



**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:

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

Join the meeting from your computer, tablet or smartphone

Join Zoom Meeting

<https://us06web.zoom.us/j/81591056125>

or dial 1 669-444-9171

Meeting ID: **815 9105 6125**

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

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

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

AMENDED AGENDA

1. **CALL TO ORDER AND ROLL CALL**
2. **PUBLIC COMMENT:** Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.
3. **CONSENT CALENDAR:** All items listed under the Consent Calendar are considered and acted upon by one motion. Board Members may request an item be removed for separate consideration.
 - 3.1 Approve the draft meeting minutes of November 13, 2025, RWA Regular Board Meeting
 - 3.2 Approve revisions to RWA Policies 200.1 (Rules for Proceedings of the Board of Directors) and 500.13 (Business Expense Reimbursement)
 - 3.3 Accept the Fiscal Year 2024/2025 RWA Financial Audit Report
 - 3.4 Approve the 2026 Policy Principles
 - 3.5 Approve the 2026 Federal Affairs Platform

Action: Approve Consent Calendar items as presented

4. **2026 VICE CHAIR AND EXECUTIVE COMMITTEE MEMBERS**
Presenter: Michael Saunders, Chair
Actions: (1) Approve 2026 Vice Chair; and (2) Approve Executive Committee Members
5. **INFORMATION: WATERSHED RESILIENCE PILOT PROJECT**
Presenter: Jim Peifer, Executive Director
6. **BUDGET AMENDMENT FOR THE SPONSORSHIP OF THE PUBLIC POLICY INSTITUTE OF CALIFORNIA'S (PPIC) "ACCOUNTING FOR WATER" INITIATIVE**
Presenter: Jim Peifer, Executive Director
Action: Approve a budget amendment of up to \$50,000 for a sponsorship to PPIC
7. **DISCUSSION: WATER FORUM 2050**
Presenter: Jim Peifer, Executive Director
8. **DISCUSSION: STRATEGIC PLAN UPDATE**
Presenter: Jim Peifer, Executive Director
9. **EXECUTIVE DIRECTOR'S REPORT**
10. **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:

January 27, 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 January 5, 2026

Ashley Flores

Ashley Flores, CMC, Board Clerk

RWA Board of Directors – 2025

Chair: Michael Saunders

Vice Chair: Sean Twilla

California American Water Audie Foster, General Manager Evan Jacobs, Operations Manager Nichole Baxter , Business Development Director (alternate)
Carmichael Water District Ron Greenwood , Board Member Cathy Lee, General Manager
Citrus Heights Water District Caryl Sheehan, Director Raymond Riehle, Director (alternate) Hilary Straus, General Manager Todd Jordan, Director of Operations (alternate)
City of Folsom Barbara Leary, Councilmember Marcus Yasutake, Environmental/Water Resources Director (alternate)
City of Lincoln Whitney Eklund, Councilmember Matthew Medill, Public Works Director Chris Nelson , Environmental Services Manager (alternate)
City of Roseville Pauline Rocucci, Councilmember Sean Bigley, Director of Utilities Devin Whittington, Assistant Environmental Utilities (alternate) George Hanson, Water Utilities Manager (alternate)
City of Sacramento Lisa Kaplan, Councilmember Brett Ewart , Water Policy & Regional Planning Supervising Engineer Michelle Carrey, Supervising Engineer (alternate) Anne Sanger, Policy and Legislative Specialist (alternate)
City of West Sacramento Rebecca Scott, Director of Public Works
City of Yuba City Wade Kirchner, Councilmember Philip Marler, Public Works & Development Services Director
El Dorado Irrigation District Paul Penn, Director Pravani Vandeyar, General Manager Jon Money, Engineering Director (Alternate)
Elk Grove Water District Tom Nelson, Board Chair Bruce Kamilos , General Manager

* Names highlighted in red are Executive Committee members

<p>Fair Oaks Water District Randy Marx, Board Member Tom Gray, General Manager</p>
<p>Georgetown Divide Public Utility District Michael Saunders, Board Member, Chair Nicholas Schneider, General Manager Adam Brown, Operations Manager (alternate)</p>
<p>Golden State Water Company Sean Twilla, General Manager, Vice Chair Paul Schubert, Utility Solutions Team (alternate)</p>
<p>Nevada Irrigation District Ricki Heck, Board Member Greg Jones, Assistant General Manager Jennifer Hanson, General Manager (alternate)</p>
<p>Orange Vale Water Company Robert Hunter, Board Member Chris Shepard, General Manager (alternate)</p>
<p>Placer County Water Agency Chris Wilson, Board Member Robert Dugan, Board Member (alternate) Tony Firenzi, Director of Strategic Affairs Andy Fecko, General Manager, (alternate)</p>
<p>Rancho Murieta Community Services District John Merchant, Board Member Eric Houston, Director of Operations</p>
<p>Sacramento County Water Agency Patrick Kennedy, Supervisor Michael Grinstead, P.E. Principal Civil Engineer</p>
<p>Sacramento Suburban Water District Robert “Bob” Wichert, Board Member Dan York, General Manager Jay Boatwright, (alternate) Craig Locke, (alternate) Kevin Thomas, Board Member (alternate) Dave Jones, Board Member (alternate)</p>
<p>San Juan Water District Ted Costa, Board President Adam Larsen, General Manager Greg Zlotnick, Water Resources and Strategic Affairs (alternate)</p>

* Names highlighted in red are Executive Committee members

RWA ASSOCIATES

Organization:	Representatives:
El Dorado Water Agency	Lori Parlin , Chair Rebecca Guo , General Manager
Placer County	Derek Gade , Director Public Works and Facilities Jared Deck , Manager Environmental Engineering
Sacramento Municipal Utility District	Paul Lau , General Manager/CEO Christopher Cole , Strategic Account Advisor Chad Adair , Energy Trading and Contracts Manager John Hansen , Power Contracts Specialist
Sacramento Area Sewer District	Mike Huot , Director of Policy and Planning Jose Ramirez , Senior Civil Engineer
Sacramento Area Flood Control Agency	Jason Campbell , Executive Director
Yuba Water Agency	Adam Robin , Government Relations Manager Willie Whittlesey , General Manager

