundwater resources, along with cost-effective investments in recycled water, stormwater capture, water use efficiency, and watershed management in recognition of the connection between the upper and lower watershed, will best secure the region's long-term water supply reliability in response to climate change. These actions will also serve to improve the environment, support continued growth of the region's economy, and meet the needs of the region's growing population.

Policy Principles

- Promote legislative and regulatory measures that enhance local utilities' ability to share regional water resources.
- Promote and support the development and expansion of the Sacramento Regional Water Bank. Enhance state support of the Water Bank through bond funds or other funding sources.
- Support and participate in Folsom Reservoir and Central Valley Project operational improvements to assure a reliable surface water supply to RWA agencies.
- Develop infrastructure necessary to access surface water entitlements.
- Advance efforts to streamline CEQA compliance for water resource projects that diversify or strengthen this region's water supply reliability.
- Promote and support development of regulations that enhance water supply reliability and protect groundwater resources under local management by the region's groundwater sustainability agencies.
- Provide priority focus on multi-agency, multi-benefit, and/or landscape-scale projects that span the entire American River watershed, from ridgetop to valley floor.
- Support policies, funding and investments that promote upper watershed health, which provides direct benefit to all communities through long term regional water supply reliability.
- Support measures that help expedite and cost-effectively integrate new water resources such as stormwater reuse and recycled water into the region's water supply portfolio.
- Continue to increase conjunctive use capabilities within the region.
- Sponsor and/or support legislation that guarantees investments made in regional water supply reliability and drought resilience are available for their intended purposes.

- Support cost-effective surface water and groundwater storage projects.

Protect the Water Rights and Entitlements of RWA Member Agencies

Water rights issues are complex and contentious. This region’s surface water rights and entitlements and long-standing management of groundwater resources have been critical in the shaping of the local economy and are vital for the future. Our reasonable and beneficial use of water has and will continue to assure the region’s water rights and entitlements provide the region with abundant, affordable and high-quality water while maintaining and protecting the environmental resources of the Lower American River and the region’s upper watersheds.

Policy Principles

- Support and defend the existing water rights priority system. Support legislation or administration to authorize more effective enforcement of water-right priorities ~~in~~ **order** to affirm existing water rights, with safeguards to ensure that additional enforcement does not impair those rights or the ability to pursue future water rights.
- Support enforcement of the existing water rights laws.
- Maintain area-of-origin protections.
- Oppose any unreasonable curtailments of our area’s water rights that impact our beneficial use of water.
- Promote legislation that supports and clarifies the multiple beneficial uses of water.
- Support legislation like the Sustainable Groundwater Management Act and regulatory action that allows for retaining groundwater rights and local groundwater management.
- Support new laws, policies, and regulations embracing concepts that recognize inherent regional differences that drive water use efficiency, conservation, and conjunctive use.
- Ensure that water rights are preserved, recognized, and supported by all federal, state, and local agencies. This includes rights to conserved water.
- Promote system operations that ensure delivery of water supplies based on water rights and contract obligations.
- Proactively engage with the SWRCB and other state and federal agencies, and other interested parties, concerning the Bay-Delta water quality control plan and any related water-right matters in coordination with affected member agencies.
- Support and emphasize adherence to existing law applying to the state required reporting to “identify opportunities for streamlined reporting, and eliminate redundant data submissions” as a prism through which all future state proposals and current requirements should be evaluated.

Maximize Funding Opportunities Beneficial to RWA Member Agencies

The region is prepared to make and support investments that will improve water supply reliability and protect the environment, including the Lower American River and upper American River watershed. Large-scale infrastructure projects such as improvements at Folsom

Reservoir, increased or new storage capacity, additional facilities on the Sacramento River, expanded groundwater, recycled water, transmission and distribution facilities, and improved headwater management will help prepare the region for the future while protecting the environment and increasing water supply reliability.

Policy Principles

- Assure that any funding that is required from this region be returned to this region for the benefit of this region.
- Support policies that provide funding allocations based on merit of the project and the impact or benefit.
- Promote the statewide benefits that our actions provide due to our unique location within the State's water system.
- Support eligibility of CPUC-regulated water utilities to access grant funding for the benefit of their customers. Support Proposition 218 reform that improves water agencies' ability to fund programs that help diversify the region's water supply portfolio.
- Promote statewide funding to increase flexibility for the CVP.
- Support legislation that provides funding for local and regional water resources infrastructure projects.
- Support funding models that do not punitively impact rural and less developed communities such as the upper watershed areas. Support funding for agencies to develop and utilize storm water capture projects.
- Ensure state funding is available to utilities in proportion to cost associated with state-imposed mandates.

