



**REGULAR BOARD MEETING
AGENDA PACKET**

JANUARY 21, 2025

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POSTED: JANUARY 15, 2025



Regular Board Meeting - Tuesday, January 21, 2025, 6:00 p.m.

**Carmichael Water District Board Room
7837 Fair Oaks Boulevard
Carmichael, CA 95608**

Join from computer, tablet or smartphone. Click on this URL to join:

<https://us02web.zoom.us/j/83596878004?pwd=bOfVj6ch85NMSc02p52u9ox3O33J6v.1>

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Meeting ID: [835 9687 8004](#) **Passcode:** [564283](#)

AGENDA

The Board will discuss all items on its agenda, and may take action on any of those items, including information items and continued items. The Board will not take action on or discuss any item not appearing on the posted agenda, except: (a) upon a determination by a majority vote of the Board that an emergency situation exists; or (b) upon a determination by a two-thirds 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. Agenda packets can be found at our website at carmichaelwd.org.

The Board of Directors welcomes and encourages participation in meetings. Public comment may be given on any agenda item as it is called and limited to three minutes per speaker. Matters not on the posted agenda may be addressed under Public Comment. Please follow Public Comment Guidelines found on the District's website at carmichaelwd.org/public-comment-guidelines/.

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 General Manager at 483-2452. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

CALL TO ORDER AND STATEMENT REGARDING PUBLIC PARTICIPATION: President Selsky

ROLL CALL

PRESIDENTS COMMENTS

ORGANIZATIONAL MEETING:

Per District Policy 9400.60 "The Board of Directors shall hold an Organizational Meeting at its first meeting in January. At this meeting the Board will elect a President and Vice-President from among its members to serve for a one-year period, and will appoint the General Manager as the Board's Secretary and the Finance Manager as Assessor-Collector/Treasurer."

PUBLIC COMMENT:

1. Public Comment

Any member of the public may address the Board on any item of interest to the public that is within the subject matter jurisdiction of the Board.

ANNOUNCE CLOSED SESSION AND ADJOURN OPEN SESSION TO CLOSED SESSION

CLOSED SESSION:

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1);

Dolores Cruz Tolomeo v. Carmichael Water District, et al., Sacramento Superior Court Case No. 24CV024354

ADJOURN CLOSED SESSION AND OPEN REGULAR SESSION

REPORT OUT OF CLOSED SESSION

CONSENT CALENDAR:

Consent Calendar items are expected to be routine and non-controversial, to be acted on by the Board in one motion. Should any Board member, staff member, or interested person request discussion on an item, the Board will consider the item separate from the Consent Calendar.

- 3. Minutes for the Special Board Meeting – December 16, 2024**
- 4. Minutes for the Regular Board Meeting – December 17, 2024**
- 5. Minutes for the Special Board Meeting – December 23, 2024**
- 6. Budget to Actual Report – November 2024**

7. Capital Improvement Project Status Report – As of September 30, 2024**8. Treasurer's Report – Quarter Ending December 31, 2024**

ACTION CALENDAR:**9. Sacramento Regional Water Bank – Previously Banked Water and Modeling**

Staff recommends that the Board of Directors discuss previously banked water/starting balance and provide direction to staff on the topic and participation in the modeling cost share.

10. La Vista Storage Tank and Booster Pump Station (BPS) Project – Amendment to a Professional Services Agreement (PSA) for Construction Management (CM) Services and a Budget Adjustment

Staff recommends that the Board of Directors 1) Approve a budget amendment authorizing the General Manager to transfer \$857,079.00 from the 2019 COP Bond Proceed Fund to the La Vista Tank and Pump Station CIP Account (GL 10-011106-01-03); 2) If item 1) is approved, authorize the General Manager to execute Amendment 1 of the Professional Service Agreement with Toppel Consulting for a not to exceed amount of \$857,079.00; or 3) Discuss level of effort for forensic analysis and construction management activities and direct staff accordingly.

11. Resolution 01212025-01 A Resolution Adopting an Annual Statement of Investment of District Funds for Carmichael Water District

Staff recommends that the Board of Directors reviews Directors' Policy Manual 9600 – Investment of District Funds, and if the Board of Directors agree, approve Resolution 01212025-01 – A Resolution Adopting the Investment Policy for the Investment of District Funds for Carmichael Water District.

12. Resolution 01212025-02 - A Resolution to Revise Salary Schedules for Fiscal Years 2022/23, 2023/24, And 2024/25 and to Rescind Resolution 04202020-2 – A Resolution for Employer Paid Member Contributions

Staff recommends that the Board of Directors approve Resolution 01212025-02 - A Resolution to Revise Salary Schedules for Fiscal Years 2022/23, 2023/24, And 2024/25 and to Rescind Resolution 04202020-2 – A Resolution for Employer Paid Member Contributions.

13. Board of Directors 2025 Conferences and Meetings Schedule

Per District Policy 9060.311 "Director Conference attendance must be approved annually at the January Board meeting. Resolution No. 3573-2 limits attendance at all conventions, meetings, seminars, symposia or other water agency related business, outside a radius of fifty (50) miles from Sacramento to three (3) District representatives approved by the Board. The Board will annually review all such functions and decide on District participation. Exceptions to the above require special Board consideration and approval."

14. Board Representatives 2025 Committees Assignments

Per District Policy 9050.30 "Representative Committee Assignments: Meetings of the approved list of membership associations on which the District is officially represented attended by the representative or alternate of the Board who has been appointed to represent the District. Board Representatives and Alternates will be approved annually at the January Board meeting."

INFORMATIONAL ITEMS:**15. Amending the Districts' Regulation 2000 - Water Leak Exemption****16. Annual Comprehensive Financial Report For the Fiscal Years Ended June 30, 2024 and 2023****17. Policy 5000 – Authorized Leave, Policy 5040 – Sick Leave, and Policy 5041 – Sick Leave – Healthy Workplaces, Healthy Families Act of 2014 Updates****18. ACWA JPIA Letter – President's Special Recognition Award**

COMMITTEE REPORTS:**19. Sacramento Groundwater Authority Board Meeting**

Director Selsky Reports Out.

20. Regional Water Authority Executive Committee and Regular Meeting

Director Greenwood Reports Out.

21. Other Committee Reports

Directors Report Out

STAFF REPORTS:**22. General Manager and District Activity Report – December 2024****23. Director's Expense Reimbursement Summary – December 2024**

GENERAL CORRESPONDENCE/INFORMATION:**24. Director's Written and/or Oral Reports**

**The next meeting of the Board of Directors will be a Regular Board Meeting held on:
Tuesday, February 18, 2025 at 6:00 p.m.**



Special Board Meeting
Thursday, December 16, 2024, 12:30 p.m.

Carmichael Water District Board Room
7837 Fair Oaks Boulevard
Carmichael, CA 95608

MINUTES

The Carmichael Water District Board of Directors met in Special Session this 16th day of December at 12:30 p.m.

ATTENDANCE:

Directors: Ronald Davis, Mark Emmerson, Ron Greenwood, Jeff Nelson

Staff: Cathy Lee, Brent Ives

Public: Zero (0) Members of the Public

CALL TO ORDER: Vice President Greenwood called the meeting to order at: 12:38 p.m.

PUBLIC COMMENT

1. **Public Comment**

No comments.

ANNOUNCED CLOSED SESSION AND ADJOURNED OPEN SESSION TO CLOSED SESSION: 12:38 p.m.

CLOSED SESSION

2. **PERSONNEL (Government Code sections 54957)**

ADJOURNED CLOSED SESSION AND OPENED REGULAR SESSION: 2:41 p.m.

REPORT OUT OF CLOSED SESSION

None – personnel matters.

ADJOURNMENT: Vice President Greenwood adjourned the meeting at: 2:42 p.m.

Board President

Cathy Lee, Board Secretary

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**Regular Board Meeting
Tuesday, December 17, 2024, 6:00 p.m.**

**Carmichael Water District
7837 Fair Oaks Boulevard
Carmichael, CA 95608**

MINUTES

The Carmichael Water District Board of Directors met in Regular Session this 17th day of December at 6:00 p.m. in person and via teleconference.

ATTENDANCE:

Directors: Ronald Davis, Mark Emmerson, Ron Greenwood, Jeff Nelson, Paul Selsky
Staff: Cathy Lee, Gaby Padilla, Debbie Martin, Brian Toppel, Lisa Nicolls
Guest: Ingrid Shepline, Kim Floyd
Public: Three (3) Members of the Public

CALL TO ORDER: Vice President Greenwood called the meeting to order at: **6:00 p.m.**

PRESIDENTS COMMENTS: None.

PUBLIC COMMENT

1. Public Comment

None.

PRESENTATIONS

2. Annual Financial Statement Audit Presentation – Richardson & Company LLP

Ms. Shepline presented the Annual Financial Statement Audit.

Directors inquired what the period was for this audit.

Ms. Shepline informed the Board of Directors that it is for July 1, 2023 to June 30, 2024.

Directors inquired as to why the operating expenses decreased.

Ms. Shepline informed the Board of Directors that there are a lot of factors that cause this to happen. She commented that one reason for the decrease could be due to the fluctuation of the pension adjustments that change from year to year and there are many other reasons why but the CWD Finance Manager could tell you in more detail.

The Finance Manager informed the Board of Directors that the financials in the audit are on the accrual basis versus the budgetary cash basis in the budget reports. They also stated that because of the fluctuation in the pensions, the operating expenses may decrease or increase depending on the actuaries. Another factor is that in the fiscal year of 2022-2023 there was a large expense for membranes that we did not have in the fiscal year 2023-2024. They stated that another reason for the operating expenses decreasing is because they record the revenue and expenses when it's earned and incurred versus when it was received. They commented that in January they have a more detailed analyses that will compare this fiscal year with the previous fiscal year where it will clearly show why the operating expenses decreased.

Directors inquired about the increase in operating revenue in relation to the water rates.

The Finance Manager informed the Board of Directors that a portion of the water rates is directed for capital asset infrastructure and that is how the \$7.7 million increase in operating income was reinvested.

The General Manager commented that every year the District budgets \$6 to \$7 million for capital expenditures. About \$2.5M of that budget goes to pipeline projects and the rest of it goes to production. They also mentioned that the reason that they are able to do more than one well project in the most recent years is because of the grants that were awarded to the District.

Mr. Hanscom inquired how the grant money ties into the revenues and expenses.

Ms. Shepline informed Mr. Hanscom that the revenue for the grants are recognized when the corresponding expenditure is incurred.

The General Manager commented that the District will not receive the grant money until the corresponding expenditure is paid for by the District. Once it has been paid for CWD will go to the grantee agencies and request a reimbursement.

Directors commented that they look forward to seeing the rate study and how all the expenses will tie in.

The Finance Manager commented that the previous rate study was done to pay for updating the infrastructure and in the audit it shows that it was successful.

Directors inquired if there are allowances made for the deviations in the actuaries.

Ms. Shepline informed the Board of Directors that there are no allowances made unless they were to hire their own actuaries to audit. She mentioned that they have to rely on the Districts actuaries' numbers which she believes is a little on the low side.

Directors inquired if staff is looking for another actuary.

The Finance Manager informed the Board of Directors that they will be going out to bid for another actuary in the beginning of the year.

3. Annual Special Benefit Audit Presentation – Richardson & Company LLP

Ms. Shepline presented the Annual Special Benefit Audit.

Directors commented that they were surprised to see that CWD supplied twenty cell phones.

The General Manager informed the Board of Directors that every field personnel and managers were supplied a cell phone. They also mentioned that there are iPads that are included in the list for field staff. There are three iPads for the Treatment Operators staff for on call to be able to keep an eye on the water treatment plant. Distribution also has a few because staff needs to be able to look up maps while on the field. The last iPad is for the Water Efficiency Specialist because they need to be able to do the meter reading with it.

Directors inquired as to what admin staff had cell phones.

The General Manager informed the Board of Directors that the Water Efficiency Specialist, Administrative Specialist, Engineering Manager, and the General Manager are the only admin staff who have cell phones.

Directors commented that it is great to hear that the Finance Manager and staff have done a very good job because it is not stated anywhere within the audit.

Directors thanked the Finance Manager and staff for all their hard work.

ANNOUNCED CLOSED SESSION AND ADJOURNED OPEN SESSION TO CLOSED SESSION: 6:33 PM

CLOSED SESSION

4. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1);

Koch & Koch, Inc. v. Carmichael Water District, et al., Sacramento Superior Court Case No. 24CV000659

5. PUBLIC EMPLOYEE PERFORMANCE EVALUATION – INVOLVING THE GENERAL MANAGER (Government Code sections 54957 and 54957.6)

ADJOURNED CLOSED SESSION AND OPENED REGULAR SESSION: 8:12 PM

REPORT OUT OF CLOSED SESSION

The Board of Directors gave direction to legal counsel and to staff.

CONSENT CALENDAR

6. Minutes for the Regular Board Meeting – November 19, 2024

7. Paid Expenditure Report – November 2024

8. Budget to Actual Report – October 2024

9. Annual Financial Statement Audit for the Fiscal Year Ending June 30, 2024 and 2023

10. Annual Special Benefit Audit Report by Richardson & Company LLP

M/S Nelson / Davis to approve the consent calendar.

Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Nelson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Davis	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ron Greenwood	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input checked="" type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Board Totals:	Ayes:	4	Nays:	0	Absent:	1	Abstain:		0
Passed Unanimously:		<input checked="" type="checkbox"/>							

ACTION ITEMS

11. Sacramento Regional Water Bank – Previously Banked Water Modeling

Staff recommends that the Board of Directors discuss previously banked water and provide direction to staff on the topic and participation in the modeling cost share.

Directors commented that they think it is important that the District's water rights attorney be present in order for the Board to make their decision.

Directors requested that they would send the General Manager any additional questions to be passed on to the attorney and that staff bring this item back next month with the answers.

M/S Nelson / Emmerson to table item.

Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Nelson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Davis	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ron Greenwood	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input checked="" type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Board Totals:	Ayes:	4	Nays:	0	Absent:	1	Abstain:		0
Passed Unanimously:		<input checked="" type="checkbox"/>							

12. Public Outreach Program Development and Consultant Agreement

Staff recommends that the Board of Directors 1) discuss utilizing a consultant for an outreach program instead of hiring an employee and provide direction to staff and 2) approve the Public Outreach Program Development with Kim Floyd Communications and authorize the General Manager to execute a Service Agreement for a not-to-exceed amount of \$131,770.

Directors commented that they are not yet persuaded to go the consultant route. They mentioned that if they do decide to get a consultant Ms. Floyd's company would be an excellent choice. They also commented that the timing works out perfectly with the strategic planning process starting next month when the Board can discuss the communications issues. Then they will be able to determine if bringing in a full-time employee or a professional consultant coincides with their needs.

M/S Davis / Emmerson to table item for purposes of discussion in the strategic planning.

Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Nelson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Davis	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ron Greenwood	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input checked="" type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Board Totals:	Ayes:	4	Nays:	0	Absent:	1	Abstain:		0
Passed Unanimously:		<input checked="" type="checkbox"/>							

13. Change Regular Board Meeting Day

Staff recommends that the Board of Directors approve Resolution 12172024-01 - A Resolution Changing the Regularly Scheduled Board Meeting Date and Amending Directors Policy Manual and Policy 9400 and make the changes effective March 2025 due to the holidays in January and February.

Directors inquired if the Board meeting fell on a holiday then could the Board meeting be scheduled on the fourth meeting of the month so it can be effective January 2025.

The General Manager informed the Board of Directors that this could be done. At the previous (November) Board meeting, the Board directed staff to have the Board meetings on the third Tuesday of the month if the meeting were to land on a holiday. If the Board wants to change the meetings to the fourth Monday when the third Monday is a holiday, the Board can discuss and direct staff to bring this item back at the next meeting.

Directors stated that they would like to receive the published Board packets on the Wednesday prior to the Board meeting.

M/S Davis / Nelson to approve staff's recommendation and included that staff will provide the Board packet by noon the Wednesday before the Board Meeting.

Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Nelson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Davis	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Ron Greenwood	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input checked="" type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>
Board Totals:	Ayes:	4	Nays:	0	Absent:	1	Abstain:		0

Passed Unanimously: ☒**14. 2025 Meeting and Holiday Schedule**M/S Nelson / Davis to approve the 2025 meeting and holiday schedule.

Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Nelson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ronald Davis	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ron Greenwood	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input checked="" type="checkbox"/>	Abstain	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Board Totals:	Ayes:	4	Nays:	0	Absent:	1	Abstain:	<input type="checkbox"/>	<input type="checkbox"/>	0

Passed Unanimously: ☒**15. LAFCo – Nominations for Membership on SDAC**

Directors do not have any nominees.

INFORMATIONAL ITEMS**16. Water Forum 2.0 Update**

Directors inquired as to when they will be voting on this item.

The General Manager informed the Board of Directors that they are still a few months away from reaching that point. They believe that the voting will probably happen in March of 2025 or later.

Directors commented that they hope that the Water Forum is recognizing the budget constraints and inquired if any of the projects listed should be cut back since the County is no longer funding them.

The General Manager informed the Board of Directors that a lot of the projects that are happening on the River is funded by grants. They also mentioned that Water Forum is actively searching for grants for the programs and the VA will potentially provide \$1.50 per acre foot funding for all the surface water that is being used.

Directors inquired if they are going to concentrate on water conservation.

The General Manager informed the Board of Directors that water conservations are all being regulated with the "Making Conservation a California Way of Life" regulations.

Directors inquired if NGO's are going to be invited to the Water Forum's table.

The General Manager informed the Board of Directors that they are already at the table but are not paying.

17. Unregulated Contaminants Monitoring Rule (UCMR) 5 Sampling Update

Directors inquired if there is a way to identify the sources of the contaminants at Winding Way Well.

The General Manager informed the Board of Directors that they do not know what the source is. They mentioned that it could have been from the lubricant that was used previously but they do know that it is a surface contaminant causing PFAS detections.

Directors inquired as to who collected the samples.

The General Manager informed the Board of Directors that our staff collected the samples.

Directors commented that PFA's are in fast food wrappers, makeup, lipstick, and carpet. They mentioned that the contamination rates on samples are like 30% or higher for someone who had contact with these items within 24 hours of the collection of the sample. There are very specific protocols to follow when collecting these types of samples.

18. Cal OES – Notification of Payment

Directors thanked staff for obtaining the funding.

COMMITTEE REPORTS**19. Sacramento Groundwater Authority (SGA) Board Meeting**

Director Selsky Reports Out.

Director Selsky reported that he attended the SGA meeting on December 12th. He mentioned that there was a good description on the state of the groundwater basin. He directed the General Manager to add those slides in at the next CWD Board meeting. At the next meeting, he will go over those slides with the Board.

20. Regional Water Authority Executive Committee and Regular Meeting

Director Greenwood Reports Out.

Director Greenwood reported attending the RWA executive meeting that same day. He stated that they approved a MOU between RWA and California Municipal Utilities Association (CMUA) so that RWA can become a member in their

association. Another topic at the meeting was the 2025 policy principles that was presented by Mr. Ryan Ojakian. The RWA Board also approved a task order with Woodard & Curran for groundwater modeling analysis.

21. Carmichael Chamber of Commerce

Director Greenwood and Nelson Report Out.

Director Nelson reported that he and Director Greenwood both attended this meeting. He commented that having a communications staff person would be beneficial for communicating with this group of people. He then mentioned that the two main topics that they spoke about was CWD's rate study and how the County passed homeless initiative.

22. Other Committee Report

Directors Report Out.

No Reports.

STAFF REPORTS:**23. General Manager and District Activity Report – November 2024**

Discussed with the Board.

24. Director's Expense Reimbursement Summary – November 2024

No comments.

GENERAL CORRESPONDENCE/INFORMATION:**25. Director's Written and/or Oral Reports****Director Davis**

- Wanted to recognize three Distribution Operators that were fixing a leak on the morning of December 8, 2024. He mentioned that roads leading to the leak were blocked off due to the California International Marathon and staff had to drive over a mile to get access. He commended their hard work and how quickly they were able to fix it.

ADJOURNMENT: Vice President Greenwood adjourned the meeting at: **9:09 p.m.**

Board President

Cathy Lee, Board Secretary

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Special Board Meeting
Monday, December 23, 2024, 4:30 p.m.

Carmichael Water District Board Room
7837 Fair Oaks Boulevard
Carmichael, CA 95608

MINUTES

The Carmichael Water District Board of Directors met in Special Session this 23rd day of December at 4:30 p.m.

ATTENDANCE:

Directors: Ronald Davis, Mark Emmerson, Ron Greenwood, Jeff Nelson

Staff: Cathy Lee, Brian Toppel, Lisa Nicolls

Public: Zero (0) Members of the Public

CALL TO ORDER: Vice President Greenwood called the meeting to order at: 4:35 p.m.

PUBLIC COMMENT

1. **Public Comment**

No comments.

ANNOUNCED CLOSED SESSION AND ADJOURNED OPEN SESSION TO CLOSED SESSION: 4:35 p.m.

CLOSED SESSION

2. **PERSONNEL (Government Code sections 54957)**

ADJOURNED CLOSED SESSION AND OPENED REGULAR SESSION: 5:35 p.m.

REPORT OUT OF CLOSED SESSION

The Board of Directors gave direction to staff and legal counsel.

ADJOURNMENT: Vice President Greenwood adjourned the meeting at: 5:35 p.m.

Board President

Cathy Lee, Board Secretary

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CARMICHAEL WATER DISTRICT
Budget to Actual
For the five months ended November 30, 2024
42% of the Budget expired

	November Actual	Fiscal YTD Actual	Fiscal Year Amended Budget*	Budget Available	% of Budget Used
Revenue					
District revenue					
Water sales	\$ 1,316,419	\$ 8,856,509	\$ 17,820,000	\$ 8,963,491	49.70%
Water service fees and charges	3,887	18,946	80,000	61,054	23.68%
Other service fees	5,791	74,726	107,000	32,274	69.84%
Grant revenue	41,622	257,999	7,650,000	7,392,001	3.37%
Interest income	22,679	153,685	400,000	246,315	38.42%
Miscellaneous	25,953	33,959	50,000	16,041	67.92%
Facility fees	-	-	50,000	50,000	0.00%
Total District revenue	1,416,351	9,395,824	26,157,000	16,761,176	35.92%
Outside boundary sales					
Treatment and delivery charges	85,311	426,556	1,452,000	1,025,444	29.38%
Total Outside boundary sales	85,311	426,556	1,452,000	1,025,444	29.38%
TOTAL REVENUE	1,501,662	9,822,380	27,609,000	17,786,620	35.58%
Expenditures					
Bond interest expense					
COPS Interest	77,529	398,834	947,131	548,297	42.11%
Administrative Services					
Board of Directors					
Director's Fees, taxes, insurance	2,960	8,851	37,948	29,097	23.32%
Board expenses	158	7,778	98,438	90,660	7.90%
Total Board of Directors Department	3,118	16,629	136,386	119,757	12.19%
Office of the General Manager					
Salaries, benefits, taxes	27,658	138,974	344,073	205,099	40.39%
Studies, contracts	2,360	10,160	180,000	169,840	5.64%
Total Office of the General Manager	30,018	149,134	524,073	374,939	28.46%
Engineering/Technical Services					
Salaries, benefits, taxes	54,403	285,852	760,041	474,189	37.61%
Departmental staff allocation to Production	(12,872)	(64,360)	(154,469)	(90,109)	41.67%
Software licensing, supplies, general office	1,367	5,683	28,500	22,817	19.94%
General engineering/contract services	573	23,792	45,000	21,208	52.87%
Total Engineering Department	43,471	250,967	679,072	428,105	36.96%
Finance					
Salaries, benefits, taxes	34,932	187,907	546,429	358,522	34.39%
Professional and contract services	7,345	8,045	80,000	71,955	10.06%
Fees and charges	1,141	5,560	17,160	11,600	32.40%
Total Finance Department	43,418	201,512	643,589	442,077	31.31%
Customer Service					
Salaries, benefits, taxes	26,794	149,906	392,781	242,875	38.17%
Billing expense	6,111	24,884	76,000	51,116	32.74%
Payment processing and collection fees	2,480	29,280	116,900	87,620	25.05%
Professional and contract services	-	-	5,000	5,000	0.00%
Total Customer Service Department	35,385	204,070	590,681	386,611	34.55%
Human Resources					
Salaries, benefits, taxes	10,148	49,132	127,402	78,270	38.56%
Recruitment, exams/screenings	734	1,893	9,000	7,107	21.03%
Legal and litigation expense	1,305	1,305	62,000	60,695	2.10%
Training/certification/travel/meetings	2,371	3,854	17,200	13,346	22.41%
Employee recognition	196	196	3,000	2,804	6.53%
Total Human Resources Department	14,754	56,380	218,602	162,222	25.79%

CARMICHAEL WATER DISTRICT
Budget to Actual
For the five months ended November 30, 2024
42% of the Budget expired

	November Actual	Fiscal YTD Actual	Fiscal Year Amended Budget*	Budget Available	% of Budget Used
Information Technology					
Contract services	3,525	11,906	70,200	58,294	16.96%
Software, licensing, website maintenance	7,948	45,423	153,500	108,077	29.59%
Hardware and supplies	-	55	20,500	20,445	0.27%
Equipment repairs/maintenance	324	1,490	10,000	8,510	14.90%
Telecommunications	1,648	6,117	15,000	8,883	40.78%
Allocation of IT expenses to Production	(3,592)	(17,960)	(43,100)	(25,140)	41.67%
Total Information Technology Department	9,853	47,031	226,100	179,069	20.80%
Public Outreach and Water Efficiency					
Public Outreach					
Outreach Printing, mailing, postage	-	-	15,000	15,000	0.00%
Total Public Outreach	-	-	15,000	15,000	0.00%
Water Efficiency					
Salaries, benefits, taxes	8,949	43,157	114,293	71,136	37.76%
Dues and memberships	1,312	6,561	15,500	8,939	42.33%
General expenses	-	-	5,250	5,250	0.00%
Water efficiency outreach	-	1,405	10,000	8,595	14.05%
Grant program and conservation supply expenses	2,432	9,004	140,270	131,266	6.42%
Total Water Efficiency	12,693	60,127	285,313	225,186	21.07%
Total Public Outreach/Water Efficiency Department	12,693	60,127	300,313	240,186	20.02%
General Administration					
Dues and memberships	10,442	55,298	169,001	113,703	32.72%
Facility expenses	6,911	24,095	116,500	92,405	20.68%
Fees and permits	4,972	8,542	13,570	5,028	62.95%
General administration expenses	1,111	4,059	17,850	13,791	22.74%
Retiree medical	19,497	102,266	275,000	172,734	37.19%
Insurance	14,808	51,204	163,900	112,696	31.24%
Total General Administration Department	57,741	245,464	755,821	510,357	32.48%
Total Administrative Services expenses	250,451	1,231,314	4,074,637	2,843,323	30.22%
Production expenses					
Production Administration					
Salaries, benefits, taxes	105,369	520,087	1,336,319	816,232	38.92%
General administration expenses	21,185	86,823	214,850	128,027	40.41%
Training/certification/travel/meetings	-	1,775	7,000	5,225	25.36%
Total Production Administration Department	126,554	608,685	1,558,169	949,484	39.06%
Treatment Plant Operations					
Facility expense	3,872	11,451	49,300	37,849	23.23%
Water quality	9,573	22,086	33,200	11,114	66.52%
Chemicals	39,213	127,572	257,000	129,428	49.64%
Power	83,177	416,104	951,600	535,496	43.73%
Systems maintenance	7,780	43,149	85,500	42,351	50.47%
Fees, permits, services	4,661	25,497	96,875	71,378	26.32%
Total Treatment Plant Operations Department	148,276	645,859	1,473,475	827,616	43.83%
Well Operations					
Power	28,381	151,686	367,750	216,064	41.25%
Well site/Reservoir maintenance	3,795	35,836	46,956	11,120	76.32%
Total Well Operations Department	32,176	187,522	414,706	227,184	45.22%
Total Production Expenses	307,006	1,442,066	3,446,350	2,004,284	41.84%

CARMICHAEL WATER DISTRICT
Budget to Actual
For the five months ended November 30, 2024
42% of the Budget expired