RWA AFFILIATE MEMBERS

Organization:	Representatives:
Black & Veatch	David Carlson , Vice president
Brown & Caldwell	Paul Selsky , Water Supply Planning, Vice president LaSandra Edwards , Civil Engineer May Huang , Engineer David Zuber , Vice President
CDM Smith	Lauren Sullivan , Client Service Leader - Water Services Brian Heywood, PE Principal Water Resources Engineer
GEI Consultants	John Woodling , Vice President, Branch Manager Chris Petersen , Principal Hydrogeologist Richard Shatz , Principal Hydrogeologist
HDR, Inc.	Jafar Faghieh , Water Resources Engineer Ed Winkler , Client Development Lead
Sacramento Association of Realtors	Jessica Coates , Chief Executive Officer
Stantec	Kari Shively , Vice President Vanessa Nishikawa , Principal Water Resources Engineer
West Yost Associates	Charles Duncan , President Abigail Madrone , Business Development Director Kelye McKinney , Engineering Manager I Jim Mulligan , Principal Engineer
Wood Rogers, Inc.	Kevin Gustorf , Vice President Sean Spaeth , Senior Hydrogeologist
Woodard & Curran	Ali Taghavi , Principal Jim Graydon , Senior Client Service Manager

* Names highlighted in red are Executive Committee members

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

SUBMITTED BY: Ashley Flores, CMC
Associate PM & Board Clerk PRESENTER: Michael Saunders, Chair

EXECUTIVE SUMMARY

This is an information item to provide an opportunity for the Regional Water Authority Board of Directors to recognize or hear from visitors that may be attending the meeting or to allow members of the public to address the Board of Directors 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 Board of Directors 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:	Jim Peifer Executive Director
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EXECUTIVE SUMMARY

This is an action item for the Regional Water Authority Board of Directors to review and consider approving the draft minutes of the special and regular Regional Water Authority Board Meeting of November 13, 2025.

STAFF RECOMMENDED ACTION

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

BACKGROUND

The draft minutes of the above-mentioned meeting are included with this Agenda. The minutes reflect the RWA Policy 200.1 to document actions taken 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 Board of Directors.

ATTACHMENTS

Attachment 1- Draft Meeting Minutes of the Regional Water Authority Board Meeting of November 13, 2025



Regional Water Authority
BUILDING ALLIANCES IN NORTHERN CALIFORNIA

RWA Board Meeting
Draft Minutes
November 13, 2025

1. CALL TO ORDER

Chair Ewart called the regular meeting of the Board of Directors to order at 9:05 a.m. the meeting location was at the Sacramento Association of Realtors, 2003 Howe Avenue, Sacramento, CA 95821. A quorum was established of 16 participating members present in person. Individuals who participated are listed below:

RWA Board Members

Ron Greenwood, Carmichael Water District
Cathy Lee, Carmichael Water District
Marcus Yasutake, City of Folsom
Chris Nelson, City of Lincoln
George Hanson, City of Roseville
Lisa Kaplan, City of Sacramento
Brett Ewart, City of Sacramento
Rebecca Scott, City of West Sacramento
Wade Kirchner, City of Yuba City - Arrived at 9:06 a.m.
Paul Penn, El Dorado Irrigation District
Pravani Vandeyar, El Dorado Irrigation District
Tom Nelson, Elk Grove Water District
Bruce Kamilos, Elk Grove Water District
Randy Marx, Fair Oaks Water District
Michael Saunders, Georgetown Divide Public Utilities District – arrived at 9:29 a.m.
Nicholas Schneider, Georgetown Divide Public Utilities District
Sean Twilla, Golden State Water Company
Chris Wilson, Placer County Water Agency
Patrick Kennedy, Sacramento County Water Agency
Michael Grinstead, Sacramento County Water Agency
Robert Wichert, Sacramento Suburban Water District
Dan York, Sacramento Suburban Water District
Ted Costa, San Juan Water District
Adam Larsen, San Juan Water District
Greg Zlotnick, San Juan Water District

RWA Associate Members

Rebecca Guo, El Dorado Water Agency; Jose Ramirez, Sacramento Area Sewer District

RWA Affiliate Members

Vanessa Nishikawa, Stantec

Staff Members

Jim Peifer, Tom Hoffart, Ryan Ojakian, Michelle Banonis, Trevor Joseph, Monica Garcia, Ashley Flores and Gavin Ralphs, Legal Counsel

2. PUBLIC COMMENT

None

Director Wichert pulled Consent Calendar Item 3.3 and requested it be amended striking “should” to “ shall.”

3. CONSENT CALENDAR

3.1 Approve the draft meeting minutes of September 11, 2025, RWA Regular Board Meeting

3.2 Approve the 2026 Board of Directors and Executive Committee meeting schedules

A motion was made to approve the Consent Calendar items 3.1 and 3.2 as presented.

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

Ron Greenwood, Carmichael Water District; Marcus Yasutake, City of Folsom; Chris Nelson, City of Lincoln; George Hanson, City of Roseville; Brett Ewart, City of Sacramento; Rebecca Scott, City of West Sacramento; Wade Kirchner, City of Yuba City; Paul Penn, El Dorado Irrigation District; Tom Nelson, Elk Grove Water District; Randy Marx, Fair Oaks Water District; Michael Saunders, Georgetown Divide Public Utilities District; Sean Twilla, Golden State Water Company; Chris Wilson, Placer County Water Agency; Michael Grinstead, Sacramento County Water Agency; Robert Wichert, Sacramento Suburban Water District; Ted Costa, San Juan Water District; voted yes.