Protect Authority to Set Water Rates Appropriate for Accessible and Reliable Service.

RWA is comprised of public water suppliers. Local utilities provide approximately 85 percent of all funding for water management in California. Climate change driven changes in hydrology, aging infrastructure and deferred maintenance, and population growth, are increasing the need for additional investments and creating higher costs for local agencies. Additionally, the affordability of water for those least fortunate is a growing challenge statewide. Further complicating the situation, Proposition 218 limits the ability to both raise revenue and address affordability concerns through rate management.

Each water system is unique. Careful balancing and thoughtful prioritization are necessary for water agencies to allocate their limited rate payer resources to reliably deliver high quality affordable water on an on-going basis.

Recently, state agencies have taken actions to require both robust conservation and ensure access to water for all. Taken in totality, these efforts would appear to necessitate water to be both expensive and ~~inexpensive~~ cheap at the same time. Additionally, retail water is used for multiple purposes, indoor, outdoor, and fire protection, among others, and water pricing reflects the need to meet ~~all of~~ all these purposes.

Local agencies are best positioned to set water rates that meet all of these sometimes competing challenges. RWA supports policies that maintain local agencies' authority to set their agency's water rates, and rate structure, as they determine appropriate to ensure the continued reliable delivery of high-quality affordable water to their communities. Likewise, regulated utilities should have the ability to make rate proposal to their economic regulators that balance the competing challenges common to water providers.

Policy Principles

- Help develop and support policies that meet water management goals without also exacerbating the challenge of water affordability.
- Help develop and support policies that preserve limited water agency funds to be used for their self-identified highest priority projects to adapt to climate change, increase water use efficiency, and minimize impacts to affordability.
- Help develop and support policies that promote investments from water suppliers statewide in their local and sometimes distant source watershed to maintain and enhance water quantity and quality and maintain and improve environmental conditions.
- Help develop and support policies that reduce the local agency investment load to more equitable levels than the current 85 percent.
- Support policies that recognize existing affordability assistance programs and expand on affordability assistance opportunities, from Proposition 218 compliant, non-ratepayer sources.
- Support ratepayer assistance programs that are funded from progressive sources of revenue and without the use of a water tax.
- Support ratepayer debt relief and/or prohibitions on late fees and penalties only if water utilities are made whole from state or federal funds.

Ensure The Region Has Tools To Adapt To Climate Change

The primary impacts in California from climate change include the loss of snowpack, increasing volatility in precipitation patterns, rising temperature stress on riverine ecosystems, sea level rise, and expanding intensity and number of wildfires. Water management is already being challenged by these climate driven alterations. These challenges will only be exacerbated in the future. However, the specific impacts will vary from watershed to watershed. The water supply and environmental effects experienced will depend on a number of several variables that will be different for each water agency and in each source watershed.

In the American River watershed, Reclamation's 2022 American River Basin Study, analyzed several future scenarios out to the year 2085. Results show precipitation will come more as

rain and occur in a narrower more volatile window. This will disrupt current water management operations balancing water supply, flood control, and environmental flows. Additionally, historical fire management practices have increased the threat of severe fire in the upper watershed along with resulting effects intensifying – including increasingly negative water quality impacts.

These hydrologic changes will necessitate changes to water management and future water management planning. Immediate action to address and mitigate these impacts is necessary to ensure the resiliency of the region. The region is prepared to invest our share, but those investments must correspond to benefits in our source watershed and in the region. There must be recognition that the lion's share of water originating in the region has been developed for use outside of the region and that those outside entities should invest equally in the benefits they receive from the region.

Policy Principles

- Support policies that will enhance the analysis and characterization of the impacts of climate change on a watershed scale.
- Support policies to develop plans to address climate change through existing local agencies and integrated regional water management processes in a holistic way.
 - Plans should address source watersheds and connect surface, groundwater, and environmental stewardship. Plans should address geographically specific climate impacts expected. Making a “single standard” by which plans are structured is impractical.
 - Plans should be able to demonstrate resiliency to drought, flood, and fire threats, demonstrate durable environmental sustainability, demonstrate scalability to limit stranding investments, and demonstrate the ability for long-term sustainability.
 - Plans should be developed in collaboration with a diverse set of interested parties.
- Support incentives for collaboration across disciplines. To efficiently address watershed management, surface water, groundwater, and environmental sustainability there is a need for enhanced collaboration and joint scientific, technical and implementation efforts.
- Support policies that enhance the ability to implement regional conjunctive use, and water banking.
- Support policies that prioritize state funding assistance for plans that can be verified to comprehensively include adaptation, particularly in source watersheds, and address statewide impacts from climate change.
- Support policies and funding that encourage landscape-scale project investments.