	November Actual	Fiscal YTD Actual	Fiscal Year Amended Budget*	Budget Available	% of Budget Used
Distribution Expenses					
Distribution Administration					
General administration and facility expenses	380	13,020	76,800	63,780	16.95%
Fees, permits, services	298	8,648	30,400	21,752	28.45%
Vehicle repairs and maintenance	68	1,086	56,000	54,914	1.94%
Fuel	3,349	13,554	45,000	31,446	30.12%
Training/certification/travel/meetings	-	1,288	12,000	10,712	10.73%
Total Distribution Administration Department	4,095	37,596	220,200	182,604	17.07%
Transmission and Distribution Maintenance					
Salaries, benefits, taxes	99,265	483,463	1,473,797	990,334	32.80%
Capitalized labor, benefits, taxes	-	(61,177)	(493,319)	(432,142)	12.40%
Infrastructure repairs	57,530	114,675	505,500	390,825	22.69%
Road restoration	53,573	67,219	436,000	368,781	15.42%
Total Transmission and Distribution Maintenance Department	210,368	604,180	1,921,978	1,317,798	31.44%
Total Distribution Expenses	214,463	641,776	2,142,178	1,500,402	29.96%
TOTAL O&M EXPENSES	849,449	3,713,990	10,610,296	6,896,306	35.00%
Capital expenditures					
Capital funded by rates and grants					
Administrative Services- Capital improvements	1,328	26,329	40,000	13,671	65.82%
Production - WTP Facility improvements	6,262	152,088	1,275,000	1,122,912	11.93%
Production - Wells (Includes grant funded projects)	814,771	1,288,149	9,280,000	7,991,851	13.88%
Production - Vehicle and equipment	-	-	90,000	90,000	0.00%
Distribution - In house constructed assets	-	201,755	493,319	291,564	40.90%
Distribution - Mainline projects	23,837	56,029	2,750,000	2,693,971	2.04%
Distribution - Vehicles and equipment	-	-	270,000	270,000	0.00%
Total Capital funded by rates and grants	846,198	1,724,350	14,198,319	12,473,969	12.14%
Capital funded by reserves					
Membrane replacement expense	-	89,128	200,000	110,872	44.56%
Sacramento County impact projects	-	6,420	200,000	193,580	3.21%
Total Capital Funded by reserves	-	95,548	400,000	304,452	23.89%
Debt Service, Other sources/Uses of funds					
Series B (2010 COP's Refinanced)	1,545,000	1,545,000	1,545,000	-	100.00%
PERS unfunded Liability	-	-	300,000	300,000	0.00%
OPEB Liability Funding	-	-	200,000	200,000	0.00%
Total Debt Service, Other sources/Uses of funds	1,545,000	1,545,000	2,045,000	500,000	75.55%
Reserve Funding/(Uses)					
Filter skid replacement	-	-	650,000	650,000	0.00%
Membrane Replacement	-	-	200,000	200,000	0.00%
Facilities Fees	-	-	50,000	50,000	0.00%
Ranney Collector Reserve	-	-	500,000	500,000	0.00%
Capital replacement reserves (Board approved October, 2024)	-	(3,254)	(1,100,000)	(1,096,746)	0.30%
Total Reserve Funding/(Uses)	-	(3,254)	300,000	303,254	(1.08%)
Total Expenditure, Debt Service, Fund Sources/(Uses), Reserves	3,240,647	7,075,634	27,553,615	\$ 20,477,981	25.68%
Budget surplus (deficiency)	\$ (1,738,986)	\$ 2,746,745	\$ 55,385		
Capital projects funded by Bonds					
CIP- La Vista Tank and Pump Station	\$ 2,662	\$ 13,998	\$ -	\$ (13,998)	0.00%
Total Capital projects funded by Bonds	\$ 2,662	\$ 13,998	\$ -	\$ (13,998)	0.00%

CARMICHAEL WATER DISTRICT
Budget amendments
As of November 30, 2024

Amendment # 1	General ledger account	Account description	Adopted Budget	Add (reduce)	Amended Budget
	10-011105-33	Claremont/ Coda MLR	2,500,000.00	(250,000.00)	2,250,000.00
	10-011105-34	Dewey Well destruction		250,000.00	250,000.00

Board Meeting 9/16/24

Agenda Item #7	Net effect on total appropriations	-
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Amendment # 2	General ledger account	Account description	Adopted Budget	Add (reduce)	Amended Budget
	10-011106-20	Garfield Well electrical impr's	-	1,100,000.00	1,100,000.00
	10-030100-07	Capital replacement reserves	-	(1,100,000.00)	(1,100,000.00)

Board Meeting 10/15/24

Agenda Item #8	Net effect on total appropriations	-
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Capital Improvement Project Status Report As of September 30, 2024

RATE/GRANT FUNDED PROJECTS	FY 2024-2025 Adopted Budget	Budget Amendments	FY 2024-2025 Adjusted Budget	FY 2024-2025 Expenditures to date	FY 2024-2025 Remaining Balance	Percent of Budget Used	Prior Years' Expenditures	Total Project Expenditures to Date	% Complete
Distribution									
Claremont/Jeffrey/Coda	2,500,000	(250,000)	2,250,000	17,498	2,232,502	1%	83,430	100,928	4%
Distribution Infrastructure - In house projects	493,319		493,319	162,854	330,465	33%	0	162,854	33%
Garfield - Engle/ WTP Transmission lines (Phase 1,2)	500,000		500,000		500,000	0%	0	-	0%
Transportation equipment	180,000		180,000		180,000	0%	0	-	0%
Other equipment	90,000		90,000		90,000	0%	0	-	0%
Total Distribution	3,763,319	(250,000)	3,513,319	180,352	3,332,967	5%	83,430	263,782	
Production									
Treatment plant									
SCADA Improvement w/ PLC Upgrade and new server	800,000		800,000	20,090	779,910	3%	89,095	109,185	14%
BWTP Building Rehab	125,000		125,000		125,000	0%	-	-	0%
WTP Roof Replacement	350,000		350,000		350,000	0%	-	-	0%
Wells									
La Sierra Well - GRANT FUNDED (\$2.0M USBR, \$4.0 DWR)	3,600,000		3,600,000	203,994	3,396,006	6%	2,103,994	2,307,988	64%
Ladera ASR Well # 2 (FED EPA Stag \$2.5M, Artesian VA)	2,000,000		2,000,000	2,459	1,997,541	0%	116,583	119,042	6%
Winding Way Well Replacement (DWR \$2.5M, Artesian VA)	2,000,000		2,000,000	16,336	1,983,664	1%	935,407	951,743	48%
Garfield generator,electrical improvements (Oct budget amendment)	-		-	2,287	(2,287)	0%	70,313	72,600	0%
Barret Road Well Replacement	250,000		250,000		250,000	0%	7,683	7,683	3%
ASR Study (La Sierra, Ladera, Winding Way)	50,000		50,000	-	50,000	0%	-	-	0%
Well Valve Project	30,000		30,000	-	30,000	0%	-	-	0%
Dewey Well Destruction		250,000	250,000	-	250,000	0%	4,344	4,344	0%
Vehicles									
Vehicle replacement (#38)	90,000		90,000		90,000	0%	-	-	0%
Total Production	9,295,000	250,000	9,545,000	245,166	9,299,834	3%	3,327,419	3,572,585	
Administration									
HVAC Replacement	40,000		40,000	-	40,000	0%	-	-	0%
District Wide Security (Mid-year budget amendment pending)	-		-		-	0%	17,756	17,756	10%
Total Administration	40,000	-	40,000	-	40,000	0%	17,756	17,756	
TOTAL RATE/GRANT FUNDED CAPITAL PROJECTS	13,098,319	-	13,098,319	425,518	12,672,801	3%	3,428,604	3,854,122	
FUNDED BY RESERVES									
Distribution									
Membrane Replacement	200,000		200,000	89,128	110,872	45%	-	89,128	45%
Sacramento County Impact Projects	200,000		200,000	1,889	198,111	1%	-	1,889	1%
TOTAL FUNDED BY RESERVES	400,000	-	400,000	91,017	308,983	23%	-	91,017	
BOND FUNDED PROJECTS									
La Vista Tank and Pump Station (Mid-year budget amendment pending)	-		-	6,141	(6,141)	0%	10,147,240	10,147,240	65%
TOTAL BOND FUNDED CAPITAL PROJECTS	-	-	-	6,141	(6,141)	0%	10,147,240	10,147,240	
TOTAL CAPITAL PROJECTS	\$ 13,498,319	\$ -	\$ 13,498,319	\$ 522,676	\$ 12,975,643	4%	\$ 13,575,844	\$ 14,092,379	

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MEMO

TO: Board of Directors

FROM: Debbie Martin, CPA (Inactive), Finance Manager/Treasurer

DATE: January 6, 2025

RE: Treasurer's Report – For the quarter ended September 30, 2024

Discussion:

In accordance with Government Code Section 53646 (b) (1) and Directors' Policy 9600, Investment of District Funds, the Treasurer's Report for the quarter ended September 30, 2024 is hereby submitted. The purpose of the Treasurer's Report is to update the Board and the public on the status of the District's cash balances and investments, highlight material changes from one period to another, and provide sufficient and relevant detail regarding the District's investments and cash balances.

The District's investment objectives are established by the Board approved Directors' Policy 9600 – Investment of District Funds and are guided and constrained by the California Government Code. The Policy is reviewed by the Board on an annual basis each January to ensure ongoing compliance with the government code and to ensure the policy's consistency with the overall objectives of preservation (safety) of principal, liquidity, return on investment and relevance to financial and economic trends.

The activity of the funds for the quarter ended September 30, 2024 was as follows:

Bank account - Name	Bank balance as of June 30, 2024	Revenue and transfers in	Expenditures and transfers out	Interest income	Bank balance as of September 30, 2024	Change
Westamerica Bank (WAB):						
Checking	\$ 20,568,010.58	\$ 6,194,832.77	\$ (3,994,811.41)	\$ -	\$ 22,768,031.94	\$ 2,200,021.36
Grant fund	2,500,000.38	-	-	-	2,500,000.38	-
Facilities fees (Restricted)	237,993.77	-	-	43.50	238,037.27	43.50
Local Agency Investment Fund (LAIF)	5,120,851.28	-	-	57,778.41	5,178,629.69	57,778.41
US Bank - Series A Payment fund	2,072.91			24.99	2,097.90	24.99
US Bank - Series B Payment fund	746.60			9.00	755.60	9.00
US Bank- Bond proceeds - restricted	5,808,657.91	-		70,024.95	5,878,682.86	70,024.95
Total	\$ 34,238,333.43	\$ 6,194,832.77	\$ (3,994,811.41)	\$ 127,880.85	\$ 36,566,235.64	\$ 2,327,902.21

At the end of the previous quarter on June 30, 2024, the value of the District's total portfolio, including unspent bond proceeds was \$34,238,333.43. Since that time, the value of the District's portfolio increased by \$2,327,902.21 for an ending balance of \$36,566,235.64 as of September 30, 2024. Cash increased this quarter with revenue collections outpacing cash disbursements. Cash reserves will build up over the coming winter months to ready short term resources for the upcoming construction season and the debt service payments that are due each November 1.

Some drawdown of the unspent bond proceeds will resume in the coming quarters with the year-end reconciliation of project expenditures for the La Vista tank and pump station project, however significant expenditures for this project have slowed due to contract negotiations.

The District's investment income increased this quarter \$1,672 over last quarter with reserve funds deposited in LAIF contributing \$57,778 and the unspent bond proceeds account contributing \$70,025 for a total from all sources of \$127,880.85. The reserve investments in LAIF and the unspent bond proceeds funds are the largest contributors to the District's interest earnings. Earnings on reserve funds held in the General Fund at West America Bank are used to offset banking fees. LAIF's yield increased .07% over last quarter to yield 4.55% this quarter with US Bank's money market yield dipping down .42% to yield 4.36% this quarter.

The District's investments for reserves are currently held in the West America Bank general fund and in LAIF. The Board has approved and authorized the General Manager to invest an additional \$10.0M of reserve funds in two additional pooled investment funds: California Class and CalTrust. The Board is committed to long range capital project planning and will continue evaluating investing options and reserve funding at each budget cycle.

The overall portfolio holdings at September 30, 2024 are listed in the following table:

Holdings	Yield %	Fair Market Value	Cost	Maturity Date	% of holding
WAB - Demand deposits	Analysis fee offset	\$ 25,268,032.32	\$ 25,268,032.32	N/A	69.1%
Local Agency Investment Fund (LAIF)	4.55%	5,189,303.28	5,178,629.69	N/A	14.2%
WAB - Demand deposit - Facilities fees - Restricted	0.07%	238,037.27	238,037.27	N/A	0.7%
US Bank - Series A/B U.S. Money Market Funds	4.36%	2,853.50	2,853.50	N/A	0.1%
US Bank - Bond proceeds - U.S. Money Market Funds- Restricted	4.36%	5,878,682.86	5,878,682.86	N/A	16.1%
		<u>\$ 36,576,909.23</u>	<u>\$ 36,566,235.64</u>		<u>100.0%</u>

The holdings are allocated as follows: 1) 69.1% of the District's funds are on deposit with Westamerica Bank for short term operational needs and reserve accumulations, 2) 14.2% are on deposit with LAIF, invested in short-term investments that are considered liquid, holding long term reserves for capital investments, 3) .7% are held in restricted funds from Facility fee collections invested in West America Bank Public Money Market Savings, 4) 16.1%, representing unspent COP bond proceeds, are on deposit with US Bank in First American Funds, Class D Government Obligations Fund, in a restricted account for designated capital projects, and last, 4) .1% are on deposit at US Bank, in a U.S. Money Market Fund, holding remaining interest income earned from funds held on deposit to pay the November 1 interest payments due on the Series A and Series B bond debt.

All securities held are in conformance with those permitted by the District's Policy. There are sufficient funds to meet the District's expenditure requirements for the next six months.

The District's Other Post-Employment Benefit (OPEB) funds are held in the CalPERS Section 115 trust, CERBT. CalPERS manages the investments in the trust. As of September 30, 2024, the assets held in the trust had generated an annualized net rate of return since inception (October, 2016) of 7.78%. Total assets as of 9-30-24 were \$3,820,138. As of June 30, 2023, (the last measurement date for completion of the OPEB liability actuarial valuation), the total OPEB liability was \$5,263,853. The Board designates annual additional contributions each budget year by Board policy and is currently funding retiree medical benefits outside of the trust.

Recommended Action:

This report is for information only and will be filed with the meeting minutes.

MEMO

TO: Board of Directors

FROM: Cathy Lee, General Manager

DATE: January 10, 2025

RE: Sacramento Regional Water Bank – Previously Banked Water and Modeling

BACKGROUND

As reported to the Board previously, the Water Bank Program Committee’s recent focus is to consider the amount of previously banked water in Sacramento Groundwater Authority’s Water Accounting Framework (WAF) be included in the starting balance for Water Bank’s new Water Accounting System (WAS). Without a starting balance, any future groundwater substitution transfers would be delayed until there is sufficient volume to accommodate the proposed transfer.

SUMMARY

The Sacramento Groundwater Authority (SGA) met on December 12, 2024 and provided the attached presentation on the current status of water level data shown in Attachment 1. The portion of groundwater basin with SGA appears to be in good condition due to past conjunctive use efforts allowing water to be “banked” to achieve groundwater level goals. The previously banked water would most likely be recognized as part of the “starting balance” as part of the Sacramento Regional Water Bank. However, the quantity of the starting balance credited towards each purveyor is under discussion and RWA staff obtained a scope of work and budget to utilize groundwater modeling to evaluate the previously banked water available for Water Bank’s Water Account System. Specifically, the modeling is to address two questions:

- **Question #1** – How much water has been banked (recharged) in the North American and South American subbasins (NASb & SASb) by Water Bank Participating Agencies that is above and beyond what (1) is needed for sustainability under SGMA developed GSPs, (2) has already been transferred, and (3) has been lost from the subbasins?
- **Question 2** – If a volume of water were to be recognized as previously banked, what conditions should be imposed to ensure extraction of that banked water (1) does not exceed sustainability thresholds in the NASb & SaSb GSPs, and (2) is not inconsistent with the Water Bank goals, objectives, principles, and constraints?

To address Question #1, RWA’s consultant proposed to conduct an analysis of the conditions of the surface water and groundwater system during the historical period without implementation of the WAF. This analysis assumes that the historical conditions would not be different in the area, including trends in population, water demands, development, changes in land use, development of infrastructure, and regulatory environment. This analysis is expected to result in the amount of remaining banked water that is available for use without causing an undesirable effect in the respective subbasins. The cost to conduct the analysis is about \$85,000 with \$15,000 contingency for a total not-to-exceed cost of \$100,000. This cost will be divided among the participating agencies who already have banked water benefits as shown in Attachment 1.

Question #2 is too speculative and beyond the scope of technical work. RWA, SGA, and Program Committee will continue to evaluate through future monitoring and data. The PBW presentation for the November 12, 2024 Program Committee meeting is attached in Attachment 2.

Additionally, the environmental community has taken a keen interest in the Water Bank for several years now. RWA staff also received a comment letter from Environmental Council of Sacramento (ECOS) seeking clarification on the Water Bank's loss accounting, leave behind policy, interaction with GSAs, and public interaction. A copy of the letter is included as Attachment 3.

FINANCIAL CONSIDERATIONS

The District's tentative cost share for the modeling is \$16,090.

RECOMMENDATION

Staff recommends that the Board of Directors discuss previously banked water/starting balance and provide direction to staff on the topic and participation in the modeling cost share.

ATTACHMENTS

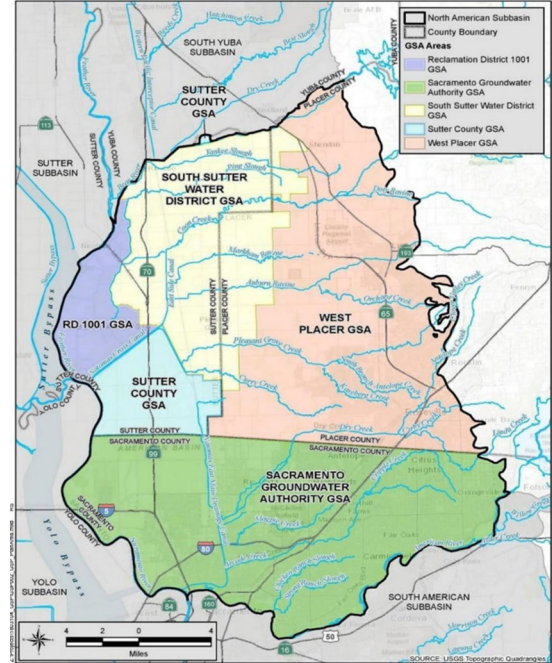
Attachment 1 – SGA North American Subbasin Groundwater Conditions, December 12, 2004

Attachment 2 – Draft Starting Balance Modeling Analysis Agreement

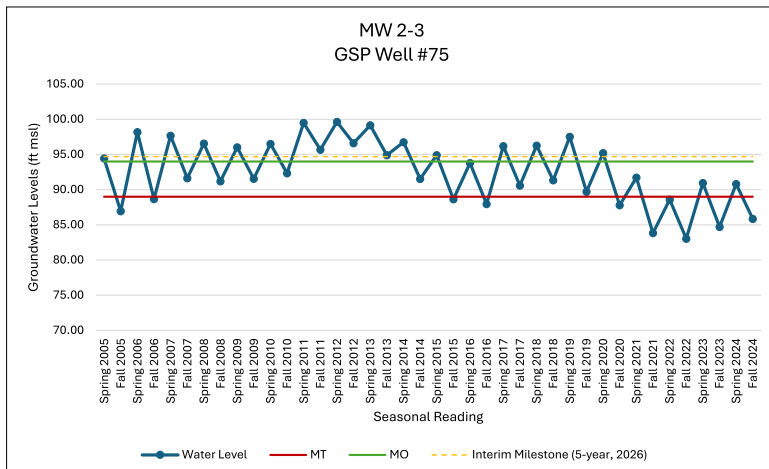
Attachment 3 – Letter from Environmental Council of Sacramento (ECOS)

Agenda Item 7.0 North American Subbasin (NASb) Groundwater Conditions – Current Status of Water Level Data

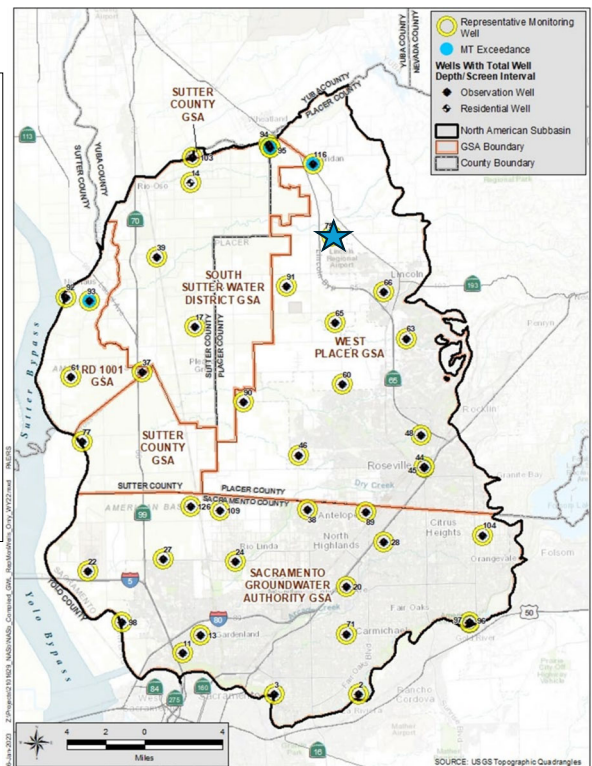
December 12, 2024



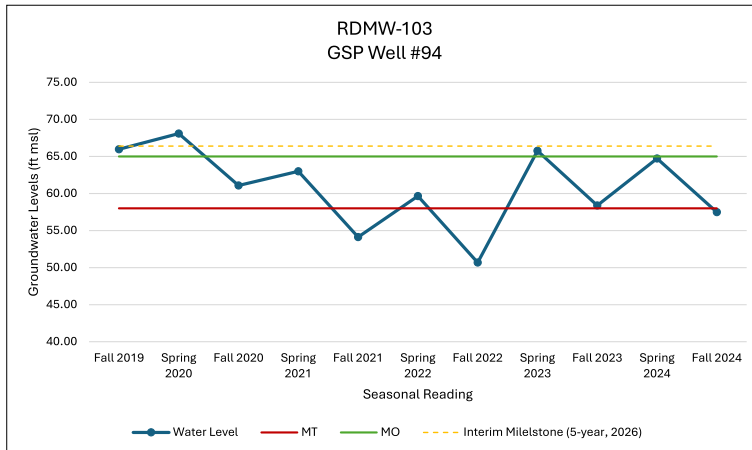
RMS Well MW 2-3



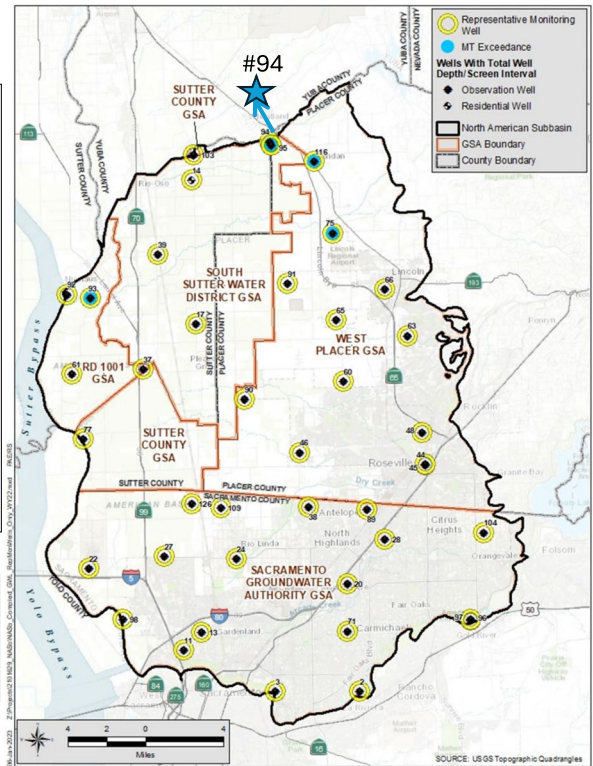
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
89	94	84	83.04	84.72	85.86	-4.28	-3.14



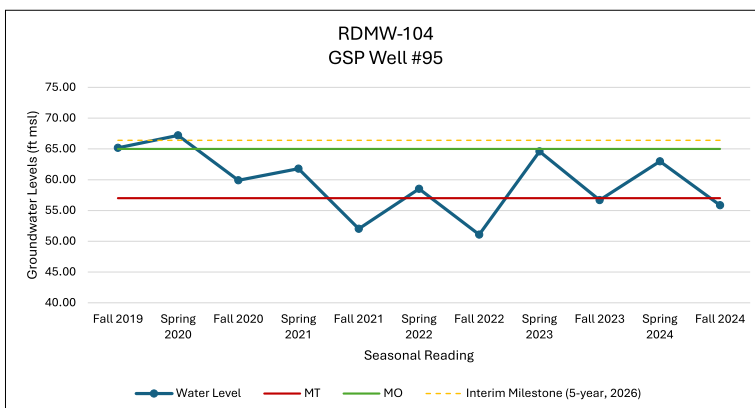
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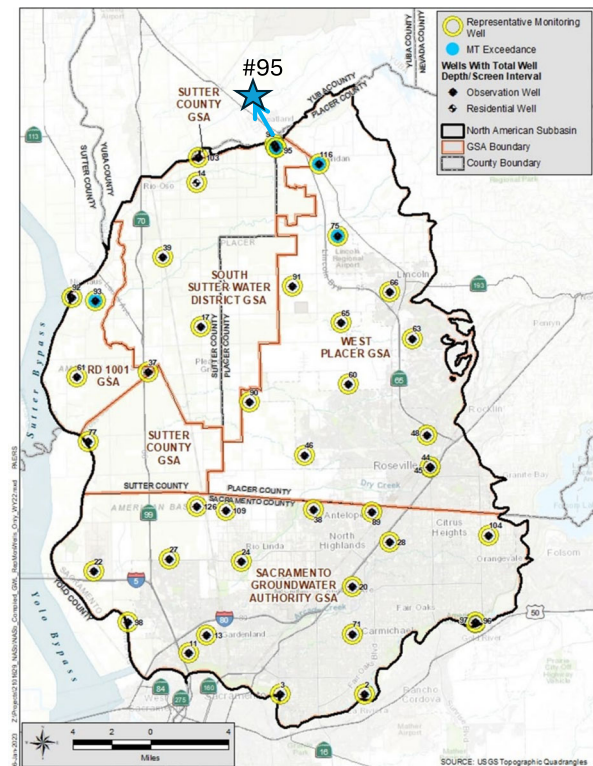
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
58	65	54	50.68	58.37	57.48	0.37	0.52



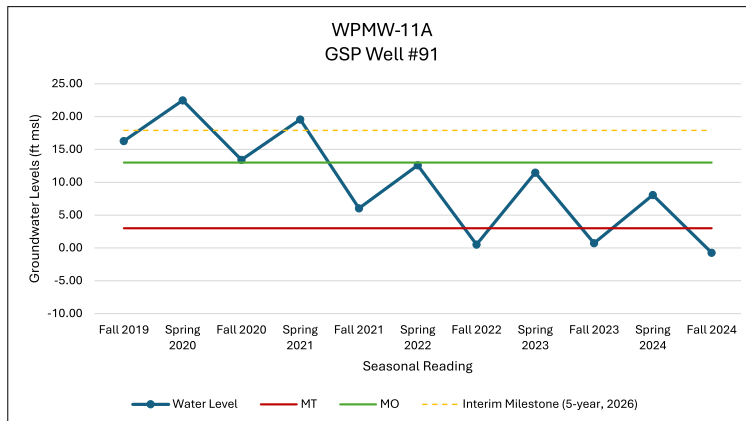
RMS Well RDMW-104



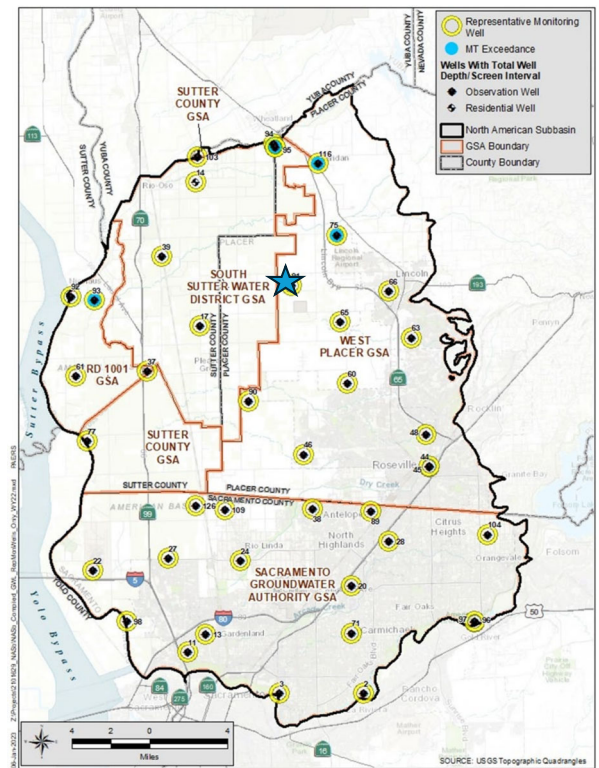
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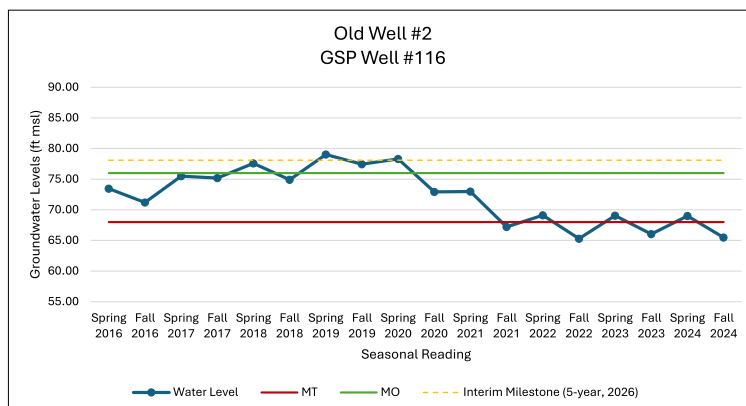
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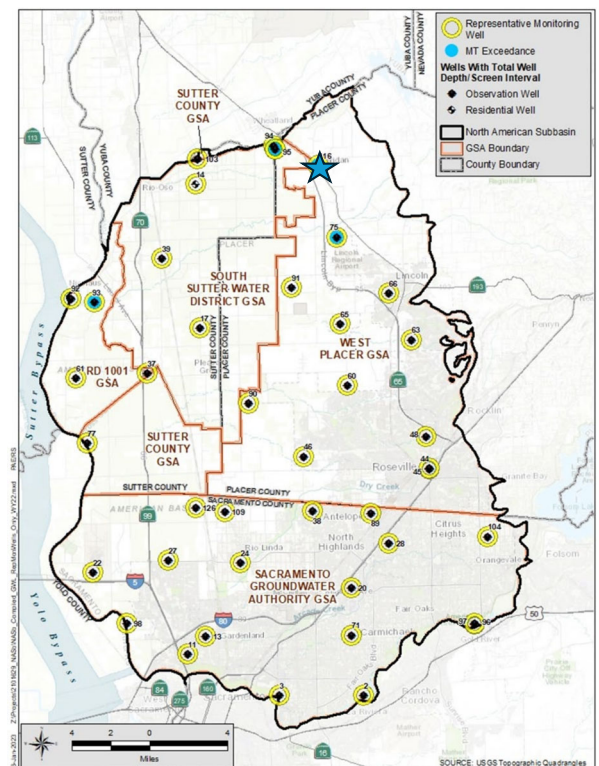
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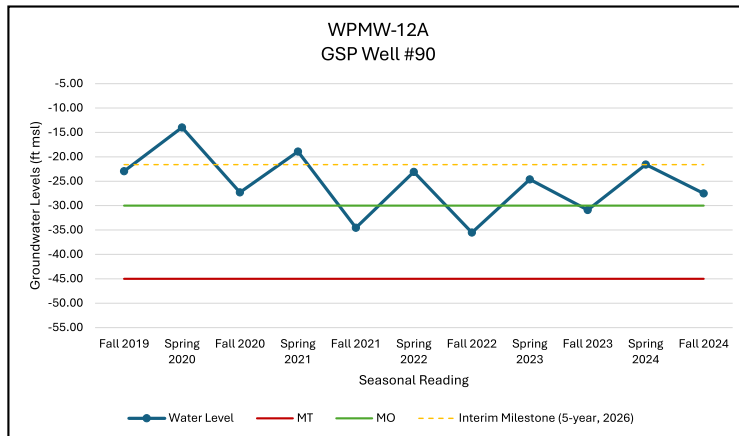
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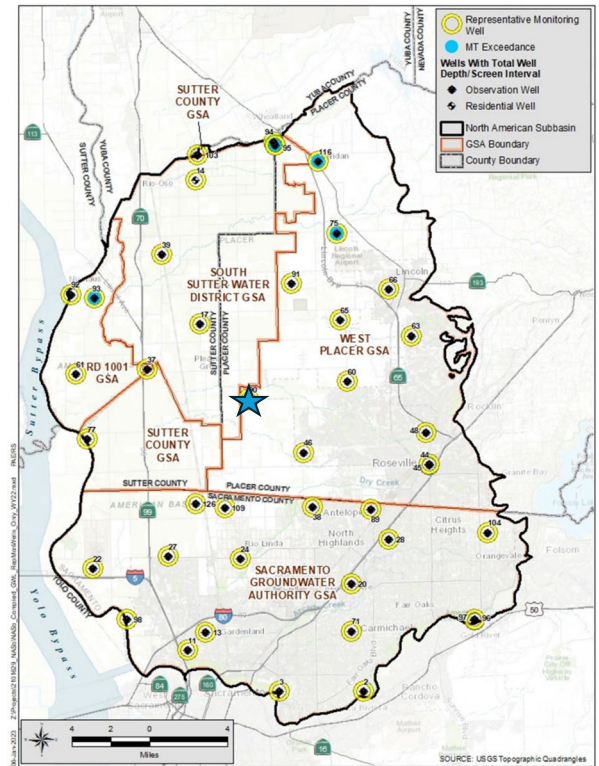
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68	76	67	65.30	66.05	65.50	-1.95	-2.50