Ayes	16
Noes	0
Abstained	0
Absent	4

3.3 Approve Revisions to RWA Policies 300.1 (Authority Delegated to the Executive Director), 400.2 (Compensation Policy), and 400.4 (Executive Director Review Policy)

A motion was made to approve 3.3 as amended.

Motion/Second/Carried Director Wichert moved, with a second by Director Costa

Ron Greenwood, Carmichael Water District; Marcus Yasutake, City of Folsom; Chris Nelson, City of Lincoln; George Hanson, City of Roseville; Brett Ewart, City of Sacramento; Rebecca Scott, City of West Sacramento; Wade Kirchner, City of Yuba City; Paul Penn, El Dorado Irrigation District; Tom Nelson, Elk Grove Water District; Randy Marx, Fair Oaks Water District; Michael Saunders, Georgetown Divide Public Utilities District; Sean Twilla, Golden State Water Company; Chris Wilson, Placer County Water Agency; Michael

Grinstead, Sacramento County Water Agency; Robert Wichert, Sacramento Suburban Water District; Ted Costa, San Juan Water District; voted yes.

Ayes	16
Noes	0
Abstained	0
Absent	4

4. INFORMATION: HEALTHY RIVERS AND LANDSCAPES PROGRAM UPDATE

This was an information item presented by Michelle Banonis, Manager of Strategic Affairs to provide an overview of the current process working toward the Healthy Rivers and Landscapes Program also called Voluntary Agreements by the State Water Resources Control Board. The Voluntary Agreements is an alternative that is included in the Draft Staff Report in Support of Potential Sacramento/Delta Updates to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Estuary and the Program of Implementation published by the State Board.

No action taken, information only.

5. INFORMATION: STRATEGIC PLAN 2030 UPDATE

This was an information item presented by Jim Peifer, Executive Director, on the process of soliciting a consultant to assist in developing the Strategic Plan. Last August, Chair Ewart formed an Ad Hoc committee. The committee recommends a consultant be selected and presented this recommendation to the Executive Committee. Director Wichert prepared a draft scope of work to assist in the acquisition of a consultant. A copy of the scope is attached. The Executive Committee discussed which consultants should be sent a request for qualifications and a short list.

No action taken. Staff was provided direction to not conduct a strategic plan prioritization process this year or put the entire focus on developing an updated strategic plan.

6. INFORMATION: WATERSHED RESILIENCE PILOT PROJECT UPDATE

This is an information item presented by Executive Director, Jim Peifer and Ryan Ojakian, Manager of Government Relations briefing the Board of Directors on the Watershed Resilience Pilot Project activities. Staff and consultants continue to work on the Watershed Resilience Pilot Project, which is being funded by a grant from the Department of Water Resources. Most recently, the consultants have been focused on setting up technical tools for analysis and developing a framework for prioritizing the strategies to adapt to climate change. The Board of Directors received a presentation on the recent activities.

The next phase will involve identifying adaptation strategies and projects for inclusion in the Watershed Resilience Plan. DWR has emphasized that regions further along in planning will be better positioned to compete for Proposition 4 funding. Progress to date, supported by the collaboration of local agencies, NGOs, community partners, and Water

Forum members, strengthens the region’s ability to attract the resources needed to put resilience strategies into practice.

No action taken, information only.

7. 2026 RWA BOARD ELECTIONS OFFICERS AND EXECUTIVE COMMITTEE

Jim Peifer, Executive Director, presented this action item for the Board of Directors to elect the 2026 Chair; and to identify candidates for Vice Chair and the Executive Committee.

Chair Ewart nominated Michael Saunders as the incoming RWA Board Chair

A motion was made to elect Michael Saunders as 2026 RWA Board Chair.

Motion/Second/Carried Director Wichert moved, with a second by Director Costa

Ron Greenwood, Carmichael Water District; Marcus Yasutake, City of Folsom; Chris Nelson, City of Lincoln; George Hanson, City of Roseville; Brett Ewart, City of Sacramento; Rebecca Scott, City of West Sacramento; Wade Kirchner, City of Yuba City; Paul Penn, El Dorado Irrigation District; Tom Nelson, Elk Grove Water District; Randy Marx, Fair Oaks Water District; Michael Saunders, Georgetown Divide Public Utilities District; Sean Twilla, Golden State Water Company; Chris Wilson, Placer County Water Agency; Michael Grinstead, Sacramento County Water Agency; Robert Wichert, Sacramento Suburban Water District; Ted Costa, San Juan Water District; voted yes.

Ayes	16
Noes	0
Abstained	0
Absent	4

The following Directors requested to be placed on the ballot and provided a statement of interest to be the RWA 2026 Vice Chair:

Sean Twilla – Golden State Water District

The following Directors requested to be placed on the ballot and provided a statement of interest to be on the RWA 2026 Executive Committee:

- Bruce Kamilos – Elk Grove Water District
- Robert “Bob” Wichert – Sacramento Suburban Water District
- Ron Greenwood – Carmichael Water District
- Brett Ewart – City of Sacramento
- Chris Nelson – City of Lincoln
- Michael Grinstead – Sacramento County Water Agency

8. EXECUTIVE DIRECTOR’S REPORT

Executive Director Peifer reported out on several upcoming events including the RWA Holiday party and the member reception at the upcoming ACWA Conference in San Diego, CA.

9. DIRECTORS’ COMMENTS

Chair Ewart reported that the City of Sacramento has hired a new Director of Utilities Dalia Fadl.

Director Kamilos reported that the Elk Grove Water District’s Board of Director’s have signed and submitted payment on their Phase 3 Water Bank Agreement.

ADJOURNMENT

With no further business to come before the Board, Chair Ewart adjourned the meeting at 10:46 a.m.

By:

Attest:

Michael Saunders, RWA Chair

Ashley Flores, CMC, Clerk of the Board



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 Board of Directors to consider and approve revisions to Policies 200.1 and 500.13.

