



Brett Ewart, Chair

Michael Saunders, Vice Chair	Chris Nelson, Director
Bruce Kamilos, Director	Robert Wichert, Director
Ron Greenwood, Director	Sean Bigley, Director
Sean Twilla, Director	Michael Grinstead, Director

REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE MEETING

**Tuesday, December 16, 2025
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/89328730305>

Meeting ID: 893 2873 0305

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 28, 2025 Executive Committee meeting

3.2 Approve the RWA draft Board Agenda for January 8, 2026

3.3 Approval of Change Order #1 with Khadam Consulting Inc. to extend the term of services provided under Task Order #4 for Sacramento Regional Water Bank (SRWB) project development from December 31, 2025 to May 31, 2026

3.4 Approve Change Order #5 to Task Order #22-02 to the Agreement with Stantec Consulting Services, Inc.

Action: Approve Consent Calendar

4. RECOMMEND ACCEPTANCE OF THE RWA FINANCIAL AUDIT REPORT

Presenter: Tom Hoffart, Finance Director

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

5. BUDGET AMENDMENT FOR THE SPONSORSHIP OF THE PUBLIC POLICY INSTITUTE OF CALIFORNIA'S (PPIC) "ACCOUNTING FOR WATER" INITIATIVE

Presenter: Jim Peifer, Executive Director

Action: Recommend approval to the Board of Directors a budget amendment of up to \$50,000 for a sponsorship to PPIC

6. POTENTIAL REVISIONS TO POLICIES 200.1 (RULES FOR PROCEEDINGS OF THE BOARD OF DIRECTORS) AND 500.13 (BUSINESS EXPENSE REIMBURSEMENT)

Presenter: Jim Peifer, Executive Director

Action: Recommend approval of revisions to policies 200.1 and 500.13 to the RWA Board of Directors

7. LEGISLATIVE MATTERS

Presenter: Ryan Ojakian, Manager of Government Relations

Action: Take a support position on AB 497

8. DISCUSSION: SUBSCRIPTION PROGRAM ACCOUNTING

Presenters: Jim Peifer, Executive Director and Tom Hoffart, Finance Director

Action: Provide staff direction

9. APPROVAL OF THE WATER USE EFFICIENCY PROGRAM BUDGET

Presenter: Amy Talbot, Program Manager

Action: Approve water use efficiency program budget

10. WATER FORUM AGREEMENT

Presenter: Jim Peifer, Executive Director

Action: Provide staff direction

11. INFORMATION: RWA PROGRAM UPDATES

Presenter: Jim Peifer, Executive Director

12. EXECUTIVE DIRECTOR'S REPORT

13. DIRECTORS' COMMENT

ADJOURNMENT

Upcoming meetings:

Next RWA Board of Director's Meeting: Regular RWA Board Meeting, January 8, 2026, 9:00 a.m. at the Carmichael Water District, 7837 Fair Oaks Blvd, Carmichael, CA 95608. 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, 2025

Ashley Flores

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 Board Clerk	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 Associate PM & Board Clerk	PRESENTER:	Ashley Flores, CMC Associate PM & Board Clerk
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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 28, 2025.

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 Special Meeting of October 28, 2025

1. CALL TO ORDER

Chair Ewart called the meeting of the Executive Committee to order on October 28, 2025, at 1:30 p.m. at the RWA Board Room located at 2295 Gateway Oaks, Suite 100, Sacramento, CA 95833. Six of the Executive Committee Members were present at roll call; a quorum was established. Individuals in attendance are listed below:

Executive Committee Members

Brett Ewart, City of Sacramento, Chair
Michael Saunders, Georgetown Divide Public Utility District, Vice Chair
Ron Greenwood, Carmichael Water District – Entered at 1:47 p.m.
Chris Nelson, City of Lincoln
Bruce Kamilos, Elk Grove Water District
Sean Twilla, Golden State Water Company
Michael Grinstead, Sacramento County Water Agency – Entered at 1:58 p.m.
Robert Wichert, Sacramento Suburban Water District

Staff Members

Jim Peifer, Tom Hoffart, Ryan Ojakian, Michelle Banonis, Raiyna Villasenor, Ashley Flores and Gavin Ralphs.

Others in Attendance:

Greg Zlotnick, San Juan Water District

2. PUBLIC COMMENT

None

3. CONSENT CALENDAR

3.1 Approve draft meeting minutes of September 23, 2025 Executive Committee meeting

A motion was made to the Consent Calendar as presented.

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

Brett Ewart, City of Sacramento; Michael Saunders, Georgetown Divide Public Utility District; Chris Nelson, City of Lincoln; Bruce Kamilos, Elk Grove Water District; Sean Twilla, Golden State Water Company; and Robert Wichert, Sacramento Suburban Water District; voted yes. Motion passed.

Ayes- 6
Noes- 0
Abstained- 0
Absent- 3

4. POTENTIAL REVISIONS TO POLICIES 300.1 (AUTHORITY DELEGATED TO THE EXECUTIVE DIRECTOR), 400.2 (COMPENSATION POLICY), 400.4 (EXECUTIVE DIRECTOR REVIEW POLICY), AND 500.13 (BUSINESS EXPENSE REIMBURSEMENT POLICY)

This was an action item presented by Jim Peifer, Executive Director for the Executive Committee to consider and recommend approval of the proposed revisions to RWA Policies 300.1, 400.2, 400.4, and 500.13 by the RWA Board of Directors.

Policy 400.2 (Compensation Policy)

In 2024, the RWA adopted Resolution 2024-04 directed staff to include information on the Executive Director’s salary on the RWA website. Specifically, stating: “To maintain transparency in local agency compensation, the RWA website shall maintain an “Employee Compensation” page that states the current RWA Executive Director’s monthly salary.” The proposed revision to Policy 400.2 (Compensation Policy) is provided to ensure this direction is memorialized and not lost.

Policy 300.1 (Authority Delegated to the Executive Director) and Policy 400.4 (Executive Director Review Policy)

The policy direction and methodology to prioritize the actions in the Strategic Plan are found Policy 400.4 (Executive Director Review Policy). Staff proposes to remove the policy direction from that policy and include it in “duties section” of Policy 300.1 (Authority Delegated to the Executive Director. Policy 300.1 appears to be a better “home” for this policy direction.

Policy 500.13 was pulled by Executive Director Peifer as advised by General Counsel Ralphs.

A motion was made to recommend approval of the proposed revisions to RWA Policies 300.1, 400.2, 400.4 by the RWA Board of Directors.

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

Brett Ewart, City of Sacramento; Michael Saunders, Georgetown Divide Public Utility District; Chris Nelson, City of Lincoln; Bruce Kamilos, Elk Grove Water District; Ron Greenwood, Carmichael Water District; Sean Twilla, Golden State Water Company; Michael Grinstead, County of Sacramento; and Robert Wichert, Sacramento Suburban Water District; voted yes. Motion passed.

Ayes- 8
Noes- 0
Abstained- 0

Absent- 1

5. RWA SPONSERSHIP OF LEGISLATION TO IMPROVE RECHARGE PERMITTING

This was an action item presented by Ryan Ojakian, Government Relations Manager provided a brief update improving access to high flow events for the purpose of groundwater recharge, largely focused on the concept of improving the permitting process for recharge. Staff is requested that the Executive Committee to approve sponsoring legislation in this area to allow for more active and direct engagement in these efforts.

A motion was made to approve the sponsoring of legislation to improve recharge permitting.

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

Brett Ewart, City of Sacramento; Michael Saunders, Georgetown Divide Public Utility District; Chris Nelson, City of Lincoln; Bruce Kamilos, Elk Grove Water District; Ron Greenwood, Carmichael Water District; Sean Twilla, Golden State Water Company; Michael Grinstead, County of Sacramento; and Robert Wichert, Sacramento Suburban Water District; voted yes. Motion passed.

Ayes- 8

Noes- 0

Abstained- 0

Absent- 1

6. STRATEGIC PLAN UPDATE

Executive Director Peifer presented this information item for the Executive Committee to receive a progress report on the Strategic Plan Update. A shortlist has been established; a scope of work was drafted by Director Wichert that was approved by the ad hoc committee. Next steps will be to release the RFP.

No action taken.

7. RWA PROGRAM UPDATES

Executive Director Peifer presented this information item for the Executive Committee to receive a report on the various programs and initiatives the RWA and SGA currently have underway. These programs and initiatives included: 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 included key milestones reached to date, the overall status of the programs, upcoming key milestones, and current and future anticipated resources.

No action taken.

8. 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 13, 2025.

A motion was made to approve RWA Board Meeting Agenda for November 13, 2025.

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

Brett Ewart, City of Sacramento; Michael Saunders, Georgetown Divide Public Utility District; Chris Nelson, City of Lincoln; Bruce Kamilos, Elk Grove Water District; Ron Greenwood, Carmichael Water District; Sean Twilla, Golden State Water Company; Michael Grinstead, County of Sacramento; and Robert Wichert, Sacramento Suburban Water District; voted yes. Motion passed.

- Ayes- 8
- Noes- 0
- Abstained- 0
- Absent- 1

9. EXECUTIVE DIRECTOR’S REPORT

Executive Director Peifer announced various dates for upcoming events hosted by RWA. Surplus property was also attached to this report and was approved for disposal.

10. DIRECTORS’ COMMENT

Director Saunders reported that he was appointed as the ACWA Chair for District 3. He also reported GDPUD welcomed Director Fisher. The next Mountain County Forum will hold a panel including Diane Papin discussing water North to South.

Director Kamilos reported that City Council signed the Phase 3 Water Bank agreement.

Director Grinstead reported that he had conversations with Todd Smith and Supervisor Kennedy about the Water Forum 2.0 agreement.

Director Wichert reported that SSWD has received a presentation on Water Forum and will have another discussion at their November Board meeting. SSWD also entered a one-year agreement with Vota for a trial of their conditions assessment tool to identify leaks.

ADJOURNMENT

Chair Ewart adjourned the meeting at 3:30 p.m.

By:

Attest:

Brett Ewart, RWA Chair

Ashley Flores, CMC, Clerk of the Board



Topic: RWA Board of Directors Agenda
 Type: Consent Calendar
 Item For: Action; Approve draft agenda
 Purpose: [Policy 200.2](#)

SUBMITTED BY:	Ashley Flores, CMC Associate PM & Board Clerk	PRESENTER:	Jim Peifer Executive Director
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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 8, 2026.

STAFF RECOMMENDED ACTION

A motion to approve RWA Board of Directors Agenda for January 8, 2026, 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 8 2026, will be held at the Carmichael Water District, 7837 Fair Oaks Blvd., Carmichael, CA 95608.

FINDING/CONCLUSION

The Executive Director has prepared the draft Agenda for the RWA Board of Directors Meeting January 8, 2026 for the RWA’s Executive Committee’s consideration and approval.

ATTACHMENTS

Attachment 1- Draft RWA Board of Directors Agenda for January 8, 2026 Board Meeting



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

Thursday, January 8, 2026 at 9:00 a.m.

**Carmichael Water District
7837 Fair Oaks Blvd
Carmichael, CA 95608
(916) 967-7692**

IMPORTANT NOTICE REGARDING VIRTUAL PUBLIC PARTICIPATION:

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Join the meeting from your computer, tablet or smartphone

Join Zoom Meeting

<https://us06web.zoom.us/j/83939679186>

or dial 1 669-444-9171

Meeting ID: 839 3967 9186

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

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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. 2025 RWA VICE CHAIR

Presenter: Michael Saunders, Chair

Action: Approve 2025 RWA Vice Chair

4. 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.

4.1 Approve the draft meeting minutes of November 13, 2025, RWA Regular Board Meeting

4.2 Approve revisions to RWA Policies 200.1 (Rules for Proceedings of the Board of Directors) and 500.13 (Business Expense Reimbursement)

4.3 Accept the Fiscal Year 2024/2025 RWA Financial Audit Report

4.4 Approve the 2026 Policy Principles

4.5 Approve the 2026 Federal Affairs Platform

Action: Approve Consent Calendar items as presented

5. 2025 RWA OFFICERS AND EXECUTIVE COMMITTEE MEMBERS

Presenter: Michael Saunders, RWA Chair

Actions: Approve 2026 Executive Committee Members

6. WATERSHED RESILIENCE PILOT PROJECT

Presenter: Jim Peifer, Executive Director

7. EXECUTIVE DIRECTOR'S REPORT

8. DIRECTORS' COMMENTS

ADJOURNMENT

Next RWA Board of Director's Meeting:

March 12, 2026, 9:00 a.m. at Fair Oaks Water District, 10326 Fair Oaks Blvd., Fair Oaks, CA 95628. The location is subject to change.

Next RWA Executive Committee Meeting:

February 24, 2026, 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 19, 2025

Ashley Flores, CMC, Board Secretary

DRAFT



Topic: Approve Change Order #1 with Khadam Consulting Inc.
 Type: New Business
 Item For: Consent Calendar
 Purpose: RWA Policy 300.2

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 RWA Board of Directors to approval Change Order #1 with Khadam Consulting Inc to extend the term of services provided under Task Order #4 for Sacramento Regional Water Bank (SRWB) project development from December 31, 2025 to May 31, 2026.

STAFF RECOMMENDED ACTION:

Approve Change Order #1 with Khadam Consulting Inc. to extend the term of services provided under Task Order #4 for Sacramento Regional Water Bank (SRWB) project development from December 31, 2025 to May 31, 2026.

BACKGROUND

The RWA Board of Directors has previously authorized the Executive Director to enter into a Professional Services Agreement with Khadam Consulting Inc. and four task orders have been approved by the RWA Board of Directors or Executive Committee to advance technical work to aid in the development of Sacramento Regional Water Bank (SRWB) project.

Most recently the RWA Board of Directors authorized the Executive Director to execute Task Order #4 that focuses on finalizing the development of Water Banking losses approach and methodology, continued review of Preliminary CalSim 3 and CoSANA modeling results, providing support on a revised governance structure document incorporating Water Accounting System (WAS) methodology and processes, incorporation of Water Bank starting balance into the WAS technical memorandum, developing a financial & operational barriers assessment technical memorandum, and coordination and meeting participation.

Task Order #4 provided for compensation for the following Changes as follows:

- Task 2 - Project Management and Coordination (7/1/2025 – 12/31/2025): \$24,000
- Task 3 – Modeling Support: \$36,000
- Task 6 – Institutional Arrangements: \$48,000

Agenda Item 3.3

However additional time will be necessary to fully accomplish the scope of services within Task Order #4, and for this reason an extension of the period of performance is recommended from December 31, 2025 to May 31, 2026.

Change Order #1 does not change Khadam Consulting Inc.'s scope of work or compensation.

FISCAL IMPACT

None

FINDING/CONCLUSION

RWA staff recommend the RWA Board of Directors approval Change Order #1 with Khadam Consulting Inc for additional technical support for Sacramento Regional Water Bank (SRWB) project development.

ATTACHMENTS

Attachment 1 - Khadam Consulting Inc. Services Agreement

Attachment 2 – Task Order #4 with Khadam Consulting Inc.

Attachment 3 – Change Order #1 with Khadam Consulting Inc.

AGENDA ITEM 6: REGIONAL WATER BANK UPDATE AND CONTRACT APPROVAL

BACKGROUND:

RWA Policy 200.2 delegates to the Executive Committee the approval, authorization, and administration of consulting and funding agreements under a RWA program agreement like the Sacramento Regional Water Bank, Phase 2 program agreement ("SRWB Program Agreement"). The Executive Committee must find that the interests of RWA Members and Contracting Entities who do not participate in the program agreement will not be adversely affected by RWA entering into the contract. In this regard, the SRWB Program Agreement provides that all RWA obligations incurred under the SRWB Program Agreement, including those related to this agreement, will be solely obligations of the of the program participants and not those of any non-participants.

RWA Policy 300.2 governs professional services selection and contracting policy. Professional services contracts with a maximum price of more than \$50,000 and less than \$150,000 require approval of the Executive Committee. RWA Policy 300.2 requires RWA to undergo a competitive selection process for such contracts before the Executive Committee may approve them. However, RWA Policy 300.2 authorizes the Executive Committee to waive the competitive selection process and approve an alternative selection process under appropriate circumstances. It provides:

III. Alternate Selection Process

Regardless of the amount or of any other limitations provided in this policy, the Executive Committee may at any time approve an alternate selection process in cases where a consulting firm has satisfactorily performed the previous stage of a project, has acquired extensive background and working knowledge of the work to be performed, is a highly-recognized authority in the field or area of work to be performed or is the only known available highly-recognized authority, and the alternative process is in the best interests of RWA.

In this instance, RWA staff recommend waiving the competitive selection process and approving an alternative selection process to award a professional services agreement to Khadam Consulting, Inc. under the SRWB Program Agreement. As discussed in this staff report, Mr. Khadam has an extensive background and working knowledge of the SRWB. Specifically, Mr. Khadam lead the technical analysis of the 2019 Regional Water Reliability Plan, a foundational document for the development of the SRWB and currently leads the Water Management Operations Pilot (WMOPs) effort with the USBR to define the operational bookends on conjunctive use expansion consistent with the SRWB. Mr. Khadam's participation in the SRWB Program Agreement is critical to the success of the program. Mr. Khadam is the only consultant capable of meeting the needs of the SRWB Program Agreement in this regard, so it would not benefit RWA or its members to undergo the competitive award process otherwise required by RWA Policy 300.2.

Staff Recommendation: RWA staff recommends moving forward with a negotiated agreement with Mr. Khadam's firm pending approval by the SRWB Program Agreement's program committee.

Discussion: Trevor Joseph, Manager of Technical Services

Action: Authorize the Executive Director to enter into a Professional Services Agreement with Khadam Consulting Inc. in the amount of \$103,750 for technical support (Task Order -T01) of RWA's development of the Sacramento Regional Water Bank (SRWB) and 2). Waive RWA Policy 300.2 Competitive Process

Attachments:

Professional Services Agreement with Khadam Consulting Inc.
Khadam Consulting Task Order-T01 for the SRWB

Regional Water Authority Services Agreement

This Agreement is entered into as of the date last signed and dated below by and between Regional Water Authority, a local government agency ("RWA"), and Khadam Consulting Inc., a California Corporation ("Contractor"), who agree as follows:

1 Scope of Work

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

2 Payment

2.1 RWA shall pay to Contractor a fee based on:

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

The fee arrangement described on the attached Exhibit A.

There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by RWA. Contractor's fee includes all of Contractor's costs and expenses related to the Work.

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

3 Term

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

3.2 This Agreement may be terminated at any time by RWA upon 10 days advance written notice to Contractor. In the event of such termination, Contractor shall be fairly compensated for all work performed to the date of termination as calculated by RWA based on the above fee and payment provisions. Compensation under this section shall not include

any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor's claimed benefit of the bargain.

4 Professional Ability of Contractor

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

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

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

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

5 Conflict of Interest

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

6 Contractor Records

6.1 Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the

Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. RWA may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

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

7 Ownership of Documents

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

8 Confidentiality of Information

INTENTIONALLY OMITTED

9 Compliance with Laws

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

the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

9.2 California Labor Code Compliance for Pre- and Post-Construction Related Work and Maintenance.

9.2.1 This section 9.2 applies if the Work includes either of the following:

9.2.1.1 Labor performed during the design, site assessment, feasibility study and pre-construction phases of construction, including, but not limited to, inspection and land surveying work, and labor performed during the post-construction phases of construction, including, but not limited to, cleanup work at the jobsite. (See California Labor Code section 1720(a).) If the Work includes some labor as described in the preceding sentence and other labor that is not, then this section 9.2 applies only to workers performing the pre-construction and post-construction work.

9.2.1.2 "Maintenance" work, which means (i) routine, recurring and usual work for the preservation, protection and keeping of any RWA facility, plant, building, structure, utility system or other property ("RWA Facility") in a safe and continually usable condition, (ii) carpentry, electrical, plumbing, glazing, touchup painting, and other craft work designed to preserve any RWA Facility in a safe, efficient and continuously usable condition, including repairs, cleaning and other operations on RWA machinery and equipment, and (iii) landscape maintenance. "Maintenance" excludes (i) janitorial or custodial services of a routine, recurring or usual nature, and (ii) security, guard or other protection-related services. (See California Labor Code section 1771 and 8 California Code of Regulations section 16000.) If the Work includes some "maintenance" work and other work that is not "maintenance," then this section 9.2 applies only to workers performing the "maintenance" work.

9.2.2 Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works as may be required by the Labor Code and applicable state regulations. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861), which is incorporated in this Agreement by this reference.) The state-approved prevailing rates of per diem wages are available at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Contractor also shall comply with Labor Code sections 1775 and 1813, including provisions that require Contractor to (a) forfeit as a penalty to RWA up to \$200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any labor done under this Agreement in violation of the Labor Code, (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage, and (c) forfeit as a penalty to RWA the sum of \$25 for each worker (whether employed by Contractor or any subcontractor) for each calendar day during which the worker is required or permitted to work more than 8 hours in any one day and 40 hours in any one calendar week in violation of Labor Code sections 1810 through 1815.

9.2.3 If the Work includes labor during pre- or post-construction phases as defined in section 9.2.1.1 above and the amount of the fee payable to Contractor under section

2 of this Agreement exceeds \$25,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor's Public Works Contractor Registration Number: NOT APPLICABLE

9.2.4 If the Work includes maintenance as defined in section 9.2.1.2 above and the amount of the fee payable to Contractor under section 2 of this Agreement exceeds \$15,000, Contractor must be registered and qualified to perform public work with the Department of Industrial Relations pursuant section 1725.5 of the Labor Code.

Contractor's Public Works Contractor Registration Number: NOT APPLICABLE

d. Contractor may perform some of the Work pursuant to funding provided to the RWA by various federal and/or state grant and/or loan agreement(s) that impose certain funding conditions on RWA and its sub-recipients (the "Funding Conditions"). For any such Work, if RWA informs Contractor about the Funding Conditions, then Contractor agrees to determine, comply with and be subject to the Funding Conditions that apply to RWA's Contractors and contractors performing the Work, including, but not limited to, provisions concerning record keeping, retention and inspection, audits, state or federal government's right to inspect Contractor's work, nondiscrimination, workers' compensation insurance, drug-free workplace certification, and, compliance with the Americans with Disabilities Act and related State laws.

10 Indemnification.

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

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

11 Insurance

Types & Limits. Contractor at its sole cost and expense shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

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

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

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

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

12 General Provisions

12.1 **Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work,

except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

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

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

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

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

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

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

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

Regional Water Authority
Attn: _____
Regional Water Authority, 5620 Birdcage St # 180, Citrus Heights, CA 95610
E-mail: _____


Contractor:
Khadam Consulting Inc.
9542 Timber River Way, Elk Grove, CA 95624
E-mail: ikhadam@KhadamConsulting.com

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

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

Regional Water Authority:

Dated: 1/6/2023

By: 
[Name] James Perfer
[Title] Executive Director

Khadam Consulting Inc.:

Dated: _____

By: 
Ibrahim Khadam, President

Exhibit A - Fee Schedule

Labor Category	Hourly Rate (Jan 1 – Dec 31, 23)	Hourly Rate (Jan 1 – Dec 31, 2024)
Principal	\$215	\$230
Senior Professional	\$180	\$190
Junior Professional	\$140	\$150
Assistant	\$90	\$110
Admin	\$60	\$70

Fees	Unit Rate
Mileage Rate per mile	Billed at prevailing IRS rates
Other Direct Costs	Billed at actual cost, no mark up

Technical Support for the Sacramento Regional Water Bank Conceptualization, Definition, Evaluation, and Formalization

Proposed Task Order No. 1

The tasks below outline the proposed work to be completed under Task Order No.1 by Khadam Consulting Inc. in support of the Regional Water Authority (RWA) development of the Sacramento Region Water Bank (SWB).

Task 1 – Project Management and Coordination

The Consultant will support the coordination activities necessary for successful development of the SRWB. These activities include ensuring strategic alignment with the objectives of the SRWB, consistent approach on the technical studies, environmental analysis, and messaging for stakeholders and partners engagement. The Consultant is anticipated participate in the following meetings for the period January 1 through June 30, 2023:

- Water Bank Program Committee meeting – 1 each quarter.
- Water Bank Technical Group and other Ad-hoc meetings – 1 each month.
- Technical and planning coordination calls/meetings – 2 each week.
- Partners engagement meetings – 1 every 2 months.

Deliverables

- Monthly invoices with status reports (electronic format)
- Meeting agendas and meeting summaries (electronic format)

Task 2 - Plan Formulation

The Consultant will lead the plan formulation activities, including (1) formalization of the planning objectives, constraints, and criteria, (2) formulation of project alternatives, and (3) evaluation and comparison of project alternatives. The ultimate outcome of these plan formulation activities is the development of a Project Description to support the environmental analysis.

Deliverables

- Draft and Final Plan Formulation Appendix
- Working Draft Project Description TM

Task 3 - Modeling Support

The Consultant will develop the modeling strategy and approach to support the environmental impact analysis of the proposed project alternatives. The modeling strategy will outline the data, key modeling assumptions, tool selection, and key evaluation criteria and metrics. It anticipated that the modeling would cover operations analysis of the CVP/SWP, groundwater analysis, American River water temperature, and Delta water quality. Note that the modeling will be conducted by others under separate contracts with RWA.