Promote Balanced Statewide Water Management Solutions Beneficial to the Greater Sacramento Region

RWA recognizes the need for a statewide water plan that assures a reliable water supply for all regions in the state. RWA supports a statewide solution, including protection of the Delta that is balanced and beneficial to the Sacramento region's water supply reliability. This includes both surface water reliability and groundwater reliability as managed pursuant to the Sustainable Groundwater Management Act (SGMA).

Policy Principles

- Ensure improvements or modifications to the statewide water system are protective of this region's water supply, including groundwater use and banking consistent with this region's groundwater sustainability plans.
- Support statewide water plans and policies that recognize and honor previous investments made to assure this region's water supply reliability.
- Encourage revisions to policies and operations that streamline water transfers, including transfers of conserved water.
- Support statewide water storage solutions that provide benefit, or are neutral, to the region's water supply reliability and flood protection.
- Support legislation, policies, and regulation that advances groundwater recharge.
- Support policies that acknowledge climate change is diminishing snowpack and the ability of the State Water Project and Federal Central Valley Project to meet demands and recognize that upper watershed management and groundwater recharge are necessary to address these hydrologic changes.
- Encourage statewide water planning efforts that recognizes water management differs based on climate, population density, return flows, and other regional geographic and hydrologic factors.
- Promote modifications to state and federal operations that protect the region's ability to use regional resources.

Promote Water Efficiency and Water Conservation

Our region invests in water efficiency and water conservation measures that are locally cost effective, feasible, and improve the water supply reliability of the region. Water efficiency makes good business sense and is key to assuring we continue our reasonable use of water consistent with our water rights and contracts. The biggest driver of water use in the region is outdoor use in hot dry summers. In the 2015 drought the region led the state in water savings producing 12 percent of savings while making up only 5 percent of the state's population. Continued improvement on water use efficiency will depend on a consistent regulatory target.

Policy Principles

- Assure any water efficiency or conservation requirements balance costs with benefits.

- Assure any water loss requirements are cost effective.
- Unique factors such as climate, land use, geography (upper watershed vs. lower watershed) and return flows must be taken into consideration when developing statewide laws and regulations.
- Assure policies and regulations avoid negative impacts on urban tree canopy and other beneficial landscape.
- Promote policies that recognize the differences between water efficiency and water conservation.
- Promote a better understanding of water use efficiency based on local supplies and site-specific factors.
- Define appropriate water efficiency and or conservation goals and objectives that consider local conditions.
- Develop partnerships with other local agencies on public affairs campaigns/messaging.
- Promote public-private partnerships with businesses that lead to greater water efficiency and benefit the local economy.
- Assure that the region receives the benefit of its water efficiency and conservation efforts, including through water transfers consistent with state laws recognizing the transferability of conserved water.

Support Stewardship of the Region’s Environmental Resources

The region’s management of water resources is committed to the preservation of the Lower American River and tributary watersheds as demonstrated by the historic Water Forum Agreement enacted in 2000. The Lower American River is a federally designated Wild and Scenic River running through a metropolitan area of over 2 million people that still supports one of the prime cold-water fisheries in the State and is home to [Fall Run Chinook Salmon \(species of concern under ESA\)](#) and threatened Central Valley Steelhead [under the federal ESA](#).

Policy Principles

- Support flow management standards that protect the ecosystem of the Lower American River, prevent low storage in Folsom Reservoir that would interfere with this region’s water supplies, and improve flood safety.
- Promote legislative and regulatory initiatives supporting conjunctive use that will make more surface water available for the Lower American River in dry years.
- Support implementation of infrastructure projects that will improve temperature control and access to cold water at Folsom Reservoir.
- Promote regulatory practices and budget reforms that improve forest management and prioritize funding to support such practices. Ensure all beneficiaries fund the practices.

RWA Legislative Analysis Process

Process for Adopting Positions on Introduced Legislation

The Priority Issues and Policy Principles will be adopted by the RWA Board of Directors and serve as the Advocacy Platform, for which RWA works from in the legislative and regulatory arenas.

Each new legislative session, RWA staff and the contract lobbyist will screen newly introduced legislation using the adopted Advocacy Platform as a guide. Bills that are relative to RWA's platform or are otherwise considered noteworthy to RWA interests are presented to the Regulatory and Advocacy Program (RAP) committee for analysis and consideration.

Through this collaborative process, the RAP committee determines a recommended position on each bill and then assigns a priority (see the list of formal positions and priorities below). During this process, bills may be removed from further consideration and additional bills may be added to RWA's list based on input from the RAP committee or other factors. The committee's recommendations are taken to the RWA Executive Committee for further discussion and approval, consistent with RWA Policy 100.5.