EXECUTIVE COMMITTEE RECOMMENDED ACTION

Approve of revisions to Policies 200.1 and 500.13.

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

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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.

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 8, 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.

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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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.

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 (no more than two bags) and the option to ~~select~~ make flight changes or cancellations at no additional cost.

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 functions, when determining reimbursable mileage. If an employee works

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~~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;~~

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

~~e) 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.

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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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

This is an action item for the Board of Directors to accept the Fiscal Year 2024/25 Independent Auditor’s Report, Financial Statements, Internal Control and Compliance Report, and Governance Letter.

EXECUTIVE COMMITTEE RECOMMENDATION:

Recommend acceptance of the Fiscal Year 2024/2025 RWA Financial Audit Report.

BACKGROUND

Ms. Ingrid Sheipline from Richardson & Company, LLP (Richardson) made a presentation to the Executive Committee on December 16, 2025 on the Fiscal Year 2024/2025 Audit Report. The Audit Report was an unmodified opinion (clean).

The Executive Committee recommends the Board of Directors accept the report.

ATTACHMENTS

- Attachment 1- Audited Financial Statements - Fiscal Year 2024/2025
- Attachment 2- Governance Letter - Fiscal Year 2024/2025

REGIONAL WATER AUTHORITY

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

JUNE 30, 2025 AND 2024

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REGIONAL WATER AUTHORITY

TABLE OF CONTENTS JUNE 30, 2025 AND 2024

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1 – 3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4 – 13
FINANCIAL STATEMENTS	
Statements of Net Position	14
Statements of Revenues, Expenses and Changes in Net Position	15
Statements of Cash Flows	16
Notes to Financial Statements	17-42
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Proportionate Share of Net Pension Liability	43
Schedule of Contributions to the Pension Plan	44
Schedule of Changes in Net OPEB Liability and Related Ratio	45
Schedule of OPEB Contributions	46
SUPPLEMENTARY INFORMATION	
Program Schedule of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2025	47
Program Schedule of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2024	48
Schedule of Allocated Administrative Expenses for the year ended June 30, 2025	49
Schedule of Allocated Administrative Expenses for the year ended June 30, 2024	50
OTHER REPORT	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	51-52

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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>

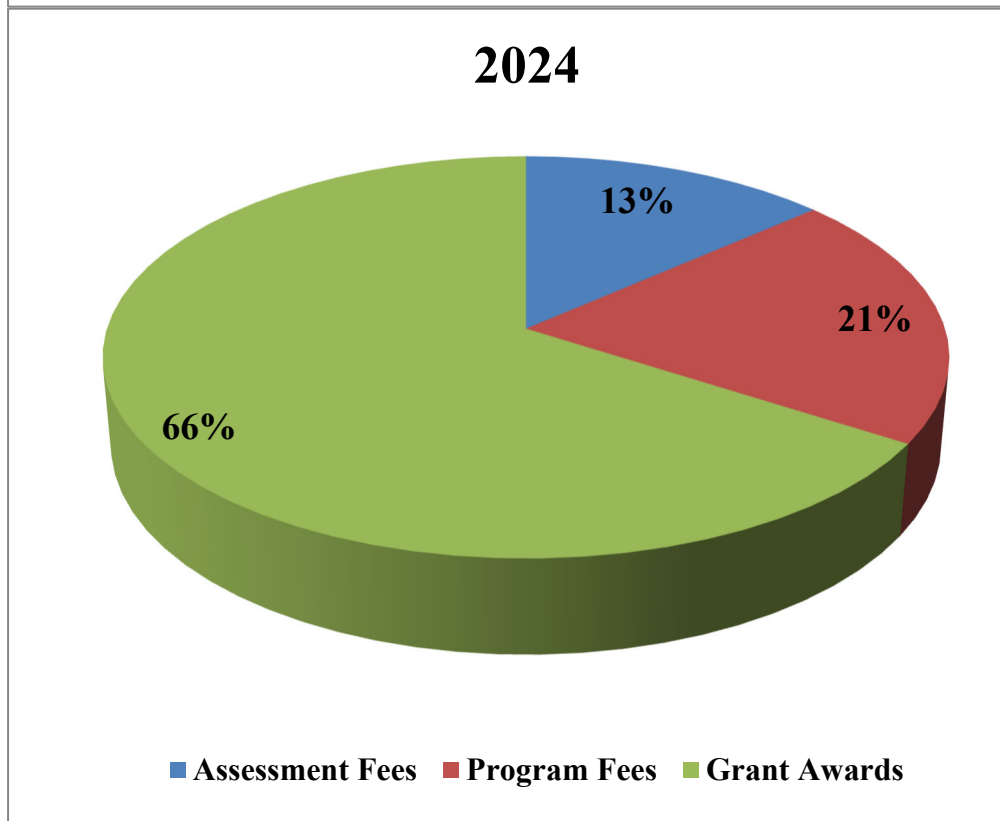
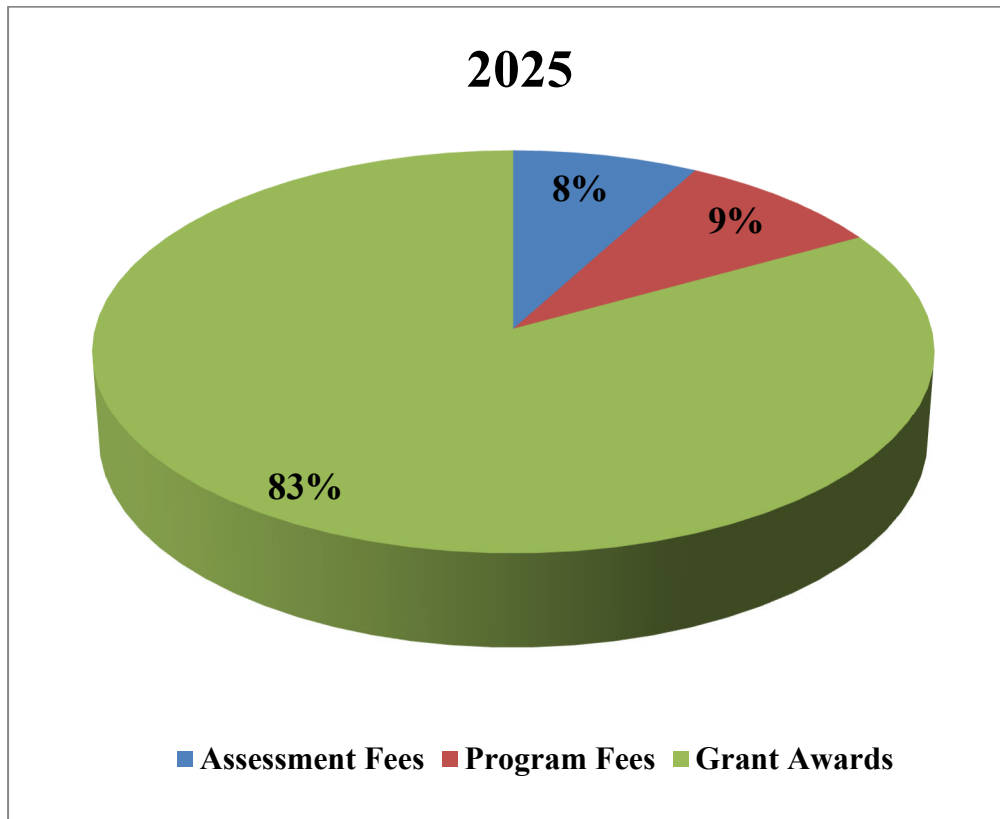
Amounts for 2024 and 2023 were restated to reflect the implementation of GASB 101 to record an accrual for sick leave expected to be used.