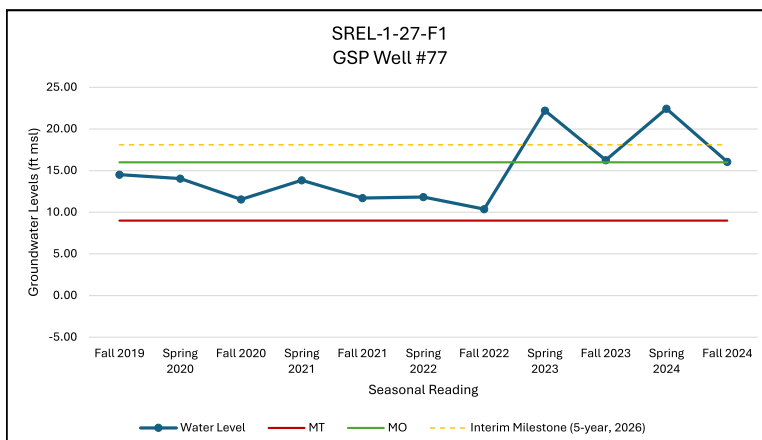
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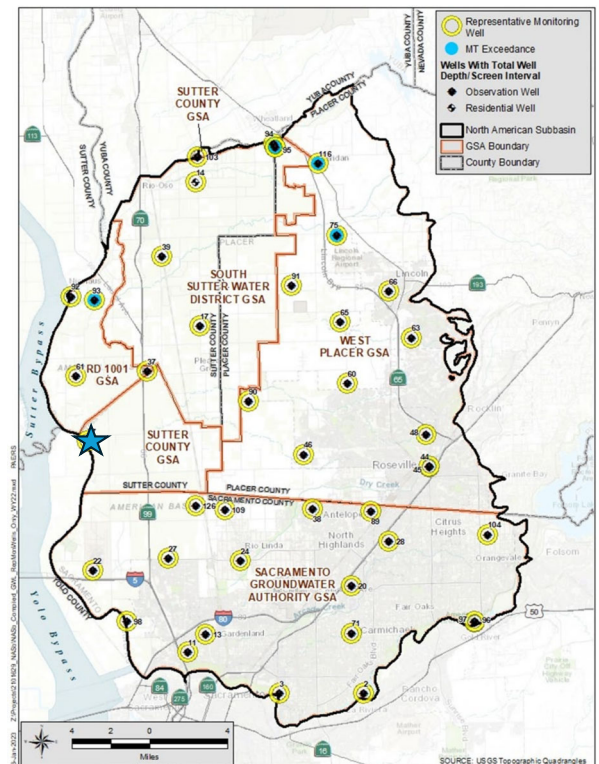
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-45	-30	-37.00	-35.53	-30.90	-27.50	14.10	17.50



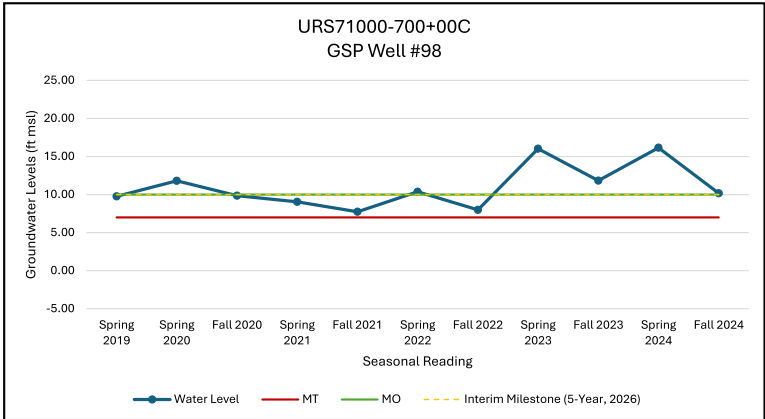
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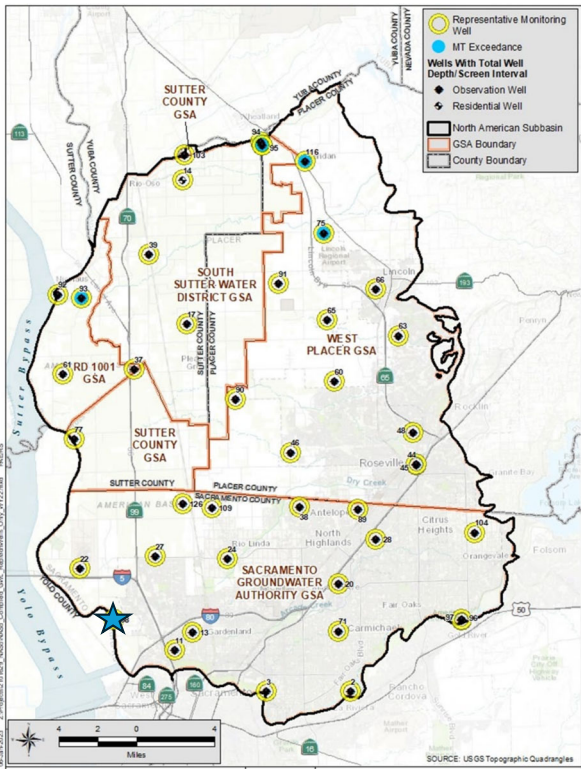
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9	16	12.00	10.38	16.26	16.06	7.26	7.06



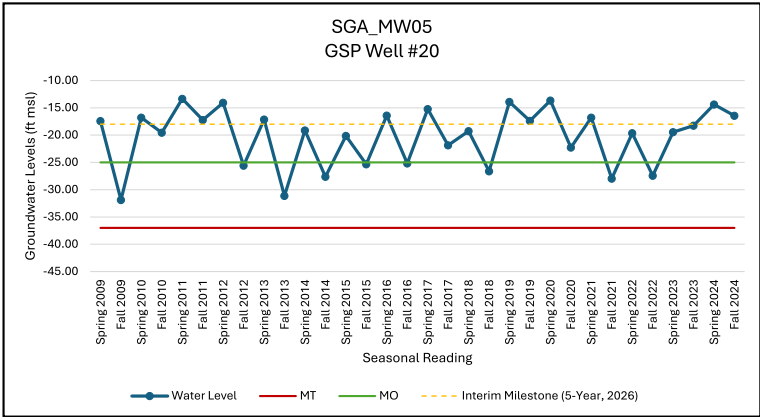
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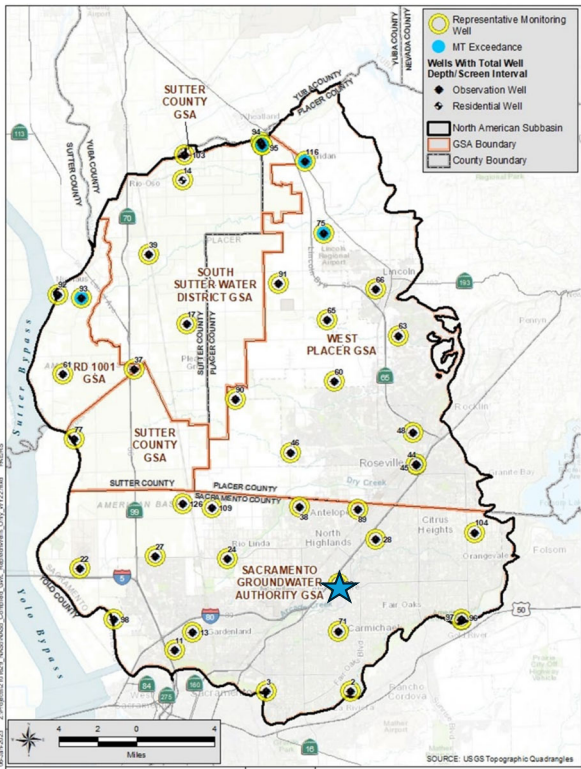
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7	10	7.74	8.00	11.84	10.17	4.84	3.17



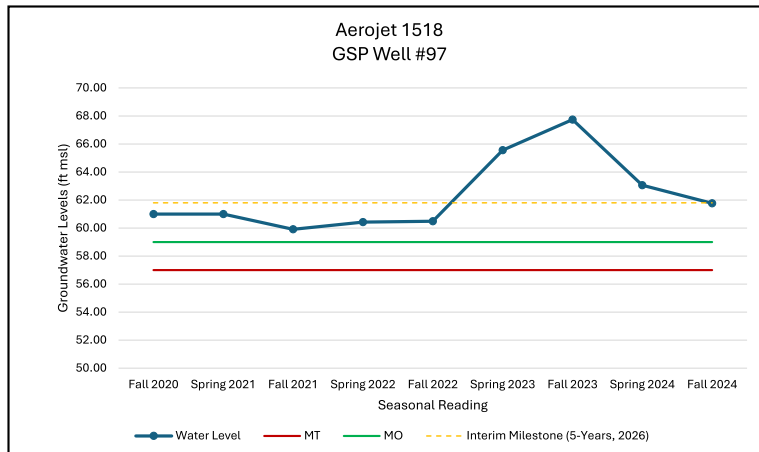
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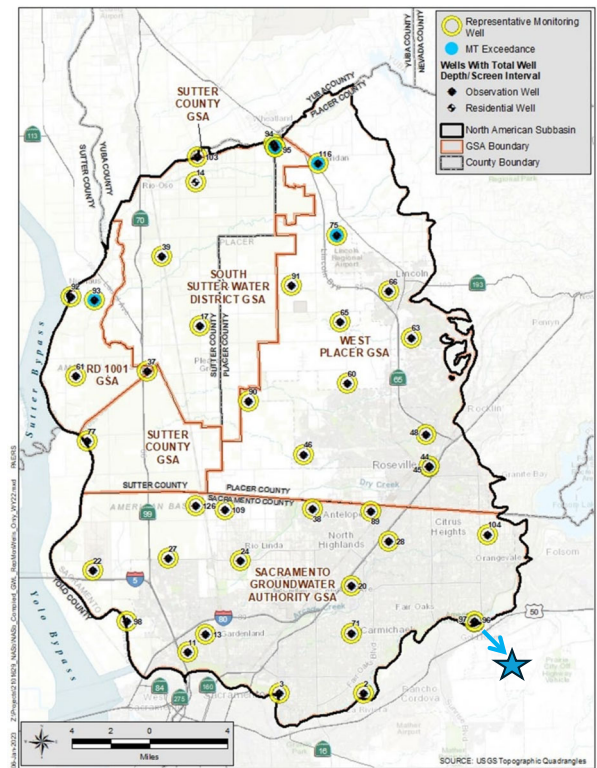
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-37	-25	-28.00	-27.43	-18.26	-16.45	18.74	20.55



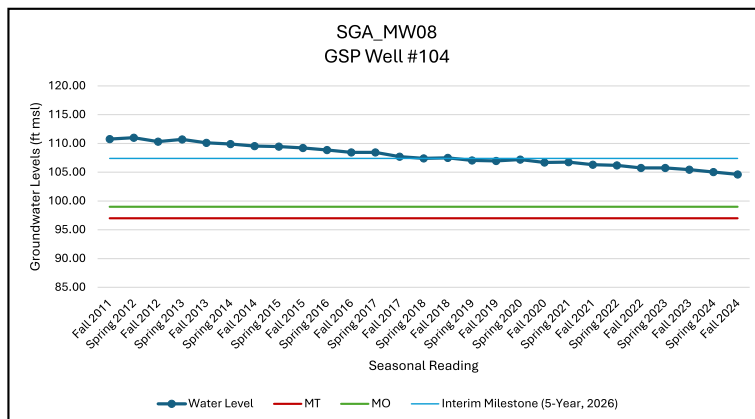
RMS Well Aerojet 1518



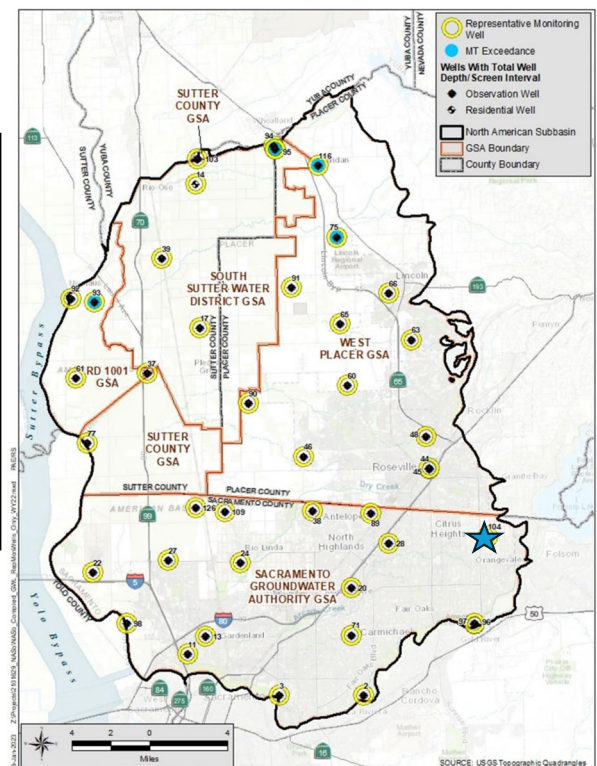
Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
57	59	59.91	60.48	67.74	61.76	10.74	4.76



RMS Well SGA_MW08



Selected MT (ft msl)	Selected MO (ft msl)	Fall 2021 (ft msl)	Fall 2022 (ft msl)	Fall 2023 (ft msl)	Fall 2024 (ft msl)	Fall 2023 Distance from MT (ft)	Fall 2024 Distance from MT (ft)
97	99	106.31	105.76	105.46	104.63	8.46	7.63





Questions



ATTACHMENT 2

DRAFT **REGIONAL WATER AUTHORITY** **PROGRAM AGREEMENT**

SACRAMENTO REGIONAL WATER BANK, STARTING BALANCE MODELING ANALYSIS

This Agreement is made and entered into as of the ____ day of ____, 2025, by and between the Regional Water Authority (“RWA”), a joint exercise of powers authority formed under California Government Code section 6500, and following, and the Members and Contracting Entities of RWA listed in Exhibit 1 to this Agreement, upon their execution of this Agreement (who are collectively referred to in this Agreement as “Starting Balance Funding Group”, to provide for funding and input to carry out a modeling analysis to evaluate a proposed starting balance to potential incorporate into the Sacramento Regional Water Bank (Water Bank) Project. Completion of the scope of work defined in this Agreement supports the Project or Program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the parties to the Project or Program Agreement.

RECITALS

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

B. The joint powers agreement (“RWA JPA”) pursuant to which RWA was formed and operates, and as was amended on October 8, 2013, authorizes RWA to enter into a “Project or Program Agreement,” which is defined in the RWA JPA as an agreement between RWA and two or more of its Members or Contracting Entities to provide for carrying out a Project or Program that is within the authorized purposes of RWA, and sharing in the cost and benefits by the parties to the Project or Program Agreement.

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

D. Article 22 of the RWA JPA states: “Prior to undertaking a project or program, the Members and/or Contracting Entities who elect to participate in a project or program shall enter into a Program or Program Agreement. Thereafter, all assets, benefits and obligations attributable

to the project shall be assets, benefits and obligations of those Members and/or Contracting Entities that have entered into the Project or Program Agreement. Any debts, liabilities, obligations or indebtedness incurred by the Regional Authority in regard to a particular project or program, including startup costs advanced by the Regional Authority, shall be obligations of the participating Members and/or Contracting Entities, and shall not be the debts, liabilities, obligations and indebtedness of those Members and/or Contracting Entities who have not executed the Project or Program Agreement.”

E. There is nothing in the RWA JPA or RWA policies that would prevent the participation of unaffiliated entities in projects conducted by RWA and its Members and Contracting Entities under a Project or Program Agreement, subject to approval of all participating Members and Contracting Entities and the unaffiliated entity’s execution of the Program Agreement.

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

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

- 1. Recitals Incorporated.** The foregoing recitals are hereby incorporated by reference.
- 2. Defined Terms.** Terms defined in the RWA JPA will have the same meaning in this Agreement.
- 3. Description of the Program.** The program (“Program”) that RWA and the Starting Balance Funding Group desire to carry out is the completion of modeling analysis to evaluate the amount of water that has been previously banked through conjunctive water management by Sacramento Regional Water Bank (“Water Bank”) program committee agencies that may be incorporated into the Water Bank project as a starting balance. The Water Bank will be a sustainable groundwater storage and recovery program intended to increase conjunctive use capacity and operations in the region to improve the long-term reliability of water supplies. The Water Bank will include an accounting system of storage and recovery with a monitoring program to ensure long-term groundwater basin sustainability and consistency with the Sustainable Groundwater Management Act. The work identified within this Agreement is a component of the Water Bank project development. A general scope of work for the Program is attached hereto as Exhibit 2 (“Program Description”).
- 4. Program Committee and Starting Balance Funding Group.** The Program Committee consists of one representative (and alternates) designated by each Program Committee Agency to develop the Water Bank project. A subset of Program Committee Agencies has formed under this Agreement to fund and provide input during the execution of work defined by the Program Description. These local agencies, referred to as the Starting Balance Funding Group, will meet as necessary from time to time to administer and implement this Agreement on behalf

of all Program Committee Agencies. At key milestones during the implementation of Program, the Starting Balance Funding Group with RWA staff will engage and seek input from the full Program Committee.

5. Sharing in Program Costs and Benefits. The total estimated cost to complete the Program Description as defined in Exhibit 2 has been estimated at \$100,000.

The assessments and not-to exceed budgets for each of the Starting Balance Funding Group agencies are further described and attached hereto as Exhibit 3 (“Financing Plan”). Each Starting Balance Funding Group agency will make one or more payments to RWA for completion of the Program. Starting Balance Funding Group agencies shall have full access to final work products of the Program.

At the conclusion of the Program, the Starting Balance Funding Group agencies will take action on the disposition of any remaining funds. If the Starting Balance Funding Group agencies elects to return the surplus funds to the Starting Balance Funding Group agencies, RWA will pay back such funds to the Starting Balance Funding Group agencies on a pro rata basis reflecting the amount of the payments made by each of Starting Balance Funding Group agencies. In accordance with the provisions of Articles 21 and 22 of the RWA JPA, any debts, liabilities, obligations or indebtedness incurred by RWA in regard to the Program will be the obligations of the Starting Balance Funding Group agencies, and will not be the debts, liabilities, obligations and indebtedness of those Members and Contracting Entities who have not executed this Agreement.

6. Role of RWA. RWA has been directed in the fall of 2024 at multiple Program Committee meetings to evaluate the amount of conjunctive use (i.e. banking) that maybe recognized as a starting balance for the Water Bank Project. The RWA will (a) ensure that the interests of Members and Contracting Entities of RWA who do not participate in this Program are not adversely affected in performing this Agreement; (b) provide information to the Starting Balance Funding Group agencies on the status of implementation of the Program; (c) assist the Starting Balance Funding Group in carrying out its activities under this Agreement; d) secure consultant support services through a competitive selection process as identified in RWA Policy 300.2, where applicable; and e) manage consultant support services in completion of the Program.

7. Authorization to Proceed with the Program. Upon execution of this Agreement, the Starting Balance Funding Group agencies agree to fund their portion of the Program costs in an amount and manner as described in Exhibit 3 (“Financing Plan”) to this Agreement.

8. Term. This Agreement will remain in effect for so long as any obligations under this Agreement and/or obligations from other sources of funding secured for completing the Program remain outstanding.

9. Withdrawal. A Starting Balance Funding Group agencies may withdraw from this Agreement without requiring termination of this Agreement, effective upon ninety days’ notice to RWA and the other Starting Balance Funding Group agencies, provided that, the withdrawing

Starting Balance Funding Group agencies will remain responsible for any indebtedness incurred by the Starting Balance Funding Group agencies under this Agreement prior to the effective date of withdrawal. If any surplus funds remain after the withdrawing Starting Balance Funding Group agencies has met all of its financial obligations under this Agreement, then such funds will be returned to the withdrawing Starting Balance Funding Group agencies in proportion to the total contribution made by each Starting Balance Funding Group agencies.

10. Amendments. This Agreement may be amended from time to time with the approval of all of the Starting Balance Funding Group agencies and RWA.

11. Privileges and Immunities. All of the privileges and immunities from liability; exemptions from laws, ordinances and rules; and all pension, relief, disability, worker's compensation and other benefits that apply to the activity of officers, agents or employees of RWA or the Starting Balance Funding Group agencies when performing their respective functions for those agencies will, to the extent permitted by law, apply to them to the same degree and extent while engaged in the performance of any of the functions and other duties under this Agreement. It is further understood and agreed by RWA and the Starting Balance Funding Group agencies that, notwithstanding anything contained herein, the employees of RWA and of each Starting Balance Funding Group agencies shall continue to be entirely and exclusively under the direction, supervision and control of the employing party.

12. No Third Party Beneficiary. RWA and the Starting Balance Funding Group agencies understand and agree that this Agreement creates rights and obligations solely between RWA and the Starting Balance Funding Group agencies and is not intended to benefit any other party. No provision of this Agreement shall in any way inure to the benefit of any third person so as to constitute any such third person as a third-party beneficiary of this Agreement or any of its items of conditions, or otherwise give rise to any cause of action in any person not a party hereto.

13. Liabilities. With respect to this Agreement, RWA and the Starting Balance Funding Group agencies expressly agree that the debts, liabilities and obligations of RWA and of each Starting Balance Funding Group agencies shall remain the debts, liabilities and obligations of that party alone and shall not be the debts, liabilities and obligations of any other party to this Agreement, except as may be otherwise set forth herein or in an amendment to this Agreement.

14. Audits and Accounting. All funds provided under this Agreement shall be separately accounted for and maintained, with books and records of such funding open to inspection by the Starting Balance Funding Group agencies. Funding under this Agreement shall be subject to and consistent with the audit and accounting procedures set forth in Articles 27 and 28 of the RWA JPA.

15. General Provisions. Any notice to be given under this Agreement shall be made by: (a) depositing in any United States Post Office, postage prepaid, and shall be deemed received at the expiration of 72 hours after its deposit; (b) transmission by reputable overnight courier service; (c) transmission by electronic mail; or (d) personal delivery. This Agreement shall be governed

by the laws of the State of California. The contact information for each Participant with respect to this section of the Agreement is set forth in Exhibit 4 (“Notice Information”). This Agreement may be executed by the parties in counterpart, each of which when executed and delivered shall be an original and all of which together will constitute one and the same document.

16. Signatories’ Authority. The signatories to this Agreement represent that they have authority to execute this Agreement and to bind the Starting Balance Funding Group agencies on whose behalf they execute it.

The foregoing Sacramento Regional Water Bank, Starting Balance Modeling Analysis Program Agreement is hereby agreed to by RWA and the Starting Balance Funding Group agencies.

Dated: _____, 2025

_____, 2024

Signature

JIM PEIFER
Executive Director
Regional Water Authority

Signature

NAME
Title
Agency

List of Agreement Exhibits

Exhibit 1 – Program Committee Agency

Exhibit 2 – Program Description

Exhibit 3 – Financing Plan

Exhibit 4 – Notice Information

EXHIBIT 1

PROGRAM COMMITTEE AGENCIES

REGIONAL WATER AUTHORITY

**SACRAMENTO REGIONAL WATER BANK,
STARTING BALANCE MODELING ANALYSIS PROGRAM**

Starting Balance Funding Group agencies

Carmichael Water District
City of Sacramento
Golden State Water Company
Sacramento County Water Agency
Sacramento Suburban Water District

EXHIBIT 2

PROGRAM DESCRIPTION

REGIONAL WATER AUTHORITY

SACRAMENTO REGIONAL WATER BANK, STARTING BALANCE MODELING ANALYSIS PROGRAM

The Sacramento Regional Water Bank (Water Bank) Program Starting Balance Modeling Analysis scope of work and budget is described below.

SCOPE OF WORK

The goal of this Program is to evaluate the amount of water that has been previously banked through conjunctive water management by Water Bank participating agencies that may be incorporated into the Water Bank project as a starting balance. To accomplish this goal RWA will be utilizing the regions modeling tools and prior data and information from participating agencies in the North and South American subbasins.

The following components describe the work activities expected for the Water Bank Starting Balance Modeling Analysis.

Component #1: Woodard & Curran Modeling Analysis

Woodard & Curran have been procured by RWA to utilize the regional Cosumnes-South American-North American (CoSANA) groundwater model and work with RWA and an ad hoc work group (i.e. the Starting Balance Funding Group) to determine how much water has been previously banked and remains in the NASb and SASb that can be withdrawn without causing undesirable results under the Sustainable Groundwater Management Act.

The key question posed by RWA staff and supported by the Program Committee during the fall of 2024, is:

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

To address this question, an analysis of the conditions of the surface water and groundwater system during the historical period without implementation will be conducted. This analysis will include confirmation of historical assumptions in the CoSANA model, collecting data and confirming assumptions of the banked water for each participating agency, quantify a “no previously banked water condition”, quantify an “extractable volume of previously banked water”, conduct post processing and quality control model results, and provide project management and coordination.

Component #1 does not include any RWA staff or other support and includes Woodard & Curran's level of effort only.

Component #2: RWA and other Consultant Support

RWA staff will provide support for the technical analysis identified in component #1 including leading meetings, providing data and technical recommendations, and project management.

As part of this component, it is anticipated RWA staff will provide limited external engagement and coordination beyond the Starting Balance Funding Group and Program Committee, including the NASb and SASb Groundwater Sustainability Agencies, the Water Forum, and potentially other interested parties.

This component also includes a very limited level of effort from consultants supporting the development of the Water Bank project including Stantec and Khadam consulting. Consulting support will enable any proposed starting balance volume to be properly integrated into core Water Bank development activities including surface modeling, water accounting system development, and environmental documentation.