The consult will coordinate the execution of the modeling by others and provide independent peer review of the modeling and results. The consultant will also oversee the integration and interpretation of the modeling results to support the refinement of the proposed project alternatives and preparation of the environmental impact analysis

Deliverables


- Draft and Final Modeling Strategy TM
- Review of Draft and Final Modeling Results
- Review of Draft Final Modeling Appendix

Task Order No. 1


TASK	
Task 1 - Project Management and Coordination (1/1/2023 - 6/30/2023)	\$ 17,630
Task 2 - Plan Formulation	\$ 63,640
Task 3 - Modeling Support	\$ 22,480
TOTAL	\$ 103,750

Signatures

Regional Water Authority:

By:  _____ Dated: 1/6/2023
[Name] James Perber
[Title] Executive Director

Khadam Consulting Inc.:

By:  _____ Dated: 12/7/2022
Ibrahim Khadam
President

Technical Support for the Sacramento Regional Water Bank Conceptualization, Definition, Evaluation, and Formalization

Proposed Task Order No. 4

The tasks below outline the proposed work to be completed under Task Order No.4 by Khadam Consulting Inc. (Consultant) in support of the Regional Water Authority (RWA) development of the Sacramento Region Water Bank (SWB).

Task 1 – Project Management and Coordination

The Consultant will continue supporting the coordination activities necessary for successful development of the SRWB. These activities include ensuring strategic alignment with the objectives of the SRWB, consistent approach on technical studies, environmental analysis, and messaging for stakeholders and partners engagement. The Consultant is anticipated to participate in the following meetings for the period July 1, 2025, through December 31, 2025:

- Water Bank Program Committee meeting – 1 each month.
- Water Bank Technical Group and other Ad-hoc meetings – 1 each month.
- Technical and planning coordination calls/meetings – 2 each week.
- Partners engagement meetings – 1 every 2 months.

Deliverables

- Monthly invoices with status reports (electronic format)
- Meeting agendas and meeting summaries (electronic format)

Task 3 - Modeling Support

The Consultant will continue development of the modeling strategy and approach to support the environmental impact analysis of the proposed project alternatives. The modeling strategy will outline the data, key modeling assumptions, tool selection, and key evaluation criteria and metrics.

The Consultant will also support development of the modeling scenarios, which will include a baseline, with Project, and Cumulative impact scenarios. It anticipated that the modeling would cover operations analysis of the CVP/SWP, groundwater analysis, American River water temperature, and Delta water quality.

The Consultant will also continue coordination of modeling execution by other consultants, which are conducted under separate contracts with RWA. This includes review and validation of modeling results and oversight of the development of modeling documentation.

The Consultant will also support the development of the approach to water banking losses and methodology, in coordination with other consultants to RWA.

Deliverables

- Review of Preliminary CalSim 3 and CoSANA Modeling Results.
- Water Banking Losses Approach and Methodology Technical Memorandum

Task 6 - Institutional Arrangements

The Consultant will continue supporting RWA and its members' decision-making on evaluating and implementing the most appropriate institutional arrangements for the SRWB governance and management. These institutional arrangements will include:

- Support how Previously Banked Water can be incorporated as a Water Bank Starting Balance in the Water Accounting System (WAS) for the benefit of Program Committee members.
- Document finding of member agencies survey about potential financial and conjunctive use operational barriers to expansion of recharge and recovery operations. This will aid in finding best management practices (BMPs) to aid member agencies.

Deliverables

- Provide comments on a revised Governance structure document incorporating WAS methodology and processes.
- Draft and Final Incorporation of Water Bank Starting Balance into the WAS Technical Memorandum
- Draft and Final Financial & Operational Barriers Assessment Technical Memorandum

Task Order No. 3

TASK	
Task 1 - Project Management and Coordination (7/1/2025 - 12/31/2025)	\$24,000
Task 3 – Modeling Support	\$36,000
Task 6 - Institutional Arrangements	\$48,000
TOTAL	\$108,000

Signatures

Regional Water Authority:

By: _____

Dated: _____

Jim Peifer, Executive Director

Khadam Consulting Inc.:

By: _____

Dated: _____

Ibrahim Khadam, President

CHANGE ORDER

Contract No. Khadam Consulting Inc, TO 4

Change Order No. 1

Effective Date: December 16, 2025

In accordance with the Services Agreement dated January 6, 2023 (“Agreement”) between the Regional Water Authority (“CLIENT”) and Khadam Consulting Inc., (“CONSULTANT”), this Change Order modified the Agreement as follows:

1. Change in Services:

- No change to services.

2. Change in Time of Performance:

- Period of Performance is extended from December 31, 2026, to May 31, 2026.

3. Change in CONSULTANT’s Compensation:

- No change to compensation.

All other terms and conditions remain unchanged.

CLIENT

CONSULTANT

Signature

Signature

Name (Printed or Typed)

Ibrahim Khadam

Name (Printed or Typed)

Date

December 16, 2025

Date

Topic: Approve Change Order #5 to Task Order #22-02 to the Agreement with Stantec Consulting Services, Inc.
Type: New Business
Item For: Consent Calendar
Purpose: Policy 300.2 - Professional Services

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 approve Change Order #6 to Task Order #22-02 to the Agreement with Stantec for professional services related to the Sacramento Regional Water Bank development project. Change Order #6 extends the period of performance from January 31, 2026 to June 30, 2026.

STAFF RECOMMENDED ACTION

Approve Change Order #6 to Task Order #22-02 to the agreement with Stantec. Change Order #6 extends the period of performance from January 31, 2026 to June 30, 2026.

BACKGROUND

Task Order 22-02 authorized Stantec to support a series of tasks as defined in the Water Bank Plan of Study to aid RWA in completion Water Bank project. The Plan of Study provides the overarching framework to develop the Water Bank project. The Plan of Study initially included the following tasks:

- Task 1 - Project Management and Coordination
- Task 2 - Plan Formulation
- Task 3 - Modeling Support
- Task 4 - Engineering and Cost Estimates (later modified to Conjunctive Use Best Management Practices (BMPs) (on hold)
- Task 5 Economic and Financial Analysis (on hold)
- Task 6 - Institutional Arrangements
- Task 7 - Environmental Compliance
- Task 8 - Sacramento Regional Water Bank Development Report
- Task 9 - Stakeholder Outreach and Involvement

To date Stantec has been authorized to aid in completion of many Water Bank Plan of Study of tasks. Change Order #6 only modifies Task Order 22-02 by extending the period of performance from August 31, 2025, to January 31, 2026 to June 30, 2026. **Change Order #6 does not change Stantec’s scope of work or compensation.**

Agenda Item 3.4



FINDING/CONCLUSION

RWA staff recommend the Executive Committee approve Change Order #6 to Task Order #22-02 to the agreement with Stantec. Change Order #6 extends the period of performance from January 31, 2026 to June 30, 2026.

FISCAL IMPACT

None

ATTACHMENTS

Attachment 1 - Stantec Change Order #6 to Task Order #22-02

CHANGE ORDER

Contract No. 1511346, TO 22-02

Change Order No. 6

Effective Date: December 16, 2025

In accordance with Article 7 of the Master Consulting Services Agreement dated February 23, 2005 (“Agreement”) between the Regional Water Authority (“CLIENT”) and Stantec Consulting Services Inc., formerly MWH Americas, Inc., (“CONSULTANT”), this Change Order modified the Agreement as follows:

1. Change in Services:

- No change to services.

2. Change in Time of Performance:

- Period of Performance is extended from January 31, 2026, to June 30, 2026.

3. Change in CONSULTANT’s Compensation:

- No change to compensation.

All other terms and conditions remain unchanged.

CLIENT

CONSULTANT

Signature

Signature

Name (Printed or Typed)

Vanessa Nishikawa, Senior Principal

Name (Printed or Typed)

Date

December 16, 2025

Date



Topic: Fiscal Year 2024/2025 Audit Report
Type: New Business
Item For: Action/Discussion
Purpose: Annual Audit Requirement

SUBMITTED BY:	Tom Hoffart Finance Director	PRESENTER:	Tom Hoffart Finance Director
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EXECUTIVE SUMMARY

Review the fiscal year 2024/25 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 2024/2025 RWA Financial Audit Report to the Board of Directors.

BACKGROUND

Presentation of the draft Fiscal Year 2024/2025 Audit Report to be made by Ingrid Shepline of Richardson & Company, LLP.

ATTACHMENTS

- Attachment 1- Audit Presentation Agenda - Fiscal Year 2024/2025
- Attachment 2- Audited Financial Statements - Fiscal Year 2024/2025
- Attachment 3- Governance Letter - Fiscal Year 2024/2025



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

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, 2025 and have issued our report thereon dated December 1, 2025. 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 July 7, 2025, 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.

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 during audit planning. However, no such weaknesses were identified during our audit.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated July 7, 2025.

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. In fiscal year 2025, the Authority implemented GASB Statement No. 101, *Compensated Absences*, which resulted in the Authority being required to accrue sick leave expected to be used for time-off as part of the compensated absences liability. Previously, only sick leave expected to be paid at separation was accrued as part of the compensated absences liability. The restatement due to the implementation of this Statement is discussed in Note 12 to the financial statements. No other new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2024/25. 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, the estimate of sick leave usage 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, 2024, the most recent measurement date, was \$214,388 which is reflected as a liability in the Authority's financial statements as of June 30, 2025. As a result of the changes in the net pension liability and related deferred inflows and outflows, the Authority's pension expense is \$194,129.

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, 2024, the most recent measurement date, was a liability of \$69,147 which is reflected as a liability in the Authority's financial statements as of June 30, 2025. As a result of the recording of the net OPEB liability and related deferred inflows and outflows, the Authority's OPEB expense is \$124,163 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 1, 2025.

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 1, 2025

REGIONAL WATER AUTHORITY
SUMMARY OF UNADJUSTED DIFFERENCES
YEAR ENDED JUNE 30, 2025

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of :			
	Total Assets	Total Liabilities	Total Net Position	Total Change in Net Position
Impact of not adjusting investment in LAIF to fair value.			\$ -	\$ -
Net Unadjusted Audit Differences - This Year	-	-	-	-
Financial Statement Caption Totals	\$ 4,390,629	\$ 2,301,028	2,089,601	\$ 134,766
Net Audit Differences as % of Financial Statement Captions	0.00%	0.00%	0.00%	0.00%

REGIONAL WATER AUTHORITY

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

JUNE 30, 2025 AND 2024

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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, 2025 and 2024, 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, 2025 and 2024 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.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, the Authority implemented Government Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 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 1, 2025 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 1, 2025

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024

The Regional Water Authority (RWA) promotes collaboration on water management and water supply reliability programs in the greater Sacramento area. The mission is to serve, represent and align the interests of regional water providers and stakeholders for the purpose of improving water supply reliability, availability, quality and affordability. The following discussion and analysis of the RWA financial performance provides an overview of the financial activities for the fiscal year ending June 30, 2025, and 2024. This discussion and analysis should be read in conjunction with the financial statements, which can be found on pages 14 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 and 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, 2025 AND 2024

Condensed Statements of Net Position

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

	<u>2025</u>	<u>Restated 2024</u>	<u>Change</u>	<u>Restated 2023</u>	<u>Change</u>
Current Assets	\$ 3,461,701	\$ 3,287,788	\$ 173,913	\$ 3,528,888	\$ (241,100)
Non-Current Assets	-	-	-	117,369	(117,369)
Capital Assets	<u>178,862</u>	<u>224,936</u>	<u>(46,074)</u>	<u>19,168</u>	<u>205,768</u>
 Total Assets	 3,640,563	 3,512,724	 127,839	 3,665,425	 (152,701)
Deferred Outflows	<u>750,066</u>	<u>706,072</u>	<u>43,994</u>	<u>731,602</u>	<u>(25,530)</u>
Total Assets and Deferred Outflows	<u>4,390,629</u>	<u>4,218,796</u>	<u>171,833</u>	<u>4,397,027</u>	<u>(178,231)</u>
Current Liabilities	1,094,127	978,949	115,178	1,423,552	(444,603)
Non-Current Liabilities	<u>1,007,419</u>	<u>1,067,705</u>	<u>(60,286)</u>	<u>510,801</u>	<u>556,904</u>
Total Liabilities	<u>2,101,546</u>	<u>2,046,654</u>	<u>54,892</u>	<u>1,934,353</u>	<u>112,301</u>
Deferred Inflows	<u>199,484</u>	<u>217,306</u>	<u>(17,822)</u>	<u>286,838</u>	<u>(69,532)</u>
Net Position:					
Invested in capital assets	-	-	-	9,246	(9,246)
Restricted	256,939	355,162	(98,223)	524,310	(169,148)
Unrestricted	<u>1,832,660</u>	<u>1,599,674</u>	<u>232,986</u>	<u>1,642,280</u>	<u>(42,606)</u>
Total net position	<u>\$ 2,089,599</u>	<u>\$ 1,954,836</u>	<u>\$ 134,763</u>	<u>\$ 2,175,836</u>	<u>\$ (221,000)</u>

Amounts for 2024 and 2023 were restated to reflect the implementation of GASB 101 to record an accrual for sick leave expected to be used, including the revision of the receivable from Sacramento Groundwater Authority for its share of the additional sick leave accrual.

Fiscal Year 2025 Compared to Fiscal Year 2024

Total current assets increased \$173,913 primarily due to increased grant activity related to the Water Efficiency Program (WEP)-Drought Relief grant, Common Interest Management Services (CIMS)-American River Terms for Ecosystem Support and Infrastructure Needs (ARTESIAN) grant and the Watershed Resilience Pilot Program grant, resulting in an increase in grants receivable of \$617,267 and a decrease in total cash and investments of \$463,214.

Capital Assets decreased \$46,074 due to the addition of a weather station offset by increases in accumulated depreciation and amortization.

REGIONAL WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024

Current liabilities increased by \$115,178 primarily due to a decrease in accounts payable and accrued liabilities related to vendor invoices for the Watershed Resilience Pilot Program grant.

Non-current liabilities decreased by \$60,286 primarily due to a decrease in the non-current portion of the lease liability related to a year of lease payments for the RWA office.

Net position increased \$134,763 due to an unrestricted net position increase of \$232,986 offset by a decrease of \$98,223 in restricted net position due to the spend down for WEP projects.

Fiscal Year 2024 Compared to Fiscal Year 2023

Total current assets decreased \$241,100, 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 \$584,245. Increased activity in the WEP, CIMS, 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 \$444,603, primarily due to decreases in the current portion of subscription program advances for the Regional Water Bank and CIMS.

Non-current liabilities increased by \$556,904, primarily due to increases in the non-current portion of subscription program advances for the CIMS 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 \$169,148 due to the spend down for WEP projects, and unrestricted net position declined by \$42,606 for a total decrease in net position of \$221,000 from the prior year.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024

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>2025</u>	<u>Restated 2024</u>	<u>Change</u>	<u>Restated 2023</u>	<u>Change</u>
Operating Revenues:					
Assessment Income	\$ 1,253,108	\$ 1,157,225	\$ 95,883	\$ 1,149,017	\$ 8,208
Subscription Program Fees	1,410,285	1,759,443	(349,158)	1,593,767	165,676
Incentives, Grants and Reimbursements	13,061,176	5,640,462	7,420,714	2,989,712	2,650,750
Other Income	10,223	38,944	(28,721)	4,907	34,037
Total Operating Revenues	<u>15,734,792</u>	<u>8,596,074</u>	<u>7,138,718</u>	<u>5,737,403</u>	<u>2,858,671</u>
Interest Income	108,091	110,806	(2,715)	75,817	34,989
Total Revenues	<u>15,842,883</u>	<u>8,706,880</u>	<u>7,136,003</u>	<u>5,813,220</u>	<u>2,893,660</u>
Operating Expenses:					
Administrative Expenses	1,908,483	2,030,770	(122,287)	2,267,126	(236,356)
Core Program Expenses	25,000	20,000	5,000	20,000	-
Subscription Program Direct Expenses	777,523	1,166,937	(389,414)	1,094,803	72,134
Grant Awards	12,977,412	5,658,517	7,318,895	2,874,022	2,784,495
Other Expenses	-	30,602	(30,602)	-	30,602
Total Operating Expenses	<u>15,688,418</u>	<u>8,906,826</u>	<u>6,781,592</u>	<u>6,255,951</u>	<u>2,650,875</u>
Interest Expense	19,702	21,054	(1,352)	2,319	18,735
Total Expenses	<u>15,708,120</u>	<u>8,927,880</u>	<u>6,780,240</u>	<u>6,258,270</u>	<u>2,669,610</u>
Change in Net Position	<u>134,763</u>	<u>(221,000)</u>	<u>355,763</u>	<u>(445,050)</u>	<u>224,050</u>
Net Position, July 1	<u>1,954,836</u>	<u>2,175,836</u>	<u>(221,000)</u>	<u>2,620,886</u>	<u>(445,050)</u>
Net Position, June 30	<u>\$ 2,089,599</u>	<u>\$ 1,954,836</u>	<u>\$ 134,763</u>	<u>\$ 2,175,836</u>	<u>\$ (221,000)</u>

Amounts for 2024 and 2023 were restated to reflect the implementation of GASB 101 to record an accrual for sick leave expected to be used.

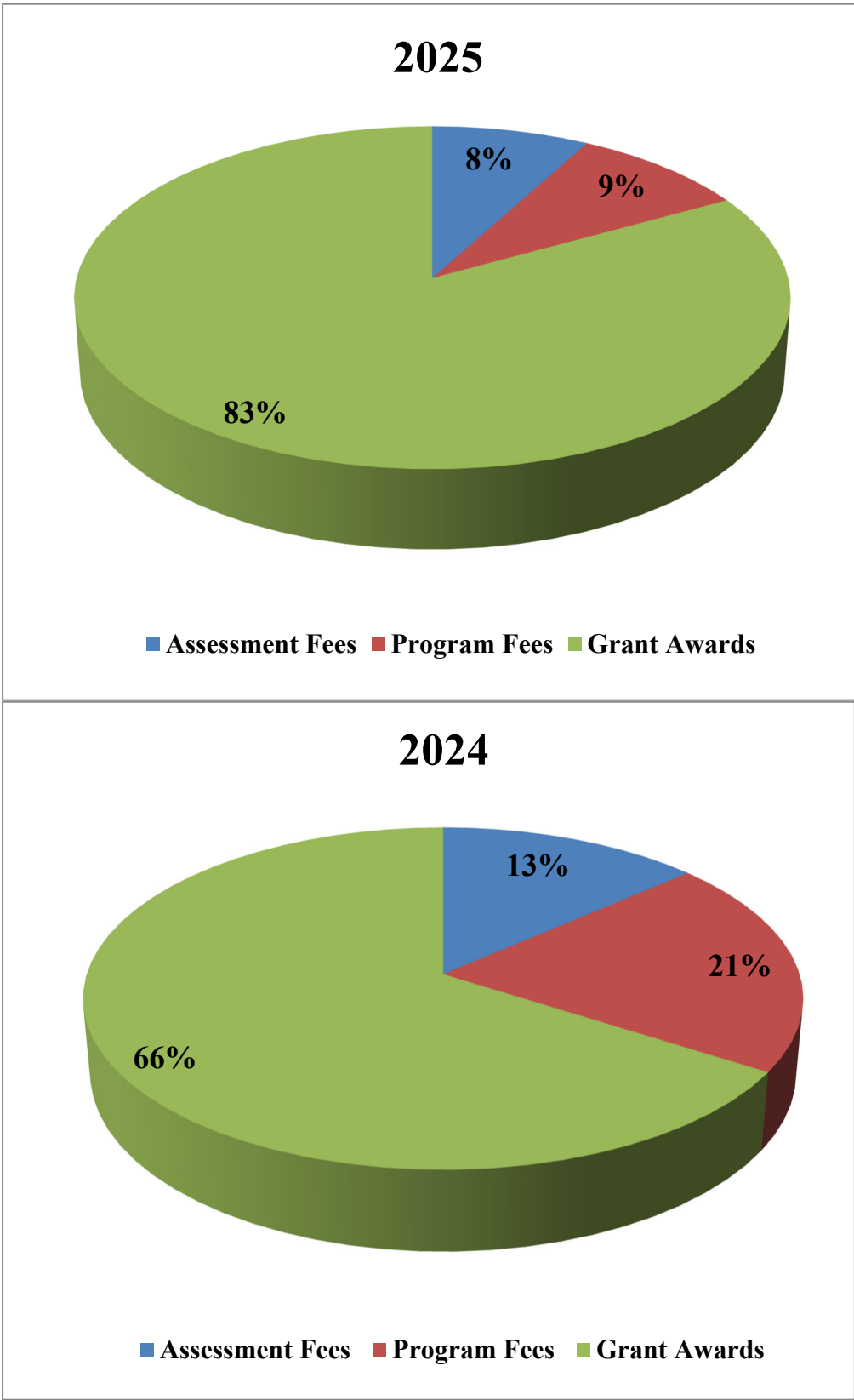
Operating Revenues

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 2025, the percentage of revenue from assessment fees decreased by 5% and program fees decreased by 12%, offset by an increase in grant awards of 17%. 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, 2025 AND 2024



REGIONAL WATER AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024

Fiscal Year 2025 Compared to Fiscal Year 2024

Total revenues – Total revenues including interest income are \$15,842,883 and was \$7,136,003 higher than the previous year. The increase is primarily the result of an increase in grant revenue of \$7,420,714 offset by other less significant decreases.

Assessment fees – The total assessment fees increased \$95,883 due to a Board approved dues rate increase of 5% and an increase in member agency retail connections.

Subscription Program Fees – During fiscal year 2025, the RWA mainly earned subscription program fees from the WEP, CIMS and Regional Water Bank. Program fees are not expected to be comparable from year to year. The program fees decreased overall by \$349,158. 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 2025, RWA earned \$13,061,176 in grant revenues from various grants, including Proposition 1 Round 1, 2021 Urban Drought Implementation grant, Regional Water Bank-Urban Planning grant, WEP-Drought Relief grant and CIMS-ARTESIAN grant. These programs contributed largely to the \$7,420,714 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 \$15,288 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 \$546,910 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 \$136,831.
4. The Watershed Resilience Pilot Program was developed to help California better handle climate change, the Department of Water Resources (DWR) launched the Watershed Resilience Program as part of the 2023 California Water Plan. As part of this program, the RWA received a grant that contributed \$739,494 to RWA during this period.
5. The WEP recognized a total of \$2,117,584 in grant revenues through the Water Efficiency Program’s portion of Proposition 1 Round 1, WEP’s Drought Relief grant and toilet/washer replacement incentives program.
6. The CIMS recognized \$9,505,069 in grant revenues from the ARTESIAN grant.

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 \$122,287 from the previous fiscal year primarily resulting from a decrease in professional fees of \$123,370.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024

Core Program Expenses – For the year ended June 30, 2025, core expenses increased by \$5,000 due to an increase in the RWA core payment to the Powerhouse Science Center exhibits.

Subscription Program Direct Expenses – During fiscal year 2025, 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 2025, RWA expended \$12,977,412 in grant awards for various grants, including Proposition 1 Round 1, 2021 Urban Drought Implementation grant, Regional Water Bank-Urban Planning grant, WEP-Drought Relief grant, CIMS-ARTESIAN grant and the Watershed Resilience Pilot Program grant. These programs contributed largely to the overall \$7,318,895 increase in grant expenses.

Fiscal Year 2024 Compared to Fiscal Year 2023

Total revenues – Total revenues including interest income are \$8,706,880 and was \$2,893,660 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 WEP, CIMS and Regional Water Bank. Program fees are not expected to be comparable from year to year. The program fees increased overall by \$165,676. 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 \$5,640,462 in grant revenues from various grants, including Proposition 1 Round 1, 2021 Urban Drought Implementation grant, Regional Water Bank-Urban Planning grant, WEP-Drought Relief grant and CIMS-ARTESIAN grant. These programs contributed largely to the \$2,650,750 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 WEP recognized a total of \$1,163,843 in grant revenues through the Water Efficiency Program's portion of Proposition 1 Round 1, WEP's Drought Relief grant and toilet/washer replacement incentives program.

REGIONAL WATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025 AND 2024

5. The CIMS recognized \$48,428 in grant revenues from the ARTESIAN grant.

Additionally, the RWA received a \$2 million grant from DWR for the Watershed Resilience Pilot 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 \$236,356 from the previous fiscal year resulting from a decrease in pension expense of \$312,631 offset by normal inflationary increases in administrative expenses.

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 2024, 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 \$5,658,517 in grant awards for various grants, including Proposition 1 Round 1, 2021 Urban Drought Implementation grant, Regional Water Bank-Urban Planning grant, WEP-Drought Relief grant and CIMS-ARTESIAN grant. These programs contributed largely to the \$2,784,495 increase in grant expenses.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024

Capital Assets

Capital assets include furniture, equipment, weather stations, 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>2025</u>	<u>2024</u>	<u>Increase</u>	<u>2023</u>
Furniture	\$ -	\$ -	\$ -	\$ 3,722
Office Equipment	18,561	18,561	-	22,190
Weather Stations	14,248	-	14,248	-
Website Development	-	-	-	15,604
Leasehold Improvements	-	-	-	14,785
Right-to-use Buildings	271,742	271,742	-	71,163
Right-to-use Equipment	-	8,944	(8,944)	8,944
Gross Capital Assets	<u>304,551</u>	<u>299,247</u>	<u>5,304</u>	<u>136,408</u>
Less Accumulated Depreciation	(16,992)	(12,646)	(4,346)	(46,674)
Less Accumulated Amortization	<u>(108,697)</u>	<u>(61,665)</u>	<u>(47,032)</u>	<u>(70,566)</u>
Total Accumulated Depreciation and Amortization	<u>(125,689)</u>	<u>(74,311)</u>	<u>(51,378)</u>	<u>(117,240)</u>
Net Capital Assets	<u>\$ 178,862</u>	<u>\$ 224,936</u>	<u>\$(46,074)</u>	<u>\$ 19,168</u>

Economic Factors and Assumptions for Fiscal Year June 30, 2026

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, 2026.