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

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%.

REGIONAL WATER AUTHORITY

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	77,423	3,504	80,927
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%

REGIONAL WATER AUTHORITY

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>

REGIONAL WATER AUTHORITY

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

REGIONAL WATER AUTHORITY

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.

REGIONAL WATER AUTHORITY

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.

REGIONAL WATER AUTHORITY

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.

REGIONAL WATER AUTHORITY

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.

REGIONAL WATER AUTHORITY

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

Changes in the OPEB Liability/Asset

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2024			
Measurement Date 6/30/2023	\$ 1,473,213	\$ 1,446,371	\$ 26,842
Changes During the Period:			
Service Cost	125,825	-	125,825
Interest Cost	95,049	-	95,049
Employer Contributions	-	81,729	(81,729)
Net Investment Income	-	88,214	(88,214)
Benefit Payments	(81,729)	(81,729)	-
Plan Experience	(28,393)	-	(28,393)
Assumption Changes	89,065	-	89,065
Investment Experience	-	69,769	(69,769)
Administrative Expenses		(471)	471
Net Changes in Fiscal Year 2024-2025	199,817	157,512	42,305
Balance at Fiscal Year Ending 6/30/2025			
Measurement Date 6/30/2024	\$ 1,673,030	\$ 1,603,883	\$ 69,147
	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	OPEB Liability (Asset) (c) = (a) - (b)
Balance at Fiscal Year Ending 6/30/2023			
Measurement Date 6/30/2022	\$ 1,233,434	\$ 1,350,803	\$ (117,369)
Changes During the Period:			
Service Cost	93,184	-	93,184
Interest Cost	77,862	-	77,862
Employer Contributions	-	65,364	(65,364)
Net Investment Income	-	81,263	(81,263)
Benefit Payments	(57,821)	(57,821)	-
Plan Experience	140,280	-	140,280
Assumption Changes	(13,726)	-	(13,726)
Investment Experience	-	7,156	(7,156)
Administrative Expenses	-	(394)	394
Net Changes in Fiscal Year 2023-2024	239,779	95,568	144,211
Balance at Fiscal Year Ending 6/30/2024			
Measurement Date 6/30/2023	\$ 1,473,213	\$ 1,446,371	\$ 26,842

REGIONAL WATER AUTHORITY

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

REGIONAL WATER AUTHORITY

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)

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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

	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
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	<u>(81,729)</u>	<u>(57,821)</u>	<u>(63,155)</u>	<u>(79,394)</u>	<u>(75,036)</u>	<u>(55,816)</u>	<u>(42,919)</u>	<u>(40,972)</u>
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	<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>	<u>986,832</u>
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	<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>	<u>859,566</u>
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	Level Percent of Pay over a open 30-year period			Entry Age Normal		Level Percent of Pay over a closed 10-year period		
Amortization Method/Period				Market Value of Assets				
Asset Valuation Method								
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
Common

	Agency Core Program	Water Efficiency Program	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



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GOVERNANCE LETTER

To the Board of Directors
Regional Water Authority
Sacramento, California

We have audited the financial statements of the Regional Water Authority (the Authority) for the year ended June 30, 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



Topic: Adopt 2026 Policy Principles
Type: Legislative Matter
Item For: Consent Calendar; Action
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 a action item for the Board of Directors to review and readopt the existing Policy Principles that were adopted by the Board in 2025. Staff is not proposing changes to the existing Policy Principles

STAFF RECOMMENDED ACTION

Readopt the existing policy principles.

BACKGROUND

RWA adopts policy principles annually. This typically occurs at the January RWA board meeting. The 2025 Policy Principles were adopted in January of 2025, and staff is proposing the readoption of the policy principles without revisions.