Many of these initial positions and priorities will change as bills are amended throughout the course of the legislative process. The RAP committee will be routinely updated on the status of bills as they move through the legislative process and will decide upon changes in position and priority as the process dictates. In time sensitive situations, RWA staff may change a current position and/or priority with the approval of the RWA Executive Director and concurrence of general counsel. Such changes will be done using the adopted Priority and Policy Issues Platform as guidance. The RAP committee will be updated of changes as soon as possible and the Executive Committee will be asked to ratify such changes at its first meeting following the changes.

Formal Positions

Support - A bill that would benefit RWA or one or more RWA members (without detriment to others), and/or is generally good public policy

Support if Amended - A bill that could benefit RWA, or one or more RWA members, if amended. This position implies that RWA is ready to offer specific amendments.

Oppose - A bill detrimental to RWA or one or more RWA members.

Oppose Unless Amended - A bill that is detrimental to RWA or one or more RWA members, that could be amended to remove the detrimental provisions. This position implies that RWA is ready to offer specific amendments, and will move to a neutral position if accepted.

Watch - A bill of interest to RWA and its members that does not affect RWA directly, or for other reasons does not yet merit a position. May be a “spot” or “intent” bill that does not yet have meaningful language.

Neutral - Generally a bill from which we have removed an Oppose or Oppose Unless Amended position due to amendments or other factors.

Bill Priorities

High Priority - A bill of major significance with direct impact to RWA or a number of RWA members. RWA has a formal position and is actively lobbying, writing letters, offering amendments, testifying in committee, and taking other direct actions as necessary. “Watch” bills can be considered high priority, especially early in the legislative process, depending on the topic, the author, or other factors that warrant heightened monitoring.

Medium Priority - A bill of interest but not anticipated to have major significance to RWA or more than a few of its members. RWA has a formal position but is not actively lobbying legislators. RWA and/or RWA members may submit letters, provide testimony or take other actions as part of other groups or coalition or, in some situations, directly. Individual RWA members may be more active depending on the topic of the bill.

Low Priority - A bill in an area of interest to RWA, but with little potential impact. RWA will only have a Watch position on such bills. No immediate action is planned but these bills will be monitored to assure they don’t evolve into a high priority status. Individual RWA members may be more active depending on the nature of the bill.

The California Legislative Process Calendar

Below is a general guideline to the legislative calendar. Both the Senate and Assembly develop (coordinated) calendars each year and those calendars should be referenced for specifics.

January – February

- Bills are introduced in their houses of origin. All introduced bills must be drafted in Legislative Counsel form by the Legislative Counsel's Office. Legislative Counsel's deadline for submission is three weeks prior to the bill introduction deadline.
- Deadline for introducing bills to be heard that year is the end of the third week of February.
- Bill is given a "first reading" in its house of origin, and must be in print for 30 days before they can be acted on.
- In even numbered years bills still in their house of origin must pass through that house by the end of January.

March – April

- Bills are heard in their respective policy committees.
 - Bills with a fiscal impact must be out by the beginning of May.
 - Bills without fiscal impact must be out by late May.

May

- Fiscal committees in house of origin hear bills
- Bills go to the "floor" for vote by full house by last week of May.

June – August

- Process is repeated in the other house.
 - June through early July in policy committees
 - Recess for most of July
 - Mid-August considered by fiscal committees.

August-September

- Floor sessions held in both houses.
- All bills must be out of the Legislature and to the Governor's desk by August 31st in even numbered years and early September in odd numbered year.

Governor has 30 days from the end of session to take action on bills.

State Regulatory Agencies and Processes

State Water Resources Control Board

- Water Rights
- Water Conservation
- Drinking Water Program
- Grants
- Discharge Programs (through the Regional Water Quality Control Boards)

Department of Water Resources

- Sustainable Groundwater Management Act Regulations and Implementation
- Water Efficiency
- State Water Project
- Grants - IRWM



Topic: Woodard & Curran Task Order #3 for Groundwater Modeling Analysis for the Sacramento Regional Water Bank

Type: New Business

Item For: Action; Motion to Approve

Purpose: Policy 300.2 - Professional Services Selection and Contracting Policy

SUBMITTED BY:	Trevor Joseph, Manager of Technical Services	PRESENTER:	Trevor Joseph, Manager of Technical Services
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EXECUTIVE SUMMARY

This is an action item for the Executive Committee to review and consider approving Task Order #3 with Woodard & Curran for groundwater modeling analysis for the Sacramento Regional Water Bank (Water Bank) project.