Estimated Budget

	Costs
Component #1: Woodard & Curran Modeling Analysis	\$81,885
Component #2: RWA and other Consultant Support	\$18,115
Not-to-Exceed Total	\$100,000

Estimated Schedule

The estimated schedule to complete this Program is approximately 4 months.

EXHIBIT 3

FINANCING PLAN

REGIONAL WATER AUTHORITY

SACRAMENTO REGIONAL WATER BANK, STARTING BALANCE MODELING ANALYSIS PROGRAM

In developing the proposed fees for each agency, the document or estimated amount of prior conjunctive water management activities were considered. RWA staff will pursue the collection of fees immediately following signature with each Starting Balance Funding Group agency.

Proposed Not-to-Exceed Fee Table

Starting Balance Funding Analysis Agency	Base
Carmichael Water District	\$16,090
City of Sacramento	\$14,569
Golden State Water Company	\$5,109
Sacramento County Water Agency	\$10,218
Sacramento Suburban Water District	\$54,015
Totals	\$100,000

EXHIBIT 4

NOTICE INFORMATION

REGIONAL WATER AUTHORITY

SACRAMENTO REGIONAL WATER BANK, STARTING BALANCE FUNDING GROUP AGENCIES

Carmichael Water District
Attn: Cathy Lee
7837 Fair Oaks Blvd
Carmichael, CA 95608
Phone: (916) 483-2452
Fax: (916) 483-5509
Email: cathy@carmichaelwd.org

City of Sacramento
Attn: Brett Ewart
1395 35th Avenue
Sacramento, CA 95822
Phone: (916) 808-1725
Email: bewart@cityofsacramento.org

Golden State Water Company
Attn: Sean Twilla
3005 Gold Canal Drive
Rancho Cordova, CA 95670
Phone: (916) 825-7471
Fax: (916) 852-6608
Email: seantwilla@gswater.com

Sacramento County Water Agency
Attn: Michael Grinstead
827 7th Street, Room 301
Sacramento, CA 95814
Phone: (916) 874-4681
Fax: (916) 874-8693
Email: GrinsteadM@saccounty.gov

Sacramento Suburban Water District
Attn: Dan York
3701 Marconi #100
Sacramento, CA 95821
Phone: (916) 679-3973
Fax: 916-972-7639
Email: dyork@sswd.org

Regional Water Authority
Attn: Jim Peifer
2295 Gateway Oaks Drive, Suite 100
Sacramento, CA 95833
Phone: (916) 967-7692
Fax: (916) 967-7322
Email: jpeifer@rwah2o.org

ATTACHMENT 3

Comments on “Water Bank Q&A Connect” – October 15, 2024

The latest addition of the “Water Bank Q&A Connect”, (August 27, 2024) Page 26, Item 21 “The Role of “Leave Behind” and “Loss” in Sustainable Groundwater Management “, deals with RWA’s proposed Water Bank deposit water “loss” and “leave behind” accounting approaches. ECOS seeks clarification on several key points before RWA reaches a final approach to handling the technical and policy issues of water loss and leave behind.

Loss Accounting

1. What is the geographic and hydrologic area being considered for an individual depositor’s bank deposits? If losses and deposits are calculated across a subbasin then local impacts on points of interaction between surface and groundwater and groundwater dependent ecosystems can be overlooked. What actions will be taken to guard against this kind of unintended consequence?
2. Is a depositor expected to be able to recover its own deposits? If not, who retains title to the portion of the deposit that cannot be recovered? If a neighboring purveyor recovers groundwater that was deposited by another, how is that transaction accounted for?
3. How are natural water losses (deposited water held captive in interstitial spaces for example) accounted for in determining water losses?
4. RWA recently indicated that while a total of 65,000 TAF of water can be banked as part of conjunctive use programs only 55,000 TAF can be recovered which is an approximate 15% water loss. How is this loss attributed to individual deposits?
5. The policy mentions losses attributed to water that is gained by a stream or river or water that leaves the subbasin. How and when are these determinations of loss made?
6. Is there an annual or other timeframe assessment of water loss that results in an adjustment to deposit balances. What tools are used to assess deposits? Is the appropriate GSA involved in the process? How are the losses attributed to individual deposits?
7. Projected climate change will place a burden on maintaining sustainable groundwater subbasins. New industrial/commercial wells or other groundwater use could affect subbasin sustainability and banked deposits. How is RWA planning to interface with GSAs and What considerations have been given to dealing with short- or long-term impacts on bank operations due to a subbasin’s difficulty in maintaining sustainability under SGMA?
8. Some bank participants argue that past conjunctive use programs should be given deposit credit in the new water bank. ECOS does not agree with this approach but is interested in hearing the technical and policy arguments that can be made in support of it. We are especially interested in the required documentation a purveyor would be required to provide to substantiate any past deposits and how the bank could justify that the water is still in the subbasin and available for withdrawal.

Water Leave Behind Policy

ECOS agrees that leaving behind a portion of each deposit is a vitally important component of Bank operations and serves a key role in future groundwater sustainability/availability and climate change resiliency.

9. Why is the leave behind concept only applied to water that leaves the basin?

10. Building up the region's subbasin groundwater storage reserves beyond the sustainable levels established in the Groundwater Sustainability Plans developed under SGMA could be a cost-effective hedge against the uncertainty of climate change and future Bureau of Reclamation operation of the Folsom Reservoir Complex. Has RWA considered a leave behind approach for all groundwater deposits? If so, what are the reasons why such an approach has not been selected?

Interaction with Groundwater Sustainability Agencies

11. GSAs are investing/developing shallow domestic well protection programs. How will the Water Bank interact with GSAs to ensure Bank operations do not damage shallow well owners' wells and negatively impact water supply wells and other industrial/commercial and agricultural well owners.

12. GSA's are developing monitoring efforts to better understand and protect Groundwater Dependent Ecosystems (GDE) and areas of surface water/groundwater interaction. How will the Bank interact with the GSA to ensure Bank operations do no harm to these important areas of concern?

13. GSA's have made significant investments in groundwater monitoring systems and will need to continue to invest in these systems to ensure subbasin sustainability. How is the Bank planning to monitor its operations, share this data with the appropriated GSAs, and regulate Bank activities so that Bank operations do not negatively impact GSA monitoring systems and subbasin sustainability.

14. Current GSA monitoring protocols allow several years (from 2 to 4 years) of a percentage of monitoring well exceeding groundwater level action points before actions are taken to return the subbasin to sustainability. How will the Bank's operations including the monitoring of deposits and withdrawals prevent the creation of cones of depression that may only affect a few monitoring well's exceedance levels but may have a significant short or long term impact on subbasin sustainability, GDEs, and/or groundwater/surface water interactions?

Bank Governance document

15. The Bank Governance document seems to place the Coordinating Body in a decision-making position without any process for public involvement while shifting the responsibility for public

involvement as an administrative duty of the Bank staff. Why is there no public involvement in the Coordinating Body decision process?

MEMO

TO: Board of Directors

FROM: Greg Norris, Engineering Manager
Cathy Lee, General Manager

RE: La Vista Storage Tank and Booster Pump Station (BPS) Project – Amendment to a Professional Services Agreement (PSA) for Construction Management (CM) Services and a Budget Adjustment

DATE: January 6, 2025

BACKGROUND

Carmichael Water District (CWD) and its contractor, Koch & Koch Inc. (KKI), mutually terminated the construction contract for the La Vista Storage Tank and BPS Project (La Vista Project) in April 2024 due to a contract dispute. In exploring options for completing the La Vista Project, CWD Staff sent a Request for Proposal (RFP) to three CM firms to provide CM services for the La Vista Project. The RFP scope of work included providing an estimated cost to complete the La Vista Project and other tasks related to missteps in the project. Two proposals were received in August 2024, and the most qualified firm was selected based on value, experience, and cost of their proposal. District staff selected Toppel Consulting's (Toppel) proposal and subsequently executed a professional services agreement (PSA) for \$50,320 in September 2024. The work performed by Toppel under this agreement included an estimate of the cost for completing the project. Toppel's cost estimate shows approximately \$4.6M to complete construction of the remaining work for the La Vista Project. The cost estimate was also used to develop a side-by-side comparison for the different options moving forward.

SUMMARY

Consequently, the Board requested a comprehensive forensic analysis that examines the decisions made, work performance, and District's liability associated with the project. CWD Staff requested a scope of work from Toppel Construction to include the forensic analysis and CM services during construction. Toppel provided a fee estimate, in Attachment 1, of \$298,859 for the forensic analysis and revised their fee estimate for actual CM work to \$558,220. Toppel estimates that it will take 2 people about 18 weeks to complete the forensic analysis which includes the content shown on the attached Table of Contents, Attachment 2. The total cost for Toppel Construction to complete the work is \$857,079 as shown on the draft Amendment 1 in Attachment 3.

FINANCIAL IMPACTS

Due to work being stopped indefinitely, there were no funds budgeted for the the FY24-25 Budget for the La Vista CIP Project. A budget amendment of \$857,079.00 is needed to authorize funding to cover the estimated costs for the forensic analysis and CM work during construction.

To fund this request, Staff proposes the use of the 2019 COP Bond Proceeds Fund. If use of the bond proceeds is approved, there would be no fiscal impacts or change to the overall FY 24-25 budget.

GL Account	Project	Current Budget	Change/Adjust	Final budget
10-011106-01-03	La Vista Tank Booster Pump Station (BPS) Project	\$ 0	\$ 857,079	\$ 857,079
Total		\$ 0	857,079	\$857,079

RECOMMENDATION

Staff recommends that the Board of Directors:

- 1) Approve a budget amendment authorizing the General Manager to transfer \$857,079.00 from the 2019 COP Bond Proceed Fund to the La Vista Tank and Pump Station CIP Account (GL 10-011106-01-03); and
- 2) If item 1) is approved, authorize the General Manager to execute Amendment 1 of the Professional Service Agreement with Toppel Consulting for a not-to-exceed amount of \$857,079.00; or
- 3) Discuss level of effort for forensic analysis and construction management activities and direct staff accordingly.

ATTACHMENT(s)

1. Toppel Construction's Fee Estimate for proposed work.
2. Toppel Construction proposed Table of Contents for proposed forensic analysis.
3. Draft Amendment to Professional Services Agreement between CWD and Toppel Consulting, Inc.

TOPPEL CONSULTING, INC.

LA VISTA TANK AND BOOSTER PUMP STATION Proposal for Forensic Investigation & Construction Management

DESCRIPTION	CM	TOTAL HOURS	RATE	TOTAL COST	NOTES
Forensic Investigation					
Brian Toppel	BT	550	\$240	\$132,000	Assumes 4-Month Duration
Adam Boje	AB	847	\$197	\$166,859	Includes 127 hours already incurred for December 24
SERVICES					
Review all project documentation					
Analysis of project records to determine root causes of disputes, defects and delays that impacted the projects success					
Prepare report of findings. Report to include opinions on what, if any alternate methods could have been implemented to prevent the discovered impacts.					
SUBTOTAL FOR PRECONSTRUCTION		1397		\$298,859	
CONSTRUCTION MANAGEMENT					
Provide construction management, Day to Day correspondence, Daily Reports, Change Order and Schedule Analysis.	AB	1820	\$197	\$358,540	Assumes 35 hrs per week for a 12-Month Duration. All site visits have a 4 hr minimum charge.
MAIN OFFICE					
Executive Management -Brian Toppel	BT	832	\$240	\$199,680	Assumes 16hrs per week
SUBTOTAL PROPOSAL FOR CM SERVICES		2652		\$558,220	
TOTAL FOR ALL SERVICES				\$857,079	

BT =Brian Toppel - Principal- \$240/Hr

AB=Adam Boje - Senior Construction Manager- \$197/Hr

NOTE: ALL REIMBURSABLE COSTS FOR , PRINTING, MILEAGE, ETC. SHALL BE BILLED SEPARATLY

Propsoal is valid for 90 Days

Submitted By: Brian Toppel
CEO

LA VISTA TANK AND BOOSTER PUMP STATION PROJECT

FORENSIC INVESTIGATION

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(Draft)

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**AMENDMENT NO. [1]
TO AGREEMENT FOR CONSTRUCTION MANAGEMENT SERVICES BETWEEN
CARMICHAEL WATER DISTRICT
AND TOPPEL CONSULTING, INC.**

This Amendment No. [1] to the October 3, 2024 Professional Services Agreement between Carmichael Water District (“District”) and Toppel Consulting, Inc. (“Contractor”) concerning Construction Management services is made effective as of date of the District’s signature below, in Carmichael, California.

RECITALS:

- A. On October 3, 2024, District and Contractor entered into an agreement for Construction Management services in connection with the La Vista Tank and Booster Pump Station Project (“Agreement”);
- B. District desires to extend the services provided by Contractor;
- C. Contractor is willing to perform the extended services per fee estimate submitted by Contractor to District; and
- D. The parties desire to amend the Agreement on the terms and conditions set forth below to provide for the extension of services by Contractor to include work described below and in attached Exhibit A.

AGREEMENT:

1. **Description of Extended Services.**

- (a) To develop a forensics report for the La Vista Tank and Booster Pump Station Project, that reviews and discusses the District’s exposure regarding financial liabilities. The report will include a review of the project’s history, decisions, and performance.
- (b) Construction Management services during construction. This includes coordination of all construction management related duties such as, day-to-day correspondence, daily reports, processing change orders, and performing schedule analysis.

2. Compensation.

(a) The total compensation for the additional Construction Management services described in this Amendment No. 1 shall not exceed \$857,079 with a limit of \$298,859 for the forensic analysis and a limit of \$558,220 for construction management. Compensation shall be based on Contractor's fee estimate which is attached hereto and incorporated herein as Exhibit A to this Amendment No. [1].

(b) The not-to-exceed amounts of compensation described in subdivision (a) of this Section 2 are in addition to the not-to-exceed amount set forth in Section 2 and Exhibit A of the Agreement. With this Amendment No. 1, Contractor's total not-to-exceed compensation is (Nine Hundred and Seven Thousand Three Hundred Thirty Nine Dollars) \$907,339.

3. Term of Agreement.

This Amendment shall become effective on the date stated above. The Agreement, together with this Amendment No. [1], shall expire on date of original agreement expiration unless terminated earlier pursuant to Section 3 of the Agreement.

4. Effect on Agreement.

Except as specifically provided herein, the Agreement, and each of its terms and conditions, shall remain in full force and effect, are incorporated herein by this reference, and apply to the work described in section 1 hereof.

CARMICHAEL WATER DISTRICT

By: _____ Date: _____
General Manager

TOPPEL CONSULTING, INC.

By: _____ Date: _____
CEO

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MEMO

TO: Board of Directors

FROM: Debbie Martin, CPA (Inactive) Treasurer/Finance Manager

DATE: January 7, 2025

RE: Directors' Policy Manual Series 9600 – Investment of District Funds – Review and annual adoption

BACKGROUND

As stated in Directors' Policy 9600 – Investment of District Funds, the District is required to review and adopt the Investment Policy by resolution of the Board on an annual basis each January. The purpose of the review is to ensure the policy's consistency with the overall objectives of preservation of principal, liquidity, and return on investment, and its relevance to current law and financial and economic trends.

A review for any new investment law statutes for 2025 did not indicate any required revisions to the District's current policy. However, Staff does recommend a change to the table of Authorized and Permitted Investments in Section 9600.80 of the policy.

SUMMARY

The District's Investment Policy is deemed to meet the minimum legal requirements of the investment statutes of the State of California Government Code and Staff has determined that no additional revisions to the policy as a result of law changes are required at this time. In July 2024, as a segment of the overall financial management review of the District for the passage of the fiscal year 2024-25 annual budget, the Board authorized the investment of reserve funds in a pooled investment account through CLASS and CalTrust. Accordingly, the Board also approved investments in LAIF and "other similar pooled investment vehicles" in 2022. Consequently, the Investment Policy should be updated to reflect these past activities with the words "other similar pooled investment vehicles" on the line item for "Local Agency Investment Fund (LAIF)" Investment Type to the Authorized and Permitted Investments Table in Section 9600.80. The Investment Policy already discusses Investment Pool reviews and Maximum Maturities of investment pools in Sections 9600.110 and 9600.100 respectively, so no other changes would be needed to conform the policy to the Board's recent authorization.

FISCAL IMPACT

There are no fiscal impacts directly related to the review and adoption of the revised Investment Policy.

RECOMMENDATION

Staff recommends the Board of Directors review Directors' Policy 9600 – Investment of District Funds, and if the Board of Directors agree, approve Resolution 01212025-01 – A Resolution Adopting the Investment Policy for the Investment of District Funds for Carmichael Water District.

ATTACHMENTS

1. Resolution 01212025-01 – A Resolution Adopting the Investment Policy for the Investment of District Funds for Carmichael Water District
2. Directors' Policy 9600 – Investment of District Funds, Original
3. Directors' Policy 9600 – Investment of District Funds, Redline

ATTACHMENT 1
CARMICHAEL WATER DISTRICT

RESOLUTION 01212025-01
A RESOLUTION ADOPTING THE INVESTMENT POLICY FOR
THE INVESTMENT OF DISTRICT FUNDS FOR CARMICHAEL
WATER DISTRICT

WHEREAS, the Board of Directors has heretofore established a general fund from which moneys may be expended for general operating and capital purposes; and

WHEREAS, Carmichael Water District has in the general fund from time to time moneys that are surplus to Carmichael Water District's immediate operating needs and/or designated as a reserve by the Board; and

WHEREAS, it has been determined to be in the public interest to invest such surplus and reserve moneys in a manner which insures a maximum return consistent with safety on such investments while maintaining the integrity of such surplus and reserve funds; and

WHEREAS, the Treasurer has rendered an annual investment policy to the Board pursuant to the Government Code;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Carmichael Water District as follows:

The Annual Investment Policy for Investment of District Funds, attached hereto, has been modified and is hereby approved for continued use until the next annual review.

PASSED AND ADOPTED by the Board of Directors on this 21st day of January 2025, by the following vote:

Mark Emmerson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Jeff Nelson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ronald Davis	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ron Greenwood	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Board Totals:	Ayes:	<input type="checkbox"/>	Nays:	<input type="checkbox"/>	Absent:	<input type="checkbox"/>	Abstain:	<input type="checkbox"/>
		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Passed Unanimously:		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Motion Carried:		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Motion Not Carried:		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

Signed after its passage this 21st day of January, 2025:

Board President

ATTEST: _____
Cathy Lee, Secretary

CARMICHAEL WATER DISTRICT
Directors' Policy Manual

POLICY TITLE: Investment of District Funds

POLICY NUMBER: 9600

9600.10 The purpose of this policy is to provide a framework and guidelines for the prudent investment of the District's funds and outline policies for sound investment practices. The objective is to invest public funds in a manner that will provide the highest return consistent with preserving maximum security, limiting unnecessary exposure to risk, maintaining sufficient liquidity, and enhancing the economic status while conforming to state and local statutes governing investment of public funds.

9600.20 Scope

This policy applies to all moneys (surplus financial assets) of the District, including the proceeds of certain capital project finance programs, of which are invested in accordance with the provisions of their specific agreements. These moneys are accounted for in the District's annual financial statements, budgets and other financial reports.

9600.21 The exceptions to these moneys will be the investment of bond reserve funds and grant funds. Bond reserve and grant funds will be invested in accordance with the statutory provisions governing the issuance of the bonds or grants or the actual bond or grant documents, as applicable. Other exceptions are the investment of District pension funds, governed by California Government Code Sections 53215-53224, and investment of post-employment health benefit trust funds, governed by California Government Code Sections 53620-53622.

9600.22 With the exception of cash in restricted and special funds, the District will consolidate cash balances from all funds to the extent practicable in order to maximize earnings and minimize fees.

9600.30 Prudent Investor Standard

The Board of Directors, General Manager, Treasurer, and all those engaged in the management of District moneys will apply the Prudent Investor Standard as described in California Government Code section 53600.3 in making all investment decisions. This statute provides that, "[w]hen investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the organization, that a prudent person in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the organization".

9600.40 Investment Objectives

Investments of District moneys not required for immediate expenditure will be selected using the following criteria in this order of priority: safety, liquidity, and return on investment.

9600.41 Safety

Safety of principal is the foremost objective of the District. Investments will be executed in a manner that seeks to ensure preservation of capital in the overall portfolio. In attaining this objective, the District will strive to mitigate credit risk and interest rate risk.

9600.41.1 Credit Risk

The District will minimize credit risk, the risk of loss due to the failure of the security issuer/backer by: (a) limiting investments to those allowed by this policy; (b) prequalifying financial institutions, broker/dealers, intermediaries and advisors; and (c) diversifying the investment portfolio by a variety of securities offering independent returns and financial institutions.

9600.41.2 Interest Rate Risk

The District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by: structuring the investment portfolio so that securities meet the cash flow requirements thereby avoiding, to the extent possible, the need to sell securities on the open market prior to maturity; and investing operating funds in shorter-term securities. It is explicitly recognized herein that occasional losses in a diversified portfolio are inevitable, and must be considered within the context of the overall investment returns.

9600.42 Liquidity

The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated. A portion of the portfolio shall be maintained in collateralized bank deposits, the State's investment pool or other liquid investments for use to meet District disbursement requirements. To the extent possible, investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without significant loss in value.

9600.42.1 Liquidity Categories

The investments shall be categorized to aid in decision making for operational and investment cash flow needs and for types of investment allocations. The three categories are defined as follows:

Short term – Investments held for one year or less.

Mid-term – Investments held over one year up to five years.

Long-term – investments held for more than five years.

9600.43 Return on Investment

The investment portfolio will be designed to attain an acceptable rate of return, taking into account the investment risk constraints and cash flow requirements.

9600.50 **Delegation of Authority**

Management responsibility for the investment program is hereby delegated, pursuant to Section 53607 of the Government Code, to the General Manager and the Treasurer and this delegation shall be subject to annual renewal. The responsibility to execute investment transactions may be further delegated under the direction of

the General Manager and the Treasurer. The General Manager and the Treasurer, shall establish written procedures for the operation of the investment program consistent with this investment policy. This responsibility includes authority to select brokers, establish safekeeping accounts, enter into wire transfer agreements, banking service contracts, and collateral/depository agreements that are consistent with and subject to this Policy. The General Manager and Treasurer shall be responsible for all transactions undertaken and shall establish a system of internal controls to regulate the activities of internal staff and any external investment advisors.

The District may engage the services of external investment advisors/managers to assist in the management of the District's investment portfolio in a manner consistent with the District's investment policy and investment objectives. Such external advisors/managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy and at the specific direction of the General Manager and Treasurer. Such external investment managers must be registered under the Investment Advisors Act of 1940.

9600.60 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions and avoid any conflicts-of-interest prohibited by Government Code section 1090, the Political Reform Act, or Government Code section 1126. Employees and investment officers must file applicable annual financial disclosures as required by the Fair Political Practices Commission (FPPC) and /or the District's Conflict of Interest Code. Employees and officers involved in the investment process shall (1) disclose any financial interest in financial institutions that conduct business with the District; (2) disclose any personal financial/investment positions that might be affected by the performance or management of the District's portfolio; (3) subordinate their personal investment transactions to those of the District, particularly with regard to the timing of purchases and sales; and (4) shall avoid transactions that might impair public confidence.

9600.70 Authorized Financial Broker/Dealers, Investment Advisors and Institutions

The District shall transact business only with banks, associations, and with broker/dealers licensed by the State of California. Investment staff shall investigate dealers who wish to do business with the District to determine if they are adequately capitalized, have pending legal action against the firm or the individual broker and make markets in the securities appropriate to the District's needs. Upon recommendation by the General Manager or Treasurer, financial institutions and/or broker dealers shall be considered for approval by the Board of Directors. Only those broker/dealers or financial institutions approved by the Board of Directors shall provide services to the District.

The District's General Manager or Treasurer shall annually, or as this policy is updated, send a copy of the current investment policy to all broker/dealers and authorized investment advisors approved to do business with the District. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the District's investment policies and objectives, and agree to sell the District only appropriate investments authorized by this investment policy.

9600.80 Authorized and Permitted Investments

Eligible investments of District funds is governed by the California Government Code sections 53600 through 53609. If a type of investment is added to the California Government Code list, it can only be added to the District's Authorized and Permitted list with an amendment to this Investment Policy approved by the Board of

Directors. If a type of security is not specifically authorized by this policy, it is not an Authorized and Permitted investment.

The following investments are Authorized and Permitted:

Investment Type	Maximum percentage or amount of holdings	Maximum Maturity
U.S. Treasury Bonds/Notes/Bills	0% to 100%	5 years
U.S. Government Agency Securities and Instrumentalities of Government-Sponsored Corporations	0% to 100%	5 years
Bankers' acceptances	0% to 40%	180 days
Commercial paper (rated P-1 or higher with Moody's or A-1 Standard & Poor's)	0% - 25%	270 days
Negotiable certificates of deposit	0% - 30%	5 years
Local Agency Investment Fund (LAIF)	\$0 to \$75,000,000	Upon demand
Public funds checking or savings accounts	0% to 100%	Upon demand
State of California bonds/notes	0% to 30%	5 years
California local agency bonds/notes	0% to 30%	5 years
Outside California State bonds/notes	0% to 30%	5 years
Medium term corporate notes rated "A" or higher	0% to 30%	5 years
Mutual funds/money market funds	0% to 15%	Upon demand
Collateralized bank deposits	0% to 100%	Upon demand

9600.90 Prohibited Investments

In accordance with the provisions of California Government Code Sections 53601.6 and 53631.5, the District shall not invest in inverse floaters, range notes, mortgage-derived interest only strips, or any security that could result in zero interest accrual. Investments in convertible virtual currencies or assets based on blockchain technology including but not limited to, crypto currency, stablecoin or bitcoin, non-fungible tokens (NFT's), or other digital types of assets are prohibited.

Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be effective upon enactment and deemed incorporated into the District's Investment Policy and supersedes any and all previous applicable language. If the District is holding an investment that is subsequently prohibited by a legislative change, and provided such action is allowable under the applicable legislation, the District may hold that investment if it is deemed prudent by the Board of Directors until the maturity date to avoid an unnecessary loss.

9600.100 Diversification and Maximum Maturities

The District will diversify its investments by security type and institution. Except for U.S. Securities, U.S. Agency Obligations and authorized pools (such as LAIF), no more than 5% of the District's total investment portfolio will be invested in a single security type, single financial institution, or issuer. The diversification of the portfolio will be dependent upon current and future cash flow requirements. To the extent possible, the District will strive to match its investment maturities with anticipated cash flow requirements.

9600.110 Investment Pools/Mutual Funds

The General Manager and Treasurer shall review each pool and or fund prior to investing and shall, at a minimum, obtain a thorough understanding of the following information prior to investing and on a regular basis:

- Authorized investments and compliance with District investment policy/objectives
 - Eligibility for holding bond proceeds
- Deposit/withdrawal and investment limitations
- Interest calculations/distributions and treatment of gains/losses
- Settlement process
- Fee schedules and when/how assessed
- Safeguarding of investments, including the pool's or fund's policies, objectives, limitations, and frequencies of audits
- Utilization of reserves by fund
- Frequency of statements and reporting processes

9600.120 Collateralization

A financial institution must provide coverage for at least 110% of all District deposits that are placed in the institution and must be acceptable pooled collateral requirements as required by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral for District deposits.

9600.130 Safekeeping and Custody

To protect against fraud, embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the District shall be held in safekeeping by a third party custodian, acting as agent for the District under the terms of a trust or custody agreement executed by the General Manager or Treasurer. All security transactions will settle delivery vs. payment (DVP) through the District's safekeeping agent. Securities purchased from brokers/dealers shall be held in third party safekeeping by the trust department of the District's bank, or by another third party trustee designated by the General Manager and the Treasurer. No outside broker/dealer or advisor shall have access to District funds, accounts, or investments and any transfer of funds must be approved by the General Manager and the Treasurer

9600.140 Reporting and Internal Control

In accordance with California Government Code Section 53646 (b), the Treasurer may issue a quarterly report within 45 days following the end of the quarter to the General Manager and Board of Directors showing the type of investment, issuer and/or institution, date of maturity, amount of investment, current market value for all securities, rate of interest and other relevant data that may be required. The quarterly report shall certify compliance of the investment portfolio with the Investment Policy and shall include a statement denoting the ability of the District to meet its pool expenditure requirements for the next six months.

The Treasurer shall also, in accordance with Government Code section 53607, issue a monthly report of transactions to invest or to reinvest funds of the District and to sell or exchange securities purchased. This report also shall be provided to the Board of Directors.

The General Manager and the Treasurer will maintain a system of internal controls to address at least the following areas:

- Maintain third party custodial safekeeping
- Obtain written confirmation of authorization to make authorized trades from authorized parties
- Separation of duties of transaction authority from accounting and record keeping
- Monitor for legal compliance and investment policy compliance.

The annual audit will include an independent review by the external auditor to confirm proper internal controls exist.

9600.150 Performance Standards

Investment performance will be continually monitored by the Board of Directors, the General Manager and/or the Treasurer and by any external managers and/or investment advisors. The investment portfolio shall be designed to attain a market average rate of return through budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs.

9600.160 Investment Policy Revisions

The District investment policy shall be reviewed and re-adopted, with or without changes, by resolution of the Board on an annual basis each January and will be distributed as required by this policy after approval at the January Board meeting if the investment policy is modified. The purpose of the annual investment policy review is to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return on investment, and its relevance to current law and financial and economic trends. When necessary or warranted, this policy may be reviewed and amended at any time, subject to review and approval by the Board of Directors.

9600.170 Glossary

The following is a definition of the cash management terms to assist with policy administration:

Accrued interest: Interest earned but not yet received.