- 1) The RWA Board of Directors approved no changes to the assessment rate. 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 4.1 full-time-equivalent employees (FTE), the SGA is responsible for 3.4 FTE, the Water Efficiency Program is responsible for 0.6 FTE and the CIMS 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.
- 4) Office expenses budget includes normal inflationary-related increases.

REGIONAL WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025 AND 2024

- 5) The budget for professional fees increased due to a budgeted contribution from RWA for the American River Climate Adaptation Program and consulting expenses related to a Strategic Plan Update.
- 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 Director 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 WEP, CIMS and various other programs.
- 8) 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 Director, Regional Water Authority, 2295 Gateway Oaks Drive, Suite 100, Sacramento, CA 95833.

REGIONAL WATER AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2025 and 2024

	2025	2024 (As Restated)
ASSETS		
Current Assets		
Cash and Investments	\$ 1,177,018	\$ 1,414,813
Restricted Cash and Investments	520,605	746,024
Grants/Incentives Receivable	1,246,231	628,964
Programs Receivable	258,556	252,757
Accounts Receivable	2,426	10,201
Receivable from Sacramento Groundwater Authority (SGA)	158,027	144,650
Interest Receivable	19,294	26,944
Prepaid Expenses	79,544	63,435
Total Current Assets	3,461,701	3,287,788
Non-Current Assets		
Capital Assets, Net	178,862	224,936
Total Non-Current Assets	178,862	224,936
Total Assets	3,640,563	3,512,724
DEFERRED OUTFLOWS		
Pension	351,114	341,150
OPEB	398,952	364,922
Total Deferred Outflows	750,066	706,072
TOTAL ASSETS AND DEFERRED OUTFLOWS	4,390,629	4,218,796
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	541,878	450,105
Compensated Absences, Current Portion	113,345	103,722
Lease Liability, Current Portion	61,416	56,188
Subscription Program Advances, Current Portion	352,488	343,535
Unearned Revenue, Current Portion	25,000	25,399
Total Current Liabilities	1,094,127	978,949
Non-Current Liabilities		
Compensated Absences, Net of Current Portion	118,408	120,798
Lease Liability, Net of Current Portion	146,479	207,895
Subscription Program Advances, Net of Current Portion	383,997	388,587
Unearned Revenue, Net of Current Portion	75,000	100,000
Net Pension Liability	214,388	223,583
Net OPEB Liability	69,147	26,842
Total Non-Current Liabilities	1,007,419	1,067,705
Total Liabilities	2,101,546	2,046,654
DEFERRED INFLOWS		
Pension	26,660	14,334
OPEB	172,824	202,972
Total Deferred Inflows	199,484	217,306
NET POSITION		
Restricted	256,939	355,162
Unrestricted	1,832,660	1,599,674
Total Net Position	\$ 2,089,599	\$ 1,954,836

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, 2025 and 2024

	2025	2024 (As Restated)
OPERATING REVENUES:		
Assessment Income	\$ 1,253,108	\$ 1,157,225
Subscription Program Fees	1,410,285	1,759,443
Incentives, Grants, and Reimbursements	13,061,176	5,640,462
Other Income	10,223	38,944
Total Operating Revenues	15,734,792	8,596,074
OPERATING EXPENSES:		
Administrative Expenses	1,908,483	2,030,770
Core Program Expenses	25,000	20,000
Subscription Program Direct Expenses	777,523	1,166,937
Grant Awards	12,977,412	5,658,517
Other Expenses	-	30,602
Total Operating Expenses	15,688,418	8,906,826
OPERATING INCOME (LOSS)	46,374	(310,752)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	108,091	110,806
Interest Expense	(19,702)	(21,054)
Total Nonoperating Revenues (Expenses)	88,389	89,752
DECREASE IN NET POSITION	134,763	(221,000)
Net Position, Beginning of Year	1,954,836	2,229,441
Restatement	-	(53,605)
Net Position, Beginning of Year, as Restated	1,954,836	2,175,836
NET POSITION, End of Year	\$ 2,089,599	\$ 1,954,836

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

REGIONAL WATER AUTHORITY

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	2025	2024 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from members and participants	\$ 2,646,781	\$ 2,409,834
Cash received from SGA	897,638	786,978
Cash received from grants and other sources	12,443,909	5,280,795
Cash paid to employees, related benefits and taxes	(2,275,821)	(1,964,935)
Cash paid to suppliers	(3,921,645)	(2,981,751)
Cash paid to subscription program participants	(10,279,679)	(4,435,779)
Net Cash Used by Operating Activities	(488,817)	(904,858)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(14,248)	-
Principal payments on lease liability	(56,188)	(17,581)
Interest payments on lease liability	(19,702)	(21,054)
Net Cash Used by Capital and Related Financing Activities	(90,138)	(38,635)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on cash and investments	108,091	107,999
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(470,864)	(835,494)
CASH AND CASH EQUIVALENTS, Beginning of Year		
	2,160,837	2,996,331
CASH AND CASH EQUIVALENTS, End of Year		
	\$ 1,689,973	\$ 2,160,837
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET:		
Cash and investments	\$ 1,177,018	\$ 1,414,813
Restricted cash and investments	520,605	746,024
Total cash and cash equivalents	\$ 1,697,623	\$ 2,160,837
RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 46,374	\$ (310,752)
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	4,346	3,712
Amortization	55,976	62,262
Change in operating assets and liabilities:		
Grants/Incentives receivable	(617,267)	(359,667)
Programs receivable	(5,799)	(211,524)
Accounts receivable	7,775	34,130
Receivable from SGA	(13,377)	(44,377)
Prepaid expenses	(16,109)	(10,149)
Accounts payable and accrued liabilities	91,773	89,889
Compensated absences	7,233	23,783
Subscription program advances	4,363	(319,653)
Unearned revenue	(25,399)	(14,601)
Net pension liability	(9,195)	51,880
Net OPEB liability	42,305	144,211
Change in deferred outflows/inflows of resources for pension	(21,704)	(99,040)
Change in deferred outflows/inflows of resources for OPEB	(40,112)	55,038
Net Cash Used by Operating Activities	\$ (488,817)	\$ (904,858)
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, 2025 AND 2024

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.

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.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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.

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.

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:

	2025	2024
Valuation Date (VD)	June 30, 2023	June 30, 2022
Measurement Date (MD)	June 30, 2024	June 30, 2023
Measurement Period (MP)	July 1, 2023 to June 30, 2024	July 1, 2022 to June 30, 2023

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

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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:

	2025	2024
Valuation Date	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2024	June 30, 2023
Measurement Period	July 1, 2023 to June 30, 2024	July 1, 2022 to June 30, 2023

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

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

	2025		2024
Common Interest Management Services	\$ 448,997	\$	458,587
Regional Water Bank	213,802		193,954
Prop 84	40,848		40,848
Rachio Controller	31,626		20,223
Prop 1 Round 1	1,212		11,830
Urban Drought	-		6,680
Less: Current Portion	(352,488)		(343,535)
Non-Current Portion	\$ 383,997	\$	388,587

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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

	<u>2025</u>	<u>2024</u>
Powerhouse Science Center	\$ 100,000	\$ 125,000
Annual Assessment	-	399
Less: Current Portion	<u>(25,000)</u>	<u>(25,399)</u>
Non-Current Portion	<u>\$ 75,000</u>	<u>\$ 100,000</u>

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.

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 \$256,939 and \$355,162 as of June 30, 2025, and 2024, 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.

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.

RWA receives and administers grant awards where RWA member agencies are program participants. For program participant grant awards, RWA simultaneously recognizes revenue and expenses when the actual cash is received and distributed.

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 2025, the minimum assessment was \$4,534 and the maximum assessment was \$98,655. During 2024, the minimum assessment was \$3,819 and the maximum assessment was \$94,342.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Non-voting associate members pay an annual fee subject to adjustments by the RWA Board, during 2025 and 2024 the maximum annual fee was \$16,419 and \$15,637, respectively. RWA affiliates pay an annual fee, during 2025 and 2024 the fee was \$800.

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 paid to the program participants are presented in the financial statements as grant awards.

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 \$911,015 and \$809,849 for the years ended June 30, 2025, and 2024, respectively. At June 30, 2025, and 2024, the amount receivable from SGA was \$158,027 and \$144,650, 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.

New 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. This Statement was implemented as of June 30, 2025. The effects of implementation of this Statement are disclosed in Note 12.

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, and Budgetary Comparison Information. The provisions of this Statement are effective for the year ended June 30, 2027.

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 is currently analyzing the impact of the required implementation of these new statements.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

2. CASH AND INVESTMENTS

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

	<u>2025</u>	<u>2024</u>
Cash and Investments	\$ 1,177,018	\$ 1,414,813
Restricted Cash and Investments	<u>520,605</u>	<u>746,024</u>
	<u>\$ 1,697,623</u>	<u>\$ 2,160,837</u>

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

	<u>2025</u>	<u>2024</u>
Deposits with financial institutions	\$ 16,468	\$ 145,424
Investments in LAIF	<u>1,681,155</u>	<u>2,015,413</u>
Total cash and investments	<u>\$ 1,697,623</u>	<u>\$ 2,160,837</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, 2025, and 2024 was \$179,918,091,940 and \$179,046,993,600, 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.

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, 2025, and 2024 was approximately 248 and 217 days, respectively.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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 99% and 93% of its cash invested in LAIF for the years ended June 30, 2025, and 2024, 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, 2025, and 2024, the carrying amount of the deposits was \$16,468 and \$145,424 and the balance in financial institutions was \$4,172,221 and \$478,494, respectively. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance at June 30, 2025, and 2024, 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.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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

	2025	2024
Regional Water Bank	\$ 278,193	\$ 160,636
Powerhouse Science Center	125,000	125,000
Common Interest Management Services	76,564	226,419
Prop 84 Program Management	40,848	40,848
Water Efficiency Program	-	151,641
Regional Emergency Preparedness Program	-	41,250
Urban Drought	-	230
	\$ 520,605	\$ 746,024

3. CAPITAL ASSETS

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

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Office Equipment	\$ 18,561	\$ -	\$ -	\$ 18,561
Weather Stations	-	14,248	-	14,248
Right-of-use Asset - Buildings	271,742	-	-	271,742
Right-of-use Asset - Equipment	8,944	-	(8,944)	-
Total Capital Assets	299,247	14,248	(8,944)	304,551
Less Accumulated Depreciation	(12,646)	(4,346)	-	(16,992)
Less Accumulated Amortization	(61,665)	(55,976)	8,944	(108,697)
Total Accumulated Depreciation and Amortization	(74,311)	(60,322)	8,944	(125,689)
Capital Assets, Net	\$ 224,936	\$ (46,074)	\$ -	\$ 178,862

	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

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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.

4. LONG-TERM LIABILITIES

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

	Balance June 30, 2024 (As Restated)	Additions	Retirements	Balance June 30, 2025	Amounts Due Within One Year
Compensated Absences	\$ 224,520	\$ 143,731	\$ (136,498)	\$ 231,753	\$ 113,345
Lease Liability	264,083	-	(56,188)	207,895	61,416
Subscription Program Advances	732,122	225,204	(220,841)	736,485	352,488
Unearned Revenue	125,399	-	(25,399)	100,000	25,000
Net Pension Liability	223,583	-	(9,195)	214,388	-
Net OPEB Liability	26,842	42,305	-	69,147	-
Total Long-Term Liabilities	\$ 1,596,549	\$ 411,240	\$ (448,121)	\$ 1,559,668	\$ 552,249

	Balance June 30, 2023 (As Restated)	Additions	Retirements	Balance June 30, 2024 (as Restated)	Amounts Due Within One Year
Compensated Absences	\$ 200,737	\$ 135,471	\$ (111,688)	\$ 224,520	\$ 103,722
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	\$ 1,574,137	\$ 960,334	\$ (937,922)	\$ 1,596,549	\$ 528,844

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%.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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, ending January 2025. For purposes of discounting future payments on the leases, the RWA used the discount rate 4.75%.

The leased building 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>
2026	\$ 61,416	\$ 14,863	\$ 76,279
2027	69,056	9,512	78,568
2028	<u>77,423</u>	<u>3,504</u>	<u>80,927</u>
Total	<u>\$ 207,895</u>	<u>\$ 27,879</u>	<u>\$ 235,774</u>

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.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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:

	Employer		Employee	
	Classic	PEPRA	Classic	PEPRA
June 30, 2025	12.67%	8.18%	7.00%	8.25%
June 30, 2024	12.63%	8.00%	7.00%	8.25%

Employer contributions rates may change if plan contracts are amended. For the years ended June 30, 2025 and 2024, the employer required contributions to the plan were \$123,662 and \$109,012, respectively. RWA also made additional non-required employer pension contributions of \$77,300 for the year ended June 30, 2025 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, 2024 for the year ended June 30, 2025. The total pension liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. As of June 30, 2025, and 2024 RWA's proportionate share of the Plan's NPL was \$214,388 and \$223,583, 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, 2024, and 2023 measurement dates. The following table shows RWA's employer allocation factors for the Plan as of the fiscal years ending June 30:

2025:

Proportion - June 30, 2025	0.00443%
Proportion - June 30, 2024	0.00447%
Change – decrease	-0.00004%

2024:

Proportion - June 30, 2024	0.00447%
Proportion - June 30, 2023	0.00367%
Change – increase	0.00080%

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

For the fiscal years ended June 30, 2025, and 2024, RWA incurred a pension expense of \$194,129 and \$254,759, respectively.

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

	Deferred Outflow of Resources	
	2025	2024
Contributions after measurement date	\$ 200,962	\$ 109,012
Difference between actual and expected experience	18,536	11,422
Changes in assumptions	5,510	13,499
Net difference between projected and actual earnings on plan investments	12,342	36,200
Difference between employer contributions and the employer's proportionate share of contributions	985	1,532
Adjustments due to differences in proportions	112,779	169,485
	<u>\$ 351,114</u>	<u>\$ 341,150</u>

The \$200,962 and \$109,012 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, 2026, and 2025, respectively.

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

	Deferred Inflow of Resources	
	2025	2024
Difference between actual and expected experience	\$ 723	\$ 1,772
Differences between employer contributions and the employer's proportionate share of contributions	25,937	12,562
	<u>\$ 26,660</u>	<u>\$ 14,334</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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

2025:

Measurement Period Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2026	\$ 79,864
2027	40,612
2028	7,245
2029	(4,229)

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, 2025 AND 2024

Actuarial Assumptions

For the measurement periods ended June 30, 2024, and 2023, the TPL was determined by rolling forward the June 30, 2023, and June 30, 2022 TPL, respectively. The TPL was based on the following actuarial methods and assumptions:

For the measurement period ending June 30:

	2024	2023
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 periods ended June 30, 2024, and 2023.

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2024, and 2023 (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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

The expected real rates of return by asset class for the measurement periods ended June 30, 2024, and 2023 are as follows:

Asset Class	June 30, 2024	
	Assumed Asset Allocation	Real Return Years 1-10(a)(b)
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%)
	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.

Asset Class	June 30, 2023	
	Assumed Asset Allocation	Real Return Years 1-10(a)(b)
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%)
	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.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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, 2024, and 2023.

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, 2024 and 2023, 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:

2024:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Proportionate Share of Plan's NPL	<u>\$ 730,667</u>	<u>\$ 214,388</u>	<u>\$ (210,585)</u>

2023:

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

Payable to the Pension Plan

RWA had \$2,739 and \$2,258 in outstanding payables to the pension plan at June 30, 2025, and 2024, 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

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

CERBT offers three investment strategies for employers to choose from depending on their expected levels of return and volatility. Benefit provisions are established by RWA.

Benefits Provided

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

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

Employees Covered

As of the June 30, 2024 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, 2025, RWA's cash contributions were \$64,415 in payments to the trust, benefit payments directly to retirees net of reimbursements was \$68,641 and the estimated implied subsidy was \$12,980, resulting in total payments of \$146,036. For the fiscal year ended June 30, 2024, RWA's benefit payments directly to retirees net of reimbursements were \$69,195 and the estimated implied subsidy was \$12,534, resulting in total payments of \$81,729. These assets accumulate and are invested in the CERBT. Employees are currently not required to contribute to the plan.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

Net OPEB Liability/Asset

The net OPEB asset for June 30, 2025, and 2024, was measured as of June 30, 2024, and 2023, respectively. The total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation dated June 30, 2023 to determine the June 30, 2025, and 2024 total OPEB liability, based on the following actuarial methods and assumptions:

	2025	2024
Valuation Date	June 30, 2023	June 30, 2023
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	6.25%	6.10%
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 2021 Experience Study ⁽²⁾
Healthcare Trend	6.00% to 3.90% ⁽³⁾	6.50% decreasing to 3.90% ⁽⁴⁾

⁽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 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⁾ The healthcare trend ranges from increases of 6.00% in 2026 to 3.90% in 2075 and beyond.

⁽⁴⁾ The healthcare trend ranges from increases of 6.50% in 2025 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 weighing 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 6.25% and 6.10%, for measurement periods ended June 30, 2024, and 2023, respectively.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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	2025	2024
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, 2025 and 2024 was 6.25% and 6.10%, 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, 2025 AND 2024

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:

2025:

	Discount Rate -1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
Net OPEB liability (asset)	\$ 274,510	\$ 69,147	\$ (101,170)

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)

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:

2025:

	Medical Trend Rate -1%	Current Medical Trend Rate	Medical Trend Rate +1%
Net OPEB Liability (asset)	\$ (112,680)	\$ 69,147	\$ 290,022

2024:

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

OPEB Plan Fiduciary Net Position

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

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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, 2025, and 2024. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.44 years at June 30, 2025, and 2024.

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

For the fiscal years ended June 30, 2025, and 2024, RWA recognized OPEB expense of \$124,163 and \$88,072, respectively. As of fiscal years ending June 30, deferred outflows of resources related to OPEB are from the following sources:

	2025	2024
	Deferred Outflows of Resources	Deferred Outflows of Resources
OPEB contributions subsequent to measurement date	\$ 146,036	\$ 81,729
Changes in assumptions	60,053	76,100
Differences between expected and actual experience	179,664	121,425
Net differences between projected and actual earnings on OPEB plan investments	13,199	85,668
Total	\$ 398,952	\$ 364,922

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

	2025	2024
	Deferred Inflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 73,451	\$ 69,666
Differences between expected and actual experience	99,373	133,306
Total	\$ 172,824	\$ 202,972

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

The \$146,036 and \$81,729 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 and 2023 measurement dates will be recognized as a reduction of the net OPEB liability during the fiscal years ended June 30, 2026, and 2025, respectively. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2025:

Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2026	\$ (16,398)
2027	35,600
2028	(2,101)
2029	17,039
2030	26,726
Thereafter	19,226

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

7. BOARD DESIGNATIONS

The Board establishes and approves designations for the operating fund, membership dues stabilization fund and subscription program revenue fund on an annual basis as part of the budget process in accordance with the Financial Designation/Reserve Policy No. 500.1.

The designations as of June 30 are as follows:

<u>Board Designations</u>	2025	2024
Operating Fund	\$ 476,734	\$ 917,200
Membership Dues Stabilization Fund	184,096	169,700
Subscription Program Revenue Fund	79,179	51,656
Total Board Designations	\$ 740,009	\$ 1,158,556

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

The operating fund is designed to ensure 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 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:

<u>Coverage</u>	<u>ACWA/JPIA</u>	<u>Commercial Insurance</u>	<u>Deductible</u>
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	134,271	-	\$1,000 - \$100,000
Fidelity Insurance	-	100,000	1,000
Workers' Compensation Insurance	2,000,000	Statutory	None

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 for infrastructure projects in return for making available up to 30,000 acre-feet of water through

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

groundwater replenishment for up to 3 years. As of June 30, 2024, \$44,356,042 million is remaining to pass through to participating members.

In September 2023, RWA entered into an agreement with Stantec Consulting Services, Inc. for professional services to support the Sacramento Regional Water Bank for an amount not to exceed \$948,900. As of June 30, 2025, the remaining commitment was \$154,041.

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, 2025, the remaining commitment was \$155,125.

In July 2024, RWA entered into an agreement with Jacobs Engineering Group, Inc. for professional services to support the Watershed Resilience Pilot Program for an amount not to exceed \$1,719,675. As of June 30, 2025, the remaining commitment was \$1,056,955.

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, 2025 and 2024 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 \$42,343 and \$24,060 at June 30, 2025 and 2024, respectively.

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 2029.

REGIONAL WATER AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

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 \$911,015 and \$809,849 for the years ended June 30, 2025, and 2024 which represents 32% and 29% of RWA's total administrative expenses, respectively. Additionally, RWA relies upon subscription-based programs to pay for administration expenses of 26% for the years ended June 30, 2025, and 2024. To the extent subscription-based programs did not exist or were reduced, RWA membership dues would need to increase to fund operating expenses.

12. RESTATEMENT

RWA implemented GASB 101, Compensated Absences, for the year ended June 30, 2025. This implementation resulted in the restatement of the 2024 financial statements. Balances were restated as follows:

	As Previously Reported	Change in Accounting Principle (GASB 101)	As Restated
Net position, July 1, 2023	\$ 2,229,441	\$ (53,605)	\$ 2,175,836
Programs receivable	251,203	1,554	252,757
Receivable from SGA	115,522	29,128	144,650
Compensated absence liability	145,926	78,594	224,520
Net position, June 30, 2024	2,002,748	(47,912)	1,954,836
Change in net position, June 30, 2024	(226,693)	5,693	(221,000)

REQUIRED SUPPLEMENTARY INFORMATION

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REGIONAL WATER AUTHORITY

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

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension (asset)/liability	0.004433%	0.004471%	0.003669%	-0.015469%	0.002520%	0.001757%	0.002383%	0.003917%	0.004247%	0.012618%
Proportionate share of the net pension (asset)/liability	\$ 214,388	\$ 223,583	\$ 171,703	\$ (293,724)	\$ 106,279	\$ 70,367	\$ 89,817	\$ 154,391	\$ 147,540	\$ 346,165
Covered - employee payroll	\$ 1,011,406	\$ 938,751	\$ 847,507	\$ 711,891	\$ 598,436	\$ 511,721	\$ 536,680	\$ 466,290	\$ 365,294	\$ 592,756
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	21.20%	23.82%	20.26%	-41.26%	17.76%	13.75%	16.74%	33.11%	40.39%	58.40%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	77.97%	78.19%	88.29%	75.10%	75.26%	75.26%	73.31%	75.87%	78.40%
RWA fiduciary net position as a percentage of the RWA pension (asset)/liability	94.40%	93.42%	94.42%	110.71%	95.77%	96.82%	95.45%	90.24%	89.09%	83.50%

Notes to Schedule:

For the measurement period ended June 30, 2024, 2023, 2021, 2020, 2019 and 2016 there were 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 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.