FINDING/CONCLUSION

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

ATTACHMENT

Attachment 1- Proposed Policy Principles

RWA Legislative and Regulatory Priority and Policy Issues

Introduction

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

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

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

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

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

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

Priority Issues

Ensure a Diverse, Resilient, and Reliable Water Supply

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

Policy Principles

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

Protect the Water Rights and Entitlements of RWA Member Agencies

Water rights issues are complex and contentious. This region's surface water rights and entitlements and long-standing management of groundwater resources have been critical in the shaping of the local economy and are vital for the future. Our reasonable and beneficial use

of water has and will continue to assure the region's water rights and entitlements provide the region with abundant, affordable and high-quality water while maintaining and protecting the environmental resources of the Lower American River and the region's upper watersheds.

Policy Principles

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

Maximize Funding Opportunities Beneficial to RWA Member Agencies

The region is prepared to make and support investments that will improve water supply reliability and protect the environment, including the Lower American River and upper American River watershed. Large-scale infrastructure projects such as improvements at Folsom Reservoir, increased or new storage capacity, additional facilities on the Sacramento River, expanded groundwater, recycled water, transmission and distribution facilities, and improved headwater management will help prepare the region for the future while protecting the environment and increasing water supply reliability.

Policy Principles

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

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

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

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

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

Local agencies are best positioned to set water rates that meet all of these sometimes competing challenges. RWA supports policies that maintain local agencies' authority to set their agency's water rates, and rate structure, as they determine appropriate to ensure the continued reliable delivery of high-quality affordable water to their communities. Likewise,

regulated utilities should have the ability to make rate proposals to their economic regulators that balance the competing challenges common to water providers.

Policy Principles

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

Ensure The Region Has Tools To Adapt To Climate Change

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

In the American River watershed, Reclamation's 2022 American River Basin Study, analyzed several future scenarios out to the year 2085. Results show precipitation will come more as rain and occur in a narrower more volatile window. This will disrupt current water management operations balancing water supply, flood control, and environmental flows. Additionally, historical fire management practices have increased the threat of severe fire in the upper watershed along with resulting effects intensifying – including increasingly negative water quality impacts.

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

Policy Principles

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

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

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

Policy Principles

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

Promote Water Efficiency and Water Conservation

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

Policy Principles

- Assure any water efficiency or conservation requirements balance costs with benefits.
- Assure any water loss requirements are cost effective.

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

Support Stewardship of the Region’s Environmental Resources

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

Policy Principles

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

RWA Legislative Analysis Process

Process for Adopting Positions on Introduced Legislation

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

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

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

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

Formal Positions

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

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

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

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

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

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

Bill Priorities

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

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

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

The California Legislative Process Calendar

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

January – February

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

March – April

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

May

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

June – August

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

August-September

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

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

State Regulatory Agencies and Processes

State Water Resources Control Board

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

Department of Water Resources

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



Topic: Adopt 2026 Federal Platform
Type: Legislative Matter
Item For: Consent Calendar; Action
Purpose: Policy 100.5 and Strategic Plan Priority- Advocacy Objective A

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

This is a consent item for the Board of Directors to review and adopt the 2026 Federal Platform.

STAFF RECOMMENDED ACTION

Adopt the 2026 Federal Platform.

BACKGROUND

The RWA updates Federal Platform annually. This typically occurs at the January RWA board meeting.

DRAFT

2026 Regional Water Authority Federal Legislative Platform

The Sacramento Regional Water Bank (Water Bank)

We are fortunate to have about 1.8 million acre-feet of available storage capacity under our feet (about twice the size of Folsom Reservoir). To take advantage of this natural storage capacity, RWA is spearheading an effort to increase utilization of the Water Bank in the near term with potential additional recharge of 60,000 acre-feet annually in wet years for future use in dry years, with this potentially expanding to beyond 90,000 acre-feet in the near future if necessary infrastructure investments can be realized. This volume is almost equal to the water supply of cities the size of Sacramento. The Water Bank could also benefit Central Valley Project operations, so Reclamation has provided funding to support technical work and planning to support the Water Bank's expansion. Future federal recognition of the Water Bank is critical to increasing its capabilities, as well as federal funding to help build new infrastructure.

- **RWA Supports:** Federal investment in the Sacramento Regional Water Bank to support technical, governance and operational framework development, as well as related infrastructure for future expansion. Funding sources include USBR, USACE and USEPA.

Folsom Cold Water Pool Management

During the 5-year drought period that ended in 2016, elevated water temperatures on the American River were devastating to fisheries. We anticipate with a warmer climate and earlier runoff; cold water will become more critically important. To improve cold water pool management at Folsom Reservoir, the Army Corps of Engineers has already been authorized to construct a new Temperature Control Device (TCD) and has appropriated almost \$38 million toward its construction.

- **RWA Supports:** The inclusion of the TCD as an Army Corps of Engineers priority project.

Watershed Stewardship and Forest Management

Managing our water resources from their origin at the headwaters and in the upper watershed is critical. Unmanaged and unhealthy forests extend and intensify fire seasons. Runoff from heavy rain events after wildfires contaminate water resources with topsoil, contaminants and ash, as well as sending eroded soils into downstream reservoirs.

- **RWA Supports:** Increased and predictable funding for greater investments in ecological forest management and fire suppression practices on U.S. forest lands consistent with the 2020 Memorandum of Understanding with the State of California.

Water Use Efficiency

The Sacramento region has increased its efforts in Water Use Efficiency in recent decades. Over the last 20 years, the region's water use has been steady even though the population grew 37 percent from 1.5 million to 2.1 million people. Increasing water use efficiency will be important to align this region with the State's policy of "Making Water Conservation a California Way of Life." Financial assistance will be necessary to continue to increase efficiency.

- **RWA Supports:** Increased funding assistance in the form of grants in existing programs such as Reclamation's Water Smart program and similar Federal Assistance programs.

Legacy Groundwater Issues

As a critical part of our water portfolio, groundwater comes with its own challenges. One is contamination, including the family of PFAS chemicals. Without remediation, the ability to optimize conjunctive use and expansion of the Water Bank cannot be fully realized.