Amortization: An accounting practice of gradually decreasing (increasing) and asset's book value by spreading its depreciation (accretion) over a period of time.

Asked: The price at which securities are offered.

Banker's acceptance (BA): A draft bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Basis point: One basis point is one hundredth of one percent (.01).

Bid: The price offered by a buyer of securities.

Bond: A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book entry: A system of recording securities ownership through electronic accounts. In book-entry-only issues, investors do not receive physical certificates evidencing security ownership, but a custodian holds one or more global certificates.

Book value: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker: A person assisting in the buying and selling of investments for a commission.

Callable bond: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Certificate of deposit (CD): A time deposit with a specific maturity evidenced by a certificate; large denominations are typically negotiable.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also securities pledged by a bank to secure public money deposits.

Commercial paper: Short term obligations with maturities ranging from 2 to 270 days that are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

Corporate notes: A debt instrument issued by a private corporation, as distinct from one issued by a government agency or a municipality.

Coupon: The annual rate of interest on a debt security that a bond issuer promises to pay the bondholder on the bond's face (or par) value.

Credit analysis: A critical review and appraisal of the economic and financial conditions and/or the ability to meet debt obligations of an issuer, borrower, entity, etc.

Current yield: The interest paid on an investment expressed as a percentage of the current price of the security.

CUSIP: The Committee on Uniform Securities Information Procedures (CUSIP) number is an identification number assigned to each publicly traded security. The CUSIP Service Bureau, operated by Standard & Poor's for the American Bankers' Association, assigns the identification numbers.

Custodian: A bank or other financial institution that keeps custody of stock certificates and other assets.

Dealer: A person or firm acting as a principal in a securities transaction, buying and selling for his/her own account.

Discount: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Fair value: The amount at which an investment could be exchanged in a current transaction between willing

parties, other than in a forced or liquidation sale.

Federal agency securities: Securities issued by agencies of the Federal Government such as Federal Farm Credit Bank (FFCB) and the Tennessee Valley Authority (TVA), Federal National Mortgage Association (FNMA) that are not general obligations of the U.S. Treasury but are sponsored by the government and therefore have high safety ratings.

Federal Deposit Insurance Corporation (FDIC): A U.S. Government corporation that guarantees deposits of banks and savings and loans. The FDIC provides deposit insurance to certain customer checking and savings deposits up to a current amount of \$250,000 per account.

Government securities: An obligation of the U.S. Government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. Securities market.

Liquidity: The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

Local Agency Investment Fund (LAIF): The California pool of local agency assets, which is managed by the State Treasurer. Limits apply to each agency's deposit of general fund reserves, however, no limits on amount of deposit apply to bond proceeds. Funds in this pool are considered very liquid.

Market value: Current market price of a security as indicated by the latest trade recorded.

Mark to market: The adjustment of the valuation of a security or portfolio to reflect current market values.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances) are issued and traded.

Mutual funds: An investment company that pools money and can invest in a variety of securities, including fixed income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by SEC disclosure guidelines.

Negotiable certificates of deposit: A large denomination time deposit with a specific maturity evidenced by a certificate. These are traded like other fixed income securities.

Net asset value: The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of share outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

Nationally Recognized Statistical Rating Organization (NRSO): Currently, there are three top nationally recognized rating services: Moody's Investors Service, Inc., Standard & Poor's Corporation, and Fitch Investor's Services, Inc. These organizations provide ratings on a variety of categories and sectors at different rating scales to indicate financial strengths.

Note: A written promise to pay a specified amount to a certain entity on demand or on a specified date.

Par value: The amount of principal that must be paid at maturity. Also referred to as the face amount of a bond, normally quoted in \$1,000 increments per bond.

Portfolio: A collection of securities held by an investor.

Premium: The amount by which a bond sells above its face (par) value.

Prime rate: A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are tied in to this rate.

Rate of return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Risk: Degree of uncertainty of return on an asset.

Safekeeping: A service rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary market: Exchanges and over-the counter markets where securities are bought and sold subsequent to original issuance.

Securities and Exchange Commission (SEC): The Federal Agency created by Congress to protect investors in security transactions by supervising and regulating the securities industry.

Settlement date: The date on which a trade is cleared by delivery of securities against funds.

Total return: The sum of all investment income plus changes in the capital value of the portfolio.

Treasury bills: A non-interest bearing discount short-term security issued by the U.S. Treasury to finance national debt. Bills are issued with original maturities of 13 weeks, 26 weeks and 52 weeks.

Treasury bonds: Interest bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two (2) to ten (10) years.

Trustee, trust company, or trust department of a bank: A financial institution with trust powers that act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

Weighted average maturity: The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

Yield: The rate of annual income return on an investment, expressed as a percentage.

CARMICHAEL WATER DISTRICT
Directors' Policy Manual

POLICY TITLE: Investment of District Funds

POLICY NUMBER: 9600

9600.10 The purpose of this policy is to provide a framework and guidelines for the prudent investment of the District's funds and outline policies for sound investment practices. The objective is to invest public funds in a manner that will provide the highest return consistent with preserving maximum security, limiting unnecessary exposure to risk, maintaining sufficient liquidity, and enhancing the economic status while conforming to state and local statutes governing investment of public funds.

9600.20 Scope

This policy applies to all moneys (surplus financial assets) of the District, including the proceeds of certain capital project finance programs, of which are invested in accordance with the provisions of their specific agreements. These moneys are accounted for in the District's annual financial statements, budgets and other financial reports.

9600.21 The exceptions to these moneys will be the investment of bond reserve funds and grant funds. Bond reserve and grant funds will be invested in accordance with the statutory provisions governing the issuance of the bonds or grants or the actual bond or grant documents, as applicable. Other exceptions are the investment of District pension funds, governed by California Government Code Sections 53215-53224, and investment of post-employment health benefit trust funds, governed by California Government Code Sections 53620-53622.

9600.22 With the exception of cash in restricted and special funds, the District will consolidate cash balances from all funds to the extent practicable in order to maximize earnings and minimize fees.

9600.30 Prudent Investor Standard

The Board of Directors, General Manager, Treasurer, and all those engaged in the management of District moneys will apply the Prudent Investor Standard as described in California Government Code section 53600.3 in making all investment decisions. This statute provides that, "[w]hen investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the organization, that a prudent person in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the organization".

9600.40 Investment Objectives

Investments of District moneys not required for immediate expenditure will be selected using the following criteria in this order of priority: safety, liquidity, and return on investment.

9600.41 Safety

Safety of principal is the foremost objective of the District. Investments will be executed in a manner that seeks to ensure preservation of capital in the overall portfolio. In attaining this objective, the District will strive to mitigate credit risk and interest rate risk.

9600.41.1 Credit Risk

The District will minimize credit risk, the risk of loss due to the failure of the security issuer/backer by: (a) limiting investments to those allowed by this policy; (b) prequalifying financial institutions, broker/dealers, intermediaries and advisors; and (c) diversifying the investment portfolio by a variety of securities offering independent returns and financial institutions.

9600.41.2 Interest Rate Risk

The District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by: structuring the investment portfolio so that securities meet the cash flow requirements thereby avoiding, to the extent possible, the need to sell securities on the open market prior to maturity; and investing operating funds in shorter-term securities. It is explicitly recognized herein that occasional losses in a diversified portfolio are inevitable, and must be considered within the context of the overall investment returns.

9600.42 Liquidity

The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated. A portion of the portfolio shall be maintained in collateralized bank deposits, the State's investment pool or other liquid investments for use to meet District disbursement requirements. To the extent possible, investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without significant loss in value.

9600.42.1 Liquidity Categories

The investments shall be categorized to aid in decision making for operational and investment cash flow needs and for types of investment allocations. The three categories are defined as follows:

Short term – Investments held for one year or less.

Mid-term – Investments held over one year up to five years.

Long-term – investments held for more than five years.

9600.43 Return on Investment

The investment portfolio will be designed to attain an acceptable rate of return, taking into account the investment risk constraints and cash flow requirements.

9600.50 **Delegation of Authority**

Management responsibility for the investment program is hereby delegated, pursuant to Section 53607 of the Government Code, to the General Manager and the Treasurer and this delegation shall be subject to annual renewal. The responsibility to execute investment transactions may be further delegated under the direction of the General Manager and the Treasurer. The General Manager and the Treasurer, shall establish written

procedures for the operation of the investment program consistent with this investment policy. This responsibility includes authority to select brokers, establish safekeeping accounts, enter into wire transfer agreements, banking service contracts, and collateral/depository agreements that are consistent with and subject to this Policy. The General Manager and Treasurer shall be responsible for all transactions undertaken and shall establish a system of internal controls to regulate the activities of internal staff and any external investment advisors.

The District may engage the services of external investment advisors/managers to assist in the management of the District's investment portfolio in a manner consistent with the District's investment policy and investment objectives. Such external advisors/managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy and at the specific direction of the General Manager and Treasurer. Such external investment managers must be registered under the Investment Advisors Act of 1940.

9600.60 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions and avoid any conflicts-of-interest prohibited by Government Code section 1090, the Political Reform Act, or Government Code section 1126. Employees and investment officers must file applicable annual financial disclosures as required by the Fair Political Practices Commission (FPPC) and /or the District's Conflict of Interest Code. Employees and officers involved in the investment process shall (1) disclose any financial interest in financial institutions that conduct business with the District; (2) disclose any personal financial/investment positions that might be affected by the performance or management of the District's portfolio; (3) subordinate their personal investment transactions to those of the District, particularly with regard to the timing of purchases and sales; and (4) shall avoid transactions that might impair public confidence.

9600.70 Authorized Financial Broker/Dealers, Investment Advisors and Institutions

The District shall transact business only with banks, associations, and with broker/dealers licensed by the State of California. Investment staff shall investigate dealers who wish to do business with the District to determine if they are adequately capitalized, have pending legal action against the firm or the individual broker and make markets in the securities appropriate to the District's needs. Upon recommendation by the General Manager or Treasurer, financial institutions and/or broker dealers shall be considered for approval by the Board of Directors. Only those broker/dealers or financial institutions approved by the Board of Directors shall provide services to the District.

The District's General Manager or Treasurer shall annually, or as this policy is updated, send a copy of the current investment policy to all broker/dealers and authorized investment advisors approved to do business with the District. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the District's investment policies and objectives, and agree to sell the District only appropriate investments authorized by this investment policy.

9600.80 Authorized and Permitted Investments

Eligible investments of District funds is governed by the California Government Code sections 53600 through 53609. If a type of investment is added to the California Government Code list, it can only be added to the District's Authorized and Permitted list with an amendment to this Investment Policy approved by the Board of Directors. If a type of security is not specifically authorized by this policy, it is not an Authorized and Permitted investment.

The following investments are Authorized and Permitted:

Investment Type	Maximum percentage or amount of holdings	Maximum Maturity
U.S. Treasury Bonds/Notes/Bills	0% to 100%	5 years
U.S. Government Agency Securities and Instrumentalities of Government-Sponsored Corporations	0% to 100%	5 years
Bankers' acceptances	0% to 40%	180 days
Commercial paper (rated P-1 or higher with Moody's or A-1 Standard & Poor's)	0% - 25%	270 days
Negotiable certificates of deposit	0% - 30%	5 years
Local Agency Investment Fund (LAIF) <u>and other similar pooled investment vehicles</u>	\$0 to \$75,000,000	Upon demand
Public funds checking or savings accounts	0% to 100%	Upon demand
State of California bonds/notes	0% to 30%	5 years
California local agency bonds/notes	0% to 30%	5 years
Outside California State bonds/notes	0% to 30%	5 years
Medium term corporate notes rated "A" or higher	0% to 30%	5 years
Mutual funds/money market funds	0% to 15%	Upon demand
Collateralized bank deposits	0% to 100%	Upon demand

9600.90 Prohibited Investments

In accordance with the provisions of California Government Code Sections 53601.6 and 53631.5, the District shall not invest in inverse floaters, range notes, mortgage-derived interest only strips, or any security that could result in zero interest accrual. Investments in convertible virtual currencies or assets based on blockchain technology including but not limited to, crypto currency, stablecoin or bitcoin, non-fungible tokens (NFT's), or other digital types of assets are prohibited.

Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be effective upon enactment and deemed incorporated into the District's Investment Policy and supersedes any and all previous applicable language. If the District is holding an investment that is subsequently prohibited by a legislative change, and provided such action is allowable under the applicable legislation, the District may hold that investment if it is deemed prudent by the Board of Directors until the maturity date to avoid an unnecessary loss.

9600.100 Diversification and Maximum Maturities

The District will diversify its investments by security type and institution. Except for U.S. Securities, U.S. Agency Obligations and authorized pools (such as LAIF), no more than 5% of the District's total investment portfolio will be invested in a single security type, single financial institution, or issuer. The diversification of the portfolio will be dependent upon current and future cash flow requirements. To the extent possible, the District will strive to match its investment maturities with anticipated cash flow requirements.

9600.110 Investment Pools/Mutual Funds

The General Manager and Treasurer shall review each pool and or fund prior to investing and shall, at a minimum, obtain a thorough understanding of the following information prior to investing and on a regular basis:

- Authorized investments and compliance with District investment policy/objectives
 - Eligibility for holding bond proceeds
- Deposit/withdrawal and investment limitations
- Interest calculations/distributions and treatment of gains/losses
- Settlement process
- Fee schedules and when/how assessed
- Safeguarding of investments, including the pool's or fund's policies, objectives, limitations, and frequencies of audits
- Utilization of reserves by fund
- Frequency of statements and reporting processes

9600.120 Collateralization

A financial institution must provide coverage for at least 110% of all District deposits that are placed in the institution and must be acceptable pooled collateral requirements as required by California Government Code Section 53651. Real estate mortgages are not considered acceptable collateral for District deposits.

9600.130 Safekeeping and Custody

To protect against fraud, embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the District shall be held in safekeeping by a third party custodian, acting as agent for the District under the terms of a trust or custody agreement executed by the General Manager or Treasurer. All security transactions will settle delivery vs. payment (DVP) through the District's safekeeping agent. Securities purchased from brokers/dealers shall be held in third party safekeeping by the trust department of the District's bank, or by another third party trustee designated by the General Manager and the Treasurer. No outside broker/dealer or advisor shall have access to District funds, accounts, or investments and any transfer of funds must be approved by the General Manager and the Treasurer

9600.140 Reporting and Internal Control

In accordance with California Government Code Section 53646 (b), the Treasurer may issue a quarterly report within 45 days following the end of the quarter to the General Manager and Board of Directors showing the type of investment, issuer and/or institution, date of maturity, amount of investment, current market value for all securities, rate of interest and other relevant data that may be required. The quarterly report shall certify compliance of the investment portfolio with the Investment Policy and shall include a statement denoting the ability of the District to meet its pool expenditure requirements for the next six months.

The Treasurer shall also, in accordance with Government Code section 53607, issue a monthly report of transactions to invest or to reinvest funds of the District and to sell or exchange securities purchased. This report also shall be provided to the Board of Directors.

The General Manager and the Treasurer will maintain a system of internal controls to address at least the following areas:

- Maintain third party custodial safekeeping
- Obtain written confirmation of authorization to make authorized trades from authorized parties
- Separation of duties of transaction authority from accounting and record keeping
- Monitor for legal compliance and investment policy compliance.

The annual audit will include an independent review by the external auditor to confirm proper internal controls exist.

9600.150 Performance Standards

Investment performance will be continually monitored by the Board of Directors, the General Manager and/or the Treasurer and by any external managers and/or investment advisors. The investment portfolio shall be designed to attain a market average rate of return through budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs.

9600.160 Investment Policy Revisions

The District investment policy shall be reviewed and re-adopted, with or without changes, by resolution of the Board on an annual basis each January and will be distributed as required by this policy after approval at the January Board meeting if the investment policy is modified. The purpose of the annual investment policy review is to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return on investment, and its relevance to current law and financial and economic trends. When necessary or warranted, this policy may be reviewed and amended at any time, subject to review and approval by the Board of Directors.

9600.170 Glossary

The following is a definition of the cash management terms to assist with policy administration:

Accrued interest: Interest earned but not yet received.

Amortization: An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asked: The price at which securities are offered.

Banker's acceptance (BA): A draft bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Basis point: One basis point is one hundredth of one percent (.01).

Bid: The price offered by a buyer of securities.

Bond: A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Book entry: A system of recording securities ownership through electronic accounts. In book-entry-only issues,

investors do not receive physical certificates evidencing security ownership, but a custodian holds one or more global certificates.

Book value: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker: A person assisting in the buying and selling of investments for a commission.

Callable bond: A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

Certificate of deposit (CD): A time deposit with a specific maturity evidenced by a certificate; large denominations are typically negotiable.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also securities pledged by a bank to secure public money deposits.

Commercial paper: Short term obligations with maturities ranging from 2 to 270 days that are issued by banks, corporations, and other borrowers to investors with temporarily idle cash.

Corporate notes: A debt instrument issued by a private corporation, as distinct from one issued by a government agency or a municipality.

Coupon: The annual rate of interest on a debt security that a bond issuer promises to pay the bondholder on the bond's face (or par) value.

Credit analysis: A critical review and appraisal of the economic and financial conditions and/or the ability to meet debt obligations of an issuer, borrower, entity, etc.

Current yield: The interest paid on an investment expressed as a percentage of the current price of the security.

CUSIP: The Committee on Uniform Securities Information Procedures (CUSIP) number is an identification number assigned to each publicly traded security. The CUSIP Service Bureau, operated by Standard & Poor's for the American Bankers' Association, assigns the identification numbers.

Custodian: A bank or other financial institution that keeps custody of stock certificates and other assets.

Dealer: A person or firm acting as a principal in a securities transaction, buying and selling for his/her own account.

Discount: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Fair value: The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Federal agency securities: Securities issued by agencies of the Federal Government such as Federal Farm

Credit Bank (FFCB) and the Tennessee Valley Authority (TVA), Federal National Mortgage Association (FNMA) that are not general obligations of the U.S. Treasury but are sponsored by the government and therefore have high safety ratings.

Federal Deposit Insurance Corporation (FDIC): A U.S. Government corporation that guarantees deposits of banks and savings and loans. The FDIC provides deposit insurance to certain customer checking and savings deposits up to a current amount of \$250,000 per account.

Government securities: An obligation of the U.S. Government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. Securities market.

Liquidity: The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

Local Agency Investment Fund (LAIF): The California pool of local agency assets, which is managed by the State Treasurer. Limits apply to each agency's deposit of general fund reserves, however, no limits on amount of deposit apply to bond proceeds. Funds in this pool are considered very liquid.

Market value: Current market price of a security as indicated by the latest trade recorded.

Mark to market: The adjustment of the valuation of a security or portfolio to reflect current market values.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money market: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances) are issued and traded.

Mutual funds: An investment company that pools money and can invest in a variety of securities, including fixed income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by SEC disclosure guidelines.

Negotiable certificates of deposit: A large denomination time deposit with a specific maturity evidenced by a certificate. These are traded like other fixed income securities.

Net asset value: The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of share outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio.

Nationally Recognized Statistical Rating Organization (NRSO): Currently, there are three top nationally recognized rating services: Moody's Investors Service, Inc., Standard & Poor's Corporation, and Fitch Investor's Services, Inc. These organizations provide ratings on a variety of categories and sectors at different rating scales to indicate financial strengths.

Note: A written promise to pay a specified amount to a certain entity on demand or on a specified date.

Par value: The amount of principal that must be paid at maturity. Also referred to as the face amount of a

bond, normally quoted in \$1,000 increments per bond.

Portfolio: A collection of securities held by an investor.

Premium: The amount by which a bond sells above its face (par) value.

Prime rate: A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are tied in to this rate.

Rate of return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Risk: Degree of uncertainty of return on an asset.

Safekeeping: A service rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary market: Exchanges and over-the counter markets where securities are bought and sold subsequent to original issuance.

Securities and Exchange Commission (SEC): The Federal Agency created by Congress to protect investors in security transactions by supervising and regulating the securities industry.

Settlement date: The date on which a trade is cleared by delivery of securities against funds.

Total return: The sum of all investment income plus changes in the capital value of the portfolio.

Treasury bills: A non-interest bearing discount short-term security issued by the U.S. Treasury to finance national debt. Bills are issued with original maturities of 13 weeks, 26 weeks and 52 weeks.

Treasury bonds: Interest bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two (2) to ten (10) years.

Trustee, trust company, or trust department of a bank: A financial institution with trust powers that act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

Weighted average maturity: The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

Yield: The rate of annual income return on an investment, expressed as a percentage.

MEMO

TO: Board of Directors

FROM: Cathy Lee, General Manager

DATE: January 10, 2025

RE: Resolution 01212025-02 - A Resolution to Revise Salary Schedules for Fiscal Years 2022/23, 2023/24, and 2024/25 and to Rescind Resolution 04202020-2 – A Resolution for Employer Paid Member Contributions

BACKGROUND

The Public Employees' Retirement Law specifies retirement rules and requires the California Public Retirement System (CalPERS) to periodically review its member agencies' personnel operations and reporting to ensure compliance. Around spring of 2024, the Regional Water Authority (RWA) received notification from CalPERS that its reporting for compensation was not in compliance and RWA shared parts of the CalPERS findings and corrective measures with its agencies. Based on RWA's findings, staff consulted with CalPERS' Audit Compliance and Resolution team to review and assist with compliant reporting.

SUMMARY

Based on the review from CalPERS' Audit Compliance and Resolution team, the District's Publically Available Pay Schedules (PAPSs) (ie: salary schedules) need updating for the last three years from fiscal years 2022/23 through 2024/25. Specific requirements under PAPSs are required under Title 2 of California Code of Regulation (CCR) Section 570.5 which states that PAPS needs to have the following items:

- (1) Has been duly approved and adopted by the employer's governing body in accordance with requirements of applicable public meetings laws;*
- (2) Identifies the position title for every employee position;*
- (3) Shows the payrate for each identified position, which may be stated as a single amount or as multiple amounts within a range;*
- (4) Indicates the time base, including, but not limited to, whether the time base is hourly, daily, bi-weekly, monthly, bi-monthly, or annually;*
- (5) Is posted at the office of the employer or immediately accessible and available for public review from the employer during normal business hours or posted on the employer's internet website;*
- (6) Indicates an effective date and date of any revisions;*
- (7) Is retained by the employer and available for public inspection for not less than five years; and*
- (8) Does not reference another document in lieu of disclosing the payrate.*

The District's previously approved salary schedules/PAPSs have omitted the approval and effective dates. Additionally, similar to RWA's situation, CalPERS pointed out that the General Manager's position is under "group or class of 1" category since there is only one person in such class. In accordance with Government Code Section 20636(e)(1), a group or class is "a number of employees considered together because they share similarities in job duties, work location, collective bargaining unit, or other logical work-related grouping. A single employee is not a group or class". Since the District is a small agency, the employees within many management and supervisor positions fall under the "class of 1" category. The previously approved Resolution

04202020-2 - A Resolution for Employer Paid Member Contribution (EPMC), Attachment 1, did not define the “members” of the Executive Management Group. CalPERS, as such, advised to rescind the Resolution 04202020-2 and report the General Manager’s EPMC compensation in the approved salary schedules. EPMC is a pre-tax contribution and will not result in any change to the General Manager’s salary.

As required by CCR 570.5 outlined above and by CalPERS, salary schedules approvals and revisions require a Board action. Resolution 01212025-02 - A Resolution to Revise Salary Schedules for Fiscal Years 2022/23, 2023/24, And 2024/25 and to Rescind Resolution 04202020-2 – A Resolution for Employer Paid Member Contributions, and 2024/25 and the revised salary schedules with modifications highlighted in yellow as shown in Exhibit A are included as Attachment 2 for the Board’s review and approval.

FISCAL IMPACT

None, updating the salary schedules does not have a fiscal impact.

RECOMMENDATION

Staff recommends that the Board of Directors approve Resolution 01212025-02 - A Resolution to Revise Salary Schedules for Fiscal Years 2022/23, 2023/24, And 2024/25 and to Rescind Resolution 04202020-2 – A Resolution for Employer Paid Member Contributions.

ATTACHMENT(S)

1. Resolution 04202020-2, A Resolution for Employer Paid Member Contributions
2. Resolution 01212025-02 - A Resolution to Revise Salary Schedules for Fiscal Years 2022/23, 2023/24, And 2024/25 and to Rescind Resolution 04202020-2 – A Resolution for Employer Paid Member Contributions

ATTACHMENT 1

CARMICHAEL WATER DISTRICT

RESOLUTION 04202020-2
RESOLUTION FOR EMPLOYER PAID MEMBER CONTRIBUTIONS

WHEREAS, the Board of Directors of Carmichael Water District has the authority to implement Government Code Section 20691;

WHEREAS, the Board of Directors of the Carmichael Water District has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the Board of Directors of the Carmichael Water District of a Resolution to commence said Employer Paid Member Contributions (EPMC);

WHEREAS, the Board of Directors of the Carmichael Water District has identified the following conditions for the purpose of its election to pay EPMC:

- This benefit shall apply to all members of the Executive Management Group.
- This benefit shall consist of paying 100% of the normal member contributions as EPMC.
- The effective date of this Resolution shall March 30, 2020.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Carmichael Water District elects to pay EPMC, as set forth above.

PASSED AND ADOPTED by the Board of Directors of the Carmichael Water District this 20th day of April, 2020, by the following vote:

Jeff Nelson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Mark Emmerson	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Paul Selsky	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ron Greenwood	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Roy Leidy	Aye	<input checked="" type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Board Totals:	Ayes:	5	Nays:	0	Absent:	0	Abstain:	0
Passed Unanimously:		<input checked="" type="checkbox"/>						
Motion Carried:		<input type="checkbox"/>						
Motion Not Carried:		<input type="checkbox"/>						



Paul Selsky, President
Board of Directors

ATTEST: 
Lynette Moreno, Secretary

CARMICHAEL WATER DISTRICT

**RESOLUTION 01212025-02
A RESOLUTION TO REVISE SALARY SCHEDULES FOR FISCAL
YEARS 2022/23, 2023/24, AND 2024/25 AND TO RESCIND
RESOLUTION 04202020-2 – A RESOLUTION FOR EMPLOYER PAID
MEMBER CONTRIBUTIONS**

WHEREAS, Carmichael Water District (CWD) has a contract with California Public Employee Retirement System (CalPERS) for CalPERS to provide pension benefits;

WHEREAS, CWD maintains and publishes Board-approved annual salary schedules consistent with CalPERS requirements;

WHEREAS, CWD employs a General Manager to serve as chief executive officer of CWD;

WHEREAS, CWD Board of Directors approved Resolution 04202020-2 – A Resolution for Employer Paid Member Contributions to implement Employer Paid Member Contributions (EPMC) under certain conditions;

WHEREAS, Resolution 04202020-2 stated the EPMC benefit shall apply to the Executive Management Group which is unspecified under CWD policy or the General Manager's contract;

WHEREAS, In adopting these updates, the CWD Board of Directors is clarifying its intent to keep longstanding compensation practices consistent across certain employee groups, and in alignment with the Public Employees' Retirement Law ("PERL"). Changes were made to how compensation for executive positions, including the Executive Director, is conveyed to the public on CWD's Salary Schedule;

WHEREAS, For the General Manager, past salary schedules have stated the General Manager's then-current salary as "per contract" and not consistent with PERL and CalPERS regulations;

WHEREAS, CalPERS has provided compliance guidance on salary issues that it is necessary to clarify CWD's practice concerning General Manager's compensation and its Salary Schedule to effectuate the Board of Director's intent that CWD salaries should be align with the PERL and be consistent across all classifications;

WHEREAS, the following updates are proposed for adoption:

- a. Updates to CWD Board-approved Salary Schedules for Fiscal Year 2022/2023, Fiscal Year 2023/2024, and Fiscal Year 2024/2024, attached as Exhibit A;

THEREFORE, BE IT RESOLVED by the Board of Directors of the Carmichael Water District as follows:

1. The Board of Directors rescinds Resolution 04202020-2 - A Resolution for Employer Paid Member Contributions.

2. The proposed updated salary schedules attached as Exhibit A are adopted and shall be effective as of the effective dates set forth on each schedule. All updated salary schedules shall be posted to the CWD website, in order to be accessible by the public, as required by PERL and CalPERS regulations.

3. The Board of Directors finds that the changes approved by this Resolution will not result in any change to the General Manager compensation due to the EPMC is a pre-tax contribution. Exhibit A salary schedules are inclusive of EPMC for the General Manager's salary. The Board of Directors further finds that, to the extent the changes approved by this Resolution affect the General Manager position's pension entitlement, such changes are intended to be consistent with the Board of Directors' intent that, to the maximum amount permitted by law and CalPERS regulations, all CalPERS-eligible CWD employees, including the General Manager, will have their CWD salary included in pension calculations made by CalPERS.

4. To maintain transparency in local agency compensation, the CWD website shall maintain a "Salary schedule" page that states the current CWD General Manager's monthly salary.