REGIONAL WATER AUTHORITY

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

	Fiscal Year									
	<u>2024-2025</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>
Contractually required contribution (actuarially determined)	\$ 123,662	\$ 109,012	\$ 97,406	\$ 89,293	\$ 76,480	\$ 62,065	\$ 51,840	\$ 49,160	\$ 47,566	\$ 44,595
Contributions in relation to the actuarially determined contributions	200,962	109,012	134,106	125,993	113,180	77,065	114,840	91,160	89,566	181,995
Contribution deficiency (excess)	<u>\$ (77,300)</u>	<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>
Covered - employee payroll	\$ 1,024,320	\$ 1,011,406	\$ 938,751	\$ 847,507	\$ 711,891	\$ 598,436	\$ 511,721	\$ 536,680	\$ 466,290	\$ 365,294
Contributions as a percentage of covered - employee payroll	19.62%	10.78%	14.29%	14.87%	15.90%	12.88%	22.44%	16.99%	19.21%	49.82%
Contributions valuation 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
Contributions measurement date	June 30, 2023	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

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
Investment Rate of Return	6.80%	6.80%	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%
Inflation	2.30%	2.30%	2.50%	2.50%	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%
Payroll Growth	2.80%	2.80%	2.75%	2.75%	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%
Salary Increases	Varies by entry age and service									
Mortality	Most recent CalPERS Experience Study									

REGIONAL WATER AUTHORITY

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

Measurement Period	<u>2024</u>	<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	\$ 125,825	\$ 93,184	\$ 83,549	\$ 78,624	\$ 76,149	\$ 66,236	\$ 64,152	\$ 57,930
Interest Cost	95,049	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	(28,393)	140,280	-	(190,864)	-	(58,867)	-	(141,761)
Assumption Changes	89,065	(13,726)	65,842	49,216	-	(152,520)	-	139,794
Benefit Payments	(81,729)	(57,821)	(63,155)	(79,394)	(75,036)	(55,816)	(42,919)	(40,972)
Net change in OPEB Liability	199,817	239,779	159,425	(61,390)	76,820	(114,311)	99,368	86,690
Total OPEB Liability - Beginning	1,473,213	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>\$ 1,673,030</u>	<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	\$ 81,729	\$ 65,364	\$ 56,710	\$ 58,947	\$ 87,282	\$ 84,977	\$ 73,980	\$ 72,745
Net Investment Income	157,983	88,419	(211,501)	345,183	45,208	70,945	77,895	90,150
Benefit Payments	(81,729)	(57,821)	(63,155)	(79,394)	(75,036)	(55,816)	(42,919)	(40,972)
Administrative Expenses	(471)	(394)	(399)	(475)	(601)	(240)	(520)	(460)
Other Expenses	-	-	-	-	-	-	(1,297)	-
Net change in plan fiduciary net position	157,512	95,568	(218,345)	324,261	56,853	99,866	107,139	121,463
Plan fiduciary net position - Beginning	1,446,371	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>\$ 1,603,883</u>	<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>\$ 69,147</u>	<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)	95.87%	98.18%	109.52%	146.10%	109.64%	112.23%	92.78%	91.38%
Covered Payroll (d)	\$ 1,528,284	\$ 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)	4.52%	2.13%	-10.05%	-48.60%	-11.73%	-16.20%	10.16%	12.30%

Notes to Schedule:

(1) 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 Years Ended June 30

Last Ten Years

Fiscal Year Ended June 30	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC) (a)	\$ 143,291	\$ 79,297	\$ 60,646	\$ 56,710	\$ 58,626	\$ 87,603	\$ 84,977	\$ 73,980
Contributions in Relation to ADC	146,036	81,729	(65,364)	(56,710)	(58,947)	(87,282)	(84,977)	(73,980)
Contribution Deficit (Excess)	<u>\$ (2,745)</u>	<u>\$ (2,432)</u>	<u>\$ (4,718)</u>	<u>\$ -</u>	<u>\$ (321)</u>	<u>\$ 321</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll (b)	\$ 1,595,061	\$ 1,528,284	\$ 1,259,512	\$ 1,168,267	\$ 1,018,771	\$ 933,449	\$ 799,048	\$ 833,750
ADC as a % of covered employee payroll (a)/(b)	9.16%	5.35%	5.19%	4.85%	5.79%	9.35%	10.63%	8.87%

Notes to Schedule:

Valuation Date	June 30, 2023	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%	2.50%	2.75%	2.75%	2.75%	2.75%
Salary Increase	3.00%	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%	3.25%
Investment Rate of Return	6.10%	6.00%	6.50%	6.50%	6.90%	7.00%	7.00%	7.00%
Healthcare Trend	Actual 2025, 6.0% in 2026, decreasing to 3.9% in 2075	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 2021 Experience Study; Projected with MacLeod Watts Scale 2022	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:

(1) 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, 2025

	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	\$ 1,253,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,253,108
Subscription Program Fees	-	519,264	495,829	377,894	10,618	6,680	1,410,285
Incentives, Grants, and Reimbursements	739,494	2,117,584	9,505,069	136,831	15,288	546,910	13,061,176
Other Income	10,223	-	-	-	-	-	10,223
Total Operating Revenues	2,002,825	2,636,848	10,000,898	514,725	25,906	553,590	15,734,792
Operating Expenses							
Administrative Expenses	\$ 1,172,253	298,725	313,269	78,202	25,726	20,308	1,908,483
Core Program Expenses	25,000	-	-	-	-	-	25,000
Subscription Program Direct Expenses	-	287,157	187,458	302,908	-	-	777,523
Grant Awards	660,974	2,149,190	9,500,171	133,615	180	533,282	12,977,412
Total Operating Expenses	1,858,227	2,735,072	10,000,898	514,725	25,906	553,590	15,688,418
Net Operating Income	144,598	(98,224)	-	-	-	-	46,374
Nonoperating Revenues/ Expenses	88,389	-	-	-	-	-	88,389
Net Income (Loss)	\$ 232,987	\$ (98,224)	\$ -	\$ -	\$ -	\$ -	134,763
Net Position, Beginning of Year							1,954,836
Net Position, End of Year							\$ 2,089,599

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

	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	593,109	640,681	20,063	7,213	1,759,443
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	641,537	919,649	1,863,593	2,308,990	8,596,074
Operating Expenses							
Administrative Expenses	\$ 1,295,910	304,420	290,573	77,747	44,630	17,490	2,030,770
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	-	-	-	-	-	30,602
Total Operating Expenses	1,346,512	1,831,368	636,714	919,649	1,863,593	2,308,990	8,906,826
Net Operating Income	(146,427)	(169,148)	4,823	-	-	-	(310,752)
Nonoperating Revenues/ Expenses	89,752	-	-	-	-	-	89,752
Net Income (Loss)	\$ (56,675)	\$ (169,148)	\$ 4,823	\$ -	\$ -	\$ -	(221,000)
Net Position, Beginning of Year							2,229,441
Restatement							(53,605)
Net Position, Beginning of Year, as Restated							2,175,836
Net Position, End of Year							\$ 1,954,836

REGIONAL WATER AUTHORITY

SCHEDULE OF ALLOCATED ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

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, 2025 is:

	Staff Expenses	Office Expenses	Professional Fees	Total Administrative Expenses
RWA Administrative Expenses	\$ 2,296,852	\$ 219,074	\$ 303,572	\$ 2,819,498
Allocated to Sacramento Groundwater Authority	(776,490)	(105,622)	(28,903)	(911,015)
Total RWA Administrative Expenses - Net of SGA allocation	1,520,362	113,452	274,669	1,908,483
Allocated Administrative Expenses to Subscription Programs				
Water Efficiency Program	(274,134)	(20,612)	(3,979)	(298,725)
Common Interest Management Services	(286,214)	(20,612)	(6,443)	(313,269)
Regional Water Bank	(78,202)	-	-	(78,202)
Prop 1 Round 1	(25,726)	-	-	(25,726)
Urban Drought	(20,308)	-	-	(20,308)
Total Allocated Administrative Expenses - Subscription Programs	(684,584)	(41,224)	(10,422)	(736,230)
Net Agency Administrative Expenses - Agency Core Program	\$ 835,778	\$ 72,228	\$ 264,247	\$ 1,172,253

REGIONAL WATER AUTHORITY

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

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	\$ 2,173,831	\$ 239,846	\$ 426,942	\$ 2,840,619
Allocated to Sacramento Groundwater Authority	(664,345)	(80,894)	(64,610)	(809,849)
Total RWA Administrative Expenses - Net of SGA allocation	<u>1,509,486</u>	<u>158,952</u>	<u>362,332</u>	<u>2,030,770</u>
Allocated Administrative Expenses to Subscription Programs				
Water Efficiency Program	(275,860)	(17,904)	(10,656)	(304,420)
Common Interest Management Services	(263,083)	(16,834)	(10,656)	(290,573)
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	<u>(678,810)</u>	<u>(34,738)</u>	<u>(21,312)</u>	<u>(734,860)</u>
Net Agency Administrative Expenses - Agency Core Program	<u>\$ 830,676</u>	<u>\$ 124,214</u>	<u>\$ 341,020</u>	<u>\$ 1,295,910</u>

OTHER REPORT

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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, 2025, and the related notes to the financial statements, which collectively comprise RWA's basic financial statements, and have issued our report thereon dated December 1, 2025.

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 1, 2025

REGIONAL WATER AUTHORITY
AUDIT PRESENTATION AGENDA

December 16, 2025

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

Independent Auditor's Report

- Unmodified (clean) opinion
- Reference made to new accounting principle related to compensated absences

Discussion of financial statements

Statements of Net Position (page 14)

- \$736,485 unexpended subscription program advances from members
- Unrestricted net position of \$1,832,660 (portion designated by Board)

Statements of Revenues, Expenses (page 15)

- Increase in grant revenue of \$7.4 million, increased grant awards of \$7.3 million
- Net income of \$134,763—added to reserves

Note 1, Subscription Program Advances/Unearned Income (page 19)

- Advances to be expended by program

Note 5, Pension Plan (pages 26 to 32)

- Pension liability decreased slightly to \$214,388— no significant changes in actuarial assumptions

Note 6, Other Postemployment Benefits Plan (pages 32 to 39)

- OPEB liability of \$69,147 – plan mostly funded

Net Position Restrictions and Designations (page 39)

- Operating fund of 4 to 6 months

Note 9, Commitment (page 40)—ARTESIAN grant remaining to be passed through of \$44 million

Note 12, Restatement (page 42)—Reduced net position by \$53,605 for sick leave expected to be used

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



Topic: Budget Amendment for PPIC Sponsorship
Type: New Business
Item For: Action
Purpose: Policy 500.11 (Budget Policy)

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

This is an action item for the Executive Committee to recommend approval of a budget amendment of up to \$50,000 for a sponsorship of Public Policy Institute of California’s (PPIC) Accounting for Water initiative, which allows for the collection of funds and disbursement to PPIC.

STAFF RECOMMENDED ACTION

Recommend approval to the Board of Directors a budget amendment of up to \$50,000 for a sponsorship to PPIC.

BACKGROUND

The PPIC is requesting financial support from RWA members in the form of a sponsorship for their “Accounting for Water.” Many members are interested in sponsoring the initiative, as well as the Water Forum and the Environmental Council of Sacramento. Members have requested that the RWA invoice them and RWA send the payment to PPIC.



Topic: Revisions to Policies 200.1 (Rules for Proceedings of the Board of Directors) and 500.13 (Business Expense Reimbursement)

Type: New Business

Item For: Action

Purpose: Policies 200.1 and 500.13

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

This is an action item for the Executive Committee to consider and recommend approval to the Board of Directors revisions to Policies 200.1 and 500.13.

STAFF RECOMMENDED ACTION

Recommend approval of revisions to Policies 200.1 and 500.13 to the Board of Directors.

BACKGROUND

Policy 200.1 (Rules for Proceedings of the Board of Directors)

SB 707, recently signed by the Governor, has modified the Brown Act to allow Board and committee members to attend meetings remotely if they require reasonable accommodations for a disability. The proposed changes identify that and the conditions that need to be met required by SB 707. In addition, SB 707 allows for the removal of participants from virtual meeting platforms if they are engaged in disruptive behavior. The draft includes language that addresses that potential situation.

500.13 (Business Expense Reimbursement Policy)

Staff is proposing revisions to Policy 500.13 to improve clarity and to establish some additional fiscal controls such as setting cost limits for food away from home during travel.

ATTACHMENTS

- Attachment 1- Draft Policy 200.1
- Attachment 2- Draft Policy 500.13

REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Fiscal Management
Policy Title : Business Expense Reimbursement Policy
Policy Number : 500.13
Date Adopted : July 13, 2003
Date Amended : May 17, 2012 ~~May 12, 2022 (reviewed by staff)~~
March 14, 2024
January, 2025

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Business Expense Reimbursement Policy

In determining the eligibility of incurred expenses for reimbursement, the principle applied is that an RWA employee will neither lose nor profit by incurring expenses while on RWA business. An employee who has received direction or authorization by either the Executive Committee or the Executive Director to attend a conference, meeting, seminar, workshop or other event, that is mutually beneficial to the employee and RWA may incur expenses that will be reimbursed by RWA. Reimbursements will conform to an "Accountable Plan" under IRS regulations using guidelines defined in IRS Publication 463 (Travel, Entertainment, Gift and Car Expenses). ~~In such cases, t~~

The Policy is not intended to address every expense, issue, exception, or contingency that may arise. Accordingly, the basic standard that should always prevail is to exercise good judgment in the use and stewardship of RWA's resources. The following guidelines will be applied to determine eligibility of expenses incurred for reimbursement by RWA:

A. RWA shall not pay any expenses for a spouse or guests, or for expenses unrelated to RWA business or a conference, meeting, seminar, workshop or event that has not been pre-approved.

Commented [JH1]: What is the intent here? Should this state "a conference, meeting, seminar, workshop or event that has not been pre-approved"?

~~A-B.~~ The Executive Director will have discretion to determine the conference, meeting, seminar, workshop or other events ~~meetings and conferences~~ that may be attended ~~within California and adjacent states~~ that are related to RWA activities. ~~The Executive Director will report to the Executive Committee on upcoming conferences for which RWA will be reimbursing employee expenses.~~

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~~B-C.~~ The employee attending a conference for which RWA provided reimbursement of expenses will report (including a brief discussion of the substance of the matters discussed) to the Executive Director and/or the Executive Committee.

~~C-D.~~ Prohibited purchases include: alcoholic beverages, with the exception of those instances where the beverages are included in the registration fee for a

conference or related event, training sessions or similar events; or any good or service that is solely for an individual's personal use and not in furtherance of a legitimate RWA objective purpose.

1) Requests for reimbursement will be submitted on the form provided by RWA for each reimbursable event, on a monthly basis, or when determined appropriate by the Executive Director, and will include the information required to make the reimbursement conform to an "Accountable Plan" under IRS regulations, guidelines and per diem rates for an accountable expense reimbursement plan as defined in the IRS's Publication 463 ("Travel, Entertainment, Gift and Car Expenses") and Publication 1542 ("Per Diem Rates (For Travel Within the Continental United States)"). The business purpose of expenses will be documented. For meals, itemized receipts and a list of attendees will be submitted. Credit card slips and other cash receipts will be attached whenever possible. Reports should be received within thirty five days of the event, or close of each month when filing on a monthly basis.

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Reasonable business expenses for transportation, meals, lodging, parking, tolls, phone calls, fax and tips and other reasonable business expenses will be reimbursed as stated in this Policy and in compliance with IRS Publication 463 (Travel, Entertainment, Gift and Car Expenses). IRS requires that the business purpose of the function be noted. Guidelines for specific expenses are as follows:

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A. Transportation: Employees shall select the mode of transportation that is the most economical and reasonable. Any exceptions to this standard must be approved in writing by the Executive Director.

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Airfare:

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I. Employees shall be reimbursed for actual expenditures for the lowest available reserved seat economy fares. Reserved seat economy fares shall include baggage fees and the option to select make flight changes or cancellations at no additional cost.

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II. Reimbursement will be based upon actual expenditures for coach class fares. If an employee's flight is cancelled or the employee must change their scheduled flight due to circumstances related to RWA business, the employee shall be reimbursed for actual additional expenditures, if any, resulting from the employee's booking of an alternative flight.

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Automobiles:

I. Employees shall be reimbursed for actual expenditures on car rentals that are reasonable and economical, which shall generally mean the lowest available daily rental rate for a compact car rented for the time period required for RWA business.

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II. Personal automobile usage for RWA purposes will be reimbursed based on current IRS guidelines and rates in effect at the time of travel. IRS regulations stipulate that mileage to/from the employee's residence and RWA's office should be deducted from mileage driven to/from work

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~~functions, when determining reimbursable mileage. If an employee works from home for the convenience of RWA, they will not be required to deduct mileage driven to/from their residence and RWA's office.~~

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~~B. Lodging: The mode of transportation that should be selected should be the most economical and reasonable, with any exceptions for a compelling reason being approved by the Executive Director.~~

I. Employees shall attempt to make lodging arrangements at the hotel where a meeting or conference is being held. Employees shall be reimbursed for actual expenditures amounting to no higher than the preferred conference or meeting hotel block rates, but employees are required to conduct a reasonable search to identify the lowest rate available for the accommodations. If the accommodations are available for lower than the block rate, the employee shall book the accommodations for the lower rate. If accommodations are not available at the block rate or lower, such accommodations must be approved in writing by the Executive Director.

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C. Meal Expenses:

a) Meal expenses, including gratuity, shall be reimbursed in accordance with current IRS published Maximum Federal Per Diem Rates in effect for the highest cost area in California. Any exceptions must be approved in writing by the Executive Director.

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~~3) Prohibited purchases include: alcoholic beverages, with the exception of those instances where the beverages are included in the registration fee for a conference, training session or similar event; and any good or service that is solely for an individual's personal use and the purchase is not in furtherance of a legitimate RWA objective. Reimbursement will be made for the following expenses up to the maximum limit set by the annual budget or RWA policy, provided that reimbursement will not be provided for expenses that exceed the limitations allowed in an Accountable Plan. Such limits may not be exceeded without prior approval:~~

~~a) registration, hotel, airfare and/or mileage, parking and meals for authorized conferences and meetings, as further provided below.~~

~~b) airfare reimbursement will be based upon actual expenditures for coach class fares;~~

~~e) preferred conference or meeting hotel rates should be used when available; and~~

~~d) mileage will be reimbursed at the current IRS rates.~~

~~RWA pays no expenses for a spouse or guests, or for expenses unrelated to approved conference or meeting activities.~~

Documentation required under this Policy and in compliance with IRS Publication 463 (Travel, Entertainment, Gift and Car Expenses):

- A. Requests for reimbursement will be submitted by employees and approved by the Executive Director through the RWA expense reporting software on a monthly basis or when determined appropriate by the Executive Director. The Finance Director will approve the Executive Director's submission in the RWA expense reporting software; however, the RWA Chair will receive a detailed list of transactions made by the Executive Director to review, consider and approve. Submissions should be received within thirty-five business days of month close, unless an extension is approved by the Executive Director or RWA Chair.
- B. Itemized receipts and documentation of the business purpose are required for expense reimbursement. In instances where receipts are not issued or lost, documentation is required in the RWA expense reporting software and submitted by the employee and approved at the discretion of the Executive Director.
- C. Meal reimbursement documentation should include the business purpose, list of attendees (or group name for large meetings) and itemized receipts.
- D. Mileage reimbursement documentation should include the business purpose, locations driven and calculation of mileage showing the total miles driven and deduction of the roundtrip miles between the employee's residence and the RWA office.

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Meetings that may be attended for which reimbursement will be provided under this Policy include the following:

- A. Conferences, seminars and other meetings of the Association of California Water Agencies (ACWA), including the ACWA D.C. conference in Washington D.C.; conferences of the American Water Works Association; conferences of the Groundwater Resources Association, WaterSmart Innovations annual conference; and conferences of the National Water Resources Association;
- B. Meetings and conferences of the Sacramento Metro Chamber, including the Cap-to-Cap trip, and
- C. Other meetings that are related to RWA activities that have been approved by line item in the RWA-approved budget, or that have otherwise been approved by the Executive Committee.

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REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

Policy Type : Board of Directors
Policy Title : Rules for Proceedings of the Board of Directors
Policy Number : 200.1
Date Adopted : September 12, 2002
Date Amended : November 4, 2004;
September 13, 2012;
May 2, 2019;
September 14, 2023
January __, 2026

RULES FOR PROCEEDINGS OF THE BOARD OF DIRECTORS

INTRODUCTION

These are the rules for proceedings of meetings of the Board of Directors of the Regional Water Authority (“Authority”), which are authorized by Section 17 of the Joint Exercise of Powers Agreement forming the Authority, dated July 1, 2001 (“JPA Agreement”). The purposes of these rules are to facilitate public participation during meetings of the Board, protect the rights of all Directors, and to provide a process for conducting Board meetings in an orderly and efficient manner. The provisions of the JPA Agreement, the Community Services District Law (see Section 7.a.12 of the JPA Agreement, and Government Code sections 61000, et seq.), the Brown Act (Government Code section 54950, et seq.) and any other law governing the powers and/or proceedings of the Authority will control over any inconsistent provision contained in these rules.

RULE 1 - SELECTION OF OFFICERS

The Chair and Vice-Chair of the Board will be elected by the members of the Board for a one-year term commencing immediately upon conclusion of the meeting where the election was held. The election will be held prior to January 31 each year. The procedures that the Board will follow for the election of Chair and the Vice-Chair are set forth in the “Procedures for Selection of the Executive Committee of the Board of Directors and the Chair and the Vice-Chair of the Executive Committee and the Board of Directors” (attached as **Exhibit 1**, as amended by the Board from time to time, “Election Procedures”).

The Board will by majority vote appoint, considering the recommendation of the Executive Director of the Authority, a Secretary and a Treasurer, who will serve at the

pleasure of the Board. (See JPA Agreement Section 18, and Government Code sections 61002 and 61050(b).)

RULE 2 - DUTIES OF CHAIR OF BOARD

The Chair of the Board of Directors will be its presiding officer. (See JPA Agreement Section 18, and Government Code section 61043(b).) The Chair's duties will include, but not be limited to, the following: acting as the liaison between the Executive Director and the Board and the Executive Committee, calling special meetings of the Board and the Executive Committee, presiding over meetings of the Board and the Executive Committee, establishing and appointing committees of the Board and the Executive Committee (except that, the members of the Executive Committee will be appointed in accordance with the procedures set forth in the Election Procedures), and appointing representatives of the Authority to associations of which the Authority is a member. The Board will appoint representatives of the Authority to joint powers authorities of which the Authority is a member. In the Chair's absence, the Vice-Chair of the Board will perform such duties. (See JPA Agreement Section 18.)

RULE 3 - TIME AND PLACE FOR REGULAR MEETINGS

The regular meeting of the Board of Directors will be held at a location within the Authority as designated by the Board of Directors from time to time. The dates and times of those regular meetings also will be as designated by the Board of Directors from time to time, with regular meetings generally occurring at least on the second Thursday of odd-numbered months. If a regular meeting falls on a holiday (as listed in Government Code section 6700), the meeting will be held on the day designated by the Board or the Executive Committee. (See Government Code section 54954(a).)

RULE 4 - QUORUM REQUIREMENTS

A majority of all of the members of the Board will constitute a quorum for the transaction of business. (See JPA Agreement Section 13.)

RULE 5 - MAJORITY VOTE

A majority of all of the members of the Board will be required to approve any resolution or motion, unless a different voting requirement to approve a particular action is specified under State law or the JPA Agreement. (See JPA Agreement Section 13.)

RULE 6 - WHAT CONSTITUTES AN AFFIRMATIVE VOTE

Unless a Director is not voting because of a conflict of interest, a Director who is present will be deemed to have voted in the affirmative on a matter unless the Director votes against the measure by casting a "no" vote. An "abstain" vote will constitute an "aye" vote. (See *Dry Creek Valley Association, Inc. v. Board of Supervisors* (1977) 67 Cal.App.3d 839.) When calling for the vote on a motion, the Chair of the Board may (1) ask for the "aye" and "no" votes, or (2) ask if there is any opposition, since the remaining

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Directors present will be deemed to have voted in the affirmative unless they are not voting due to a conflict of interest.

RULE 7 - CONFLICTS OF INTEREST

A member of the Board may not make, participate in making or in any way attempt to use his or her official position to influence a decision of the Board of Directors in which he or she knows or has reason to know that he or she has a financial interest. (Government Code section 87100.) Generally, a Director has a financial interest in a matter if it is reasonably foreseeable that the Board decision would have a material financial effect (as defined by the Fair Political Practices Commission's [FPPC] regulations) that is distinguishable from the effect on the public generally, involving dollar amount set by FPPC regulations from time to time, on (a) a business entity in which the Director has a direct or indirect investment, in the amount specified in FPPC regulations, (b) real property in which the Director has a direct or indirect investment interest, with a worth in the amount specified in FPPC regulations or, (c) a source of income of the Director, in the amount specified in FPPC regulations, within twelve months before the Board decision, (d) a source of gifts to the Director, in the amount specified in FPPC regulations, within twelve months before the Board decision, or (e) a business entity in which the Director holds a position as a director, trustee, officer, partner, manager or employee. An "indirect interest" means any investment or interest owned by the spouse or dependent child of the Director, by an agent on behalf of the Director, or by a business entity or trust in which the Director, or the Director's spouse, dependent child or agent owns directly, indirectly or beneficially a ten percent interest or greater. (Government Code section 87103.)

If a member of the Board believes he or she may be disqualified from participation in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be used: (a) if the Director becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Director will notify the Executive Director of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest; (b) if it is not possible for the Director to discuss the potential conflict with the Executive Director before the meeting, or if the Director does not become aware of the potential conflict until during the meeting, the Director will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest; and (c) upon a determination that a disqualifying conflict of interest exists, the Director (1) will not participate in the discussion, deliberation or vote on the matter for which a conflict of interest exists; and (2) unless the matter has been placed on the consent calendar, leave the Board room until after the discussion, vote or any other disposition of the matter has been concluded, except that the Director may speak on the matter during the time that the general public speaks on the matter. In such a case, the Board minutes will state: "Due to a potential conflict of interest, Director _____ left the boardroom and did not participate in the discussion, deliberation or vote on this matter."

RULE 8 - MOTIONS

The three steps for bringing a motion before the Board are: (a) a Director makes a motion, (b) another Director seconds the motion, and (c) the Chair states the motion. Once the motion has been stated by the Chair, it is open to formal discussion. While only one motion can be considered at a time, and a pending motion must be disposed of before any other question is considered, (a) a pending motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded, or by a new motion (and second) "to amend" the pending motion, which is then approved by the Board, or (b) a pending motion may be tabled before it is voted on by motion (and second) made "to table," which is then approved by the Board, or (c) a pending motion may be rejected without further discussion or action by a motion (and second) "of objection to consideration," which is then approved by the Board, or (d) further discussion of a pending motion can be terminated by a motion (and second) "to call the question," which is then approved by the Board. Any Director, including the Chair, may make or second a motion.

RULE 9 - PROTECTION OF RIGHTS OF DIRECTORS

One of the primary purposes for these rules of procedure is to protect the rights of all Directors. The Chair will allow each Director a reasonable opportunity to discuss a motion, after it has been made and seconded, and before it has been voted on. The Chair can set reasonable time limits for discussion of a motion. A Director can object to a procedural ruling by the Chair by stating: "Mr./Madam Chair, I rise to a point of order." The Chair must then ask the Director to state the point of order. The Chair will then rule on the point of order. The Chair's ruling on a point of order may be appealed by a motion made and seconded to appeal the decision, which is then voted on by the Board.

In order to ensure that the Board's discussions and deliberations during a public meeting can be heard by other Board members and the public, Directors should refrain from engaging in other than oral communications on Authority matters during a Board or committee meeting (e.g., refrain from using written, electronic or telephonic communications that are not made available to other Board members and to the public).

RULE 10 - RECORD OF VOTE

Except where action is taken by the unanimous vote of all Board members present and voting, the ayes and noes taken upon the passage of all resolutions or motions will be entered upon the minutes. (See Government Code section 61045(d).)