STAFF RECOMMENDED ACTION

Approve Task Order #3 Woodard & Curran for groundwater modeling analysis for the Water Bank project.

BACKGROUND

The purpose of this item is for the Executive Committee to consider and approve Task Order #3 with Woodard & Curran for groundwater modeling analysis for the Sacramento Regional Water Bank (Water Bank) project.

To complete the analysis, the Water Bank Program Committee will need to support the following: (1) a funding strategy that fully funds this task order in the amount of \$81,885 and a contingency amount of \$18,115, totaling \$100,000, which is anticipated to be agreed upon during the December 18, 2024, monthly Program Committee meeting; and (2) RWA staff’s establishment of funding agreements and collection of funds from participating Program Committee agencies. Therefore, the Program Committee would need to authorize certain actions before Woodard and Curran can begin work.

As part of the development of the Water Bank, the Program Committee has directed RWA staff to evaluate water that has been previously banked as part of the Water Accounting Framework in the North American Subbasin (NASb), conjunctive use actions in South American Subbasin (SASb), or through other water management activities in both subbasins. For the purposes of the development of the Water Bank, the water that has been bank as part of the above process is called “Previously Banked Water or PBW”. Identification of a volume of PBW may be incorporated into the Water Bank project as a starting balance.

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SGA established the Water Accounting Framework in 1997 and several entities have participated in banking groundwater by importing and/or exchanging surface water in lieu of groundwater use, thereby banking the same amount of water within the groundwater system in the SGA area. The Water Accounting Framework operations have taken place in the NASb. In addition, the SCWA has also imported surface water to the SASb, reducing the use of groundwater, which in effect has resulted in banking groundwater in the SASb area. In addition, other water management actions in the NASb and SASb may have resulted in PBW.

As part of development of strategies in implementation of the SRWB, and in order to quantify the amount of PBW remaining in the NASb and SASb that can be withdrawn without causing undesirable results, as well as setting a strategy to withdraw the banked water as part of future Water Bank operations, the following question has been identified by the Water Bank Program Committee:

How much water has been banked (recharged) in the North American and South American subbasins (NASb & SASb) by Water Bank Participating Agencies that is above and beyond what (1) is needed for sustainability under the Sustainable Groundwater Management Act (SGMA) developed Groundwater Sustainability Plans (GSPs), (2) has already been transferred, and (3) has been lost from the subbasins?

To address this question, an analysis of the conditions of the surface water and groundwater system during the historical period without implementation of the Water Accounting Framework and other water management actions is needed. This analysis assumes that the historical conditions would not be different in the area, including trends in population, water demands, development, changes in land use, development of infrastructure, and regulatory environment.

At the next Water Bank Program Committee Monthly Meeting, RWA staff will seek Program Committee input and support on the PBW funding scenario and identify all funding participants. RWA staff anticipates working with Program Committee agencies to develop individual funding agreements from late December 2024 through January 2025. RWA staff anticipate obtaining sufficient funding from participating Program Committee agencies will occur late January through February 2025. It is anticipated groundwater modeling analysis will begin as early as late February 2025 and take approximately 3 months to complete with multiple opportunities for meetings with participating agencies and engagement of Groundwater Sustainability Agencies and potentially the Water Forum.

FINDING/CONCLUSION

Woodard & Curran for groundwater modeling analysis will aid in addressing an important water management topic for many Program Committee agencies and the region and enable the continued development of the Water Bank project.

FISCAL IMPACT

RWA staff will utilize contingency funds in an amount not to exceed \$18,115 for the purposes of

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addressing additional consulting support necessary to advance groundwater modeling analysis and/or to cover RWA staff time.

ATTACHMENTS:

Attachment 1 – Task Order 3 for Woodard & Curran

REGIONAL WATER AUTHORITY (RWA)
CoSANA-CALSIM REGIONAL WATER BANK ANALYSIS
TASK ORDER 3
ANALYSIS OF PREVIOUSLY BANKED WATER
DECEMBER 17, 2024

A. Introduction

The Sacramento Regional Water Bank (SRWB) Program Committee (PC) has requested to perform an analysis of the water that has been previously banked as part of the Water Accounting Framework (WAF) in the North American Subbasin (NASb) and conjunctive use project in South American Subbasin (SASb) SGA established the WAF in 1997 and several entities have participated in banking groundwater by importing and/or exchanging surface water in lieu of groundwater use, thereby banking same amount of water within the groundwater system in the SGA area. The WAF operations has taken place in the North American Subbasin (NASb). In addition, the SCWA has also imported surface water to the South American Subbasin (SASb), reducing the use of groundwater, which in effect has resulted in banking groundwater in the SASb area. For the purposes of the SRWB Implementation, the water that has been bank as part of the above process is called "Previously Banked Water (PBW)".