- **RWA Supports:** The federal government should accept responsibility and partner with communities to fund clean-up of legacy contamination from the operation of military bases and other federal facilities, while also securing financial support from polluters.

Infrastructure Investment and Financing

The pandemic has highlighted the critical value of reliable water service, so much so that water service shut offs for lack of payment has been widely prohibited. There is a long-standing, multi-billion-dollar deficit in necessary investment in new water infrastructure, as well as rehabilitation of existing facilities.

- **RWA Supports:** Significant federal funding of programs that provide job recovery, financial support and grants to leverage local investments (e.g. WaterSMART, WIFIA, State Revolving Funds, etc.), as well as increased direct capital investment funding for Reclamation, EPA, and the Corps of Engineers.

RiverArc

The RiverArc project would enable large parts of both Sacramento and Placer counties to divert water supplies from the Sacramento River instead of the American River. This would allow more cold water to be preserved at Folsom Reservoir and improve environmental management of American River flows, both to benefit fisheries. RiverArc can also increase the upper potential of the Water Bank by increasing regional conjunctive use capabilities, as well as enhancing Central Valley Project operational flexibility with respect to managing demands on Folsom Reservoir. Reclamation has supported the project by helping to fund initial technical studies.

- **RWA Supports:** Continued federal financial support of the RiverArc project for technical, governance and operational framework development, as well as funding for the project's conveyance, treatment and related infrastructure.

Lead and Copper Rule Testing

As part of the Lead and Copper Rule Revisions (LCRR) adopted in 2021 by USEPA agencies, Local agencies are required to inventory all customer owned service lines and report them to the state and make the inventory publicly available on their agency website. The LCRR allowed for agencies to consult a statistical sample to determine if there are any customer owned lead service lines. With the adoption of the Lead and Copper Rule Improvements regulation in October 2024, water agencies that found, through their investigation and statistical analysis that they have no customer owned lead service lines are now required to prove through a second investigation and statistical analysis that our original analysis is valid. This comes at significant costs to ratepayers with no direct benefit.

- **RWA Supports:** an offramp developed for agencies that 1) have not found lead service lines within their system, 2) through compliance of the lead and copper rule testing have not detected lead in their water, and 3) based on the age of their system should be provided an appropriate offramp from unnecessary costly investigations.

Topic: 2026 Vice Chair and Executive Committee Members
Type: New Business
Item For: Action, Motion to Approve
Purpose: Policies 100.1, 200.1, 200.3

SUBMITTED BY: Ashley Flores, CMC
Associate PM & Board Clerk

PRESENTER: Michael Saunders, Chair

EXECUTIVE SUMMARY

This is an action item for the Board of Directors to approve the 2026 Vice Chair and members of the Executive Committee.

STAFF RECOMMENDED ACTIONS

Staff recommends the following actions:

- (1) Motion to approve Sean Twilla as 2026 Vice Chair and
- (2) Motion to approve *Michael Saunders, Sean Twilla, Brett Ewart, Michael Grinstead, Ron Greenwood, Nichole Baxter, Robert Wichert, Chris Nelson and Bruce Kamilos* to serve on the Executive Committee.

BACKGROUND

Policy 200.3 provides the process for the Board of Directors to select the Chair, Vice Chair, and members of the Executive Committee. The process is summarized as flows:

- The membership elects the chair at the November Board meeting (Mr. Michael Saunders was elected chair).
- The membership votes for the vice chair and three members of the Executive Committee.
- The contracting members (investor-owned utilities) propose a member for the Executive Committee.
- The RWA Chair appoints two members to the Executive Committee.
- The Sacramento Groundwater Authority (SGA) Chair appoints a member to the Executive Committee, provided their agency is a member of the RWA.

Mr. Sean Twilla (Golden State Water Company) declared his candidacy for Vice Chair at the November Board meeting and Mr. Twilla ran uncontested and won the election.

An election by mailed ballot to the RWA members was conducted and counted on December 16, 2025 per Policy 200.3. The election determined the Vice Chair and executive committee members.

Agenda Item 4

The results were:

Vice Chair: Mr. Sean Twilla (Golden State Water Company) ran uncontested and won the election.

Executive Committee: Brett Ewart (City of Sacramento), Michael Grinstead (Sacramento County Water Agency) and Ron Greenwood (Carmichael Water District)

The Contracting Members (Investor-Owned Utilities) are proposing Nichole Baxter (California American Water Company) as their nominee for the Executive Committee.

Michael Saunders, RWA Chair, is proposing Chris Nelson (City of Lincoln) and Bruce Kamilos (Elk Grove Water District) as his nominees to the Executive Committee.

Jay Boatwright, SGA Chair, is proposing Robert Wichert (Sacramento Suburban Water District) as his nominee to the Executive Committee.



Topic: Watershed Resilience Pilot Project Update
Type: Old Business
Item For: Information
Purpose: Strategic Plan Objective A - Support the securing of funding and assist in resourcing projects and programs that are regional priorities

SUBMITTED BY: Jim Peifer,
Executive Director

PRESENTER: Jim Peifer,
Executive Director

EXECUTIVE SUMMARY

This is an information item presented by Jim Peifer, Executive Director and Ryan Ojakian, Manager of Government Affairs, will brief the Board of Directors on the Watershed Resilience Pilot Project activities.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

Staff and consultants continue to work on the Watershed Resilience Pilot Project, which is being funded by a grant from the Department of Water Resources. The Pilot examines nine interconnected systems that are affected by climate and weather: ecosystem, flood management, groundwater supply, hydropower, surface water supply, agriculture, recreation, water quality, and community and equity. The focus is on strategies that benefit multiple systems at once and that address the most vulnerable assets and communities.



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 Board of Directors to approve 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. The budget amendment does not increase the cost to the members, rather, the RWA will collect funds and pass them through to PPIC.