RULE 11 - AGENDA AND AGENDA MATERIALS

The Executive Director will be responsible for preparing the agenda for regular Board meetings and meetings of the Executive Committee and other standing committees (see Government Code section 54952 and Rules 21 and 22), and having it posted at the Authority office in a location freely accessible to the public no later than seventy-two hours before a regular meeting. The Executive Director will also be responsible for preparing

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the agenda for *ad hoc* advisory committee meetings. The agenda will specify the time and location of the meeting and contain a brief, general description of each item of business to be transacted or discussed at the meeting, including closed session items. (See Government Code section 54954.2.) Any member of the Board may request that the Executive Director place an item for discussion or action on the agenda. In order to allow sufficient time to prepare the agenda and back-up materials, the deadline for adding items to the agenda for a regular meeting will be at noon, five working days before the meeting.

An agenda for a regular or special Board meeting will contain the following statements: (a) "The public shall have the opportunity to directly address the Board on any item of interest either 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." (See Government Code section 54954.3(a).); (b) "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." (See Government Code section 54957.5(b)(2).); and (c) "In compliance with the Americans with Disabilities Act, if you have a disability and you need a disability-related modification or accommodation to participate in this meeting, then please contact the Executive Director of the Authority. Requests must be made as early as possible, and at least one-full business day before the start of the meeting." (See Government Code section 54954.2 (a).)

The Public shall be provided the option to attend and participate in Board meetings and Executive Committee meetings via a two-way audiovisual platform, such as Zoom, GoToMeeting, or MS Teams.

Additional statements may be added to the agenda from time to time as recommended or deemed advisable by the Board Chair, Executive Director or General Counsel.

RULE 12 - REQUESTS FOR COPIES OF AGENDAS AND AGENDA MATERIALS

Any person may request the Authority to mail or electronically transmit to him or her a copy of the agenda or agenda packet for any meeting of the Board. When the Authority receives such a request, the Executive Director will transmit copies of the requested materials (except for documents that are exempt from disclosure under the Public Records Act) to the requesting party at the time that the agenda is posted or when the agenda packets are distributed to a majority of the Board members, whichever occurs first. Any request for copies of agendas or agenda packets for all Board meetings in a given year will be valid for the calendar year in which the request is submitted, and the request must be renewed after January 1 of each year in which it is to remain in effect. (Government Code section 54954.1.)

Documents that are distributed to all or a majority of the members of the Board by any person in connection with a matter subject to discussion or consideration at a regular

or special meeting of the Board will be disclosable public records under the California Public Records Act (commencing with Government Code section 6250), and will be made available upon request by a member of the public without delay, except as to documents that are exempt from disclosure under the Public Records Act. Documents that are distributed during a regular or special Board meeting that are subject to disclosure under the Public Records Act will be made available for public inspection at the meeting, if prepared by the Authority or a member of the Board, or after the meeting, if prepared by some other person. The Authority may charge a fee for responding to requests for copies of agendas, agenda packets or other documents, which fee will be limited to the Authority's copying and postage costs. (See Government Code section 54957.5(a) and (b).)

Public documents and materials that are related to an open session agenda item that are provided to the Board less than seventy-two hours before a regular meeting will be made available for public inspection and copying at the Authority's office during normal business hours. These documents also may be made available on the Authority's web site. (See Government Code section 54957.5.)

Upon request, the agenda and other documents referred to in this rule will be made available in an appropriate alternative format to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. section 12132) and the federal rules and regulations adopted in implementation thereof. (See Government Code sections 54954.1, 54954.2(a) and 54957.5(b).) The Authority will not charge a special surcharge to provide documents requested in an alternative format by a person with a disability in accordance with the Americans with Disabilities Act and its implementing regulations. (See Government Code section 54957.5(c).)

The Authority may record its meetings for the sole purpose of assisting staff with the preparation of minutes. If RWA records a meeting, it will retain the recording for at least thirty days following the meeting or Board or committee approval of the minutes, whichever occurs later, after which the recording may be erased or destroyed. The public may inspect the recording on a playback device made available by the Authority, without charge. (See Government Code section 54953.5(b).)

RULE 13 - AUTHORITY TO ACT ON MATTERS NOT ON THE AGENDA

The Board will not take action on or discuss any item not appearing on the posted agenda, except under the following conditions, in which cases the item will be publicly identified before discussion begins: (a) upon a determination by a majority of the Board that an emergency situation exists as provided in Rule 26; (b) upon a determination by a two-third vote of the Board members present at the meeting, or, if less than two-thirds of the members of the Board are present, a unanimous vote of those members present, that the need to take immediate action became apparent after the agenda was posted; or (c) the item was posted for a prior meeting of the Board occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken. (See Government Code sections 54954.2 and 54956.5.)

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RULE 14 - CONSENT CALENDAR

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.

RULE 15 - ORAL INFORMATIONAL REPORTS

Any member of the Board may make an oral report at a regular meeting for the purpose of informing the Board of any matter of interest to the Authority. The Board may also call on the Executive Director, Authority staff or Authority legal counsel for oral informational reports on matters not on the agenda. Unless the Board makes the determinations required under Rule 13, there will be no more than limited discussion, and no action, on matters covered in such oral reports. (See Government Code section 54954.2(a).)

RULE 16 - PUBLIC FORUM AND COMMENT

Every agenda for a regular meeting will provide an opportunity for members of the public to directly address the Board on items of interest that are within the subject matter jurisdiction of the Board and that do not appear on the agenda. This agenda item will be described substantially as follows: "Opportunity for public comment on non-agenda items." During the Public Forum, the Board may, at its discretion, not respond, briefly respond to statements made or to questions posed by the public, or ask Authority staff for clarification, refer the matter to Authority staff or ask Authority staff to report back at a future meeting. (See Government Code sections 54954.2 and 54954.3.) The Board will not take action on any matter raised during the Public Forum, unless the Board first makes the determinations set forth in Rule 13. In order to facilitate public participation during the Public Forum session of the meeting, the Board may limit the total amount of time allocated for public comment on a particular issue (10 minutes or less will normally be standard), and may limit the time allocated for public comment of an individual speaker (3 minutes or less will normally be standard). The Chair may declare as out of order irrelevant, repetitious or disruptive comments. (See Government Code section 54954.3.)

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. (See Government Code section 54954.3(a).)

These rules are not intended to prohibit public criticism of policies, procedures, programs or services of the Authority, or of the acts or omissions of the Board. (See Government Code section 54954.3(c).)

In the event that any meeting is willfully interrupted by a group or groups of persons so as to render the orderly conduct of such meeting unfeasible, and order cannot be restored by the removal of individuals who are willfully interrupting the meeting, the Board may order the meeting room cleared and continue in session. Only matters appearing on the agenda may be considered in such a session. Representatives of the press or other news media, except those participating in the disturbance, will be allowed to attend any session held pursuant to this section. Nothing in this section will prohibit the Board from readmitting an individual or individuals not responsible for disturbing the orderly conduct of the meeting. (See Government Code section 54957.9.)

The Chair of the Board, or their designee, Board may remove, or cause the removal of, an individual for disrupting an RWA meeting. This authority extends to may remove or limit participation from individuals attending meetings remotely who are engaging in disruptive behavior. Prior to removing an individual, the Chair, or their designee, shall warn the individual that their behavior is disrupting the meeting and the failure to cease their behavior may result in their removal. The Chair, or their designee, may then remove the individual if they do not promptly cease their disruptive behavior. (See Government Code section 54957.95.)

It is the general policy of the Board to refer to the Executive Director for resolution of complaints received from members of the public. If the complaint cannot be resolved, the Executive Director will place it on a meeting agenda for consideration by the Board.

RULE 17 - PUBLIC HEARINGS

The procedure for conducting public hearings during a meeting of the Board will be as follows: (a) no earlier than the time set for the public hearing, the Chair of the Board will declare the public hearing open; (b) the Chair will ask the Executive Director whether notice of the public hearing has been given in the manner required by law; (c) the Chair will ask the Executive Director whether written comments on the subject matter of the public hearing have been received; (d) the Chair will ask whether any member of the public wishes to present written or oral comments on the subject of the public hearing; (e) in its discretion, the Board may set time limits on the amount of time an individual speaker is allowed to comment orally during the public hearing; and (f) following the close of presentation of comments, the Chair will declare the public hearing closed. The Board may continue a public hearing from time to time in accordance with the procedures provided in Rule 18. (See Government Code section 54955.1.) If otherwise permitted by law, the Board may take action related to the subject matter of the public hearing after the hearing is closed.

RULE 18 - ADJOURNMENT

A meeting of the Board will be adjourned by (a) loss of a quorum, (b) by motion made, seconded and approved to adjourn the meeting, or (c) by declaration of the Chair that the meeting is adjourned when the agenda has been completed and there is no further business to come before the Board. A regular or special meeting of the Board

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may also be adjourned for the purpose of continuing it to a specific day and time (a) by motion made, seconded and approved, (b) by approval of less than a quorum if a quorum is not present, or (c) by the Secretary of the Board if all members are absent from any regular or adjourned regular meeting. A copy of the order or notice of adjournment to continue a meeting to another date will be conspicuously posted on or near the door of the Authority boardroom or other location where the meeting was held within twenty-four hours after the time of adjournment. (See Government Code section 54955.)

RULE 19 - SPECIAL MEETINGS

A special meeting may be called at any time by the Chair, by the Executive Committee or by a majority of the members of the Board, by delivering personally or by any other means, including mail, facsimile and electronic mail, written notice to each member and to each newspaper, radio or television station requesting notice in writing. Such notice must be received at least twenty-four hours before the time of such meeting as specified in the notice (except as to emergency meetings, in which case, the notice requirements specified in Rule 26 will be followed). Electronic mail will constitute notice of a special meeting only if the recipient confirms receipt, and it will be deemed to be received at the time of such confirmation. The call and notice must specify the time and place of the special meeting and the business to be transacted, and will include the statements specified in Rule 11. No other business will be considered at such meeting. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the Authority Secretary a written waiver of notice. Waiver may be given in person or by mail, facsimile, or electronic mail. Such written notice may also be dispensed with as to any member who was actually present at the meeting at the time it convenes. The call and notice must also be posted at least twenty-four hours before the meeting in a location freely accessible to the public. (See Government Code sections 54954.3(a) and 54956.)

RULE 20 - BOARD WORKSHOP MEETINGS

From time to time, the Board may set a regular or special meeting to be conducted as a “workshop meeting,” during which the Board will have the opportunity to receive presentations on and discuss matters identified on the agenda, but the Board would not normally take action on those items. Nothing in this rule is intended to prevent the Board from taking action on a matter during a workshop session if it is identified as an “action item” on the agenda for that meeting.

RULE 21 - BOARD COMMITTEES

Board committees will be composed of less than a majority of Directors, and may be either standing committees or *ad hoc* advisory committees. The Board has the following standing committee (i.e., committees with continuing subject matter jurisdiction; see Government Code section 54952): the Executive Committee. In accordance with Rule 11, standing committee meetings will be open to the public (except for authorized closed sessions), and the agenda for those meetings will be posted in the same manner as the agenda for regular Board meetings. In addition, the Chair may from time to time

establish, and appoint the members of, *ad hoc* advisory committees to serve a limited or single purpose, which committees are to be dissolved once their specific task is completed. The meetings of an *ad hoc* advisory committee are not required to be open to the public, and notice of such meetings is not required to be posted. (See Government Code sections 54951 and 54952.)

Directors who are not members of a standing committee may attend a standing committee meeting only as observers, and they may not participate in the committee meeting, ask questions or sit with the committee members at the Board table. (See Government Code section 54952.2(c)(6).) Directors who are not members of an *ad hoc* committee may not attend an *ad hoc* committee meeting, unless such a meeting has been publicly noticed, in which case the same rules governing attendance at standing committee meetings described above shall apply.

RULE 22 - EXECUTIVE COMMITTEE

The Executive Committee of the Board will have the duties and authority specified in Section 10.a of the JPA Agreement, and as set forth in the "Authority Delegated to the Executive Committee" (Authority Policy 200.2, attached as **Exhibit 2**, as amended by the Board from time to time). The Executive Committee will operate according to these Rules to the extent applicable.

RULE 23 - EXECUTIVE DIRECTOR

The Executive Director of the Authority will have the duties and authority specified in Section 19 of the JPA Agreement, and as set forth in the "Authority Delegated to the Executive Director" (Authority Policy 300.1, attached as **Exhibit 3**, as amended by the Board from time to time).

RULE 24 - CLOSED SESSIONS

A closed session may be held on any subject authorized under the Brown Act. The agenda for a regular or special meeting will contain a brief, general description of the purpose of a closed session, in substantially the following form:

a. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a); _____ v. _____ [insert name of case, e.g., *Jones v. Authority*].

b. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a); case name unspecified because _____ [insert either "disclosure would jeopardize service of process" or "disclosure would jeopardize existing settlement negotiations"].

c. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(b); significant exposure to litigation involving _____ [describe].

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d. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(c); consideration of initiation of litigation involving _____ [describe].

e. Public employee appointment involving _____ [insert position(s) to be filled]; Government Code sections 54954.5(e) and 54957.

f. Public employee performance evaluation involving _____ [insert position(s) being reviewed]; Government Code sections 54954.5(e) and 54957.

g. Public employee discipline/dismissal/release; Government Code sections 54954.5(e) and 54957. [No additional information required.]

h. Conference with labor negotiator involving _____ [insert name of Authority negotiator] and _____ [insert name of employee organization involved in negotiation]; Government Code sections 54954.5(f) and 54957.6.

i. Conference with labor negotiator involving _____ [insert name of Authority negotiator] and unrepresented employee(s) in position(s) of _____ [insert position(s) of unrepresented employee(s) involved in negotiation]; Government Code sections 54954.5(f) and 54957.6.

j. Conference with real property negotiator involving _____ [insert street address or other description of property], and _____ [insert name(s) of Authority negotiator(s); Authority negotiators will negotiate with _____ [insert name of other party(ies)]. Instructions to the negotiator(s) may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)

k. Closed session consultation with _____ [insert the name of a law enforcement agency, and the title of the officer, or the name of an applicable agency representative and title] concerning a threat to public services or facilities, or for the assessment of the security vulnerability of public facilities. (See Government Code section 54957.)

The Board will not keep minutes of its closed sessions. (See Government Code section 54957.2.) In the closed session, the Board will consider only those matters covered in its statement of reasons for holding the closed session. (See Government Code section 54957.7.)

Before holding a closed session to consider complaints or charges against a particular employee (as distinguished from mere evaluation of performance unrelated to any specific complaint or charge), the Authority will provide twenty-four hours' advance written notice to the employee of his or her right to have the matter heard in open session. (See Government Code section 54957.)

A closed session may be held to meet with the Authority's negotiator regarding the salary and benefits of Authority officers and employees, but not including elected officials, but the Authority's available funds, funding priorities or budget will not be discussed during the closed session. (See Government Code section 54957.6.)

Following every closed session, the Board will reconvene to open session and publicly report any action and vote during the closed session in accordance with the following guidelines:

a. For action concerning final approval of a real property purchase/sale agreement or lease, report in open session at the same meeting the action taken (including the substance of the agreement) and vote, except that, if final approval rests with another party, the report may be deferred until the other party's approval. (See Government Code section 54957.1(a)(1).)

b. Approval given to legal counsel to defend or initiate a lawsuit, or seek appellate review will be reported in open session at the public meeting during which the closed session was held. (See Government Code section 54957.1(a)(2).)

c. Approval given to legal counsel to settle pending litigation or action taken to dispose of a claim will be reported in open session as soon as the settlement or claim disposition becomes final. (See Government Code section 54957.1(a)(3) and (4).)

d. For action to appoint, employ or dismiss, accept the resignation of, or otherwise affect the employment status of an employee, the Board will report in open session at the same meeting the action taken (including identity of employee or position and any change in compensation) and vote, except that, for any dismissal or non-renewal of a contract, the report back may be deferred until the first meeting after the exhaustion of administrative remedies. (See Government Code section 54957.1(a)(5).)

e. For action concerning a labor MOU, after the MOU has been approved by both parties, the Board will report in open session the action taken and vote. (See Government Code section 54957.1(a)(6).)

The Authority will make available after a closed session to anyone who has requested them in advance, agreements or other documents approved in closed session, unless the document needs to be revised, in which case it will be provided as soon as possible. After the closed session, changes to the agreement will be orally summarized if anyone present so requests. (See Government Code section 54957.1(b).)

A Director is not authorized, without approval of the Board of Directors, to disclose information that is deemed confidential information under applicable provisions of law to a person not authorized to receive it, that (1) has been received for, or during, a closed session meeting of the Board, (2) is protected from disclosure under the attorney/client or other evidentiary privilege, or (3) is not required or authorized to be disclosed under the California Public Records Act. A Director is not prohibited from taking the following actions in regard to a closed session of the Board: (a) making a confidential inquiry or

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complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the alleged illegality of an action taken by the Board, (b) expressing an opinion concerning the propriety or legality of actions taken by the Board in closed session, including disclosure of the nature and extent of the allegedly illegal action, or (c) disclosing information acquired by being present in a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (a) or (b), above, however, a Board member will first bring the matter to the attention of either the Chair of the Board or the full Board, to provide the Board an opportunity to cure an alleged violation. A Director who willfully and knowingly discloses for pecuniary gain confidential information received by him or her in the course of his or her official duties may be guilty of a misdemeanor under Government Code section 1098. (See Government Code section 54963; 76 Ops.Cal.Atty.Gen. 289 (1993) and 80 Ops.Cal.Atty.Gen. 231 (1997).)

It is within the Board's discretion to allow a Director who serves as a member of the legislative body of a member agency to disclose information obtained in a closed session that has direct financial or liability implications for that member agency to the following individuals: (1) legal counsel of that member local agency for purposes of obtaining advice on whether the matter has direct financial or liability implications for that member local agency; or (2) other members of the legislative body of the member agency present in a closed session of that member agency. (See Government Code section 54956.96)

RULE 25 - MEETINGS BY TELECONFERENCE

Board members ~~will shall~~ attend and participate in Board-RWA Board meetings of Executive Committee meetings in person unless they qualify to participate in the meeting remotely under the "just cause" ~~and "emergency circumstances"~~ provisions ~~of AB 2449SB 707~~ provided for in Government Code section 54953.8.3 and their alternate is unavailable, or if the Board elects to hold a meeting by teleconference. Notwithstanding the preceding sentence, Board members may attend and participate in in RWA Board meetings of Executive Committee meetings via teleconference if they meet the requirements of Rule 26 of this Policy.

The Board or the Executive Committee may hold meetings by teleconference. (See Government Code section 54953(b).) For purposes of this rule, "meetings by teleconference" include meetings at which one or more Board member attends and participates in the meeting by telephone, video conferencing or any other electronic means using live audio or video, or both. For any meeting by teleconference conducted by the Board, the following requirements will apply:

a. During a meeting by teleconference, at least a quorum of the members of the Board will participate from locations within the territory of the Authority.

b. Each teleconference location (i.e., the location from which one or more Board members attends and participates in a meeting by teleconference) will be accessible to the public.

c. When meetings by teleconference are held by telephone, speaker phones will be used at the main meeting location and at any teleconference location where there are members of the public in attendance.

d. All votes taken at a meeting by teleconference will be by roll call.

e. The Board will conduct the meeting by teleconference in a manner that protects the statutory and constitutional rights of parties and the public to attend and participate in the meeting.

f. Each teleconference location will be identified in the regular meeting agenda or special meeting notice, and the agenda or notice will state that members of the public will have the opportunity to address the Board from any teleconference location.

g. Notice of any meeting by teleconference will be included in the meeting agenda or special meeting notice in substantially the following form:

"All or portions of this meeting will be conducted by teleconference in accordance with Government Code section 54953(b). The teleconference location(s) for the meeting are as follows: _____ . Each teleconference location is accessible to the public, and members of the public may address the Board of Directors from any teleconference location."

h. In addition to the usual notice and agenda requirements, the regular meeting agenda or special meeting notice will be posted at all teleconference locations at least seventy-two hours before regular meetings or twenty-four hours before special meetings.

RULE 26 – TELECONFERENCE ACCOMODATIONS FOR A DISABILITY

Board members may attend and participate in RWA Board meetings or Executive Committee meetings via teleconference if they require a reasonable accommodation for a disability, as defined in Government Code sections 12926 and 12926.1 or section 12102 of Title 42 of the United States Code.

Should a Board member with a disability need to attend a meeting via teleconference, the member must participate using both audio and video technology unless their disability requires an exception to the video component. Furthermore, Board members attending remotely must disclose whether any other individuals over the age of eighteen are present in the room at their remote location and provide a brief description of the general nature of their relationship to any such individuals.

A Board member's attendance via teleconference under this Rule 26 requesting a reasonable accommodation due to disability will not need to post an agenda at their

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~~location and their attendance will be considered the equivalent to in-person attendance for all legal purposes, including establishing a quorum. (See Government Code section 54953(b)(4).)~~

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RULE 26-27 – EMERGENCY MEETINGS

Under Government Code section 54956.5, the Authority may hold a meeting to address an emergency if a majority of the Board determines that a situation exists that involves matters upon which prompt action is necessary. An emergency situation is defined as: (1) a work stoppage, crippling activity, or other activity that severely impairs public health, safety, or both; or (2) a dire emergency, which shall be defined as a crippling disaster, mass destruction, terrorist act, or threatened terrorist activity that poses peril so immediate and significant that requiring the Board to provide one-hour notice before holding an emergency meeting may endanger the public health, safety, or both.

As a condition of holding an emergency meeting, the Board Chair or his/her designee shall provide notice of the meeting by telephone to each local newspaper of general circulation, radio station and television station that has requested notice of special meetings. For a meeting for a “non-dire emergency” (Definition 1, above), the telephone notice must be provided at least one hour prior to the emergency meeting. In the case of a meeting for a “dire emergency” (Definition 2, above), the telephone notice must be provided to the media at or near the same time as notice is given to the members of the Board. In the event that telephone services are not functioning, the notice requirements of this section shall be deemed waived, and the legislative body, or designee of the legislative body, shall notify those newspapers, radio stations, or television stations of the fact of the holding of the emergency meeting, the purpose of the meeting, and any action taken at the meeting as soon after the meeting as possible.

The Board may meet in closed session upon approval by a two-thirds vote of the Board (or the unanimous vote of the Board if less than two-thirds are present) to discuss matters related to the emergency situation. (See Government Code sections 54956.5(c) and 54957.)

With the exception of the 24-hour notice and posting requirements and any other exceptions provided in herein, all special meeting requirements described in Rule 19 shall be applicable to an emergency meeting called pursuant to this Rule.

The draft minutes of an emergency meeting called under this Rule must be posted in a public place for a minimum of 10 days as soon after the meeting as possible, and include a list of persons who the Board Chair or his/her designee notified or attempted to notify of the meeting, if applicable, any actions taken at the meeting, and a recording of any votes taken by roll call. (See Government Code section 54956.5(e).)

RULE 27-28 - COMPENSATION OF DIRECTORS

The Authority does not compensate or reimburse the expenses of members of the Board of Directors. Generally, the agency that a member of the Board represents provides for compensation and reimbursement of expenses associated with representing that agency on the Board of the Authority, in accordance with the rules of that agency.

RULE 28-29 - AMENDMENT OF RULES

By motion made, seconded and approved, the Board in its discretion may at any meeting (a) temporarily suspend these rules in whole or in part, (b) amend these rules in whole or in part, or (c) both.



Topic: Legislative Outlook
Type: Legislative
Item For: Action; Take positions
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

This is an action item for the Executive Committee to take positions on state legislation and receive and update on legislative and regulatory actions.

STAFF RECOMMENDED ACTION

Take a support position on AB 497

BACKGROUND

Staff will brief the Executive Committee on Assembly Bill 497 with respect the Healthy Rivers and Landscapes program.

ATTACHMENTS

Attachment 1- AB 497



Topic: Budgeting and Accounting Policy Preferences
Type: New Business
Item For: Information/Discussion Provide Direction
Purpose: RWA Policies 200.2 (Authority Delegated to the Executive Committee),
500.1 (Financial Designation Reserve Policy),
and 500.13 (Budget Policy), WUE Subscription Program Agreement

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

The purpose of this item is to brief the Executive Committee on certain accounting practices with respect to subscription programs and to receive direction on the separate but related items of budgeting and accounting practices. Depending on the direction, policies may need to be revised and presented to the Board of Directors for consideration and approval.

STAFF RECOMMENDED ACTION

Provide staff direction

BACKGROUND

Policy 200.2 (Authority Delegated to the Executive Committee) states “...*Project or Program Agreement (which agreements do not require approval of the Board of Directors so long as the Executive Committee makes a finding that the interests of Members and Contracting Entities of RWA who do not participate in the Project or Program will not be adversely affected by RWA entering into and performing the agreement)...*” In addition, the Water Use Efficiency Program agreement requires the Executive Director to “*ensure that the interests of the Members and the Contracting Entities of RWA who do not participate in this Program are not adversely affected in performing this agreement.*”

Upon review of how the RWA historically budgeted and accounted for the subscription programs, particularly the Water Use Efficiency program, it appears that past financial practices resulted in a subsidy from the core RWA program into the Water Use Efficiency program.

How the RWA allocates overhead expenses, interest income and compensated absences will need additional consideration and direction in order to avoid a subsidy. Staff would like to begin discussions on a few budget items, and receive direction on these questions:

- What is the RWA’s preference for allocating overhead expenses resulting from subscription programs?

Agenda Item 8

- How should interest income be allocated that is generated from funding held for subscription programs?
- How should compensated absences be accounted for in budgets for work performed for both subscription and core programs?

Direction on preferences should be programmed into the FY 2026/2027 budget and the Water Use Efficiency (WUE) program agreements for FY 2025/2026.