As part of development of strategies in implementation of the SRWB, and in order to quantify the amount of PBW remaining in the NASb and SASb that can be withdrawn without causing an undesirable results, as well as setting a strategy to withdraw the banked water as part of the SRWB operations, the following questions have been identified by the SRWB PC:

Question #1 - *How much water has been banked (recharged) in the North American and South American subbasins (NASb & SASb) by Water Bank Participating Agencies that is above and beyond what (1) is needed for sustainability under SGMA developed GSPs, (2) has already been transferred, and (3) has been lost from the subbasins?*

To address this question, an analysis of the conditions of the surface water and groundwater system during the historical period without implementation of the WAF is needed. This analysis assumes that the historical conditions would not be different in the area, including trends in population, water demands, development, changes in land use, development of infrastructure, and regulatory environment. This analysis is expected to result in the amount of remaining banked water that is available for use without causing an undesirable effect in the respective subbasins.

Question #2 – *If a volume of water were to be recognized as previously banked, what conditions should be imposed to ensure extraction of that banked water (1) does not exceed sustainability thresholds in the NASb & SASb GSPs, and (2) is not inconsistent with the Water Bank GOPC?*

This question has policy implications on the future operations of the SRWB. As such, this scope of work is not intended to conduct any analysis to address this question.

To perform the analysis for both questions, the **Co**sumnes-**S**outh **A**merican-**N**orth **A**merican (CoSANA) model will be used. It is envisioned that an Ad Hoc Work Group would be formed to oversee the work.

B. Scope of Work

The following scope of work has been prepared to perform the work to address the above questions, and to prepare a Technical Memorandum documenting the approach and results.

1. TASK 1: PERFORM HISTORICAL ANALYSIS

1.1 Confirm assumptions for the historical CoSANA Model (Scenario HCBL)

- Confirm the reported PBW water volumes
- Review the historical model. Verify what and how much of the PBW is explicitly in the model and how much is indirectly in the model.
- Check the SW supplies in the historical model for each of the PBW participant.
- Identify Metrics for assessment of PBW

1.2 Collect data and confirm assumptions on the WAF banked water for each entity

- Collect PBW operations data, including the data for SCWA, and confirm respective service area for each entity that the PBW is to be allocated to.
- Develop and recreate monthly volumes of PBW for each entity for the entire period of operation (1997 to 2023). This would rely on data from SGA and the model input data sets on the surface water imports and/or diversions and pumping rates for each entity.

1.3 Scenario A- Quantify "No PBW Conditions"

- Edit and prepare model input data sets for the historical "No PBW" scenario
- Perform the model runs
- Assess the water budget output and ensure water budgets reflecting the input data sets and scenario goals
- Identify and quantify the PBW losses from the system to both out of basin and to the surface water systems
- Quantify PBW after hydrologic and operational losses

1.4 Scenario(s) B- Quantify "Extractable PBW"

- Quantify the PBW remaining balance after losses to meet the SMCs for each subbasin by the last few years of the hydrology
- Perform additional scenarios (Up to 4), as needed, to get quantify "Extractable PBW"

1.5 Post process model results and perform interpretation of the Scenarios A and B

- Prepare water budget charts and tables
- Prepare GWL hydrographs, summary tables and statistics for the SMCs
- Prepare Streamflow hydrographs

1.6 QC and verification of results

Perform quality control of the input and output data and the interpretation of the results.

1.7 Additional technical & planning support (Optional)

Provide additional technical and decision-making support to the SGA and the PC, as needed. The level of effort on this task is commensurate with the budget allocated.

2. TASK 2: PROJECT MANAGEMENT AND COORDINATION

This task will include the overall project management activities and support. W&C will coordinate with the SGA project manager and staff on the relevant project tasks, prepare monthly progress reports and invoices, and manage the project schedule and budget. The following are assumed:

- Project duration is three (3) months
- Up to three (3) coordination meetings with the project Work Group
- One (1) meeting with the PC to present the project results

C. Deliverables

Draft and Final PowerPoint slides summarizing the approach and results of the analysis

D. Schedule

The project duration is assumed to be three (3) months, and project is expected to start in December 2024.

E. Budget

The fee for this scope of work with the optional task is estimated at \$81,885. If optional Task 1.7 is also considered, the fee would be \$95,845. The table below shows the details of the budget breakdown.