PASSED AND ADOPTED by the Board of Directors on this 21st day of January 2025, by the following vote:

Mark Emmerson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Jeff Nelson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ronald Davis	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ron Greenwood	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Board Totals:	Ayes:	<input type="checkbox"/>	Nays:	<input type="checkbox"/>	Absent:	<input type="checkbox"/>	Abstain:	<input type="checkbox"/>
		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Passed Unanimously:		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Motion Carried:		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>
Motion Not Carried:		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>

Signed after its passage this 21st day of January, 2025:

Board President

ATTEST: _____
Cathy Lee, Secretary

EXHIBIT A

Carmichael Water District Salary Schedule FY2024-25 (5% COLA Adjustment) Effective: July 1, 2024

NON-REPRESENTED EMPLOYEES									
Non-Exempt		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Accountant	Hourly	36.2604	38.0734	39.9771	41.9760	44.0748			
	Monthly	6,285.14	6,599.39	6,929.36	7,275.84	7,639.63			
	Yearly	75,421.63	79,192.67	83,152.37	87,310.08	91,675.58			
Accountant, Senior	Hourly	42.9430	45.0902	47.3447	49.7119	52.1975			
	Monthly	7,443.45	7,815.64	8,206.42	8,616.73	9,047.57			
	Yearly	89,321.44	93,787.62	98,476.98	103,400.75	108,570.80			
Billing Support Trainee	Hourly	Min. Wage	N/A	N/A	N/A	N/A			
Billing Support 1	Hourly	16.1088	16.9142	17.7599	18.6479	19.5803			
	Monthly	2,792.19	2,931.80	3,078.38	3,232.30	3,393.92			
	Yearly	33,506.30	35,181.54	36,940.59	38,787.63	40,727.02			
Billing Support 2	Hourly	18.6925	19.6271	20.6085	21.6389	22.7208			
	Monthly	3,240.03	3,402.03	3,572.14	3,750.74	3,938.27			
	Yearly	38,880.40	40,824.37	42,865.68	45,008.91	47,259.26			
Billing Specialist 1	Hourly	24.0979	25.3028	26.5679	27.8963	29.2911			
	Monthly	4,176.97	4,385.82	4,605.10	4,835.36	5,077.12			
	Yearly	50,123.63	52,629.82	55,261.23	58,024.30	60,925.49			
Billing Specialist 2	Hourly	30.5681	32.0965	33.7013	35.3864	37.1557			
	Monthly	5,298.47	5,563.39	5,841.56	6,133.64	6,440.32			
	Yearly	63,581.65	66,760.72	70,098.70	73,603.71	77,283.86			
Communications Specialist 1	Hourly	30.8226	32.3637	33.9819	35.6810	37.4651			
	Monthly	5,342.58	5,609.71	5,890.20	6,184.71	6,493.95			
	Yearly	64,111.01	67,316.50	70,682.35	74,216.48	77,927.41			
Communications Specialist 2	Hourly	37.4765	39.3503	41.3178	43.3837	45.5529			
	Monthly	6,495.93	6,820.72	7,161.75	7,519.84	7,895.84			
	Yearly	77,951.12	81,848.62	85,941.02	90,238.10	94,750.03			
Engineer in Training	Hourly	33.5062	35.1815	36.9406	38.7876	40.7270			
	Monthly	5,807.74	6,098.13	6,403.04	6,723.18	7,059.35			
	Yearly	69,692.90	73,177.52	76,836.45	80,678.21	84,712.16			
Engineer, Assistant	Hourly	47.2411	49.6032	52.0834	54.6876	57.4220			
	Monthly	8,188.46	8,597.89	9,027.79	9,479.18	9,953.15			
	Yearly	98,261.49	103,174.66	108,333.47	113,750.21	119,437.76			
Engineer, Associate Civil	Hourly	55.9437	58.7409	61.6779	64.7618	67.9999			
	Monthly	9,696.91	10,181.76	10,690.84	11,225.38	11,786.65			
	Yearly	116,362.90	122,181.07	128,290.03	134,704.54	141,439.79			
General Office Clerk	Hourly	Min. Wage	N/A	N/A	N/A	N/A			
GIS Specialist	Hourly	37.2849	39.1491	41.1066	43.1619	45.3200			
	Monthly	6,462.72	6,785.84	7,125.14	7,481.40	7,855.47			
	Yearly	77,552.59	81,430.13	85,501.73	89,776.75	94,265.60			
Inventory Specialist 1	Hourly	23.9401	25.1371	26.3940	27.7137	29.0994			
	Monthly	4,149.62	4,357.10	4,574.96	4,803.71	5,043.90			
	Yearly	49,795.41	52,285.17	54,899.52	57,644.50	60,526.75			
Inventory Specialist 2	Hourly	30.3154	31.8312	33.4228	35.0939	36.8486			
	Monthly	5,254.67	5,517.41	5,793.29	6,082.94	6,387.09			
	Yearly	63,056.03	66,208.90	69,519.42	72,995.31	76,645.09			
Public Information Assistant 1	Hourly	18.8069	19.7472	20.7346	21.7713	22.8599			
	Monthly	3,259.86	3,422.85	3,594.00	3,773.69	3,962.38			
	Yearly	39,118.35	41,074.18	43,127.97	45,284.30	47,548.59			
Public Information Assistant 2	Hourly	24.1002	25.3052	26.5705	27.8990	29.2940			
	Monthly	4,177.37	4,386.24	4,605.55	4,835.83	5,077.63			
	Yearly	50,128.42	52,634.82	55,266.64	58,029.92	60,931.52			
Water Efficiency Specialist 1	Hourly	27.7290	29.1155	30.5713	32.0999	33.7049			
	Monthly	4,806.36	5,046.69	5,299.03	5,563.98	5,842.18			
	Yearly	57,676.32	60,560.24	63,588.30	66,767.79	70,106.19			
Water Efficiency Specialist 2	Hourly	35.0664	36.8197	38.6607	40.5937	42.6234			
	Monthly	6,078.18	6,382.08	6,701.19	7,036.24	7,388.06			
	Yearly	72,938.11	76,584.98	80,414.26	84,434.90	88,656.67			

NON-REPRESENTED EMPLOYEES									
Exempt		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Administrative Specialist 1	Hourly	36.3945	38.2142	40.1249	42.1311	44.2377			
	Monthly	6,308.38	6,623.80	6,954.98	7,302.72	7,667.87			
	Yearly	75,700.56	79,485.54	83,459.79	87,632.69	92,014.42			
Administrative Specialist 2	Hourly	44.7762	47.0150	49.3658	51.8341	54.4258			
	Monthly	7,761.21	8,149.27	8,556.74	8,984.58	9,433.81			
	Yearly	93,134.50	97,791.20	102,680.86	107,814.93	113,205.66			
Billing Supervisor	Hourly	37.6440	39.5262	41.5025	43.5776	45.7565	48.0443	50.4465	52.9688
	Monthly	6,524.96	6,851.21	7,193.77	7,553.45	7,931.13	8,327.68	8,744.06	9,181.26
	Yearly	78,299.52	82,214.50	86,325.20	90,641.41	95,173.52	99,932.14	104,928.72	110,175.10
Business Operations Specialist	Hourly	43.5776	45.7565	48.0443	50.4465	52.9688			
	Monthly	7,553.45	7,931.13	8,327.68	8,744.06	9,181.26			
	Yearly	90,641.41	95,173.52	99,932.14	104,928.72	110,175.10			
Distribution Superintendent*	Hourly	57.5046	60.3798	63.3988	66.5687	69.8971	73.3920	77.0616	
	Monthly	9,967.46	10,465.83	10,989.13	11,538.58	12,115.50	12,721.28	13,357.34	
	Yearly	119,609.57	125,589.98	131,869.50	138,462.90	145,385.97	152,655.36	160,288.13	
Engineer, Manager	Hourly	83.1076	87.2630	91.6262	96.2075	101.0179			
	Monthly	14,405.32	15,125.59	15,881.88	16,675.97	17,509.77			
	Yearly	172,863.81	181,507.04	190,582.50	200,111.60	210,117.23			
Engineer, Senior	Hourly	64.9913	68.2409	71.6529	75.2355	78.9973			
	Monthly	11,265.16	11,828.42	12,419.84	13,040.82	13,692.87			
	Yearly	135,181.90	141,941.07	149,038.03	156,489.84	164,314.38			
Finance Manager	Hourly	73.2350	76.8968	80.7416	84.7787	89.0176			
	Monthly	12,694.07	13,328.78	13,995.21	14,694.98	15,429.72			
	Yearly	152,328.80	159,945.34	167,942.53	176,339.70	185,156.61			
I.T. Coordinator	Hourly	49.0859	51.5402	54.1172	56.8231	59.6643			
	Monthly	8,508.22	8,933.64	9,380.32	9,849.34	10,341.81			
	Yearly	102,098.67	107,203.62	112,563.78	118,192.05	124,101.74			
Production Superintendent	Hourly	65.0570	68.3099	71.7254	75.3117	79.0773			
	Monthly	11,276.55	11,840.38	12,432.40	13,054.03	13,706.73			
	Yearly	135,318.56	142,084.59	149,188.83	156,648.34	164,480.78			
Public Information Officer	Hourly	50.7710	53.3096	55.9751	58.7739	61.7126			
	Monthly	8,800.31	9,240.33	9,702.35	10,187.48	10,696.85			
	Yearly	105,603.68	110,883.97	116,428.21	122,249.71	128,362.21			
General Manager (Contract) effective: January 17, 2024	Hourly	116.7187	N/A	N/A	N/A	N/A			
	Monthly	20,231.24	N/A	N/A	N/A	N/A			
	Yearly	242,774.90	N/A	N/A	N/A	N/A			

REPRESENTED EMPLOYEES									
Distribution		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Distribution Operator 1	Hourly	24.3704	25.3859	26.4436	27.5454				
	Monthly	4,224.20	4,400.22	4,583.56	4,774.54				
	Yearly	50,690.43	52,802.67	55,002.69	57,294.43				
Distribution Operator 2	Hourly	37.9804	39.5630	41.2113	42.9285				
	Monthly	6,583.27	6,857.59	7,143.29	7,440.94				
	Yearly	78,999.23	82,291.04	85,719.50	89,291.28				
Distribution Operator 3	Hourly	43.0096	44.8017	46.6684	48.6129				
	Monthly	7,455.00	7,765.63	8,089.19	8,426.24				
	Yearly	89,459.97	93,187.54	97,070.27	101,114.83				

Production		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Treatment Operator 1	Hourly	N/A	N/A	N/A	N/A				
	Monthly	N/A	N/A	N/A	N/A				
	Yearly	N/A	N/A	N/A	N/A				
Treatment Operator 2	Hourly	37.5618	39.1268	40.7571	42.4553				
	Monthly	6,510.71	6,781.98	7,064.56	7,358.92				
	Yearly	78,128.54	81,383.74	84,774.77	88,307.02				
Treatment Operator 3	Hourly	43.5831	45.3991	47.2907	49.2611				
	Monthly	7,554.40	7,869.18	8,197.06	8,538.59				
	Yearly	90,652.85	94,430.13	98,364.66	102,463.09				
Treatment Operator 4	Hourly	50.8202	52.9377	55.1434	57.4411				
	Monthly	8,808.84	9,175.87	9,558.19	9,956.46				
	Yearly	105,706.02	110,110.42	114,698.27	119,477.49				

Approved: June 18, 2024
Revised: January 21, 2025

Note: Monthly and Yearly Salaries are the average based on 2080 hours.
Exempt/Management Hourly Range = Yearly Range / 2080 hours.
Represented Employees' COLA was applied to each step for FY 24-25.
*Steps 6 & 7 of the Distribution Superintendent expire after FY 24-25

NOTE: Minimum wage increased to \$16.00 1/1/2024

Carmichael Water District
Salary Schedule
FY2023-24 (7% COLA Adjustment)
Effective: July 1, 2023

NON-REPRESENTED EMPLOYEES									
Non-Exempt		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Accountant	Hourly	34.5337	36.2604	38.0734	39.9771	41.9760			
	Monthly	5,985.84	6,285.14	6,599.39	6,929.36	7,275.84			
	Yearly	71,830.10	75,421.63	79,192.67	83,152.37	87,310.08			
Accountant, Senior	Hourly	40.8981	42.9430	45.0902	47.3447	49.7119			
	Monthly	7,089.00	7,443.45	7,815.64	8,206.42	8,616.73			
	Yearly	85,068.05	89,321.44	93,787.62	98,476.98	103,400.75			
Billing Support Trainee	Hourly	Min. Wage	N/A	N/A	N/A	N/A			
Billing Support 1	Hourly	15.3417	16.1088	16.9142	17.7599	18.6479			
	Monthly	2,659.23	2,792.19	2,931.80	3,078.38	3,232.30			
	Yearly	31,910.74	33,506.30	35,181.54	36,940.59	38,787.63			
Billing Support 2	Hourly	17.8024	18.6925	19.6271	20.6085	21.6389			
	Monthly	3,085.75	3,240.03	3,402.03	3,572.14	3,750.74			
	Yearly	37,028.99	38,880.40	40,824.37	42,865.68	45,008.91			
Billing Specialist 1	Hourly	22.9504	24.0979	25.3028	26.5679	27.8963			
	Monthly	3,978.07	4,176.97	4,385.82	4,605.10	4,835.36			
	Yearly	47,736.83	50,123.63	52,629.82	55,261.23	58,024.30			
Billing Specialist 2	Hourly	29.1125	30.5681	32.0965	33.7013	35.3864			
	Monthly	5,046.17	5,298.47	5,563.39	5,841.56	6,133.64			
	Yearly	60,554.00	63,581.65	66,760.72	70,098.70	73,603.71			
Communications Specialist 1	Hourly	29.3549	30.8226	32.3637	33.9819	35.6810			
	Monthly	5,088.18	5,342.58	5,609.71	5,890.20	6,184.71			
	Yearly	61,058.19	64,111.01	67,316.50	70,682.35	74,216.48			
Communications Specialist 2	Hourly	35.6919	37.4765	39.3503	41.3178	43.3837			
	Monthly	6,186.60	6,495.93	6,820.72	7,161.75	7,519.84			
	Yearly	74,239.15	77,951.12	81,848.62	85,941.02	90,238.10			
Engineer in Training	Hourly	31.9107	33.5062	35.1815	36.9406	38.7876			
	Monthly	5,531.19	5,807.74	6,098.13	6,403.04	6,723.18			
	Yearly	66,374.26	69,692.90	73,177.52	76,836.45	80,678.21			
Engineer, Assistant	Hourly	44.9915	47.2411	49.6032	52.0834	54.6876			
	Monthly	7,798.53	8,188.46	8,597.89	9,027.79	9,479.18			
	Yearly	93,582.32	98,261.49	103,174.66	108,333.47	113,750.21			
Engineer, Associate Civil	Hourly	53.2797	55.9437	58.7409	61.6779	64.7618			
	Monthly	9,235.15	9,696.91	10,181.76	10,690.84	11,225.38			
	Yearly	110,821.78	116,362.90	122,181.07	128,290.03	134,704.54			
General Office Clerk	Hourly	Min. Wage	N/A	N/A	N/A	N/A			
GIS Specialist	Hourly	35.5094	37.2849	39.1491	41.1066	43.1619			
	Monthly	6,154.96	6,462.72	6,785.84	7,125.14	7,481.40			
	Yearly	73,859.55	77,552.59	81,430.13	85,501.73	89,776.75			
Inventory Specialist 1	Hourly	22.8001	23.9401	25.1371	26.3940	27.7137			
	Monthly	3,952.02	4,149.62	4,357.10	4,574.96	4,803.71			
	Yearly	47,424.21	49,795.41	52,285.17	54,899.52	57,644.50			
Inventory Specialist 2	Hourly	28.8718	30.3154	31.8312	33.4228	35.0939			
	Monthly	5,004.45	5,254.67	5,517.41	5,793.29	6,082.94			
	Yearly	60,053.34	63,056.03	66,208.90	69,519.42	72,995.31			
Public Information Assistant 1	Hourly	17.9113	18.8069	19.7472	20.7346	21.7713			
	Monthly	3,104.63	3,259.86	3,422.85	3,594.00	3,773.69			
	Yearly	37,255.50	39,118.35	41,074.18	43,127.97	45,284.30			
Public Information Assistant 2	Hourly	22.9526	24.1002	25.3052	26.5705	27.8990			
	Monthly	3,978.45	4,177.37	4,386.24	4,605.55	4,835.83			
	Yearly	47,741.41	50,128.42	52,634.82	55,266.64	58,029.92			
Water Efficiency Specialist 1	Hourly	26.4086	27.7290	29.1155	30.5713	32.0999			
	Monthly	4,577.49	4,806.36	5,046.69	5,299.03	5,563.98			
	Yearly	54,929.89	57,676.32	60,560.24	63,588.30	66,767.79			
Water Efficiency Specialist 2	Hourly	33.3966	35.0664	36.8197	38.6607	40.5937			
	Monthly	5,788.74	6,078.18	6,382.08	6,701.19	7,036.24			
	Yearly	69,464.93	72,938.11	76,584.98	80,414.26	84,434.90			

NON-REPRESENTED EMPLOYEES									
Exempt		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Administrative Specialist 1	Hourly	34.6614	36.3945	38.2142	40.1249	42.1311			
	Monthly	6,007.98	6,308.38	6,623.80	6,954.98	7,302.72			
	Yearly	72,095.71	75,700.56	79,485.54	83,459.79	87,632.69			
Administrative Specialist 2	Hourly	42.6440	44.7762	47.0150	49.3658	51.8341			
	Monthly	7,391.63	7,761.21	8,149.27	8,556.74	8,984.58			
	Yearly	88,699.52	93,134.50	97,791.20	102,680.86	107,814.93			
Billing Supervisor	Hourly	35.8514	37.6440	39.5262	41.5025	43.5776	45.7565	48.0443	50.4465
	Monthly	6,214.25	6,524.96	6,851.21	7,193.77	7,553.45	7,931.13	8,327.68	8,744.06
	Yearly	74,570.95	78,299.52	82,214.50	86,325.20	90,641.41	95,173.52	99,932.14	104,928.72
Distribution Superintendent*	Hourly	54.7663	57.5046	60.3798	63.3988	66.5687	69.8971	73.3920	
	Monthly	9,492.83	9,967.46	10,465.83	10,989.13	11,538.58	12,115.50	12,721.28	
	Yearly	113,913.90	119,609.57	125,589.98	131,869.50	138,462.90	145,385.97	152,655.36	
Engineer, Manager	Hourly	79.1501	83.1076	87.2630	91.6262	96.2075			
	Monthly	13,719.35	14,405.32	15,125.59	15,881.88	16,675.97			
	Yearly	164,632.21	172,863.81	181,507.04	190,582.50	200,111.60			
Engineer, Senior	Hourly	61.8965	64.9913	68.2409	71.6529	75.2355			
	Monthly	10,728.73	11,265.16	11,828.42	12,419.84	13,040.82			
	Yearly	128,744.72	135,181.90	141,941.07	149,038.03	156,489.84			
Finance Manager	Hourly	69.7476	73.2350	76.8968	80.7416	84.7787			
	Monthly	12,089.58	12,694.07	13,328.78	13,995.21	14,694.98			
	Yearly	145,075.01	152,328.80	159,945.34	167,942.53	176,339.70			
I.T. Coordinator	Hourly	46.7485	49.0859	51.5402	54.1172	56.8231			
	Monthly	8,103.07	8,508.22	8,933.64	9,380.32	9,849.34			
	Yearly	97,236.88	102,098.67	107,203.62	112,563.78	118,192.05			
Production Superintendent	Hourly	61.9590	65.0570	68.3099	71.7254	75.3117			
	Monthly	10,739.56	11,276.55	11,840.38	12,432.40	13,054.03			
	Yearly	128,874.72	135,318.56	142,084.59	149,188.83	156,648.34			
Public Information Officer	Hourly	48.3533	50.7710	53.3096	55.9751	58.7739			
	Monthly	8,381.24	8,800.31	9,240.33	9,702.35	10,187.48			
	Yearly	100,574.86	105,603.68	110,883.97	116,428.21	122,249.71			
General Manager (Contract) effective April 3, 2023	Hourly	111.1607	N/A	N/A	N/A	N/A			
	Monthly	19,267.85	N/A	N/A	N/A	N/A			
	Yearly	231,214.25	N/A	N/A	N/A	N/A			

REPRESENTED EMPLOYEES									
Distribution		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Distribution Operator 1	Hourly	23.2099	24.1770	25.1844	26.2337				
	Monthly	4,023.05	4,190.68	4,365.30	4,547.18				
	Yearly	48,276.59	50,288.16	52,383.55	54,566.10				
Distribution Operator 2	Hourly	36.1718	37.6790	39.2489	40.8843				
	Monthly	6,269.78	6,531.03	6,803.14	7,086.61				
	Yearly	75,237.34	78,372.32	81,637.71	85,039.34				
Distribution Operator 3	Hourly	40.9615	42.6683	44.4461	46.2980				
	Monthly	7,099.99	7,395.84	7,703.99	8,024.99				
	Yearly	85,199.92	88,750.06	92,447.89	96,299.84				

Production		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Treatment Operator 1	Hourly	N/A	N/A	N/A	N/A				
	Monthly	N/A	N/A	N/A	N/A				
	Yearly	N/A	N/A	N/A	N/A				
Treatment Operator 2	Hourly	35.7731	37.2636	38.8163	40.4336				
	Monthly	6,200.67	6,459.02	6,728.16	7,008.49				
	Yearly	74,408.05	77,508.29	80,737.90	84,101.89				
Treatment Operator 3	Hourly	41.5077	43.2372	45.0388	46.9153				
	Monthly	7,194.67	7,494.45	7,806.73	8,131.99				
	Yearly	86,336.02	89,933.38	93,680.70	97,583.82				
Treatment Operator 4	Hourly	48.4002	50.4169	52.5175	54.7058				
	Monthly	8,389.37	8,738.93	9,103.03	9,482.34				
	Yearly	100,672.42	104,867.15	109,236.40	113,788.06				

Approved: June 20, 2023
Revised: January 21, 2025

Note: Monthly and Yearly Salaries are the average based on 2080 hours.
Exempt/Management Hourly Range = Yearly Range / 2080 hours.
Represented Employees' COLA was applied to each step for FY 23-24.
*Steps 6 & 7 of the Distribution Superintendent expire after FY 24-25

NOTE: Minimum wage increased to \$15.50 1/1/2023

**Carmichael Water District
Salary Schedule
FY2022-23**

Effective: July 1, 2022

NON-REPRESENTED EMPLOYEES									
Non-Exempt		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Gen Off Clerk/Billing Supp Trainee	Hourly	Min. Wage	N/A	N/A	N/A	N/A			
Billing Support 1	Hourly	14.3380	15.0549	15.8076	16.5980	17.4279			
	Monthly	2,485.25	2,609.52	2,739.98	2,876.99	3,020.84			
	Yearly	29,823.04	31,314.19	32,879.81	34,523.84	36,250.03			
Billing Support 2	Hourly	16.6378	17.4697	18.3432	19.2604	20.2234			
	Monthly	2,883.89	3,028.08	3,179.49	3,338.47	3,505.39			
	Yearly	34,606.62	36,336.98	38,153.86	40,061.63	42,064.67			
Billing Specialist 1	Hourly	21.4490	22.5214	23.6474	24.8298	26.0713			
	Monthly	3,717.83	3,903.71	4,098.88	4,303.83	4,519.03			
	Yearly	44,613.92	46,844.51	49,186.59	51,645.98	54,228.30			
Billing Specialist 2	Hourly	27.2079	28.5683	29.9967	31.4966	33.0715			
	Monthly	4,716.04	4,951.84	5,199.43	5,459.41	5,732.39			
	Yearly	56,592.43	59,422.06	62,393.14	65,512.93	68,788.72			
Inventory Specialist 1	Hourly	21.3085	22.3739	23.4926	24.6672	25.9006			
	Monthly	3,693.47	3,878.14	4,072.05	4,275.65	4,489.44			
	Yearly	44,321.68	46,537.71	48,864.61	51,307.78	53,873.25			
Inventory Specialist 2	Hourly	26.9830	28.3322	29.7488	31.2362	32.7981			
	Monthly	4,677.05	4,910.92	5,156.46	5,414.28	5,685.00			
	Yearly	56,124.64	58,930.98	61,877.50	64,971.30	68,220.05			
Accountant	Hourly	32.2745	33.8882	35.5826	37.3617	39.2298			
	Monthly	5,594.25	5,873.96	6,167.65	6,476.03	6,799.83			
	Yearly	67,130.96	70,487.46	74,011.81	77,712.34	81,597.98			
Senior Accountant	Hourly	38.2225	40.1336	42.1403	44.2473	46.4596			
	Monthly	6,625.23	6,956.49	7,304.32	7,669.53	8,053.00			
	Yearly	79,502.80	83,477.89	87,651.82	92,034.38	96,635.97			
Public Information Assistant 1	Hourly	16.7395	17.5765	18.4553	19.3781	20.3470			
	Monthly	2,901.51	3,046.59	3,198.92	3,358.87	3,526.81			
	Yearly	34,818.16	36,559.12	38,387.02	40,306.45	42,321.76			
Public Information Assistant 2	Hourly	21.4510	22.5236	23.6498	24.8323	26.0739			
	Monthly	3,718.17	3,904.09	4,099.30	4,304.27	4,519.48			
	Yearly	44,618.08	46,849.09	49,191.58	51,651.18	54,233.71			
Communications Specialist 1	Hourly	27.4345	28.8062	30.2465	31.7588	33.3467			
	Monthly	4,755.31	4,993.08	5,242.73	5,504.86	5,780.10			
	Yearly	57,063.76	59,916.90	62,912.72	66,058.30	69,361.14			
Communications Specialist 2	Hourly	33.3569	35.0247	36.7759	38.6147	40.5454			
	Monthly	5,781.86	6,070.95	6,374.49	6,693.22	7,027.87			
	Yearly	69,382.35	72,851.38	76,493.87	80,318.58	84,334.43			
Water Efficiency Specialist 1	Hourly	24.6809	25.9150	27.2108	28.5714	30.0000			
	Monthly	4,278.02	4,491.93	4,716.54	4,952.38	5,200.00			
	Yearly	51,336.27	53,903.20	56,598.46	59,428.51	62,400.00			
Water Efficiency Specialist 2	Hourly	31.2118	32.7724	34.4109	36.1315	37.9381			
	Monthly	5,410.05	5,680.55	5,964.56	6,262.79	6,575.94			
	Yearly	64,920.54	68,166.59	71,574.67	75,153.52	78,911.25			
GIS Specialist	Hourly	33.1864	34.8458	36.5881	38.4176	40.3384			
	Monthly	5,752.31	6,039.94	6,341.94	6,659.05	6,991.99			
	Yearly	69,027.71	72,479.26	76,103.25	79,908.61	83,903.87			
Engineer in Training	Hourly	29.8231	31.3143	32.9627	34.6108	36.3413			
	Monthly	5,169.34	5,427.81	5,713.54	5,999.21	6,299.16			
	Yearly	62,032.05	65,133.74	68,562.42	71,990.46	75,589.90			
Assistant Engineer	Hourly	42.0481	44.1505	46.3580	48.6759	51.1097			
	Monthly	7,288.34	7,652.75	8,035.39	8,437.16	8,859.02			
	Yearly	87,460.05	91,833.04	96,424.64	101,245.87	106,308.18			
Associate Civil Engineer	Hourly	49.7941	52.2838	54.8980	57.6429	60.5250			
	Monthly	8,630.98	9,062.53	9,515.65	9,991.44	10,491.00			
	Yearly	103,571.73	108,750.30	114,187.84	119,897.23	125,892.00			
Exempt		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Billing Supervisor	Hourly	33.5060	35.1813	36.9403	38.7873	40.7267	42.7630	44.9011	47.1461
	Monthly	5,807.71	6,098.09	6,402.99	6,723.13	7,059.30	7,412.25	7,782.86	8,171.99
	Yearly	69,692.48	73,177.10	76,835.82	80,677.58	84,711.54	88,947.04	93,394.29	98,063.89

Distribution Superintendent	Hourly	51.1835	53.7427	56.4298	59.2512	62.2138			
	Monthly	8,871.81	9,315.40	9,781.17	10,270.21	10,783.73			
	Yearly	106,461.68	111,784.82	117,373.98	123,242.50	129,404.70			
Engineer, Manager	Hourly	73.9721	77.6707	81.5542	85.6319	89.9135			
	Monthly	12,821.83	13,462.92	14,136.06	14,842.86	15,585.01			
	Yearly	153,861.97	161,555.06	169,632.74	178,114.35	187,020.08			
Engineer, Senior	Hourly	57.8472	60.7396	63.7766	66.9654	70.3137			
	Monthly	10,026.85	10,528.20	11,054.61	11,607.34	12,187.71			
	Yearly	120,322.18	126,338.37	132,655.33	139,288.03	146,252.50			
Finance Manager	Hourly	65.1847	68.4440	71.8661	75.4595	79.2325			
	Monthly	11,298.68	11,863.63	12,456.79	13,079.65	13,733.63			
	Yearly	135,584.18	142,363.52	149,481.49	156,955.76	164,803.60			
I.T. Coordinator	Hourly	43.6902	45.8747	48.1684	50.5769	53.1057			
	Monthly	7,572.97	7,951.62	8,349.19	8,766.66	9,204.99			
	Yearly	90,875.62	95,419.38	100,190.27	105,199.95	110,459.86			
Administrative Specialist 1	Hourly	32.3938	34.0135	35.7142	37.5000	39.3750			
	Monthly	5,614.93	5,895.67	6,190.46	6,500.00	6,825.00			
	Yearly	67,379.10	70,748.08	74,285.54	78,000.00	81,900.00			
Administrative Specialist 2	Hourly	39.8542	41.8469	43.9392	46.1362	48.4430			
	Monthly	6,908.06	7,253.46	7,616.13	7,996.94	8,396.79			
	Yearly	82,896.74	87,041.55	91,393.54	95,963.30	100,761.44			
Production Superintendent	Hourly	57.9056	60.8009	63.8409	67.0330	70.3846			
	Monthly	10,036.97	10,538.82	11,065.76	11,619.05	12,200.00			
	Yearly	120,443.65	126,465.87	132,789.07	139,428.64	146,399.97			
Public Information Officer	Hourly	45.1900	47.4495	49.8221	52.3132	54.9289			
	Monthly	7,832.93	8,224.58	8,635.83	9,067.62	9,521.01			
	Yearly	93,995.20	98,694.96	103,629.97	108,811.46	114,252.11			
General Manager (Contract)	Hourly	103.8882	N/A	N/A	N/A	N/A			
effective February 24, 2022	Monthly	18,007.29	N/A	N/A	N/A	N/A			
	Yearly	216,087.51	N/A	N/A	N/A	N/A			
REPRESENTED EMPLOYEES									
Distribution		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Distribution Operator 1	Hourly	21.6915	22.5953	23.5368	24.5175				
	Monthly	3,759.86	3,916.52	4,079.71	4,249.70				
	Yearly	45,118.32	46,998.22	48,956.54	50,996.40				
Distribution Operator 2	Hourly	33.8054	35.2140	36.6812	38.2096				
	Monthly	5,859.60	6,103.76	6,358.08	6,623.00				
	Yearly	70,315.23	73,245.12	76,296.90	79,475.97				
Distribution Operator 3	Hourly	38.2818	39.8769	41.5384	43.2692				
	Monthly	6,635.51	6,912.00	7,199.99	7,500.00				
	Yearly	79,626.14	82,943.95	86,399.87	89,999.94				
Production		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
Treatment Operator 1	Hourly	N/A	N/A	N/A	N/A				
	Monthly	N/A	N/A	N/A	N/A				
	Yearly	N/A	N/A	N/A	N/A				
Treatment Operator 2	Hourly	33.4328	34.8258	36.2769	37.7884				
	Monthly	5,795.02	6,036.47	6,288.00	6,549.99				
	Yearly	69,540.22	72,437.66	75,455.95	78,599.87				
Treatment Operator 3	Hourly	38.7923	40.4086	42.0923	43.8461				
	Monthly	6,724.00	7,004.16	7,296.00	7,599.99				
	Yearly	80,687.98	84,049.89	87,551.98	91,199.89				
Treatment Operator 4	Hourly	45.2339	47.1186	49.0818	51.1269				
	Monthly	7,840.54	8,167.22	8,507.51	8,862.00				
	Yearly	94,086.51	98,006.69	102,090.14	106,343.95				

Approved: July 19, 2022

Revised: January 21, 2025

Note: Monthly and Yearly Salaries are the average based on 2080 hours.