The RWA generally provides services to members through the “core” program or through subscription programs. All members pay into the core program and receive benefits from the RWA. An example of a core program is the Legislative and Regulatory Advocacy program. The RWA has several subscription programs where a subset of the members pay for and utilize the program.

The RWA currently has three major subscription programs (WUE, Common Interests Management Services [CIMS], and Water Bank) as well as a number of minor subscription programs, which are grant programs (Prop 1, Prop 84, etc.)

Overhead expenses are often indirect expenses such as rent and insurance. Direct expenses include some employee salaries and benefits, and certain consulting expenses. For example, consulting services as part of the Water Bank project is a direct program expense, but audit consulting fees are treated as an indirect expense. Legal fees can be a direct expense (as in Water Bank, CIMS and WUE) and can be an indirect expense as in the RWA core program.

As the RWA has grown in size and complexity, so have the methods to allocate overhead expenses. RWA calculates a salaries/benefits hourly rate for each employee and then calculates an overhead rate which includes indirect expenses like audit fees, rent, insurance and a portion of administration salaries/benefits. When staff bill time to a subscription program, both the salaries/benefits rate and the overhead rate are used to determine the expense allocated to the subscription program. Staff would like to propose a clear and consistent calculation methodology to the Executive Committee after discussing the issue. Staff would propose a methodology at a future Executive Committee meeting.

For programs that are staffed with a full-time staff person (WUE and CIMS), the entire employee salary and benefits are allocated to the respective program. For overhead, the programs are allocated a share of indirect expenses (i.e. share of rent, insurance, office expense) and some administration staff hours are billed to the program. Additionally, if staff other than the full-time staff person associated with the program bill staff time to the program, the salaries/benefits rate and overhead rate are allocated based on the hours billed to the program.

The WUE program budget has been impacted through the DWR grant process. RWA does not invoice DWR for overhead expenses which means the program budget must pay those expenses. Typically, RWA creates a subscription program in order to pay for the overhead expenses related

to grants. The WUE has been funding their grant through their program budget. This has caused a shortfall in the WUE budget.

New to the WUE and CIMS budget is budgeting for compensated absences. RWA began charging the WUE and CIMS for the liability related to compensated absences (program manager vacation hours multiplied by hourly rate). By charging the programs for the compensated absence liability, if the program manager were to leave the RWA and be paid out for vacation hours, the subscription program would have already paid. Alternatively, the RWA could not charge the program for the compensated absences liability and when a program manager were to leave the RWA, the subscription program would be on the hook for the liability. Note that the hourly rate calculated and billed to other subscription programs takes into account compensated absences by removing vacation time from the calculation of the rates. The staff would like to receive direction from the Executive Committee if this is appropriate.

All of the subscription programs would receive additional revenue if the programs retained interest in their portion or reserves. This is not current RWA practice, instead, all of the interest is placed in the core fund. Changing this practice could impact and raise core dues but may result in lowering subscription program dues. The current fiscal year, the core budget assumed \$70,000 in interest, a portion of this interest earned on subscription program reserves. Generally, an increase of \$11,500 of new spending or loss of income would raise core dues by one percent.

Direction is requested to address the WUE budget. Solutions include increasing the funding from the core program which would require a budget action from the Board of Directors, reducing the available budget to the WUE program, changing the accounting practices, or some combination of these. Alternatively, a loan from the Core program that could be paid back over a series of years could be solution.

A Primer on Accounting

During the discussion, staff may discuss some accounting concepts and terminology. Staff would like to prepare the committee members with a primer on terms and methods.

There are three types of accounting methods: the accrual method and the cash method, and a hybrid of the two which is the modified accrual method.

The major difference between the three methods is the timing of recording revenues and expenses. In the cash method of accounting, revenues and expenses are recorded in the reporting period that the cash payment is made. The accrual method of accounting requires revenues and expenses to be recorded in the period that they are incurred, regardless of the time of payment or receiving cash. The modified accrual method is a hybrid method of the cash and accrual basis.

Definitions:

Budget: An estimate of income and expenditure for a set period of time.

Accounting: The system of recording and summarizing business and financial transactions and analyzing, verifying, and reporting the results.

Accrual Accounting: Accrual accounting is a financial accounting method that allows a company to record revenue when earned (goods delivered or services performed) and record expenses as they are incurred (benefit received for goods or services). In other words, the revenue earned and expenses incurred are entered into the company's journal regardless of when money exchanges hands. Accrual accounting is usually compared to cash basis of accounting, which records revenue when the goods and services are actually paid for.

Cash Basis Accounting: Cash basis refers to a major accounting method that recognizes revenues and expenses at the time cash is received or paid out. This contrasts [accrual accounting](#), which recognizes income at the time the revenue is earned and records expenses when incurred regardless of when cash is received or paid.

Modified Accrual Accounting: Modified accrual accounting is a hybrid method that combines elements of both cash basis and accrual basis accounting, primarily used by U.S. state and local governments and certain nonprofits. It is designed to track how current-year financial resources are used to meet current-year obligations. The modified accrual accounting method recognizes revenues when they are available and measurable. It recognizes expenditures as they are incurred.

**REGIONAL WATER AUTHORITY
PROGRAM AGREEMENT
Regional Water Efficiency Program – Category 1**

This Agreement is made and entered into as of the 8th day of Feb., Year 2007, by and between the Regional Water Authority (“RWA”), a joint exercise of powers authority formed under California Government Code sections 6500 through 6599.3, and the (1) Members and Contracting Entities of RWA, and (2) the non-Members of RWA, listed in Exhibit A, Regional Water Efficiency Program Category 1 Business Plan, to this Agreement, upon their execution of this Agreement (who are collectively referred to in this Agreement as “Participants”), to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the Participants.

RECITALS

A. RWA is a joint powers authority, formed to serve and represent regional water supply interests and to assist its members in protecting and enhancing the reliability, availability, affordability and quality of water resources.

B. The joint powers agreement (“RWA JPA”) pursuant to which RWA was formed and operates authorizes RWA to enter into a “Project or Program Agreement,” which is defined in the RWA JPA as an agreement between RWA and two or more of its Members or Contracting Entities to provide for carrying out a project or program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the parties to the Project or Program Agreement.

C. Article 21 of the RWA JPA states: “The Regional Authority’s projects are intended to facilitate and coordinate the development, design, construction, rehabilitation, acquisition or financing of water-related facilities (including sharing in the cost of federal, State or local projects) on behalf of Members and/or Contracting Entities. The Regional Authority may undertake the development, design, construction, rehabilitation, acquisition or funding of all or any portion of such projects on behalf of Members and/or Contracting Entities in the manner and to the extent authorized by such Members and/or Contracting Entities as provided in this Agreement, but will not accomplish these functions, nor acquire or own water-related facilities in its own name.”

D. Article 22 of the RWA JPA states: “Prior to undertaking a project or program, the Members and/or Contracting Entities who elect to participate in a project or program will enter into a Project or Program Agreement. Thereafter, all assets, benefits and obligations attributable to the project will be assets, benefits and obligations of those Members and/or Contracting Entities that have entered into the Project or Program Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Regional Authority in regard to a particular project or program, including startup costs advanced by the Regional Authority, will be obligations of the participating Members and/or Contracting Entities, and will not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed the Project or Program Agreement.”

E. RWA and the Participants desire to carry out a program and share in the costs and benefits of the program, as a Project or Program Agreement as provided for in Articles 21 and 22 of the RWA JPA.

CITY
AGREEMENT NO. 2007-0122

In consideration of the promises, terms, conditions and covenants contained herein, the parties to this Agreement hereby agree as follows:

1. **Recitals Incorporated.** The foregoing recitals are hereby incorporated by reference.
2. **Defined Terms.** Terms defined in the RWA JPA will have the same meaning in this Agreement.
3. **Description of the Program.** The Regional Water Efficiency Program (“Program”) that RWA and the Participants desire to carry out involves a series of tasks described in the Regional Water Authority Water Efficiency Program Category 1 Business Plan (the “Plan”), which is attached as Exhibit A and made a part of this Agreement. The Plan includes the Core Program addressing water efficiency activities. The Plan will be updated on an as needed basis, but not less than once every three years, by the RWEPC Committee and submitted for final approval by the RWA Executive Committee. The costs of implementing the Program will be shared by Participants who provide written notice that they will participate in the Category 1 program.
4. **RWEPC Committee.** The Participants hereby form the Regional Water Efficiency Program Committee (RWEPC) consisting of one representative (and alternates) designated by each Participant. The RWEPC will appoint a Chair and Vice-Chair from among its members. The RWEPC will meet as necessary from time to time to direct the Regional Water Efficiency Manager (“Manager”) on the administration and implementation of this Agreement and the Program on behalf of the Participants. The RWEPC will act by majority vote. The RWEPC will have authority over the Plan and implementation and operation of the Program, except that the RWA Executive Committee will have final approval authority over the Program budget and RWEPC requests for increased or changed fees, other than new fees collected as a result of another Member, Contracting Entity or non-member executing this Agreement.
5. **Sharing in Program Costs and Benefits.** In accordance with the provisions of Articles 21 and 22 of the RWA JPA, any debts, liabilities, obligations or indebtedness incurred by RWA in regard to the Program will be the obligations of the Participants, and will not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed this Agreement. Subject to the provisions of Article 8 of this Agreement, the Participants will pay the costs and fees stated in the Plan. Participants will make one or more payments to RWA in the amount and on the schedule determined by the RWEPC. RWA Members, Contracting Entities or non-members participating in the Program will be deemed to be Participants until such time that an individual Participant withdraws in accordance with the procedure described in Article 10 of this Agreement.
6. **Role of RWA.** The Executive Director of RWA will (a) ensure that the interests of Members and Contracting Entities of RWA who do not participate in this Program are not adversely affected in performing this Agreement, (b) provide information to the Participants on the status of implementation of the Program, (c) assist the RWEPC in carrying out its activities under this Agreement, and (d) administer any third-party agreements on behalf of RWA and the Participants consistent with the Plan and Program budget, determinations of the RWEPC and Executive Committee, and the provisions of this Agreement.

7. RWA Program Fee. In accordance with Article 5 of this Agreement, the Plan will set a fee, approved by the RWA Executive Committee, in an amount sufficient to pay all Program costs, including but not limited to, staff time, materials, advertising costs, consultant fees, and business and legal services. Each Participant will pay its share of the fee to RWA. The RWEPC will determine each Participant's fee share upon approval of the original and all subsequent Program budgets and Plans by the Executive Committee.

8. Authorization to Proceed. Execution of this Agreement by RWA and at least seven Participants constitutes (a) authorization to proceed with the Program, and (b) a commitment on the part of each Participant to make the payments provided for in Article 5 of this Agreement

9. Term. This Agreement will remain in effect until the withdrawal of all Participants or a unanimous vote of the RWEPC to terminate this Agreement. No termination of this Agreement will be effective until all obligations under this Agreement, the Plan, and/or third party agreements created to implement this Agreement remain outstanding.

10. Withdrawal. A Participant may withdraw from this Agreement without requiring termination of this Agreement, effective upon ninety days' notice to RWA and the other Participants, provided that, the withdrawing Participant will remain responsible for any indebtedness incurred by the Participant under this Agreement prior to the effective date of withdrawal, and provided further that, a Participant who enters into this Agreement will be liable for its share of the Program costs for the Fiscal Year that includes the effective date of withdrawal, as provided for in Article 5, irrespective of the date of the Participant's withdrawal.

11. Amendments. This Agreement may be amended by written approval of the parties executing the Agreement, provided that the Plan may be amended from time to time with the majority approval of RWEPC and RWA Executive Committee.

12. General Provisions. The provisions of Articles 37 through 41, inclusive, of the RWA JPA apply to and are made a part of this Agreement.

The foregoing Regional Water Efficiency Program Agreement is hereby agreed to by RWA and the Participants.

Dated: 2/5, 2007

Dated: _____, 2006

Regional Water Authority

Project Participant

Esther Hill

SA

CRP

Executive Director
Title

Director of Utilities
Title

City of Sacramento
Name of Water Supplier

APPROVED TO AS FORM:

[Signature]
City Attorney

ATTEST:

Asst Dawn Bullwinkel
City Clerk 2-9-07

CITY AGREEMENT NO. 2007-0122

Exhibit A

**REGIONAL WATER AUTHORITY
Regional Water Efficiency Program**

Category 1 Business Plan

EXHIBIT A

Regional Water Authority Water Efficiency Program

FY2007 Category 1 Business Plan

Introduction

The Regional Water Authority (RWA) is a joint powers authority that serves and represents the interests of 22 water related entities in El Dorado, Placer, Sacramento and Yolo counties. The RWA Water Efficiency Program (WEP) provides products and services to water interests so that they may meet the implementation requirements of the Water Forum Agreement Best Management Practices for Urban Water Conservation.

The Water Efficiency Program consists of the following two categories:

- *Category 1* is the basic subscription program providing region-wide water efficiency activities such as school education, public outreach and other water conservation Best Management Practices (BMPs) utilizing widespread marketing to the benefit of many water suppliers. A comprehensive list of Regional Water Authority, Water Efficiency Program activities relative to the Water Forum Water Conservation Plan elements is provided in Attachment A.
- *Category 2* are specifically designed subscription programs offering additional water efficiency services, beyond Category 1 services, to a subset of willing members. Participation in Category 1 and / or Category 2 Programs is voluntary; however non-RWA members pay a surcharge to participate in these programs.

Participating water purveyors fund the WEP activities through fees that support both direct and labor expenses to support to the Category 1 Program. Supplementary funding is sometimes provided by grants from the U.S. Bureau of Reclamation, California Department of Water Resources, Sacramento Regional County Sanitation District, Sacramento Municipal Utility District, Pacific Gas & Electric Company and/or other sources as available.

Goals

The strength of a regional program is based on the benefits of leveraging resources (communications, financial, technical, and staff) of all purveyors to reach customers with repeated and consistent marketing messages and incentives that will motivate the customers to participate in BMP services.

The Water Efficiency Program provides products and services that:

- Assist water suppliers to meet BMPs of Water Forum, U.S. Bureau of Reclamation CVPIA and Department of Water Resources (DWR) Urban Water Management Plan commitments.

- Provide liaison with WFSE compliance coordination and potential BMP updates.
- Attract residential, business and government customers to accept BMP services.
- Improve awareness of the need for Water Use Efficiency in the region.
- Prepare for potential CALFED Certification.
- Provide specialized Category 2 services on a “pay for service” basis.

Approach

- Provide services to voluntary participants with oversight via a program committee (RWEPC)
- Market services to customers on behalf of water purveyors and direct customers to services
- Manage BMP implementation projects to directly assist with cost effectively meeting purveyor commitments
- Coordinate water supplier efforts
- Train local agency staff
- Leverage resources with energy and wastewater providers to:
 - Reduce energy demand produced by water use
 - Reduce wastewater hydraulic load
 - Gain assistance and cost share partners
 - Obtain technical and other resources

Satisfying BMPs

Satisfying the Water Forum BMP requirements are the responsibility of the signatory water purveyors. RWA assists water purveyors in meeting many aspects of these requirements.

Water purveyors and RWA, working cooperatively, can provide specific services and products such as, on-call landscape auditors, on-call Commercial, Institutional Industrial (CII) auditors, school programs, and outreach publications, cost effective pro-bono and paid advertising.

Some BMP elements require identification of customers with specific characteristics: such as residential, landscape, commercial, metered or unmetered. This information is the domain of the water purveyors and requires water purveyor assistance to identify customers associated with the BMPs.

The Water Forum Successor Effort informs RWA that each water supplier has numeric targets for the following BMPs:

BMP	Combined Target
BMP 1 – Water Audits	9,100
BMP 2 – Plumbing Retrofits	39,350
BMP 5 - Large Landscape Audits	533
BMP 9 – Commercial and Industrial Audits	485
BMP 16 – Toilet Replacement	11,800

The RWA Water Efficiency Program specifically targets BMPs 5, 9, and 16 to assist water purveyors. Due to the magnitude and associated cost of reaching the target numbers, a combination of Category 1 and Category 2 services are provided for these BMPs. A summary of services by BMP is provided in Attachment B as a comparison of RWA to Water Supplier responsibilities to meeting BMP commitments.

Other BMP do not have numeric targets. They are:

BMP 3 – Leak Detection and Repair

BMP 4 – Meter Retrofit

BMP 6 – Landscapes for New Developments and Existing Commercial

BMP 7 – Public Outreach

BMP 8 – School Education

BMP 11 – Conservation Pricing for Metered Accounts

BMP 12 - Landscape for Single Family Homes

BMP 13 – Waste Water Prohibition

BMP 14 - Water Conservation Coordinator

The RWA Water Efficiency Program completely satisfies the requirements of BMP 7 and BMP 8. RWA assists with BMP 5, 9 and 16 in support of water purveyors activities.

BMP 4 “Meter Retrofit”, BMP 11 “Conservation Pricing for Metered Accounts”, BMP 14 “Water Conservation Coordinator” and “Citizen Involvement Program” have been outside the domain of RWA as these BMPs are specific to individual purveyors.. BMP 2 “Plumbing Retrofit of Residential Accounts,” and BMP 3 “Distribution System Water Audits, Leak Detection and Repair” are also within the domain of water purveyors and not perceived as cost effective to implement on a regional scale.

Table 1 below summarizes the Water Efficiency Program’s proposed services with a comparison to the approved FY 2006 budget and the level of effort by RWA to implement the WEP on behalf of local water purveyors with the associated BMPs.

Program Management Support

With the retirement of the previous Water Efficiency Program Manager, an interim contract manager was been put into place. The FY2007 budget plans for the continuation of this arrangement until a multi-year funding plan is put into place to provide sustainable funding support for a staff position. In addition, a portion of RWA office staff support the Water Efficiency Program is included within program management fees. Professional services may be provided by RWA legal counsel, accountant, and other contractors on a project specific or as needed basis.

Table 1. Historical and Proposed FY 2007 Budget for RWEF Category 1 Services

WEP Services	Benefits Provided by water Efficiency Program by percent of completion to Water Forum Commitments	FY 2004 Budget	FY 2005 Budget	FY 2006 Projected	FY 2007 Proposed Budget
<p>Expenses for BMP 1, 5, 6 and 12 Landscape Irrigation Efficiency Improvements</p> <ul style="list-style-type: none"> • Customer Education through landscape water efficiency workshops • Coordination w/BIA • Coordinate with UC Master Gardeners and Native Plant Society, Green Industry, PAPA, etc. • CIMIS Station • Manage Landscape Auditor Consultant 	<ul style="list-style-type: none"> • BMP 5 -100 percent when combined with Cat. 2 landscape auditor • BMP 12 -100 percent w/Forum Landscape Advisory Committee 	\$12,500	\$5,000	\$7,500	\$7,500
<p>Expenses for BMP 7 Public Outreach</p> <ul style="list-style-type: none"> • Broadcast & print media advertising for BMP services such as Radio Disney, developing press releases and PSAs • Coordination and attendance at Community Events (e.g., Home and Garden Shows, Folsom Dam 50th Anniversary, etc. • Maintaining a WEP community events calendar of RWA and local water district events • RWA website updates 	<ul style="list-style-type: none"> • BMP 7 - 100 percent through implementation of the RWEF Community Outreach Plan (last updated March 13, 2006) 	\$90,000	\$86,900	\$90,000	\$90,000

<p>Expenses for BMP 8 School Education</p> <ul style="list-style-type: none"> • Sacramento Bee Newspaper in Education "Be Water Smart" Program • Great Water Mystery in school assemblies cosponsored and cost shared with Sacramento Storm Water Quality Partnership 	<ul style="list-style-type: none"> • BMP 8 - 100 percent 	<p>\$46,800</p>	<p>\$35,000</p>	<p>\$40,000</p>	<p>\$40,000</p>
<p>Expenses for BMP 9 Commercial Industrial</p> <ul style="list-style-type: none"> • Contract with Consultant to provide audits, marketing and training for business. • Utilize CI Database to target CI customers 	<ul style="list-style-type: none"> • Provide foundation marketing, customer training and materials for commercial and industrial program. • Category 2 efforts will may provide more audits potentially funded by support from SMUD or SRCSD. • Additional audits with Cat. 2 on-call CII audit services. 	<p>\$53,000</p>	<p>\$45,900</p>	<p>\$20,000</p>	<p>\$20,000</p>
<p>Expenses for Training and Workshops</p>	<ul style="list-style-type: none"> • Conservation Coordinators Level 2, regional meetings, leadership and business planning workshops 	<p>\$10,000</p>	<p>\$10,000</p>	<p>\$10,000</p>	<p>\$10,000</p>

<p>Regional Water Efficiency Program Management Staff and Professional Services</p>	<ul style="list-style-type: none"> • Administer contracts • Develop Business plan/budget • Provide technical assistance & coordination • Develop & maintain partnerships • Secure grants and partnership funding • Develop & manage initiation or Category 2 programs • Facilitate Monthly RWEPC meetings • Train conservation coordinators • Audit, Legal, Budget, Support Staff 	<p>Staff cost = \$180,900 Other = \$31,800 *OR* \$212,700</p>	<p>Staff cost = \$77,300 Other = \$169,600 *OR* \$246,900</p>	<p>Staff cost = \$43,600 Other = \$178,200 *OR* \$221,800</p>	
<p>Water Forum Liaison</p> <ul style="list-style-type: none"> • Conservation Plan 2006 Update • Water Conservation Update Process Team • Workshop Support 	<ul style="list-style-type: none"> • Technical expertise • Local and statewide implementation strategies • Improve BMP implementation 	<p>Included above under Program Management Budget</p>			
<p>Office Expenses</p>	<ul style="list-style-type: none"> • Supplies • Dues & Subscr. • Postage • Facility • Telephone 	<p>\$21,600</p>	<p>\$17,900</p>	<p>\$18,500</p>	
<p>Total Category 1 Budget</p>	<p>\$446,600</p>	<p>\$447,600</p>	<p>\$407,800</p>	<p>\$407,800</p>	

Budget Summary of Funding Sources

Funding Sources	FY05 Budget	FY06 Projected	FY07 Proposed
Dues	\$325,000	\$356,000	\$380,600
Grants	\$ 24,500	\$ -	\$ -
Operating Fund (reserves)	\$ 97,100	\$ 51,800	\$27,200
Total	\$446,600	\$407,800	\$407,800

ATTACHMENT A
FISCAL POLICIES, FEE STRUCTURE FOR FY2007

**RWA Fiscal Policy related to Category 1 Program and Category 2 Project Fees
Adopted on June 25, 2003**

RWA members and Contracting Entities of RWA participating in the Category 1 program will pay the amount shown in column entitled "Proposed FY2007 Category 1 Fees" of in the Table A-1 below in "FY2007 Proposed RWA Water Efficiency Category 1 Fees." This amount includes the Participant's share of the direct expenses and program management fees specified in Article 7 of the Category 1 Agreement.

RWA Members participating in the Category 2 programs and who also participate in the Category 1 program will pay:

- a. the amount shown in the column entitled "Proposed Category 1 Fees" of shown below in Table A-1 "Proposed RWA Water Efficiency Category 1 Fees;" and
- b. a share of the additional costs of Category 2 program activities as determined by RWA in consultation with the Category 2 Participants.
- c. RWA Members participating in the Category 2 programs but not participating in the Category 1 program will pay two fees:
 1. a share of the additional costs of Category 2 program activities as determined by RWA in consultation with the Category 2 Participants; and
 2. plus twenty percent of the fee charged in Section 5a ii 1 of the Category 1 agreement.
- d. Non-RWA Members and Non-Contracting Entities of RWA
 - a. Non-RWA Members and Non-Contracting Entities of RWA participating in the Category 1 program will pay two amounts:
 1. The amount shown in the column entitled "Proposed Category 1 Fees" of Table A-1 "Proposed RWA Water Efficiency Category 1 Fees. This amount includes the participant's share of the program management fee provided for in Article 7 of this Agreement.
 2. The amount shown in the column entitled "Surcharge for Non-RWA Members @ 20 Percent of Category 1 Fees" of Table A-1 "Proposed Category 1 Fees" of Table A-1 "Proposed RWA Water Efficiency Category 1 Fees "
 - b. Non-RWA Members and Non-Contracting Entities of RWA participating in the Category 2 program and who also participate in the Category 1 program will pay:

1. The amount shown in the column entitled "Proposed Category 1 Fees" of Table A-1 "Proposed RWA Water Efficiency Category 1 Fees."
 2. The amount shown in the column entitled "Surcharge for Non-RWA Members" of Table A-1 "Proposed RWA Water Efficiency Category 1 Fees" and
 3. a share of the additional costs of Category 2 program activities as determined by RWA in consultation with the Category 2 Participants.
- c. Non-RWA Members and Non-Contracting Entities of RWA participating in the Category 2 program but not participating in the Category 1 program will pay three fees:
1. a share of the additional costs of Category 2 program activities as determined by RWA in consultation with the Category 2 Participants;
 2. the amount shown in the column entitled "Surcharge for Non-RWA Members @ 20 Percent of Category 1 Fees" of Table A-1 "Proposed RWA Water Efficiency Category 1 Fees."
 3. plus twenty percent of the fee charged in Section 5a ii 1, above.

Participants will make one or more payments to RWA in the amount and on the schedule determined by the Advisory Committee.