Tasks	Labor						Total Hours	Total Fee
	Ali Taghavi	Jim Blanke	Brian Van Lienden	Jingnan Zhou	Junior Engineer/Planner	Admin.		
	Sr. Tech Leader	Sr. TM	Sr. PM	PE2	E2	Project Assistant		
Task 1: Perform Historical Analysis								
1.1 Confirm assumptions for the historical CoSANA Model (Scenario HCBL)	2			8	2		12	\$3,570
1.2 Collect data and confirm assumptions on the WAF banked water for each entity	4	2		16	2		24	\$7,370
1.3 Scenario A- Quantify "No WAF Conditions"	4	4		40	8		56	\$16,600
1.4 Scenario(s) B- Quantify "Extractable PBW"	8	4		60	16		88	\$25,880
1.5 Post process model results and perform interpretation of the Scenarios A and B	4			12	8		24	\$6,920
1.6 QC and verification of results	6	4		8	4		22	\$6,930
1.7 Additional technical & planning support (Optional)	24	8		8			40	\$13,960
Subtotal Task 1:	52	22	0	152	40	0	266	\$81,230
Task 2: Project Management & Coordination								
2.1 Project Management (Duration 2 months)	1		6	2		4	13	\$3,645
2.2 Working Group meetings (Up to 2)	6	2		12			20	\$6,440
2.3 Presentation of results to PC	4	2		8			14	\$4,530
Subtotal Task 2:	11	4	6	22	0	4	47	\$14,615
TOTAL TASK ORDER (With Optional Task)	63	26	6	174	40	4	313	\$95,845
TOTAL TASK ORDER (No Optional Task)	39	18	6	166	40	4	273	\$81,885

- The individual hourly rates include salary, overhead and profit.
- Subconsultants will be billed at actual cost plus 10%.
- Other direct costs (ODCs) such as reproduction, delivery, mileage (rates will be those allowed by current IRS guidelines), and travel expenses, will be billed at actual cost plus 10%.
- W&C reserves the right to adjust its hourly rate structure and ODC markup at the beginning of the calendar year for all ongoing contracts.
- Additional Woodard & Curran staff may perform work on the project, based on our standard billing rate schedule currently in effect.

This Task Order 3 is issued pursuant to the Services Agreement entered into between the Regional Water Authority (RWA) and Woodard & Curran on February 1, 2023. This Task Order outlines the specific services to be provided by Woodard & Curran under the terms and conditions of the aforementioned Services Agreement.

Ali Taghavi _____
Woodard & Curran, Inc. **Date**

Jim Peifer _____
Executive Director, Regional Water Authority **Date**



Topic: RWA Program Update
Type: Old Business
Item For: Information and Discussion
Purpose: Policy 200.2

SUBMITTED BY:	Jim Peifer Executive Director	PRESENTER:	Jim Peifer Executive Director
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EXECUTIVE SUMMARY

This information item is for the Executive Committee to receive a report from the Executive Director on the various programs and initiatives the RWA and SGA currently have underway.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

The RWA and SGA have a number of programs underway, the Executive Director will brief the Executive Committee on the status of many of those programs and initiatives. These programs and initiatives include but are not limited to: The Sacramento Regional Water Bank, the North American Subbasin (NASb) Groundwater Sustainability Plan (GSP) update, implementation of the current NASb GSP, the Watershed Resilience Pilot Project, the Water Forum Agreement update, the Healthy Rivers and Landscapes Program, and the Reinitiation of Consultation for the Biological Opinions. The report will include key milestones reached to date, the overall status of the programs, upcoming key milestones, and current and future anticipated resources.



Topic: RWA Board of Directors Agenda
Type: New Business
Item For: Action; Motion to Approve
Purpose: [Policy 200.2](#)

SUBMITTED BY: Ashley Flores, CMC
Secretary

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is an 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 January 9, 2025.

STAFF RECOMMENDED ACTION

A motion to approve RWA Board of Directors Agenda for January 9, 2025, Board Meeting.

BACKGROUND

Per RWA Policy 200.0, the Executive Committee will be authorized to prepare and approve agendas for meetings of the RWA Board of Directors.

Please be aware that the regularly scheduled Board meeting for January 9, 2025 will be held at the City of Roseville – Corp Building.

FINDING/CONCLUSION

The Executive Director has prepared the draft Agenda for the RWA Board of Directors Meeting January 9, 2025 for the RWA’s Executive Committee’s consideration and approval.

ATTACHMENTS

Attachment 1- Draft RWA Board of Directors Agenda for January 9, 2025 Board Meeting



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

Thursday, January 9, 2025 at 9:00 a.m.

**City of Roseville Environmental Utilities
2005 Hilltop Circle
Roseville, CA 95747
(916) 967-7692**

IMPORTANT NOTICE REGARDING VIRTUAL PUBLIC PARTICIPATION:

The Regional Water Authority currently provides in person as well as virtual public participation via the Zoom link below until further notice. The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker.