STAFF RECOMMENDED ACTION

Approve 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: Water Forum Agreement 2050
 Type: Old Business
 Item For: Information
 Purpose: Strategic Plan [Objective C](#)

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

This is an item to brief the Board of Directors on the Water Forum Agreement 2050 with respect to the Regional Water Authority’s proposed involvement in the Water Forum’s future activities.

BACKGROUND

The Water Forum Agreement 2050 is nearly complete. The Water Forum Plenary approved the “main body” of the agreement at a meeting of the Plenary on September 25, 2025. At the time, the remaining portions of the agreement needed to be completed, and that was largely the Purveyor Specific Agreement from the retail water agencies. Those are expected to be finalized by March of 2026.

This item is being brought to the Board for discussion. Potential action, including an action Directing an official of the RWA to sign the agreement will occur at the March Board meeting.

RWA’s predecessor organization, the Sacramento Metropolitan Water Authority, signed the first Water Agreement. That organization was noteworthy for its involvement in facilitating the creation of the SGA (formerly called the Sacramento North Area Groundwater Management Authority, of SNAGMA), and for facilitating the involvement of several smaller water agencies in the initial water forum agreement.

RWA’s Role in Water Forum 2050

The RWA’s roles described in the Water Forum 2050 agreement include:

- American River Climate Adaption Program (ARCAP): RWA staff will partner with Water Forum staff on further developing the program, including technical elements of the program (Page 24).
- Demand Management (Page 60): The agreement will require the hosting of a semi-annual meeting with Water Forum members, RWA staff, and agency water conservation staff to review and discuss efforts related to demand management. Water Forum members will have the opportunity to provide input on regional strategies and messaging for consideration by the agency's water conservation staff.



Agenda Item 7

- Healthy Rivers and Landscapes Program (Page 74): RWA will work with the Water Forum in close coordination for implementing the requirements for the Healthy River and Landscapes Program (HR&LP).
- Water Caucus (Page 94): The RWA will participate as a member in the Water Caucus.

ATTACHMENTS

Attachment 1- September 2025 Final Draft of the Water Forum 2050 Agreement



Topic: Strategic Plan 2030 Update
Type: Old Business
Item For: Information/Discussion
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 information/discussion item for the Board of Directors to receive a report from the Executive Director and the Manager of Technical Services on the process of soliciting a consultant to assist in developing the Strategic Plan.

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

Last August, Chair Ewart formed an Ad Hoc committee with the following charge:

1. To consider and make a recommendation to the Executive Committee and the Board of Directors if a consultant should be hired to assist in the preparation of the RWA’s Strategic Plan and if so, what qualities should the consultant possess?
2. To participate in the selection of a consultant.

The participants include Michael Saunders, Bob Wichert, Sean Bigley, and Brett Ewart.

The committee recommends a consultant be selected and presented this recommendation to the Executive Committee. The Executive Committee discussed which consultants should be sent a request for qualifications (RFQ) and a short list was formed including:

- Strategy Driver (Ellen Cross)
- Raftelis (Cathrine Carter)
- Integrated Communications Strategies (Jerry Azavedo)
- Bienati Consulting Group, Inc. (Larry Bienati)
- Jennifer Lieberman Consulting (Jennifer Lieberman)

We received two proposals from the following firms:

- Integrated Communications Strategies (Jerry Azavedo)
- Bienati Consulting Group, Inc. (Larry Bienati)



Next steps, the ad hoc committee will gather to review the proposals, interview the two firms and awards a contract for consulting services.



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

SUBMITTED BY: Jim Peifer
Executive Director

PRESENTER: Jim Peifer
Executive Director

EXECUTIVE SUMMARY

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

STAFF RECOMMENDED ACTION

None. This item is for information/discussion only.

BACKGROUND

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

RWA Annual Award Winners

The annual RWA award winners were announced at the Annual RWA/SGA Holiday Social. This year, Pravani Vandeyar (El Dorado Irrigation District) won the Statesperson of the Year Award, Paul Schubert (Golden State Water Company) won the Distinguished Service Award, and Placer County Water Agency and Georgetown Divide Public Utilities District won the Regional Project Award for their work on forest management and reducing wildfire risk. Thank you for those of you who attended the Holiday Social.

Advocacy

The Legislature reconvenes January 5, and several two-year bills remain under active tracking. The Executive Committee authorized RWA to sponsor a bill to approve recharge permitting. There is no firm language for the bill at this time, and staff will be bringing back legislative language to the Executive Committee as it is developed. RWA staff is working with potential partners to develop bill language.

Healthy Rivers and Landscapes Program

The State Water Resources Control Board (State Water Board or Board) staff has released for public review and comment a revised draft of updates to the Water Quality Control Plan for the San Francisco Bay/Sacramento-San Joaquin Delta Watershed (Bay-Delta Plan or Plan). The changes are focused on the portions of the Plan relevant to the Sacramento River watershed,



Agenda Item 9

Delta eastside tributaries (including the Calaveras, Cosumnes, and Mokelumne Rivers), and Delta (Sacramento/Delta) for the reasonable protection of fish and wildlife beneficial uses. The Board is initiating a public comment period for the December 2025 revised draft Plan. The public hearing will be held at the following times and locations: January 28-30, 2026, beginning at 9:00 am, Joe Serna Jr. CalEPA Building, Coastal Hearing Room, 1001 I Street, Second Floor, Sacramento, CA, 95814, also available via video and teleconference.

SAVE THE DATE

RWA General Managers and Utilities Directors Quarterly Meeting is scheduled for Wednesday, January 21, 2026 11:30 a.m.-1:30 p.m. hosted by Citrus Heights Water District. Lunch will be provided. Please RSVP to Ashley Flores, Associate Project Manager at aflores@rwah2o.org



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

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

This is an information item to provide an opportunity for the Regional Water Authority Board of Directors to report on any updates from their agency, comments, request future agenda items, recommendations, and questions.

STAFF RECOMMENDED ACTION

None. This item is for information only.

BACKGROUND

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