Table A-1. Proposed FY2007 RWA Water Efficiency Program Category 1 Fees & Payments

Agency	FY 2003-2004 WEP Fees	RWA 2005 dues	RWA Dues X 1.18	Surcharge for Non-RWA Members @20 Percent of Category 1 Fees	FY05 and FY06 Dues and No Change Proposed FY07 Total Category 1 Fee
California-American Water Company	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
Citrus Heights Water District	\$ 31,772	\$ 18,751	\$ 22,126		\$ 22,126
City of Folsom	\$ 27,051	\$ 17,060	\$ 20,131		\$ 20,131
City of Lincoln	\$ 12,800	\$ 9,560	\$ 11,281		\$ 11,281
City of Roseville	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
City of Sacramento/Dept. of Utilities	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
City of West Sacramento	-	\$ 11,594	\$ 13,681		\$ 13,681
El Dorado Irrigation District	-	-	\$ 34,009		\$ 34,009
Elk Grove Water Services	-				

Table A-1. Approved FY2007 RWA Water Efficiency Program Category 1 Fees & Payments

Agency	FY 2003-2004 WEP Fees	RWA 2005 dues	RWA Dues X 1.18	Surcharge for Non-RWA Members @20 Percent of Category 1 Fees	FY05 and FY06 Dues and No Change FY07 Total Category 1 Fee
California American Water	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
Citrus Heights Water District	\$ 31,772	\$ 18,751	\$ 22,126		\$ 22,126
City of Folsom	\$ 27,051	\$ 17,060	\$ 20,131		\$ 20,131
City of Lincoln	\$ 12,800	\$ 9,560	\$ 11,281		\$ 11,281
City of Roseville	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
City of Sacramento/Dept. of Utilities	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
City of West Sacramento	-	\$ 11,594	\$ 13,681		\$ 13,681
El Dorado Irrigation District	-	-	\$ 34,009		\$ 34,009
Elk Grove Water Services	-	\$ 10,354	\$ 12,217	\$ 2,443.48	\$ 14,661
Fair Oaks Water District	\$ 21,873	\$ 12,920	\$ 15,246		\$ 15,246
Golden State Water Company	\$ 23,833	\$ 14,246	\$ 16,811		\$ 16,811
Orange Vale Water Company	\$ 8,726	\$ 3,695	\$ 4,361		\$ 4,361
Placer County Water Agency	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
Rio Linda/Elverta Water District	\$ 7,211	\$ 3,695	\$ 4,361		\$ 4,361
Sacramento Suburban Water District	\$ 33,600	\$ 28,821	\$ 34,009		\$ 34,009
San Juan Water District	\$ 16,874	\$ 11,161	\$ 13,170		\$ 13,170
Sacramento County Water Agency	\$ 40,320	\$ 28,821	\$ 34,009	\$ 6,801.78	\$ 40,811
Total	\$ 358,460		\$ 371,446		\$ 380,691
Not FY06 Category 1 Participants					
Carmichael Water District	\$ 18,586	-	\$ 12,821		\$ 12,821
Del Paso Manor Water District	-	-	\$ 2,886		\$ 2,886
Fruitridge Vista Water Company	-	-	\$ 4,361		\$ 4,361
Rancho Murrieta CSD	\$ 3,936	\$ 3,644	\$ 4,300		\$ 4,300

Last Revised April 3, 2006

ATTACHMENT B. FY2007 REGIONAL WATER EFFICIENCY PROGRAM CATEGORY 1 BUSINESS PLAN

WATER FORUM BMP COMPARISON BETWEEN SERVICES BY RWEF AND WATER SUPPLIERS

Notes: X in "Water Supplier Provides" column indicates this action is most suited to individual purveyor performance.
 The following BMPs are not included in this table: 4 (meter retrofit), 11 (conservation pricing), 13 (water waste prohibition) and 14 (water conservation coordinator).

BMP 1: INTERIOR AND EXTERIOR WATER AUDITS AND INCENTIVE PROGRAMS FOR SINGLE-FAMILY, MULTI-FAMILY RESIDENTIAL AND INSTITUTIONAL CUSTOMERS.

Overall Goal (numeric target): 12 percent annual participation of the targeted 20 percent of single family(connections) and multi family (units) customers over 8 years – equates to 2.5 percent each year.

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A. 1.	Have trained water auditors on staff or available	Develop practice exams and provide intense 1 day Conservation Exam training as requested by members. <i>Category 1</i>	X
A. 2.	Prepared and made available, as needed, multi-lingual interior and exterior audit materials		X
A. 3.	Make seasonal irrigation information available	Operates and maintain the Fair Oaks CIMIS station to provide ET data. Radio broadcast public service announcements for homeowners and landscape managers to "Water with the Weather" by turning off sprinklers during rainy season through Capital Public Radio and Radio Disney. <i>Category 1</i>	Water suppliers provide rotating schedule of calibration checks and reporting to DWR coordinated by the RWEFAC Vice-chair.
A. 4.	Study partnerships with community-based organizations	Work with energy provides and rental housing associations to reach landlords.	X
B. 1.	Identify the top 20 percent of customers by metered water use and customer type		X
B. 2.	Offer water use reviews	May 2007 region wide advertisements; 4 weeks billboard and movie theater slides, and radio PSAs. <i>Category 1</i>	Contract with RWA and/or provide on own.
B. 3.	Survey past participant implementation		X
C. 1.	Provide audits conducted by trained auditors.	RWA contract auditors on-call available to schools, government agencies and multi-family property owners. <i>Category 2</i>	X
C. 2.	Provide audits that may include device installation by purveyor or customer (showerheads, faucet aerators, etc.), irrigation timer use and, when appropriate, meter reading		X

BMP 1 Continued

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
C. 3.	Provide seasonal irrigation schedules by hydrozone and/or station		X
C. 4.	Provide incentives to achieve 12 percent annual participation of targeted 20 percent of customers. Incentives could include billing adjustments, rebates, plumbing system repairs or improvements		X

BMP 2 PLUMBING RETROFIT OF EXISTING RESIDENTIAL ACCOUNTS

Overall Goal (numeric target): 10 percent of pre-1992 single family homes each year until 85% coverage is achieved. (Purveyors need to provide Water Forum with number of single family and multi family connections in 1992 so that target numbers on reporting forms are correct.)

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A. 1.	Offer to all customers, retrofit kits, which include, but are not limited to, high quality low-flow showerheads, faucet aerators and toilet leak detection tablets.		X
A. 2.	Offer toilet leak test kits to all change of account customers who visit the purveyor office.		X
A. 3.	Work with "Welcome Wagon" or equivalent organization to provide water conservation materials to new residents	"Rules of Thumb for Water Wise Gardening" and other publications (e.g., Backyards from the Ground-Up Sunset Inserts) available to Water Suppliers for distribution to new customers. <i>Category 1</i>	Purveyor must distribute RWA materials to customers.
A. 4.	Work with local hardware/home stores to offer free water conservation information and toilet leak test kits at the check-out counters.	Co-promotion with SMUD and PG&E including high efficiency clothes washer pilot program applications and fact sheets distributed in stores with SMUD. Point of Purchase water efficiency appliance ads and web site links on SMUD and PG&E web sites. Explore additional Energy Star cooperative effort with PG&E. <i>Caegory 1</i>	Purveyor should ensure stores in service area are receiving ads covered by program.
A. 5.	Investigate partnership programs with local energy utilities to provide water conservation audits, materials and devices.	Continue closer cooperation with SMUD, PG&E and Roseville Electric. Explore more cooperative efforts for CII. <i>Category 1</i>	

BMP 3 DISTRIBUTION SYSTEM WATER AUDITS, LEAK DETECTION AND REPAIR

Overall Goal: Water audit each year to determine amount of unaccounted for water each year. If it is 10 percent or more, a complete system audit is required. Unmetered purveyors have additional standards to minimize losses.

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A.	UNMETERED SIGNATORIES:		
A. 1.	Annually updated "system map"		X
A. 2.	Installation of devices to identify area with greater than 10% losses	Grant project will install flow monitoring equipment for Folsom. <i>Category 2</i>	X
A. 3.	Ongoing meter calibration and replacement program for all production and distribution meters		X
A. 4.	Ongoing leak detection & repair program focused on high probability leak areas	Implement grant funded leak detection program with Folsom <i>Category 2</i>	X
A. 5.	A complete system-wide leak detection program, repeated no less often than every ten years;		X
B.	METERED SIGNATORIES		
B. 1.	Annual system water audit, determining the difference between production and sales;		X
B. 2.	Annually updated "system map"		X
B. 3.	Ongoing meter calibration and replacement program		X
B. 4.	Ongoing leak detection & repair program focused on high probability leak areas	Implement grant funded leak detection program with PCWA <i>Category 2</i>	X
B. 5.	A complete system wide leak detection program, repeated: when the system water audit determines losses to be greater than 10%;		X

BMP 5 LARGE LANDSCAPE WATER AUDITS AND INCENTIVES FOR COMMERCIAL, INDUSTRIAL, INSTITUTIONAL (CII), AND IRRIGATION ACCOUNTS

Overall goal (numeric target): 12 percent annual participation of irrigation customers and CII accounts with 1 acre and larger landscapes so that all such accounts receive audits within 8 years. Purveyors need to inform Water Forum how many CII accounts have 1 acre or larger landscapes so that target numbers on reporting forms are correct.

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A.	WITHIN THREE YEARS OF AGREEMENT SIGNING:		
A. 1.	Identify irrigation and commercial / industrial / institutional accounts with landscapes 1 acre and larger and record info in customer database		X
A. 2.	Have certified and/or trained landscape water auditors on staff or available through cooperative agreements.	RWA hosts Irrigation Association (IA) Certification classes, as requested, to train water district staff and local professionals, <i>Category 1</i> . Contract landscape auditors available, <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.
A. 3.	Prepare and distribute multi-lingual (as appropriate) irrigation system materials, seasonal climate-appropriate information on irrigation scheduling and offer training for customers and landscape workers.	Provide “Rules of Thumb for Water Wise Gardening” to water suppliers and class attendees; Cosponsor 2007 Workshops with UC Master Gardeners for homeowners, and landscape professionals. Cosponsor Landscape Irrigation Auditor Workshop with ITRC & IA, Cosponsor three Irri. Assoc. Pro Workshops. <i>Category 1</i>	X
A. 4.	Develop seasonal climate-appropriate information to determine irrigation schedules, and provide that information to the customers with one acre or larger landscapes.	Provide “Rules of Thumb for Water Wise Gardening” to water suppliers; upgrade RWA website provide ET information for various sized landscapes; Continue to support CIMIS information by telephone. <i>Category 1</i>	Supplier must distribute RWA materials to customers. May use the “Be Water Smart” Tool Kit (e.g., template watering schedules).
A. 5.	Begin installation of climate appropriate water efficient landscaping at landscaped purveyor facilities		X

BMP 5 Continued

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
B.	SIGNATORIES WILL ANNUALLY:		
B. 1.	Directly contact all Irrigation and CII accounts with one acre or larger landscapes (not previously audited) and offer landscape water-use reviews		X
B. 2.	Offer landscape water-use reviews to all customers	May 2007 region wide advertisements; 4 weeks billboard and movie theater slides, and radio PSAs. <i>Category 1</i>	Purveyors may want to supplement in order to achieve target.
B. 3.	Survey past program participants to determine if audit recommendations were implemented.	RWA maintains record of customers surveyed by RWA programs <i>Category 1</i>	Purveyors need to plan to conduct surveys using records.
B. 4.	Offer program participants with separate irrigation meters information showing the relationship between actual consumption and their ET-based water demand.		X
C.	THE LANDSACPE WATER-USE REVIEW PROGRAM WILL:		
C. 1.	Provide audits conducted by certified landscape water auditors.	RWA has contract IA certified landscape auditors available to provide these services, <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.
C. 2.	Provide audits that consist of a system review, to identify necessary irrigation system repairs, and, once repairs have been completed, a water-use review including measurement of landscaped area.	RWA has contract IA certified landscape auditors available to provide these services, <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.
C. 3.	Provide program participants with seasonal irrigation schedules by hydrozone and/or station.	RWA has contract IA certified landscape auditors available to provide these services, <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.
C. 4.	Provide program participants with regular reminders to adjust irrigation timer settings.	Spring, Summer and Fall “water with the weather” media ads scheduled, <i>Category 1</i>	
C. 5.	Provide incentives, such as the following, to achieve at least 12% annual participation of targeted customers: billing adjustments or rebates, grants to encourage landscape and irrigation improvements, ED based tiered rate structure	Implement Prop. 13 grant projects for fifteen water suppliers to provide \$1 million landscape incentives, <i>Category 2</i>	Contract with RWA (Category 2) for incentives, purveyors are responsible to achieve target.

BMP 6 LANDSCAPE WATER CONSERVATION REQUIREMENTS FOR NEW AND EXISTING COMMERCIAL, INDUSTRIAL, INSTITUTIONAL AND MULTIFAMILY DEVELOPMENTS

Water Forum Successor Effort has established Task Force to implement this BMP. RWA WEP has supported the Task Force.

BMP 7 PUBLIC INFORMATION

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A.	WITHIN THREE YEARS OF AGREEMENT SIGNING, A SIGNATORY'S ON-GOING PROGRAM WILL INCLUDE:	Implement the RWEP Community Outreach Plan.	
A.	A combination of a purveyor specific program in conjunction with full participation by the purveyor in the SAWWA Conservation Committee's Public Outreach Program or other equivalent regional program. This program includes programs such as: school outreach, media advertising campaigns, commercial consumer outreach, promotional materials, community events and fairs, evapotranspiration data availability, a Web site, and allied organizations outreach.	Water efficiency materials for RWA exhibits; RWA booth at community events per schedule in the RWEP Community Outreach Plan; including landscape workshops for homeowners, supported local agency workshops and exhibits; maintain and enhance the RWA website with expanded water efficiency materials. Support updates and reprint of RWA publications including "Watering Tips for Beautiful Gardens" and "Rules of Thumb for Water Wise Gardens"; Radio advertised to carefully targeted audiences; develop and issued press releases describing success of RWEP program and call for water use reviews for homeowners, business owners and owners of large landscapes; maintain ET telephone line with CIMIS information . <i>Category 1</i>	
A. 1 A. 2.	Elements implemented directly by the purveyor include, at a minimum: (1) Using utility bill inserts or messages on payment notices. (2) Providing information on residential metered customers' bills showing use in gallons per day for the last billing period compared to the same period the year before.		X

BMP 8 SCHOOL EDUCATION

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
	WITHIN THREE YEARS OF AGREEMENT SIGNING, A SIGNATORY'S PROGRAM WILL INCLUDE, AT A MINIMUM:		
A.	A combination of a purveyor specific program in conjunction with full participation by the purveyor in the Sacramento Area Water Works Association (SAWWA) Conservation Committee's Public Outreach Program or other equivalent regional program. This program includes programs such as: school outreach, media advertising campaigns, commercial consumer outreach, promotional materials, community events and fairs, evapotranspiration data availability, a Web site, and allied organizations outreach.	Continue Newspapers in Education program with Sacramento Bee reaching 6,500 students and including major newspaper advertisements. Provide water suppliers with template letter reminding school teachers to reserve time for spring NIE "Be Water Smart" program. Maintain water education elements in RWA website. Continue "Great Water Mystery" Stormwater Management program partnership using SYRCL to reach additional 10,000 students. Newspaper Education materials and Stormwater Management presentations provided to schools free of charge. Continue to make available materials updated by RWA. <i>Category 1</i>	
A. 1.	Elements implemented directly by the purveyor include, at a minimum: 1. Offering tours of purveyor facilities to elementary schools in the purveyor's service area; and		X
A. 2.	2. Working with schools served by the purveyor to promote school audits, reduced water bills, and innovative funding for equipment upgrades.	RWA contract CII auditors on-call available to schools, government agencies and private businesses. <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.

BMP 9 COMMERCIAL AND INDUSTRIAL (CI) WATER CONSERVATION

Overall Goal (numeric target): 20 percent annual participation of the targeted top 10 percent of all CI customers so that all targeted customers are audited within five years.

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A.	WITHIN THREE YEARS OF AGREEMENT SIGNING, SIGNATORIES WILL HAVE:		
A. 1.	Trained commercial/industrial water auditors on staff or available through cooperative agreements.	RWA contract CII auditors on-call available to schools, government agencies and private businesses. <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.
A. 2.	The DWR Commercial / Industrial (CI) water-use materials available for CI customers.	Free copies of DWR "Water Efficiency Guide to Business Managers and Facility Engineers" available for distribution. Prepare brief excerpts for specific area types of businesses. <i>Category 1</i>	Distribute information to customers.
A. 3.	Established, if possible, cooperative CI audit programs with other utilities.	RWA water efficiency program is a cooperative effort with 20 water suppliers. RWA supports water efficiency training to businesses through SMUD. <i>Category 1</i>	
A. 4.	A list of available CI water-use consultants.	Provide updated CUWCC lists. <i>Category 1</i>	Distribute information to customers.
B.	SIGNATORIES OR THEIR REPRESENTATIVES WILL ANNUALLY:		
B. 1.	Identify the top 10% of commercial water users and top 10% of industrial water users, not previously audited, and directly contact them or the appropriate customer's representative and offer them water-use reviews (audits). Provide these customers with data on their current water-related costs (supply, waste water, energy, on-site treatment, etc.)	RWA contract CII auditors on-call available to schools, government agencies and private businesses with reports that specify water-related cost savings possible. Coordinate with SMUD and PG&E commercial programs to co-promote water-use reviews. <i>Category 2</i>	X

BMP 9 Continued

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
B. 1. a.	(for metered customers) annually determine the top 10% of commercial customers and of industrial customers based on water use, and when appropriate, special water-use factors (high water use, high wastewater flows, poor quality wastewater, high-energy use, etc.); and		X
B. 1. b.	(for unmetered customers) annually determine the top 10% of commercial customers and of industrial customers based on special water-use factors such as wastewater flows, poor quality wastewater , and high-energy use. etc.		X
B. 2.	Offer CI water-use reviews to all CI customers	Advertise in business publications or chamber of commerce's as appropriate, <i>Category 1</i>	Purveyors may want to supplement in order to achieve targets.
B. 3.	Survey past program participants to determine if audit recommendations were implemented.	CII database created. Business data purchased and installed. Customer participation history and tracking may be integrated by individual agencies. <i>Category 1</i>	Purveyors need to plan to conduct surveys using records.
C.	THE SIGNATORY'S,OR COOPERATIVE, WATER-USE REVIEW PROGRAM WILL:		
C. 1.	Provide audits conducted by trained commercial/industrial water auditors.	RWA contract CII auditors on-call available to schools, government agencies and private businesses. <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.
C. 2.	Provide incentives, such as the following, to achieve at least 20% annual participation of the targeted 10% of existing customers: billing adjustments or bill rebates, and grants to partially fund climate-appropriate water efficient landscaping and or water-use systems repair or improvement.	Possible Phase 3 "Rinse and Save" offers free installation of spray valves to food service establishments or other means for Category 2 program. Toilet replacement project offers rebates for ULFTs. <i>Category 2</i>	Contract with RWA (Category 2) for incentives, purveyors are responsible to achieve BMP 9 targets.
C. 3.	Contact past program participants for a follow-up audit	CII database created. Business data purchased and installed. Customer participation history and tracking may be integrated by individual agencies. <i>Category 2</i>	Contract with RWA (Category 2). Purveyors need to plan to conduct surveys using records.

BMP 9 Continued

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
D.	Counties and cities will establish policies requiring water intensive commercial and industrial building permit applicants (new, modified or change-of-water-use) to conduct a water-use efficiency review and submit the findings in any required environmental documentation for the commercial or industrial project.		Applies to counties and cities only.
E.	PURVEYORS WILL:		
E. 1.	Promote the use of efficient water-use technologies by commercial and industrial customers by offering incentives related to the benefits gained by the water and sewer service providers.	Possible Phase 3 “Rinse and Save” offers free installation of spray valves to food service establishments or other means for Category 2 program. Toilet replacement project offers rebates for ULFTs. <i>Category 2</i> Expand incentives with SRCSD (SMUD and PG&E) <i>Category 2</i>	Contract with RWA (Category 2) or provide on own.
E. 2.	Coordinate with the city or county during the permitting of new, modified or change-of-water-use CI projects within the purveyor’s service area to ensure that the submitted findings are reviewed by the purveyor to identify incentive program opportunities.		X Purveyors to consider working with energy providers on the new “Savings By Design” concept for new construction.
E. 3.	Consider separate landscape water meter(s) when the combined service would require a 1½” or larger meter; and		X
E. 4.	Require efficient cooling systems, recirculating pumps for fountains and ponds, and water recycling systems for vehicle washing as a condition of service.		X

BMP 12 LANDSCAPE WATER CONSERVATION FOR NEW/EXISTING SINGLE FAMILY HOMES

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A.	SIGNATORIES WILL IMPLEMENT A PROGRAM WHICH INCLUDES, AT A MIN:		
A. 1.	Information on climate-appropriate landscape design, plants and efficient irrigation equipment/management provided to change-of-customer accounts and, in cooperation with the Building Industry Association of Superior California, to new customers. The availability of this information will be publicized to all existing Single Family Homes in the purveyor's service area on an annual basis.	Provide to builders and landscape contractors and Fair Oaks Horticulture Center, UC Master Gardeners "Rules of Thumb for Water Wise Gardening" publication, <i>Category 1</i>	Purveyors responsible for publicizing to single-family homes.
A. 2.	Landscape audit/water-use survey program actively marketed to all new homes and change-of-customer accounts: a. Unmetered service areas will actively market landscape audits/surveys to each existing Single Family Home at least every fifth year; and b. Metered service areas will actively market landscape audits/surveys to the top 20 percent of existing Single Family customer water-users.	May 2007 region-wide advertisements; 4 weeks billboard and movie theater slides, and radio PSAs. <i>Category 1</i>	Purveyors may want to supplement in order to achieve targets.
A. 3.	Annual pre-irrigation season notification to Single Family Homes served by the purveyor of purveyor-provided landscape assistance (audits/surveys, materials, special offers, etc.).	May 2007 region-wide advertisements; 4 weeks billboard and movie theater slides, and radio PSAs. <i>Category 1</i>	X
B.	A SIGNATORY'S ON-GOING PROGRAM WILL INCLUDE:		
B. 1.	In cooperation with the California Landscape Contractors Association, Sacramento Area Water Works Association, other purveyors, etc., will include: Participation in the development/maintenance of a local demonstration garden within five years following agreement signing.	RWA tip card publication and website page shows locations of "Water Efficient Landscape" (WEL) demonstration gardens. RWA provides "Rules of Thumb for Water Efficient Gardening" to UC Master Gardeners Fair Oaks Horticultural Center with co-sponsoring their events. <i>Category 1</i>	Purveyors support maintenance of their demonstration gardens.

BMP 12 Continued

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
B. 2.	Annual participation at local and regional landscape fairs and garden shows.	Present efficient landscape displays at Community events per the RWEPC Community Outreach Plan. <i>Category 1</i>	Purveyors assist with staffing shifts at RWA exhibit booths at community events.
B. 3.	Annual cooperative education and marketing campaigns with local nurseries.	RWA & local water suppliers expand number of retailers distributing "Rules of Thumb for Water Wise Gardening". <i>Category 1</i>	Purveyors support distribution of materials.
B. 4.	Annual irrigation season landscape media campaign.	May 2007 region-wide advertisements; 4 weeks billboard and movie theater slides, and radio PSAs to invite customers to accept water supplier BMP services. Bill insert from SMUD for distribution by water suppliers educates customers about irrigation times. <i>Category 1</i>	Purveyors assist to complement RWA messaging using the "Be Water Smart" tool kit and Community Outreach Plan goals.
B. 5.	Annual post-irrigation season notification, to all customers, of the importance of timer resets/sprinkler shut-offs.	Print and/or radio commercials reminding customers to "Water with the Weather" and reduce/turn off irrigation applications. <i>Category 1</i>	Purveyors to complement RWA messaging using the "Be Water Smart" tool kit.
C.	COUNTIES AND CITIES, IN COOPERATION WITH PURVEYORS WITHIN THEIR JURISDICTION WILL:		
C. 1.	Establish a landscape task force with other local governments, water purveyors, the building and green industries and environmental / public interest groups to review the existing ordinance to determine if it is at least as effective as the Model Water Efficient Landscape Ordinance as pertains to single family homes, and to monitor, and revise, when applicable, the ordinance;	Continue support WFSE Landscape Advisory Committee as appropriate and support stakeholders to implement effective water efficient landscape review and inspection for new landscapes.	Purveyor representatives should participate in implementing task force recommendations.
C. 2.	Review, in cooperation with the landscape task force, the implementation of the ordinance, including builder compliance, landscape plan review, and final inspection/certification process, to ensure its effectiveness; and		Purveyor representatives should participate in implementing task force recommendations.

BMP 12 Continued

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
C. 3.	Determine, in cooperation with the landscape task force, if program effectiveness is diminished by city/county staff time constraints, budget or lack of landscape knowledge/expertise, and, if so, recommend and support corrective action - for example, the use of consultants.		Purveyor representatives should participate in implementing task force recommendations.
D.	Signatories will publicly support the county or city's actions to enact and/or revise and fully implement a landscape water efficiency ordinance.		X

BMP 16 ULTRA-LOW FLUSH TOILET REPLACEMENT PROGRAM FOR NONRESIDENTIAL CUSTOMERS

Overall Goal (numeric target): 10 percent of all non-ULF (pre 1993) each year to achieve 90 percent coverage in ten years. Purveyors need to inform Water Forum staff how many non-ULF toilets still exist so that target numbers on reporting form are correct

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
A.	WITHIN THREE YEARS OF AGREEMENT SIGNING, SIGNATORIES WILL:		
A. 1.	Identify all non-residential customers, estimate the approximate number of non- ULF toilets at each account, and rank them by high, medium or low use	Numbers of toilets in various Commercial sectors estimated in 2003 by RWA with CUWCC technology. <i>Category 2</i>	Purveyors need to provide this information to Water Forum to include in annual reporting form.
A. 2.	If possible, established a cooperative district / sanitation district ULF rebate program.	Continue MOU between RWA & SRCSD established in 2003 for ULFT rebate augmentation of \$50 by SRCSD. <i>Category 2</i>	
B.	SIGNATORIES WILL ANNUALLY:		
B.	Signatories will annually offer, through direct mail or other direct communication, ULF rebates to all non-residential accounts which do not yet have ULF toilets, with special focus on those with the highest number of high-use non ULF-toilets.	Bill inserts sent to 270,000 SRCSD customers, support letters mailed to all plumbing contractors and supply houses advertising rebate program and availability to residential and commercial customers. <i>Category 2</i>	Contract with RWA (Category 2). Purveyors will want to supplement in order to achieve targets.