Exempt/Management Hourly Range = Yearly Range / 2080 hours.

NOTE: Minimum wage increase to \$15.00/hour on 1/1/2022 and will be \$15.50 1/1/2023

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Carmichael Water District
2025 BOARD CONFERENCES/MEETINGS SCHEDULE

						<u>ATTENDEES</u>					
						DIRECTORS				Officer	
MEMBERSHIP ASSOCIATION - CONFERENCE/EVENT	LOCATION	FROM	TO	REG. FEE	R. DAVIS	M. EMMERSON	J. NELSON	R. GREENWOOD	P. SELSKY	Cathy Lee	
ACWA Spring Conference & Expo	Monterey	5/13	5/15	\$840*							
ACWA Fall Conference & Expo	San Diego	12/2	12/4	\$899*							
ACWA DC 2025	Washington, D.C.	2/25	2/27	\$950							
ACWA Region 4 Tour	TBD	TBD		\$60*							
AWWA Utility Management Conference	Dallas, TX	2/11	2/14	\$900							
AWWA CA/NV Annual Conference	Reno, NV	10/21	10/24	\$599*							
ACE 2025	Denver, CO	6/8	6/11	\$1,235							
Sacramento Metro Chamber - Cap to Cap	Sacramento to D.C.	5/3	5/7	\$4,595							
Water Education Foundation - Water Summit	Sacramento	October		\$395*							

* BASED ON PREVIOUS YEAR

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MEMO

TO: Board of Directors

FROM: Gaby Padilla, Administrative Specialist

DATE: December 26, 2024

RE: Board Representatives 2025 Committees Assignments

BACKGROUND

District Policy 9040, Committees of the Board of Directors states:

“9040.10 The President of the Board of Directors (Board) shall appoint such committees as may be deemed necessary or advisable by themselves and/or the Board. The duties of the committees shall be outlined at the time of appointment.”

District Policy 9040.11, Standing Committee states:

“A Standing Committee will consist of two members of the Board for the continued existence, formed to do its assigned work on an ongoing basis. Members of a standing committee sit for a defined term and terms overlap so as to keep continuity within the committee.”

District Policy 9040.12, Adhoc Committee states:

“An Adhoc Committee will consist of one or two members of the Board, formed for a specific task or objective. The ad hoc committee is temporary and shall be considered dissolved when its final report has been made.”

District Policy 9050.30, Director Compensation for Meetings states:

“Board Representatives and Alternates will be approved annually at the January Board meeting.”

SUMMARY

The current committees are as follows:

Standing Committees:	Adhoc Committees:
Finance Committee	Sacramento Suburban Water District 2x2 Committee
Drought & Water Use Efficiency Comm.	Sister Agency Committee
	COTP Committee

On March 26, 2024, the Board of Directors elected to conclude the process of evaluating the potential combination with SSWD at a Special Board Meeting. Per policy 9040.12, the Sacramento Suburban Water District 2x2 Adhoc committee shall be considered dissolved due to the finalization of the combination process.

The sale of the District’s 1 MW of the transmission capacity in the COTP was finalized on December 31, 2024 and the District no longer has any interest in the COTP. Per policy 9040.12, the COTP Adhoc committee shall be considered dissolved due to the sale of the 1 MW.

RECOMMENDATION

Staff recommends that the Board of Directors discuss the committees’ status and functions and appoint new committee members.

ATTACHMENT(S)

1. Board Representatives Committee Assignments, January 2025
2. ACWA Region 4 Final Committee Rosters
3. Policy 9040, Committee of the Board of Directors



2025 COMMITTEE ASSIGNMENTS

Effective: January 2025

STANDING COMMITTEES

Finance Committee

Ronald Davis

Mark Emmerson

Drought and Water Use Efficiency Committee

Ronald Davis

Mark Emmerson

ADHOC COMMITTEES

~~COTP Committee~~

~~Mark Emmerson~~

~~Jeff Nelson~~

~~Sacramento Suburban Water District 2x2 Committee~~

~~Mark Emmerson~~

~~Jeff Nelson~~

Sister Agency Committee

Ronald Davis

Jeff Nelson

ASSOCIATION CALIFORNIA WATER AGENCIES – Term 2024-2025

Business Development Committee

Mark Emmerson

Energy Committee

Ron Greenwood

Groundwater Committee

Jeff Nelson

Local Government Committee

Ron Greenwood

State Legislative Committee

Ronald Davis

Water Management Committee

Paul Selsky

Region 4 Board Member

Ronald Davis

OTHER MEMBERSHIP COMMITTEES

~~CALIFORNIA OREGON TRANSMISSION PROJECT~~

~~Jeff Nelson (Board); Mark Emmerson (Alternate)~~

REGIONAL WATER AUTHORITY

Board of Directors

Ron Greenwood (Representative); Cathy Lee (Representative); Mark Emmerson (Alternate)

Executive Committee

Ron Greenwood (Representative)

SACRAMENTO GROUNDWATER AUTHORITY

Paul Selsky (Representative); Jeff Nelson (Alternate)

WATER FORUMS SUCCESSOR EFFORT

Cathy Lee (Representative)

JOINT POWER INSURANCE AUTHORITY

Mark Emmerson (Representative); Jeff Nelson (Alternate)

ATTACHMENT 2

Region	Committee	First Name	Last Name	Agency
4				
	2024-2025 ACWA - Agricultural Committee			
		Josh	Weimer	Turlock Irrigation District
		Scot	Moody	Oakdale Irrigation District
		Michael	Cooke	Turlock Irrigation District
		Justin	Hopkins	Stockton East Water District
		Paul	Sanguinetti	Stockton East Water District
		Andrew	Watkins	Stockton East Water District
		Jesse	Franco	Modesto Irrigation District
		Lauren	Bernadett	Reclamation District #2035
		Tom	Orvis	Oakdale Irrigation District
		David	Weisenberge	Banta-Carbona Irrigation District
		William	Vanderwaal	Dunnigan Water District
		Richard	Atkins	Stockton East Water District
	2024-2025 ACWA - Business Development Committee			
		Mark	Emmerson	Carmichael Water District
		Craig	Locke	Sacramento Suburban Water District
		Edward	Winkler	Sacramento Suburban Water District
	2024-2025 ACWA - Communication Committee			
		Constance	Anderson	Turlock Irrigation District
		Kyle	Ochendusko	City of Benicia
		Melissa	Williams	Modesto Irrigation District
	2024-2025 ACWA - Energy Committee			
		Justin	Hopkins	Stockton East Water District
		Ron	Greenwood	Carmichael Water District
		Austin	Avery	Turlock Irrigation District
		Robert	Wichert	Sacramento Suburban Water District
		Dana	Ferreira	Modesto Irrigation District
		David	Weisenberge	Banta-Carbona Irrigation District
		Craig	Locke	Sacramento Suburban Water District
		Paul	Sanguinetti	Stockton East Water District
	2024-2025 ACWA - Federal Affairs Committee			
		Dana	Ferreira	Modesto Irrigation District
		Kyle	Ochendusko	City of Benicia
		Anthony	Barkett	Stockton East Water District
		Josh	Weimer	Turlock Irrigation District
		Anne	Sanger	City of Sacramento - Department of Utilities
	2024-2025 ACWA - Groundwater Committee			
		Liz	Elliott	Modesto Irrigation District
		Jeff	Nelson	Carmichael Water District
		Brett	Ewart	City of Sacramento - Department of Utilities
		Jenifer	Ryan	Reclamation District #2035
		Debbie	Montalbano	Turlock Irrigation District
		William	Vanderwaal	Dunnigan Water District

Andrew	Watkins	Stockton East Water District
Tom	Orvis	Oakdale Irrigation District
Trevor	Joseph	Sacramento Suburban Water District
Jay	Boatwright	Sacramento Suburban Water District
Kevin	Thomas	Sacramento Suburban Water District
Justin	Hopkins	Stockton East Water District
Craig	Locke	Sacramento Suburban Water District
John	Mauterer	Modesto Irrigation District
John	Woodling	Elk Grove Water District - Dept. of FRCD
David	Weisenberger	Banta-Carbona Irrigation District
Jesse	Franco	Modesto Irrigation District

2024-2025 ACWA - Legal Affairs Committee

Ryan	Bezerra	Sacramento Suburban Water District
Eric	Robinson	Reclamation District #2035
Jeanne	Zolezzi	Stockton East Water District
Wesley	Miliband	City of Sacramento - Department of Utilities
Roger	Masuda	Turlock Irrigation District
Scott	Shapiro	Reclamation District #2068

2024-2025 ACWA - Local Government Committee

Greg	Zlotnick	San Juan Water District
Brian	Sanders	City of Sacramento - Department of Utilities
Ron	Greenwood	Carmichael Water District

2024-2025 ACWA - State Legislative Committee

Ronald	Davis	Carmichael Water District
Dana	Ferreira	Modesto Irrigation District
Kristin	Sicke	Yolo County Flood Control and Water Conservation District
Josh	Weimer	Turlock Irrigation District

2024-2025 ACWA - Water Management Committee

Michael	Cooke	Turlock Irrigation District
Paul	Selsky	Carmichael Water District
John	Mauterer	Modesto Irrigation District
Michelle	Banonis	Sacramento Suburban Water District

2024-2025 ACWA - Water Quality Committee

Jaycee	Dean	Reclamation District #2068
Patrick	Ji	City of Sacramento - Department of Utilities
Mark	Severeid	City of Sacramento - Department of Utilities

Region 4 Board 2024-25 Term

Chair

Brian Sanders, City of Sacramento Department of Utilities

1395 35th Ave.
Sacramento, CA 95822
Phone: (916) 808-5454
Direct : (916) 808-1416
Cell : (916) 420-0239
E-mail: bsanders@cityofsacramento.org
Position: Government Affairs Program Specialist

Vice Chair

Kristin Sicke, Yolo County Flood Control & Water Conservation District

34274 State Highway 16
Woodland, CA 95695-9371
Phone: (530) 662-0265
Direct: (530) 723-3467
Email: ksicke@ycfcwcd.org
Position: General Manager

Board Members

Ronald Davis, Carmichael Water District

7837 Fair Oaks Blvd
Carmichael, CA 95608
Phone: (916) 483 -2452
Email: ronald.davis@carmichaelwd.org
Position: Director

Andrew Watkins, Stockton East Water District

1027 N. Orange St.
Stockton, CA 95203
Phone: (209) 948-0333
Cell: (209) 484-8591
Email: awatkins@sewd.net
Position: Director

Cary Keaten, Solano Irrigation District

810 Vaca Valley Parkway
Vacaville, CA 95688
Phone: (707) 455-4009
Email: ckeaten@sidwater.org
Position: General Manager

David Weisenberger, Banta-Carbona Irrigation District

3514 W. Lehman Road
Tracy, CA 95304
Phone: (209) 835-4670
Email: dweisenberger@banta-carbona.org
Position: General Manager

Thomas Orvis, Oakdale Irrigation District

1205 E F Street
Oakdale, CA 95361
Phone: (209) 840-5507
Email: theorvii@gmail.com
Position: Board President

CARMICHAEL WATER DISTRICT
Directors' Policy Manual

POLICY TITLE: Committees of the Board of Directors

POLICY NUMBER: 9040

9040.10 The President of the Board of Directors (Board) shall appoint such committees as may be deemed necessary or advisable by themselves and/or the Board. The duties of the committees shall be outlined at the time of appointment.

9040.11 Standing Committee

A Standing Committee will consist of two members of the Board for the continued existence, formed to do its assigned work on an ongoing basis. Members of a standing committee sit for a defined term and terms overlap so as to keep continuity within the committee.

9040.12 Adhoc Committee

An Adhoc Committee will consist of one or two members of the Board, formed for a specific task or objective. The ad hoc committee is temporary and shall be considered dissolved when its final report has been made.

MEMO

TO: Board of Directors

FROM: Greg Norris, Engineering Manager

RE: Amending the Districts' Regulation 2000 - Water Leak Exemption

DATE: January 21, 2025

BACKGROUND

In order to assist customers in managing their water usage, controlling the cost for water, and to prevent undo water waste, the District developed Regulation 2000 – Water Leak Exemption in September 2007. This regulation was subsequently revised in March 2014 and September 2022. The District issues approximately 25 leak exemptions per year to customers who experience an over use of water due to a malfunction in their water system.

SUMMARY

Attached for consideration are proposed revisions to current Water Leak Exemption Criteria, see attachments B and C. The purpose of these updates are to clarify procedures for both staff and customers, and to leverage advancements in data-capturing capabilities to enhance accuracy and efficiency.

Key Areas for Revision

- Section 2000.20: updated for improved verbiage and clarity.
- Section 2000.21: updated for enhanced specificity.
- Section 2000.30: updated for enhanced specificity.
- Section 2000.40: updated for clear and targeted criteria.

RECOMMENDATION

Staff recommends that the Board of Directors review and discuss Resolution xxxx-x - A Resolution Amending the Districts' Regulation 2000 – Water Leak Exemption and the proposed regulation.

ATTACHMENT(S)

Attachment A – Resolution xxxx-x - A Resolution Amending the Districts' Regulation 2000 – Water Leak Exemption

Attachment B – Proposed Regulation 2000 – Water Leak Exemption (redlined)

Attachment C – Current Regulation 2000 – Water Leak Exemption

ATTACHMENT A

CARMICHAEL WATER DISTRICT
RESOLUTION xxxx-x
A RESOLUTION AMENDING THE DISTRICTS’
REGULATION 2000 – WATER LEAK EXEMPTION

BE IT RESOLVED by the Board of Directors of the Carmichael Water District as follows:

Regulations as listed below are hereby amended and added to the District’s Regulations Manual effective Month xx, 2025.

- Regulation 2000 – Water Leak Exemption

Existing resolutions in conflict with this resolution are hereby repealed.

PASSED AND ADOPTED by the Board of Directors by the following vote:

Mark Emmerson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Jeff Nelson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ronald Davis	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ron Greenwood	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>

Board Totals:	Ayes:	<input type="checkbox"/>	Nays:	<input type="checkbox"/>	Absent:	<input type="checkbox"/>	Abstain:	<input type="checkbox"/>
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Passed Unanimously:	<input type="checkbox"/>
Motion Carried:	<input type="checkbox"/>
Motion Not Carried:	<input type="checkbox"/>

Signed after its passage this x day of Month, 2025:

President
Board of Director

ATTEST: _____
Cathy Lee, Secretary

CARMICHAEL WATER DISTRICT

Regulations Manual

REGULATION TITLE: Water Leak Exemption

REGULATION NUMBER: 2000

2000.10 The purpose of this regulation is to provide the guidelines to Carmichael Water District (District) staff regarding the District's Water Leak Exemption Regulation.

2000.20 ~~An exemption may be granted only Once every five (5) years on any specific property. an exemption for the usage charge portion of the monthly water service may be granted to a customer's account that has~~ The owner of the property must have experienced an increase in the water bill ~~resulting due to from~~ a leak ~~associated in their private plumbing system from an~~ with a broken underground or unexposed pipe in their private plumbing system.

2000.21 ~~Non-eligible private plumbing items that may be underground or unexposed include but are not limited to~~ are non-eligible are as follows:

- a. ~~Any portion of an outdoor irrigation system downstream of a control~~ Broken/faulty sprinklers/emitters, soakers hoses and irrigation valves.
- b. ~~Irrigation timers and any portion of control valves. Unattended, forgotten, or misadjusted irrigation systems.~~
- c. ~~Any portion of the plumbing related specifically to a P~~ pool/spa/pond or any other water feature ~~plumbing systems.~~
- e.d. ~~Any portion of the plumbing system related specifically to toilets.~~

2000.30 Leak Exemption Criteria

2000.31 Property owner must notify the District that there is a private leak on their property within sixty (60) days from the bill date that reflects the leakage.

2000.32 Property owner must notify the District that the repair has been made prior to the District approving an exemption.

2000.33 District staff will collect the necessary information to determine the amount of the adjustment including current meter read, data log, and verification that the repair has been made (site visit and/or copy of receipt from property owner for repair).

2000.34 ~~Property owner must schedule a water efficiency survey, completed by District staff, prior to leak exemption approval.~~

2000.354 An adjustment will be made by the District only after the leak(s) is/are repaired and

the District determines that the work to repair the pipe is consistent with industry standards to the level it is reasonable to predict that the leak(s) or loss will not occur again.

2000.36 District staff will determine the cost amount appropriate for the leak exemption and adjust the property owner's account based on the water loss data acquired through the meter's data log as determined by staff. If the data log is not available, prior years usage history for the same period will be used by staff to estimate and determine the loss amount. Adjustments will be limited to thirty (30) days prior to the day the pipe was repaired and to up to 500 centicubic feet (CCF) within sixty (60) days prior to the day the Leak Exemption request is received by the District.

2000.40 Special Circumstance

2000.41 If a n addition to the criteria above there are special circumstances that may prevent the customer from repairing water leaks within the time restraints identified in the chart above. Special circumstances may include special permit(s) neecessary from a Local or State Agencies was required to repair the pipe and stop the leak, adjustments will be limited to thirty (30) days prior to the issuance of the required permit. or other hardships may occur. In special circumstances the exemption request will be directed to the General Manager for consideration and resolution.

CARMICHAEL WATER DISTRICT
Regulations Manual

REGULATION TITLE: **Water Leak Exemption**

REGULATION NUMBER: **2000**

2000.10 The purpose of this regulation is to provide the guidelines to Carmichael Water District (District) staff regarding the District's Water Leak Exemption Regulation.

2000.20 Once every five (5) years an exemption for the usage charge portion of the monthly water service may be granted to a customer's account that has experienced an increase in the water bill resulting from a leak in their private plumbing system from an underground or unexposed pipe.

2000.21 Non-eligible private plumbing items that may be underground or unexposed include but are not limited to:

- a. Broken/faulty sprinklers/emitters, soakers hoses and irrigation valves.
- b. Unattended, forgotten, or misadjusted irrigation systems.
- c. Pool/spa/pond or any other water feature plumbing systems.

2000.30 Leak Exemption Criteria

2000.31 Property owner must notify the District that there is a private leak on their property within sixty (60) days from the bill date that reflects the leakage.

2000.32 Property owner must notify the District that the repair has been made.

2000.33 District staff will collect current meter read and verify that the repair has been made (site visit and/or copy of receipt from property owner for repair).

2000.34 Property owner must schedule a water efficiency survey, completed by District staff, prior to leak exemption approval.

2000.35 An adjustment will be made only after leak(s) is/are repaired and it is reasonable to predict that the leak(s) or loss will not occur again.

2000.36 District staff will adjust the property owner's account based on the water loss data acquired through the meter's data log. If the data log is not available, prior years usage history for the same period will be used. Adjustments will be limited to up to 500 centicubic feet (CCF) within sixty (60) days prior to the day the Leak Exemption request is received by the District.

2000.40 Special Circumstance

2000.41 In addition to the criteria above there are special circumstances that may prevent the customer from repairing water leaks within the time restraints identified in the chart above. Special circumstances may include special permit(s) necessary from Local or State Agencies or other hardships may occur. In special circumstances the exemption request will be directed to the General Manager for consideration and resolution.

Carmichael Water District Annual Comprehensive Financial Report For the fiscal years ended June 30, 2024 and 2023

Carmichael, California



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Annual Comprehensive Financial Report

For the fiscal years ended June 30, 2024 and 2023

Carmichael, California

Prepared by the Finance Department

Finance Manager - Debbie L. Martin, CPA (Inactive)
Senior Accountant - Ben Strange

7837 Fair Oaks Blvd Carmichael, CA 95608

www.carmichaelwd.org

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Introductory Section

Carmichael Water District Letter of Transmittal



Ronald Davis
Director Division 1

Mark R. Emmerson
Director Division 2

Jeff Nelson
Director Division 3

7837 FAIR OAKS BOULEVARD
CARMICHAEL, CALIFORNIA 95608
TELEPHONE: (916) 483-2452
FAX: (916) 483-5509
EMAIL: mail@carmichaelwd.org

Ron Greenwood
Director Division 4

Paul Selsky
Director Division 5

Cathy Lee
General Manager

January 8, 2025

To the Rate Payers and Board of Directors of the Carmichael Water District:

We are pleased to present the Carmichael Water District Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2024 and 2023. This report was prepared by the Finance Department in accordance with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB). The financial statements were audited by the District's independent certified public accountants 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.

Management assumes full responsibility for the completeness, reliability, and fair presentation in the preparation of the financial statements based upon a comprehensive framework of internal control that has been established for this purpose. Management is responsible for establishing and maintaining an internal control structure designed to ensure its assets are protected from loss, theft, or misuse. The design, implementation and maintenance of the internal controls developed are to provide reasonable, but not absolute, assurance these objectives are met:

1. The cost of the control should not exceed the benefits likely to be derived;
2. The evaluation of costs and benefits requires estimates and judgments by management;
3. Transactions are executed in accordance with management's authorization;
4. Adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP and other reporting requirements.
5. The financial statements are free of any material misstatements.

The District's financial records are kept in accordance with GAAP using the full accrual basis of accounting so that all costs of providing services are measured to support the District's rate structures. Accrual accounting measures not just current assets and liabilities, but also long-term assets and liabilities, such as capital assets and bond debt. This basis of accounting reports all revenue and all expenses earned or incurred, whether or not they were received or paid in cash in the fiscal year.

This report includes all funds, agencies, boards, commissions, and authorities that are financially accountable to the District's Board of Directors. Financial accountability was determined on the basis of budget adoption, imposition of will, funding, and appointment of the governing board. Based upon these criteria, the Carmichael Water District Financing Corporation (the Financing Corporation) is considered a component unit of the District. The Financing Corporation was organized under California Government Code 6500 as a Joint Powers Agency on April 1, 1999, solely for the purpose of providing financial assistance to the District.

California Government Code Section 26909 (2) (A) (B) requires an annual audit of the District's accounts and records within 12 (twelve) months of the end of the fiscal year by a certified public accountant. The goal of the independent audit is 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 their opinion. The 2019 Certificates of Participation (COP) bonds also require an annual audit as a condition and covenant of the bond agreements.

In performing the audit to obtain reasonable assurance, the auditors will identify and assess the risks of material misstatement and design and perform audit procedures to respond to those risks. These procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Reasonable assurance does not provide absolute assurance however, that a material misstatement will be detected. The risk of not detecting a material misstatement from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Richardson & Company, LLP, Certified Public Accountants, conducted the annual audit for the District and has issued an unmodified "clean" opinion on the District's financial statements for the fiscal year ended June 30, 2024 and 2023. The independent auditor's report is located at the front of the financial section of this report.

Managements' Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A is a financial performance report that includes financial highlights, explanatory narratives and statistical tables of the District's financial results for the fiscal year ending June 30, 2024 measured against the prior fiscal year ended June 30, 2023. The MD&A complements this transmittal letter and should be read in conjunction with it.

PROFILE OF CARMICHAEL WATER DISTRICT

MISSION STATEMENT

“Committed to providing the highest quality water for the lowest feasible cost and to serving our customers with diligence, efficiency, and integrity.”

REPORTING ENTITY

With an effort led by the Carmichael Colonies Improvement Club, the Carmichael Irrigation District became the first irrigation district established in Sacramento County, California, under the Wright Irrigation Act of 1887 and held its first official meeting on February 8, 1916. Initially, the

District predominantly relied on ground water wells to meet the irrigation needs of the colonies. As the population grew, however, water demands and needs expanded to more than irrigation, requiring a diversified and sustainable water source.

In the latter half of the 20th Century, The Irrigation District began sourcing additional water from the American River to enhance the quality of the water and increase reliability. A strategic rebranding resulted in a name change of the District to Carmichael Water District in the 1980's, leaving the District still organized under the laws governing irrigation districts. The name change marked the evolution of the District from a focus on primarily irrigation services to one focused on serving the comprehensive water demands of an urbanized community.

Carmichael Water District serves the unincorporated community of Carmichael, a suburb within the boundaries of Sacramento County, California, encompassing 5,120 acres or roughly 8 square miles. Carmichael, CA is a census-designated place (CDP) in Sacramento County with an estimated population of about 80,000. The median household income is estimated at \$80,138 with healthcare being the largest employment industry in the area. The District is located in the northern part of Sacramento County along the north bank of the American River. The District is about ten miles east of downtown Sacramento and provides water for irrigation, municipal and commercial customers. The District serves a population of approximately 41,200 with 12,000 connections.

SOURCES OF WATER SUPPLY

The District maintains approximately 180 miles of main water lines, 111 miles of laterals and hydrant laterals, and supplied an average of 2,712 million gallons of water to its customers this fiscal year. The District is substantially built out with anticipated growth through in-fill development of larger parcels and a limited number of vacant parcels. The land use is predominantly residential with commercial along major road corridors and public use lands including parks, schools, and one golf course.

The District's approximately 41,200 customers receive on average 70 – 80 percent of their water from the American River (surface water) with the remainder from District groundwater wells. The District's current groundwater sources are from 5 primary wells. The wells are operated seasonally, May through September.

The District has used several water supply diversions off the American River which have been modified and improved to become the current infiltration diversions feeding the Bajamont Water Treatment Plant (the main source of water supply for District customers). Groundwater was developed by the District prior to World War II as part of a balanced conjunctive use portfolio management strategy and continues today with the District maintaining 5 groundwater wells.

GOVERNANCE

The governance of the District is through a five member elected Board of Directors with each director representing a division of approximately equal population within the service area. The Directors serve four-year staggered terms.

BUDGET PROCESS

As an independent special district, the District is neither mandated by state law to prepare a budget nor subject to appropriation limits. As a matter of fiscal responsibility, however, a budget document is prepared to communicate the District's alignment of resources with the Board of Director's priorities and goals.

The District's budget is a one year financial plan that follows closely with the District's Master Plan and Business Plan efforts. It is an annual plan detailing the revenue requirements necessary to support the operation and maintenance expenses (O&M), short-term and long-term capital project planning, debt obligations, reserve designations and reserve transfers and uses.

The annual budget process begins with input from Management staff approximately 6 (six) months prior to year-end to determine the short-term and long-term 10 (ten) year Capital Project Forecast. In late February, the Finance Committee of the Board of Directors is then convened to discuss the Board's budgetary goals and priorities, review the initial projections for revenue, O&M expenses, and reserve uses and transfers, and then confirm the capital project spending 10 (Ten) Year Forecast for budget preparation. The Proposed Budget is then formulated and presented to the Board in April, with a public hearing of the budget in May, followed by final Board adoption in June.

LEVEL OF BUDGETARY CONTROL

The budget is prepared by division, department, and object level. The budget is reviewed and published monthly at each Board meeting as a part of the District's regular financial reporting process. Amendments to the budget, transfers within budget categories, or transfers from reserves must be approved by the Board.

ECONOMIC CONDITION AND OUTLOOK

Population for the community of Carmichael is estimated to grow quite modestly at an estimated 1.7% creating very stable demand for water use. As the District is primarily built out, it does not depend on new growth to maintain revenue. Instead, the District continues the practice of establishing rates and funds that support the expected and unexpected expense fluctuations encountered year to year. The District also investigates opportunities to increase the District's financial position through other means, whether it is outside District or Boundary water sales, interties with neighboring agencies, or partnerships with public and private entities.