Join the meeting from your computer, tablet or smartphone

Join Zoom Meeting

<https://us06web.zoom.us/j/85038064583?pwd=tb7CgNMmrKKMCB48U3aGT1m1akzNdPm.1>

Meeting ID: 850 3806 4583

Passcode: 423518

If we experience technical difficulties and the Zoom link drops and you are no longer able to connect to the Board meeting, please dial 877-654-0338 – Guest Code 198

Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above.

In compliance with the Americans with Disabilities Act, if you have a disability and need a disability related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting. The Board of Directors 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 Board 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. Board Members may request an item be removed for separate consideration.

3.1 Approve the draft meeting minutes of November 14, 2024, RWA Board Meeting

3.2 Approve the Fiscal Year 2023/2024 RWA Financial Audit Report

3.3 Accept the 2025 Policy Principles

3.4 Approve the 2025 Federal Affairs Platform

Action: Approve Consent Calendar items as presented

4. APPROVAL OF MEMORANDUM OF UNDERSTANDING BETWEEN RWA AND CALIFORNIA MUNICIPAL UTILITIES ASSOCIATION

Presenter: Jim Peifer, Executive Director

Action: Approve the Memorandum of Understanding between the Regional Water Authority and the California Municipal Utilities Association

5. INFORMATION: WATERSHED RESILIENCE PILOT PROJECT UPDATE

Presenter: Ryan Ojakian, Manager of Government Relations

6. INFORMATION: WATER FORUM AGREEMENT UPDATE

Presenter: Jim Peifer, Executive Director

7. 2025 RWA BOARD ELECTIONS OFFICERS AND EXECUTIVE COMMITTEE

Presenter: Bill Roberts, RWA Chair

Action: Approve 2025 RWA Vice Chair and Executive Committee election results

8. EXECUTIVE DIRECTOR'S REPORT

9. DIRECTORS' COMMENTS

ADJOURNMENT

Next RWA Board of Director's Meeting:

March 13, 2025, 9:00 a.m. at Sacramento Association of Realtors, 2003 Howe Avenue, Sacramento, CA 95825. The location is subject to change.

Next RWA Executive Committee Meeting:

January 28, 2025, 1:30 p.m. at the RWA Office, 2295 Gateway Oaks, Suite 100
Sacramento, CA 95833.

Notification will be emailed when the RWA electronic packet is complete and posted on
the RWA website at: <https://www.rwah2o.org/meetings/board-meetings/>.

Posted on December 18, 2024

Ashley Flores, CMC, Board Secretary

DRAFT



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.

Outreach

Mr. Ojakian interviewed Pablo Garza, Chief Consultant for the Assembly Committee on Water Parks and Wildlife. He explored post-election insights and strategies for water providers to effectively advance their interests in the California Legislature. You can find the recording [here](#).

The next Coffee and Conversation will be with climate scientist Dr. Daniel Swain on February 26, 2025, at 10 a.m.

Program Updates

Watershed Resilience Pilot Project. RWA hosted its first meeting with representatives from tribal and frontline communities on November 13 as part of the Watershed Resilience Pilot Project. These communities are key members of the project’s “Watershed Network,” which includes local agencies, NGOs, and other stakeholders. You can find a link to a recording of the meeting [here](#).

Central Valley Project and State Water Project

The Bureau of Reclamation released the final Environmental Impact Statement for the Long-Term Operation of the Central Valley Project and State Water Project, a significant document that analyzes revised operating rules for one of California’s major water storage and conveyance systems. The RWA provided recommendations to Reclamation related to potential improvements

for the Lower American River that were included and considered in the document. The final environmental impact statement is available [here](#).

The USFWS issued the biological opinion for the Long Term Operations of the Central Valley Project and the State Water Project. The biological opinion includes an analysis and conclusion of whether or not the entire LTO proposed action is likely to jeopardize each listed and proposed species or destroy or adversely modify designated critical habitat. You can learn more [here](#).

2025 RWA Member Survey

RWA is conducting a Strategic Plan prioritization process for the Fiscal Year 2025/2026 and will be requesting member input via a survey. Please find the survey here:

<https://www.surveymonkey.com/r/StrategicPlan2025>

Water Bank Program Committee meeting is scheduled for Wednesday, December 18, from 11 a.m. to 1 p.m. For more information about the Water Bank, contact Trevor Joseph at tjoseph@rwah2o.org.

UPCOMING RWA BOARD MEETINGS

January 9, 2025 – City of Roseville

Agenda Item 11



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

SUBMITTED BY: Jim Peifer Executive Director	PRESENTER: Brett Ewart Chair
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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.