BMP 16 Continued

Section / Item	BMP Element	RWA WEP Program Provides	Water Supplier Provides
C.	THE RETROFIT PROGRAM WILL:		
C. 1.	Offer the necessary incentive to insure that at least 10% of nonresidential non-ULF toilets are replaced with ULF toilets each year, with a final installation target of 90% of all non-residential toilets being ULFs within ten years	Possible Phase 3 “Rinse and Save” will continue to offers free installation of spray valves to food service establishments and offer toilet replacement rebates for ULFTs. <i>Category 2</i>	Contract with RWA (Category 2). Purveyors will want to supplement in order to achieve targets.
C. 2.	Consider larger rebates for the more expensive high-use flushometer-type ULF installations.	Combined water supplier and SRCSD rebates will commonly total \$125 per toilet. <i>Category 2</i>	
C. 3.	Investigate opportunities for community-based organizations (CBOs) to receive the training and financial incentives necessary for them to implement this BMP for their constituents.		X
C. 4	Consider monitoring the change in water use at metered-accounts that install ULF toilets.		X

BMP 16 ULTRA-LOW FLUSH TOILET REPLACEMENT PROGRAM FOR RESIDENTIAL CUSTOMERS

Under the *Water Forum Agreement* this is a voluntary program. However, it is recommended that purveyors make an effort to replace high water-using residential toilets with ULF toilets, using incentives. This could include any or all of the following program elements: rebates, distribution of toilets at no cost to the customer using programs such as CBOs, co-payment programs in which the customers pay a reduced rate for the toilets, and direct installations.

RWA’s Water Supplier and SRCSD rebate program is also offered for residential customers. Category 2.

**Regional Water Efficiency Program Advisory Committee
Delegate**

Agency name: _____

Person authorized to represent agency: _____

Telephone: _____

Fax: _____

Email: _____

Mailing address: _____

Alternative representative: _____

Telephone: _____

Fax: _____

Email: _____

Mailing address: _____

Designating Official: _____

Date: _____



Topic: Approval of Fiscal Year 2025 -2026 Water Efficiency Program Budget
 Type: Action Item
 Item For: Action; Approve Fiscal Year 25/26 Water Efficiency Program Budget
 Purpose: Subscription Program Agreement Requirement
 Impact: Routine

SUBMITTED BY:	Amy Talbot Regional Water Efficiency Program Manager	PRESENTER:	Amy Talbot Regional Water Efficiency Program Manager
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EXECUTIVE SUMMARY

This is an action item for the RWA Executive Committee to approve the Fiscal Year 2025-2026 Water Efficiency Program Budget as directed in the Subscription Program Agreement and as previously approved by the Regional Water Efficiency Program Advisory Committee (RWE PAC) in May 2025.

STAFF RECOMMENDED ACTION

Approve the Fiscal Year 2025-2026 Water Efficiency Program Budget as approved by the RWE PAC in May 2025.

BACKGROUND

Historically the Water Efficiency Program (WEP) Budget includes both programmatic expenses (for media ads, outreach consultant support, etc.) and RWA administration expenses (manager salary, office rent, etc.). The RWA administration expenses are calculated based on the RWA core budget and provided to the RWE PAC as a set expense (cannot be modified by the RWE PAC). The programmatic expenses and program dues increases are discussed by the RWE PAC and are approved by the RWE PAC committee every May. All this information is included in the annual RWA Core Budget presentations and documents for approval at RWA Board meetings. However, the Water Efficiency Subscription Program Agreements specifically state the WEP Budget should be approved by the Executive Committee. Moving forward, RWA staff will present the WEP Budget to the RWA Executive Committee for final approval after being vetted by the RWE PAC.

The Fiscal Year 2025-2026 Water Efficiency Program Budget was approved by the RWE PAC on May 13, 2025, with the following notes:

- Prior to the Fiscal Year 2025 - 2026 budget approval, the program’s projected reserve funding was \$278,000. The reserve funding was impacted by a \$80,000 projected loss in Fiscal Year 2024-2025 and a \$169,000 loss in Fiscal Year 2023-2024 (\$92,000 was approved by the RWE PAC) due to RWA administration staff and grant cost allocation changes, vacation liability addition, and non-reimbursable grant expenses.

Agenda Item 9

- The reserve is currently below the RWA Policy 500.19 - WEP Reserve Policy's reserve target balance of \$300,000.
- The program approved a 10% dues increase for Fiscal Year 2025-2026 to account for increased expenses from RWA staff allocation changes and decreased revenue from grant funding.
- The approved scope of work for Fiscal Year 2025-2026 reflects a \$52,000 decrease in program activities to balance the budget.
- For the foreseeable future, WEP member agencies should plan on at least a 5% annual increase.
- The WEP programmatic expenses have been historically under budget. The recent budget overages are largely due to RWA administration and grant expenses.

The budget approval meeting notes are posted here: <https://rwah2o.org/programs/wep/wep-archives/>.

ATTACHMENTS

Attachment 1- RWA Water Efficiency Program Fiscal Year 2025-2026 Category 1 Budget Document as approved by the Regional Water Efficiency Program Advisory Committee (RWE PAC) on May 13, 2025.

**RWA Water Efficiency Program
Fiscal Year 2025-2026
Category 1 Budget**



INTRODUCTION

The regional Water Efficiency Program (WEP) is the collaborative and coordinated effort of 17 water agencies throughout the Sacramento region that promotes common water efficiency messages and incentives to customers. The WEP also provides assistance to participating agencies in their implementation of the water conservation and efficiency requirements for state and federal grants, Sacramento Water Forum Agreement, U.S. Bureau of Reclamation, California's SB7x7 legislation, and the most recent Senate Bill 606 and Assembly Bill 1668 legislation.

Current WEP members include:

- California American Water
- Carmichael Water District
- Citrus Heights Water District
- City of Folsom
- City of Lincoln
- City of Roseville
- City of Sacramento
- City of West Sacramento
- El Dorado Irrigation District
- Elk Grove Water District
- Fair Oaks Water District
- Golden State Water Company
- Orange Vale Water Company
- Placer County Water Agency
- Sacramento County Water Agency
- Sacramento Suburban WD
- San Juan Water District

The WEP consists of two program categories:

- **Category 1 Program** consists of core subscription services that address water efficiency activities common to all participants. Category 1 programs are designed to benefit the entire WEP membership. Participating WEP members fund Category 1 through annual dues to support staff and other direct costs of program implementation.
- **Category 2 Programs** are specialized subscription services offering additional water efficiency programs beyond Category 1 programs. Category 2 programs are structured as “pay for services” programs and benefit only those WEP members who committed financially to participate in the programs. Supplementary funding supports Category 2 programs. These resources may come from the U.S. Bureau of Reclamation, California Department of Water Resources, Sacramento Area Sewer District, Sacramento Municipal Utility District, Pacific Gas & Electric Company and other sources as available. In some cases, grant programs can be developed with no funding requirements for members. These programs are available to all interested WEP members.

This document focuses on only the Category 1 Program and incorporates feedback from RWA's Regional Water Efficiency Program Advisory Committee (RWE PAC).

CATEGORY 1 BUDGET SUMMARY

The Category 1 budget for Fiscal Year (FY) 2025-2026 is \$662,000, with the majority of funding, \$513,000, from member fees (Table 1) and the remaining funding from the RWA Salary/Office Share, reserve funding and grant administration revenue.

Table 1. Category 1 Budget Summary	
Program Revenues FY 2024-2025	
Projected FY 2024-2025 Category 1 Revenues ¹	\$513,000
RWA Salary/Office Share (40%)	\$119,000
FY 2023-2024 Reserve/Carry Over Funding	\$10,000
FY 2024-2025 Grant Administration Revenue	\$20,000
Total Revenues	\$662,000
Program Expenses FY 2024-2025	
Program Management and Implementation, Technical Assistance	
Staff, Legal, Office Expenses, Travel, Financial and Audit Services	\$399,000
Water Efficiency Consulting Services	\$20,000
Best Management Practices (BMP) Implementation Categories²	
Public Outreach	\$212,000
School Education	\$14,000
Landscape	\$17,000
Total Expenses	\$662,000

¹ Represents a 10% increase in supplier dues compared to FY 24/25.

² Breakdown of Best Management Practices (BMP) Implementation Categories on page 4.

Table 2 displays the breakdown of each Best Management Practices (BMP) Implementation Categories including public outreach, school education, and landscape.

Table 2. BMP Implementation Categories		
PUBLIC OUTREACH		\$212,000
Regional Outreach Campaign	Common message and branding	\$191,000
	Media buys and marketing (i.e., TV and Radio ads, PSA's)	
	Events Team and collateral	
	Outreach consultant and additional partnerships	
	Sacramento Republic Partnership	\$21,000
SCHOOL EDUCATION³		\$14,000
Educational Presentations	Partnership for delivery of educational presentations to schools and public venues	\$14,000
LANDSCAPE		\$17,000
Landscape Outreach Activities	Landscape Education Partnerships (Harvest Day, etc.)	\$5,000
	Gardensoft Gallery renewal for BeWaterSmart.info website	\$5,000
	Professional Trainings (QWEL/ReScape CA, etc.)	\$7,000
TOTAL		\$243,000



Topic: Water Forum Agreement
Type: Old Business
Item For: Discussion; Provide Staff Direction
Purpose: RWA Strategic Plan

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

This is a discussion item staff would like to provide a brief update and discuss the “Water Forum 2050 Agreement” and receive direction on bringing the agreement to the Board of Directors for approval.

STAFF RECOMMENDED ACTION

Provide staff direction

BACKGROUND

For five years, the Water Forum has been developing the Water Forum 2050 agreement. Staff would like to discuss this agreement with the Executive Committee and receive direction on the following:

1. Is the agreement satisfactory to the Executive Committee and would the Executive Committee recommend the Board of Directors sign the agreement?
2. Should the RWA develop an additional agreement that addresses RWA specific issues, such as support for the Water Bank, support for grant funding, etc.?

Additionally, City staff has inquired about the potential for the RWA supporting in writing the potential agreement requirement of preparing a salary survey to aid in the appropriate compensation for the Executive Director, in order to retain (and if needed in the future, attract) a highly qualified Executive Director. Staff would like to discuss and receive direction on this item too.

ATTACHMENTS

Attachment 1- Draft Water Forum 2050 Agreement



Topic: RWA Program Update
Type: Old Business
Item For: Information/Discussion
Purpose: [Policy 200.2](#)

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

This is an information/discussion item for the Executive Committee to have a two way dialogue with staff regarding various programs and initiatives the RWA currently has 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. The report will include key milestones reached to date, the overall status of the programs, upcoming key milestones, and current and future anticipated resources.

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
- The implementation of the current NASb GSP
- The Watershed Resilience Pilot Project
- The Water Forum Agreement 2050
- The Healthy Rivers and Landscapes Program
- The Reinitiation of Consultation for the Biological Opinions



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

SUBMITTED BY:	Jim Peifer Executive Director	PRESENTER:	Jim Peifer Executive Director
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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 report is intended to provide an opportunity for the Executive Director to report to the Executive Committee on important activities, reports, communications, advocacy, and other updates.

OUTREACH & MEDIA

RWA Executive Director Jim Peifer was quoted in a recent *Sacramento Bee* story examining climate action ahead of COP30, the United Nations global climate conference. He emphasized the importance of moving climate-resilience projects from planning to construction and highlighted the need for timely release of funding from the 2024 Climate Resilience Bond. Peifer noted that accelerating the distribution of these dollars would help the Sacramento region advance projects that address flood, fire, and drought risks while delivering broad benefits for communities and the environment. You can read the story here: [Newsom heads to COP30 as Californians urge action at home | Sacramento Bee](#)

ACWA RECAP

The RWA team provided talking points for members to use at the ACWA Fall Conference to support advocacy on the Streamflow Depletion Factor (SDF). The messaging clarified that SDF was built around a *recovery-before-recharge* model intended to mitigate negative impacts, while the Sacramento region operates differently—recharging water before recovering it, which creates measurable benefits for groundwater conditions and river flows. Because current statewide methods do not account for this approach, RWA is working to build support for a science-based framework that reflects local conditions.

RWA Manager of Strategic Affairs Michelle Banonis will moderate the session “*Water Management Program – Making Every Drop Count: Improving Bay-Delta Water Accounting*” at the ACWA Fall Conference on Wednesday, December 3, at 10:30 a.m. The panel featured representatives from the State Water Contractors, State Water Resources Control Board, and Public Policy Institute of California (PPIC) discussed efforts to modernize water tracking and reporting in the Bay-Delta to improve coordination and support data-driven water management decisions.

PROGRAM UPDATES

Legislative

RWA to sponsor a bill to approve recharge permitting. RWA staff is working with potential partners to develop bill language. For additional information, contact Ryan Ojakian at rojakian@rwah2o.org.

Watershed Resilience Pilot Program

The RWA hosted a Watershed Network Tour and Lunch on November 14 as part of the Watershed Resilience Pilot Program. Nearly 80 participants joined the public meeting to learn about local efforts to reduce climate-related risks and to share input on concerns and potential adaptation strategies. The tour began at the Water Forum’s 2022 habitat project at Nimbus Basin, followed by a hosted lunch at the Old Spaghetti Factory. Feedback gathered during the event will help inform the Pilot’s ongoing vulnerability assessment and development of strategies across the American, Bear, and Cosumnes watersheds.

At the November 20 Water Forum plenary, the RWA team presented an update on the Watershed Resilience Pilot Project, including results from the vulnerability and risk assessment. The presentation highlighted updated climate-related risks across the American, Bear, and Cosumnes watersheds and outlined how these findings will guide the next phase of strategy development for the 2026 Watershed Resilience Plan.

RWA collected project suggestions to support the Watershed Resilience Pilot Project. As the project moves from vulnerability and risk assessment into strategy development, participant ideas are essential for identifying actions that reduce climate-related impacts our watershed. RWA members, community members, and partners were invited to submit concepts.

SB 707

Please see the attached memo from BKS Law regarding the implementation of SB 707



MEMORANDUM

TO: Interested BKS Clients
DATE: November 10, 2025
RE: Senate Bill 707 Primer

Governor Gavin Newsom signed Senate Bill 707 (“SB 707”) into law on October 3, 2025. SB 707 makes significant changes to the Brown Act, Government Code sections 54950 and following. Notably, a number of SB 707’s changes to the Brown Act apply only to “eligible legislative bodies,” which will be defined below. These changes are unlikely to affect your agency. This memorandum will discuss the changes to the Brown Act that will apply to all legislative bodies and, briefly, those changes that will only apply to eligible legislative bodies.

Changes that Apply to All Legislative Bodies

Teleconferencing as a Reasonable Accommodation

SB 707 provides that members of a legislative body may utilize teleconferencing software to attend meetings as a reasonable accommodation for a disability. (Gov. Code, § 54953(c).) For a member of a legislative body with a disability to attend a meeting via teleconference, the member must participate using both audio and video technology unless their disability requires an exception to the video component. (Gov. Code, § 54953(c)(2)(A).) Furthermore, members attending remotely must disclose whether any other individuals over the age of eighteen are present in the room at their remote location and provide a brief description of the general nature of their relationship to any such individuals. Notably, legislative bodies are not required to comply with the posting requirements¹ of the Brown Act’s traditional teleconferencing rules for members that are attending remotely due to a disability and the participation of legislative body members under these circumstances is to be deemed equivalent to in-person attendance for all legal purposes, including establishing a quorum.

¹ The traditional Brown Act rules require that a quorum of a legislative body participate from teleconferencing locations within the agency’s jurisdiction, each teleconference location must be identified in the notice and agenda of the meeting, agendas must be posted at each teleconference location, and each location must be accessible with two-way communications to allow for the public to hear and address the legislative body directly at each teleconference location.

Alteration of Existing Alternative Teleconferencing Provisions

SB 707 recodifies and expands the Brown Act's alternative teleconferencing provisions in Government Code sections 54953.8 through 54953.8.7. Government Code section 54953.8 provides a general list of requirements for legislative bodies when utilizing alternative teleconferencing, while Sections 54953.8.1 to 54953.8.7 provide the specific circumstances that trigger the use of alternative teleconferencing. The following provisions may be applicable to your agency²:

Assembly Bill 2449 ("AB 2449") introduced exceptions to the notice and physical access requirements of the traditional teleconferencing rules of the Brown Act to allow less than a majority of a legislative body to attend via teleconference when a legislative body member experiences a "just cause" or "emergency circumstance" event, as defined. AB 2449 was set to sunset on January 1, 2026. SB 707 revises and restates the "just cause" alternative teleconferencing provisions under Government Code section 54953.8.3 and incorporates physical or family medical emergencies that prevent a member from attending a meeting in person and the attendance to specific military obligations as "just cause" events. If your legislative body meets once per month or less, a legislative body member may utilize the "just cause" exception twice per year. If your agency's legislative body meets twice per month, then members may use the "just cause" exception five times per year.

SB 707 recodifies the alternative teleconferencing provisions applicable in a state of emergency and adds a local emergency as a triggering event to utilize the alternative teleconferencing provisions. (Gov. Code, § 54953.8.2.) A local emergency is defined as a condition of extreme peril to persons or property proclaimed by the governing body of a city, county, or a city and county in accordance with section 8630 of the California Emergency Services Act or a local health emergency declared pursuant to section 101080 of the Health and Safety Code. The local emergency must occur within the boundaries of the local agency's jurisdiction. (Gov. Code, § 54953.8.2(e)(1).)

SB 707 provides that eligible subsidiary bodies³ (committees/advisory bodies) of a local agency may hold remote teleconference meetings if the subsidiary body meets certain requirements, including the following:

1. The body must designate one physical meeting location, within the boundaries of the legislative body that created the eligible subsidiary body, where members of the subsidiary body who are not participating remotely shall attend and members of the

² Alternative teleconferencing is also available to health authorities, eligible neighborhood councils and community college student organizations.

³ Eligible subsidiary bodies are defined as advisory bodies that 1) cannot take final action on legislation, regulations, contracts, licenses, permits, or any other entitlements, grants, or allocations of funds and 2) do not have primary subject matter jurisdiction on elections, budgets, police oversight, privacy, library material restrictions, or taxing or spending proposals.

public may physically attend and participate in the meeting. At least one staff member of the eligible subsidiary body or the legislative body must be present at the physical meeting location;

2. The body must post the agenda at the physical meeting location. Posting is not required at remote locations unless a participant is an elected official.
3. If a remote participant of the subsidiary body is an elected official, the teleconference must comply with the posting and access requirements of paragraph (3) of subdivision (b) of Government Code Section 54953, i.e., the traditional Brown Act rules;
4. Remote participants must appear on camera during the meeting, unless they have a disability that exempts them from this requirement or if the participant is having internet connectivity issues. If a remote participant experiences internet connectivity issues, the participant must announce the reason for their nonappearance prior to turning off their camera and maintain two-way audio communication; and,
5. The legislative body that established the eligible subsidiary body must make certain findings prior to authorizing fully remote meetings for the subsidiary body and at least every six months thereafter.

SB 707 provides that an eligible multijurisdictional body⁴ may utilize the alternative teleconferencing if the body complies with the following requirements:

1. The body adopts a resolution that authorizes the body to use teleconferencing;
2. The body identifies each member of the eligible multijurisdictional body who plans to participate remotely in the agenda;
3. A quorum of the body participates in the meeting from one or more physical locations that are open to the public and within the boundaries of the local agency;
4. Members of the eligible multijurisdictional body who receive compensation for their service on the body must participate from a physical location that is open to the public;
5. Members may not participate in a meeting remotely unless the location from which the member participates is more than 20 miles away from any physical meeting location;
6. Remote members are required to participate through both audio and visual technology; and,

⁴ Multijurisdictional is defined as either a legislative body that includes representatives from more than one county, city, city and county, or special district or a legislative body of a joint powers entity. An eligible multijurisdictional body is defined as a multijurisdictional board, commission, or advisory body of a multijurisdictional, cross-county agency, the membership of which board, commission, or advisory body is appointed, and the board, commission, or advisory body that is subject to the Brown Act. (Gov. Code, § 54953.8.7.)

7. If the body meets once per month or less, each member may utilize alternative teleconferencing only twice per year. Depending on the frequency that the body meets, members may utilize teleconferencing more frequently than twice per year.

Providing Copies of the Brown Act

Existing law encourages agencies to provide copies of the Brown Act to each member of a legislative body. SB 707 requires that local agencies provide a copy of the Brown Act to each elected or appointed member of a legislative body. (Gov. Code, § 54952.7)

Removal of Disruptive Members of the Public

SB 707 extends a legislative body's authority to remove or limit participation from individuals engaging in disruptive behavior to individuals who are attending a meeting remotely. (Gov. Code, § 54957.95.)

Exemptions to Public Comment

Under existing law, a legislative body may skip public comment for agenda items that have already been considered by a committee that is composed exclusively of members of the legislative body at a public meeting where all interested members of the public were afforded the opportunity to address the committee on the item, before or during the committee's consideration of the item. SB 707 clarifies that the above exception shall not apply if any of the following conditions are met: (1) the item has been substantially changed since the committee heard the item; (2) the prior committee meeting did not have a physical, in-person quorum; or (3) the committee has primary jurisdiction over certain sensitive or high interest topics, defined as elections, budgets, police oversight, privacy, removing from or restricting access to, materials available in public libraries, or taxes or related spending proposals. (Gov. Code, § 54954.3(a)(2)(A).)

Social Media Rule Extension

Existing law permits a member of a legislative body to engage in conversations or communications with the public regarding matters that are within the subject matter jurisdiction of the legislative body on an internet-based social media platform. Members of a legislative body may not use a social media platform to discuss these matters amongst a majority of the body's members. SB 707 removes the sunset date of January 1, 2026 for the social media usage exception and extends this exception indefinitely. (Gov. Code, § 54952.2.)

Changes that Apply to Eligible Legislative Bodies

SB 707 introduces Government Code section 54953.4, which imposes broad new requirements on "eligible legislative bodies" to promote public accessibility, language equity, and community outreach. The provisions specific to "eligible legislative bodies" apply on July 1, 2026. As explained below, these requirements would not apply to your agency and are being briefly described for information only.

An “eligible legislative body” is defined as any of the following:

1. A city council of a city with a population of 30,000 or more;
2. A county board of supervisors of a county, or city and county, with a population of 30,000 or more;
3. A city council of a city located in a county with a population of 600,000 or more; or,
4. A board of directors of a special district that has an internet website and meets any of the following conditions:
 - a. The boundaries of the special district include the entirety of a county with a population of 600,000 or more, and the special district has over 200 full-time equivalent employees;
 - b. The special district has over 1,000 full-time equivalent employees; or,
 - c. The special district has annual revenues, based on the most recent Financial Transaction Report data published by the California State Controller, that exceed four hundred million dollars (\$400,000,000), adjusted annually for inflation commencing January 1, 2027, and the special district employs over 200 full-time equivalent employees.

(Gov. Code, § 54953.4(e)(2).)

Two-Way Remote Attendance and Disruption Procedures

SB 707 requires eligible legislative bodies to provide a two-way telephonic service or two-way audiovisual platform to allow the public to attend body meetings remotely, but this requirement does not apply if telephonic or internet service is not available at the meeting location. In the event of a disruption to the telephonic or internet service, the body must recess its open session and engage in a good-faith attempt to restore service for at least an hour. An eligible legislative body must also adopt a written policy that details how the body will respond to disruptions to telephonic or internet service.

Public Outreach

SB 707 requires eligible legislative bodies to take specific actions to encourage residents to participate in public meetings, including the following:

- (1) Provide a system for electronically accepting and fulfilling requests for meeting agendas and related documents;
- (2) Create and maintain an accessible webpage dedicated to public meetings that provides a general explanation of the public meeting process for the body, instructions on how to provide in-person or remote public comments, a calendar of the body’s public meeting dates, and the related meeting agendas; and

- (3) Make reasonable efforts to invite groups that do not traditionally participate in public meetings to attend the body's meetings, such as outreach to media organizations serving non-English-speaking communities or civic engagement organizations.

Translation and Interpretation

SB 707 requires eligible legislative bodies to translate meeting agendas and participation instructions into all "applicable languages," which is defined as languages spoken by at least 20 percent of the applicable population that also speaks English less than "very well" according to the American Community Survey. This translation requirement also applies to the webpage dedicated to public meetings. Eligible legislative bodies also must provide reasonable assistance to members of the public who wish to use personal interpreters, such as arranging space for the interpreters and allowing extra time for interpretation.

Conclusion

SB 707 includes several important changes to the Brown Act that may be applicable to your public agency. If your agency is interested in receiving a presentation on SB 707 or has any questions about this memorandum or needs help implementing the requirements of SB 707 (including related policy updates), please contact your primary BKS attorney.



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 report is intended to provide an opportunity for the Board of Directors to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.