REGULATORY CHALLENGES AND CLIMATE IMPACTS

Multi-year droughts plague the State resulting in State mandated conservation efforts and curtailments from the District's water supply from the American River. Consequently, dry year and emergency water supply are critical to the District's ability to meet customer water demand requiring an intense focus by the Board and Management to create strategies to increase the resiliency of the District's water supply. One of the approaches is through cooperative efforts to continually partner with others to ensure safe and reliable water supply for customers and increase revenue. These options include:

- Treatment and Delivery Agreement with neighboring water agency
- Intertie Project with neighboring water agency
- Mutual Assistance Agreements with four (4) neighboring water agencies
- Secured drought proof water for emergency supply with the use of remediated and reclaimed water

As an additional approach, the District has modified its priorities through the Bay-Delta Plan (formerly San Francisco Bay Sacramento-San Joaquin Delta Estuary Water Quality Control Plan) and has realigned strategic and long-term goals by prioritizing those capital projects that improve drought resiliency and water reliability. The District has embarked on an aggressive plan to add three new aquifer storage and recovery (ASR) wells with completion in the next two years.

LONG TERM PLANNING

As discussed, the most impactful resiliency approach is to directly increase the capability of the water supply with multiple sources of supply and this is where the greatest financial impact lies, the long term planning and spending for infrastructure development, replacement, and repair. The long-term plan includes planned rate increases for infrastructure projects right beside grant and/or bond funding for increased water supply and water resiliency capital projects. The District has pursued an aggressive fund raising strategy to secure local, state, and federal grant funds to support the long term plan and has successfully secured grant monies to fund the three new ASR wells.

INFRASTRUCTURE AND DELIVERY SYSTEM

The District completed a comprehensive 2015 Master Plan that provided a perspective on the backlog of unfunded infrastructure replacement liabilities and a strategy for resolving the long-term sustainability of the District. In partnership with that effort, the District completed a Business Plan in 2020 to conduct a rate study and develop a rate increase plan. The 2020 Business Plan followed the approach of looking ahead 10 years and included a 10 year detailed capital improvement strategy. Both Plans continue to guide the capital projects of the District. Further, the 10 year capital improvement strategy (Projection) developed within the Business Plan has been incorporated within the annual budget process and is an inherent and critical piece of the annual budget. The 10 year Projection is a "fluid" document and is refined each year as capital projects are prioritized.

The District continues to invest in repair and replacement of aging infrastructure throughout its system on a pay-as-you-go financial strategy. This strategy, coupled with planned rate increases and grant funding, allows the District the ability to accumulate and save reserves for larger projects in the long-term planning stages, thereby reducing or avoiding issuance of debt. Capital infrastructure expenditures for FY 2023-24 amounted to \$9.2 million with projects that included the following:

- Transmission and distribution line infrastructure replacements
- Supervisory Control and Data Acquisition (SCADA) system upgrade
- Water treatment plant facility and equipment improvements
- Water treatment plant membrane replacements
- La Sierra, Ladera and Winding Way Aquifer storage and recovery (ASR) well projects
- La Vista Tank replacement and booster pump project

FUTURE PLANS

The 2015 Master Plan and the 10 year capital improvement forecast in every year's budget provides the guide for developing the District's future plans. As a part of addressing the aging infrastructure challenge, the District intends to replace pipeline at the rate of approximately \$2.0 to \$3.0 million per year which includes the replacement of high priority transmission lines approaching the end of its useful life. The District will continue with the construction of the La Vista Tank replacement and booster pump station project which includes a 3 MG tank, well rehabilitation, pump station, storm drain, and distribution system pipelines. This project was outlined in the District's Master Plan as an important asset to the District's portfolio for existing and future water supply reliability and was funded with the issuance of bonds. It replaces a 50 year old tank facility and pump station.

As for the Production side, future plans include the construction of ASR wells, water treatment plant Supervisory Control and Data Acquisition (SCADA) system and the replacement of the Ranney Collector system. Longer term financial considerations and planning are in progress for the replacement of the filtration process at the water treatment plant.

The District will continue seeking grant funding opportunities to enhance the funding for the long range capital project plans, while at the same time, providing for enhancements to the District's reserve fund policies.

FINANCIAL INFORMATION

BUSINESS PLAN AND RATE SETTING

The District prepared a 10 Year Business Plan to define the financial position of the District. The Business Plan is in place as a guidance document for financial planning and rate setting decision making for the Board of Directors and staff. It also provides a foundation for the long-term financial sustainability of the District. It is the driving document for budget and rates on an annual basis. The Business Plan is updated during the five (5) year rate setting process to ensure sustainable rates and revenue.

The District is in its fourth year of 9.5% rate increases that occur every January, starting with January 1 of 2021 and continuing until January 1, 2025. The rate increases were developed to provide not only revenues to keep pace with inflationary cost increases for goods and services, but also an increased level of pay-go capital spending to address water system rehabilitation for aging pipes, pump stations, water tanks and other system deficiencies.

RESERVE POLICY

The District has developed a reserve policy to establish funds to minimize adverse impacts from anticipated and unanticipated District expenses, to mitigate and minimize risk, and provide a mechanism to help ensure funding for long-term capital improvement needs. The policy was updated in June of 2024 to expand the Filter Skid Reserve to include replacement for the entire treatment plant filtration process and provided for additional reserve funding to accumulate funds for the Ranney Collector system replacement.

DEBT MANAGEMENT

The District recognizes that borrowing long-term funds for the purpose of enhancing, improving, or acquiring infrastructure and facilities may be necessary. To minimize dependency on debt financing, the District strives to fund annual renewal and replacement capital projects (i.e. vehicles; equipment; annual meter, service line, membrane, and mainline replacement programs) from rates, increased long term planning through reserve accumulation, and grant funding sources.

OTHER INFORMATION

AWARDS

The Government Finance Officers Association (GFOA) developed a Certificate of Achievement for Excellence in Financial Reporting (COA) to encourage governmental entities to go beyond the minimum requirements of GAAP and prepare a fully comprehensive financial report in the spirit of transparency and full disclosure. In order to be awarded a COA, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that succeed in achieving that goal. The District earned this distinguished award last year and believes the report this year will again meet the program requirements to receive the award from the Government Finance Officers Association (GFOA).

The Special District Leadership Foundation (SDLF), supported by the California Special District Association (CSDA) and the Special District Risk Management Authority (SDRMA), was formed to promote good governance and best practices among California's special districts through certification, accreditation, and other recognition programs. SDLF's mission is to promote and recognize excellence in governance and management of special districts, and within that effort, SDLF created the District Transparency Certificate of Excellence program. The Certificate and Program promotes transparency and ethical practices in the operations and governance of special districts to the public and provides special districts with an opportunity to showcase their commitment to operating in a transparent and ethical manner. The District subjected itself to a

thorough transparency review within the program and recently earned the distinguished District Transparency Certificate of Excellence.

ACKNOWLEDGMENTS

This report represents the culmination of dedicated efforts by District staff inside and outside of the Finance department. The preparation of this report could not have been accomplished without the hard work and team effort of the entire financial reporting team. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. We would also like to express our appreciation and thanks to Ingrid Sheipline and her staff at Richardson & Company LLP. Credit is also due to the President and the members of the District Board for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Cathy Lee
General Manager and Board Secretary



Debbie L. Martin, CPA (Inactive)
Finance Manager and Board Treasure

Carmichael Water District
Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Carmichael Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Carmichael Water District
Principal District Officials

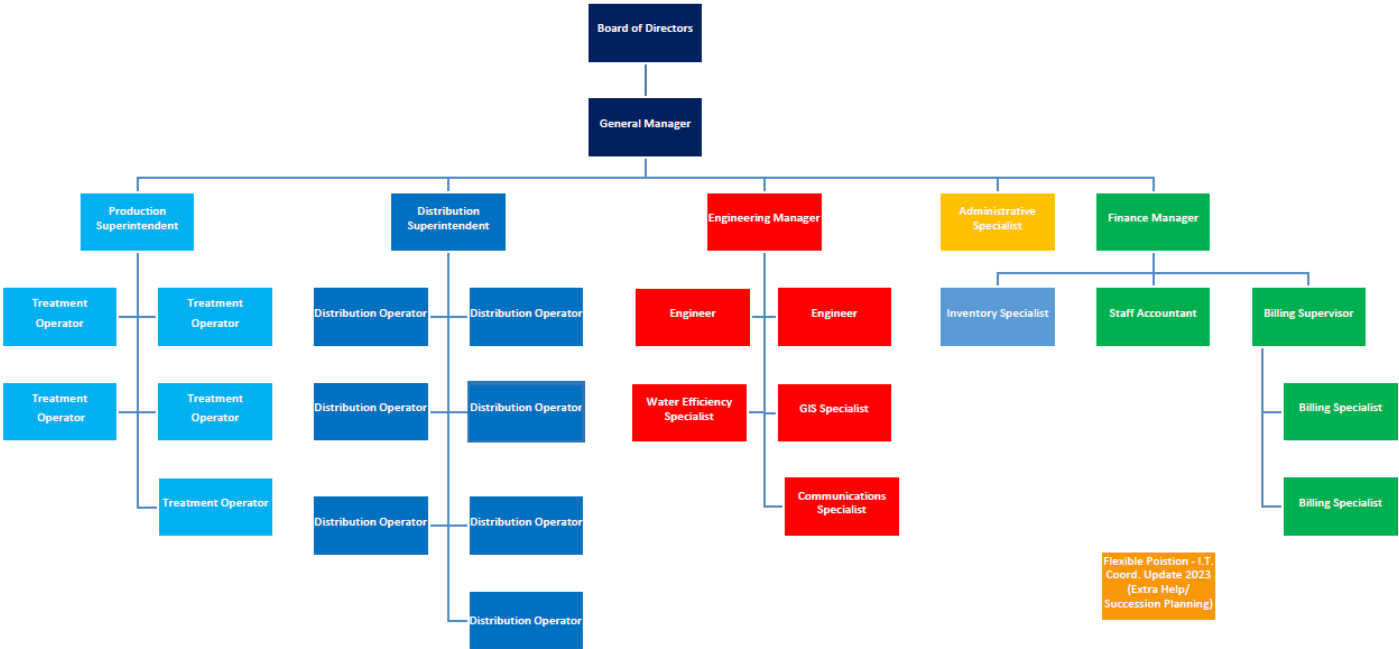
**Board of Directors – Elected Officials
As of June 30, 2024**

<u>Name</u>	<u>Title</u>	<u>Division</u>
Ronald Davis	Director	Division 1
Mark R. Emmerson	Director	Division 2
Jeff Nelson	Director	Division 3
Ron Greenwood	Vice-President	Division 4
Paul Selsky	President	Division 5

Staff

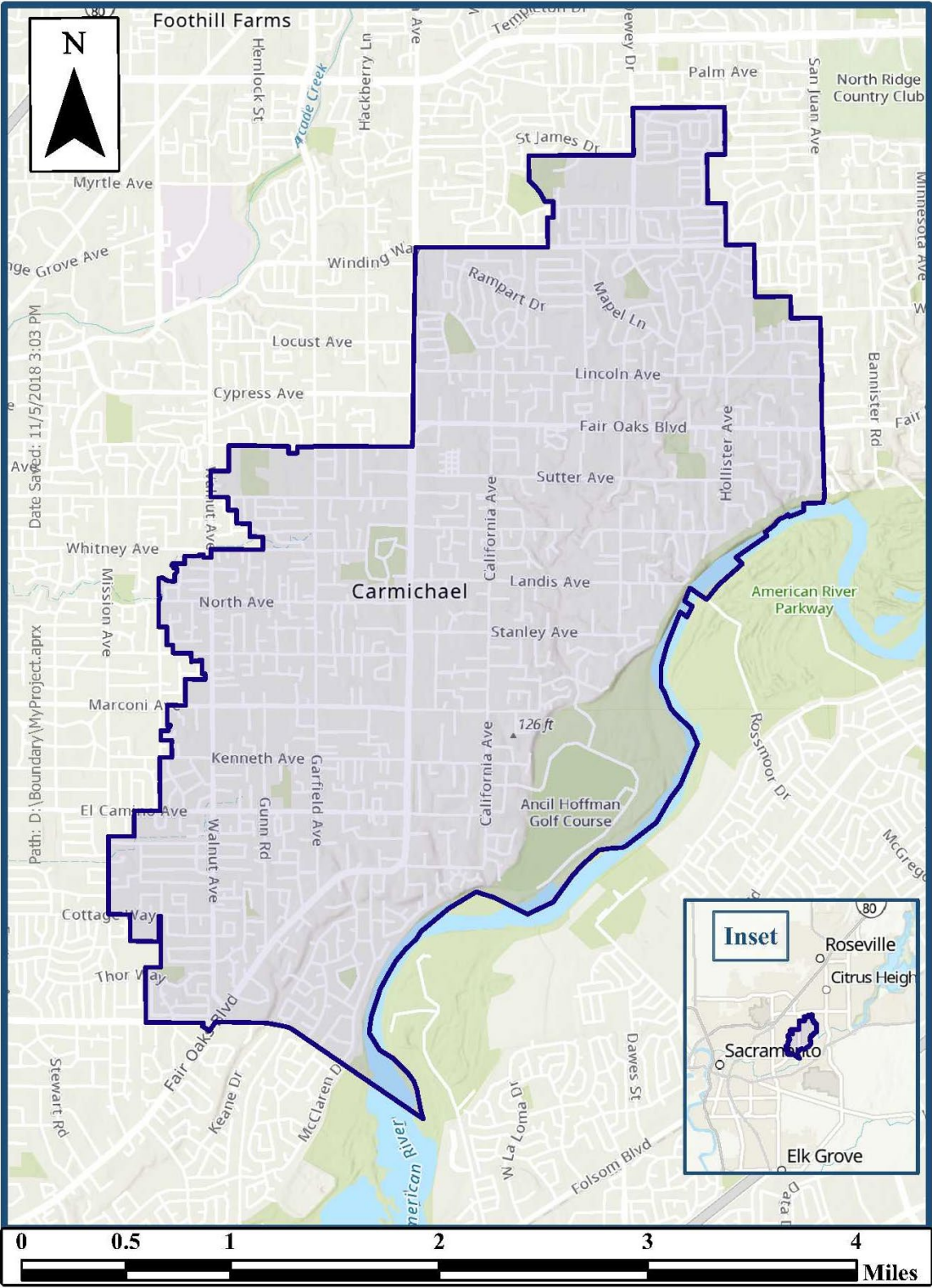
<u>Title</u>	<u>Name</u>
General Manager and Secretary	Cathy Lee
Finance Manager and Treasurer	Debbie L. Martin, CPA (Inactive)

Carmichael Water District
Organizational Chart



- Key
- - Management
 - - Finance
 - - Administration
 - - Inventory
 - - Engineering
 - - Production
 - - Distribution

Carmichael Water District
Service Area



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Financial Section

Carmichael Water District Independent Auditor's Report



550 Howe Avenue, Suite 210
Sacramento, California 95825

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Carmichael Water District
Carmichael, California

Report on Financial Statements

We have audited the accompanying financial statements of Carmichael Water District (the District), which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2024, and the changes in financial position and cash flows thereof for the year 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.

Emphasis of Matters

As discussed in Note F to the financial statements, the District's actuary did not consider it necessary to use age adjusted health insurance premiums in the calculation of the District's net other postemployment benefits (OPEB) liability. Had the actuary included age adjusted health insurance premiums in the calculation of the net OPEB liability, the OPEB liability may have been significantly larger in amount. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 the District, 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 opinion.

Prior Period Financial Statements

The financial statements of the District as of June 30, 2023, were audited by other auditors whose report dated December 12, 2023 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 the District'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 opinion. 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 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, 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 the District'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 the District'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 other required supplementary information be presented to supplement the basic

financial statements. Such information, 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 the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Richardson & Company, LLP

December 20, 2024

Carmichael Water District Management's Discussion and Analysis

This section presents management's analysis of the Carmichael Water District's (the District or CWD) financial condition and activities as of and for the year ended June 30, 2024. Management's Discussion and Analysis is intended to serve as an introduction to the District's audited basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section to compliment the readers' understanding of the financial statements. The District, as the primary governmental entity, includes within the financial statements the financial position and activities of the Carmichael Water District Financing Corporation (the Corporation) as a component unit. The Corporation is a blended component unit and does not issue separate financial statements.

ORGANIZATION AND BUSINESS

Carmichael Water District is an independent California special district established in 1916 as the first irrigation District established in Sacramento County under the Wright Irrigation Act of 1887. Initially, the District provided predominantly irrigation water to the newly formed Carmichael Colonies through ground water wells. As the population grew and water demands changed to accommodate a sprawling urban community, the District sought diversified and sustainable water sources and began sourcing water from the American River. It was in the 1980's that the District rebranded and renamed itself as the Carmichael Water District to better reflect the broadened breadth of services the District was providing to the community. The change was in name only as the District is still organized under the laws governing irrigation districts.

The District operates as a public utility and maintains its accounting records in accordance with generally accepted accounting principles as an enterprise fund of the proprietary fund group as prescribed by the Governmental Accounting Standards Board (GASB).

OVERVIEW OF THE DISTRICT'S FINANCIAL STATEMENTS

This discussion provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide.

The financial statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The District's financial statements include five components:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements
- Other Information

Management's Discussion and Analysis

The **Statements of Net Position** (Balance Sheet) include all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The Statement of Net Position also provides information about the nature and amount of resources and obligations at year-end providing a basis for assessing the District's liquidity and financial flexibility. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Net position may be displayed in three categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The **Statements of Revenues, Expenses and Changes in Net Position** presents the results of the District's operations over the course of the fiscal year ended June 30, 2024 and how the net position changed during the year. These Statements measure the success of the District's operations and the extent to which the District has recovered its costs through user fees and other charges. The financial statements, except for the cash flow statements are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments.

The **Statements of Cash Flows** summarize the annual flow of cash receipts and cash disbursements during the year, without consideration of the timing of the event giving rise to the obligation or receipt. It excludes noncash accounting measures such as depreciation and amortization of assets. This statement reports cash activity in the following four categories providing information as to where cash comes from, what was cash used for, and how much did cash change during the period:

- Operating
- Noncapital financing
- Capital and related financing
- Investing

NOTES TO FINANCIAL STATEMENTS

The **Notes to the Financial Statements** provide a description of the accounting policies used to prepare the financial statements and present additional information required by generally accepted accounting principles to enhance the understanding of the items presented in the financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, the basic financial statements also present certain required supplementary information, which follows the notes to the financial statements. This other information includes pension and OPEB funding schedules.

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS

- The District increased its net position by \$7,727,284 to end at \$78,286,885 at June 30, 2024 representing an 11.0% increase over 2023. The increase is due primarily to the water rate increases that allowed significant investments in capital assets with the construction of new ASR wells occurring during the year along with increases in infrastructure replacements.
- Total operating revenue increased by only 3% over 2023, or \$550,468. Retail water sales increased 11.8% by \$1,753,711 over 2023 due to the Board approved water rate adjustments and increased demand for water. However, a water transfer sale was completed in 2023 of \$1,212,246, and there were no water transfer sales in 2024, bringing the total operating revenue increase over last year to just \$550,468.
- Total operating expenses decreased overall by 1.6% in 2024 by \$178,791. Excluding the effects of depreciation, amortization, and Pension/OPEB expenses, operations and maintenance (O&M) related expenses decreased by \$878,182 due to the decrease in and capitalization of membrane purchases in 2024 and a reduction in heavy equipment production repairs and maintenance expenses. Offsetting the O&M decreases were \$420,549 increases in depreciation expense with the capital asset investments and \$278,842 increases in pension and Other Post-Employment Benefits (OPEB) expenses resulting from changes in actuarial assumptions and related investment results.
- Total cash and cash equivalents increased by \$2,932,991 in 2024. Operating cash increased \$937,287 due to a slowdown in capital expenditure payments from contractual project conflicts and a decrease in membrane and production heavy equipment repairs. Despite increased labor and benefit costs and the absence of a water transfer sale in 2024, the increase still represents a 9.8% increase in generated operating cash. Cash from Noncapital financing activities increased 100% over last year with the District collecting \$1,752,555 in grant monies. The balance of the cash increase is primarily due to increased investment income with the District's intentional focus on moving reserve funds to interest earning accounts.
- Reinvestment in infrastructure and replacement of aging assets continued with an overall net increase in capital assets of \$5,443,211 including construction in progress.
- As detailed in Note L - Commitments and Contingencies, the District's significant contractual obligations amount to \$11,320,841, representing a \$6,920,986 increase (or 157.3%) over last fiscal year's commitments of \$4,399,855. The increased Infrastructure activities reflect the District's ongoing commitment to developing water resiliency plans against drought by having multiple sources of water resources available to meet the customer's water needs. As well, the current rate structures support a higher level of resources dedicated to ongoing infrastructure repair and replacement.
- Long-term debt, including current portion, decreased by \$1,688,776 due to the debt service and amortization on the 2019 Certificates of Participation Series B and A, respectively.
- Investments of the District increased by \$3,091,495 (including interest income) with a transfer of a portion of the District's reserves to the Local Agency Investment Fund (LAIF)

Management's Discussion and Analysis

Outside Boundary Sales

The District worked with Golden State Water Company ("GSWC") and the former Aerojet Rocketdyne ("AR"), recently merged with L3Harris (L3), to operate under a cooperative pipeline project – the American River Pipeline Project ("Project") that was completed in 2016. This Project provides delivery of up to 5,000 Acre-feet per year ("AFY") of treated water from the District's Bajamont Water Treatment Plant ("BWTP") to GSWC for use as a replacement water supply. The District could also use the pipeline in the case of a severe emergency and deliver water from GSWC to the District. The District began to deliver treated water at full capacity to GSWC in January 2017. The Project was funded by AR (now L3) in addition to a portion of the funding secured by a grant through the Regional Water Authority.

Two agreements were signed on August 15, 2016. In the agreement with AR (now L3), the District sold, transferred, and conveyed to GSWC the firm capacity right in the BWTP to divert, treat, and deliver up to 5,000 AFY of treated water to GSWC as a replacement water supply. Additionally, the District secured approximately 2,000 AFY of remediated groundwater supply from AR's (now L3) groundwater extraction and treatment ("GET") facilities GET LA and GET LB, which will assist with drought proofing the District during future surface water supply curtailments. The payment dates for the capacity sale are detailed in the agreements with the final payment received by the District on July 1, 2022.

The second agreement provides revenue from the treatment and delivery of the 5,000 AFY water to GSWC. The agreement with GSWC outlines an allocated portion of the District's fixed and variable costs relating to the production of treated water, capital costs associated with the BWTP and intake structures, and membrane replacement costs charged to GSWC during the year. While the agreement calls for treatment and delivery

of up to 5,000 AFY of treated water, the District provided deliveries totaling 4,482 AFY and 5,056 AFY for the years ended June 30, 2024 and 2023, respectively. The District recognized operating revenue of \$1,504,342 and \$1,479,373 for the treatment and delivery of water to GSWC for the years ended June 30, 2024 and 2023, respectively.

Rate Increase

The five year rate structure for the District is detailed in the "2020 Business Plan and Water Rate and Capital Facilities Fees Study". In 2021, Hildebrand Consulting, LLC updated the "Business Plan and Water Rate Study" portion which served as the basis for the District eliminating the use of a tiered rate structure. The study recommended and the Board of Directors approved 9.5% rate increases beginning January 1, 2021, 2022, 2023, 2024 and 2025. The increases in rates are necessary to meet the increasing costs of operations and to meet the continued demands of replacing and repairing costly infrastructure.

Net Position

As noted earlier, net position may serve over time as a useful indicator of the District's overall financial position, specifically whether the financial position of the District is improving or

Management's Discussion and Analysis

deteriorating as measured by net position increases or decreases. A net position increase will occur when the underlying assets and deferred outflows of the District exceed the underlying liabilities and deferred outflows. This measurement provides a quick indicator of the District's financial strength. At June 30, 2024, the District's financial condition again improved with net position increasing to \$78,286,885 (Table 1). The largest portion of the District's net position (66.4%) is contained within Net investment in Capital Assets representing land, buildings, and infrastructure and treatment plant assets. At the same time, total liabilities remained constant, further demonstrating the strength of the District. The District's restricted net position of \$241,084 represents resources subject to statutory or contractual restrictions and debt service requirements. Unrestricted net position is available for use in meeting the District's short term and long term operating needs and capital replacement needs. The Board of Directors can "earmark" (or designate) certain amounts of unrestricted net position to meet the financial strategic goals of the District.

TABLE 1
Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Assets:</u>			
Current and other assets	\$ 38,650,532	\$ 35,784,898	\$ 35,428,567
Capital assets, net of depreciation	76,517,999	71,074,788	65,454,326
Total Assets	<u>115,168,531</u>	<u>106,859,686</u>	<u>100,882,893</u>
<u>Deferred Outflows of Resources:</u>			
Deferred amount on refunding	73,979	87,430	100,880
Pensions	1,963,018	2,136,538	1,224,553
Other post-employment benefits (OPEB) contributions	1,503,775	1,590,613	1,308,601
Total Deferred Outflows	<u>3,540,772</u>	<u>3,814,581</u>	<u>2,634,034</u>
<u>Liabilities:</u>			
Current liabilities	6,077,929	4,064,066	3,779,073
Noncurrent liabilities	5,920,830	6,309,914	3,361,100
Long-term debt	27,555,976	29,304,752	31,023,528
Total Liabilities	<u>39,554,735</u>	<u>39,678,732</u>	<u>38,163,701</u>
<u>Deferred Inflows of Resources:</u>			
Pensions	270,958	230,495	1,806,120
Other post-employment benefits (OPEB)	590,596	187,053	328,285
Leases	6,129	18,386	
Total Deferred Inflows	<u>867,683</u>	<u>435,934</u>	<u>2,134,405</u>
<u>Net Position:</u>			
Net investment in capital assets	51,972,227	44,739,310	43,193,529
Restricted	241,084	1,140,935	654,404
Unrestricted	26,073,574	24,679,356	19,370,888
Total Net Position	<u>\$ 78,286,885</u>	<u>\$ 70,559,601</u>	<u>\$ 63,218,821</u>

Management's Discussion and Analysis

Results of Operations

Table 2 reflects the results of operations for the fiscal year ended June 30, 2024 in the Statements of Revenues, Expenses, and Changes in Net Position showing a net position increase for the year of \$7,727,284.

Operating revenues continue to trend upward in 2024 resulting from the rate increases effective January 1, 2021, July 1, 2021, and on January 1 of 2022, 2023 and 2024. The last of the Board approved rate changes will occur on January 1, of 2025. A water transfer sale occurred in 2023 in the amount of \$1,212,246, spiking retail water sales that year. There were no water transfer sales in 2024, but water consumption continued to increase despite the water rate increases. Nonoperating revenues overall remained consistent with last year but 2024 reflected a \$321,493 decrease in grant revenue overshadowed by a \$240,257 increase in investment income. Capital revenues fluctuate from year to year depending on development within the District's boundaries and for 2024, there were no significant developments submitted to the District.

Total expenses overall dipped slightly downward from last year by \$286,952 with large increases in some line items offset by large decreases in other line items. Increased expenses included a depreciation increase of \$420,549 due to an increase of assets placed in service in the fiscal year. Operating expenses decreased overall by \$599,340, with some divisions and line items incurring increases and others incurring large decreases. See the analysis of operating expense items in Table 4, "Expenses", below. The Nonoperating expenses decreased this year by \$108,161. This line item includes interest expense on the debt service of the 2019 COP bonds and losses on disposals of assets, if any. In 2024, there were only gains on disposals (reported in Nonoperating revenue) and no losses as there were in 2023, accounting for \$149,019 of the year over year change. Interest expense decreased \$30,525 due to the pay down of principal, rounding out the decrease.

TABLE 2

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues	\$ 18,250,695	\$ 17,700,227	\$ 14,933,084
Nonoperating revenues	1,562,908	1,581,458	262,160
Capital contributions	52,587	484,953	54,620
Total Revenues	<u>19,866,190</u>	<u>19,766,638</u>	<u>15,249,864</u>
Depreciation	2,543,024	2,122,475	2,121,368
Operating expenses	8,811,821	9,411,161	8,014,335
Nonoperating expenses	784,061	892,222	854,161
Total Expenses	<u>12,138,906</u>	<u>12,425,858</u>	<u>10,989,864</u>
Change in Net Position	7,727,284	7,340,780	4,260,000
Net Position at Beginning of Year	<u>70,559,601</u>	<u>63,218,821</u>	<u>58,958,821</u>
Net Position at End of Year	<u>\$ 78,286,885</u>	<u>\$ 70,559,601</u>	<u>\$ 63,218,821</u>

Management's Discussion and Analysis

Operating Revenues

Table 3 breaks down the operating revenues of the District. Operating revenues overall increased by a \$550,468 margin in 2024, for a total of \$18,250,695 as compared to 2023 operating revenue of \$17,700,227. Notably, though, is the increase within water sales itself with an increase of \$1,753,711. The increase is largely due to the Board approved rate increases beginning in 2021 and continuing through January 1 of 2024. Despite the rate changes, consumption of water continues to increase and has also contributed to the increase in water sales.

Water restrictions for the last two years have eased with sufficient rain and snowfall providing an end to the recent multi-year drought. Prolonged droughts, however, are still a large concern for California and the District and require ongoing monitoring for resource and financial planning. The last of the approved rate increases will occur next fiscal year on January 1, 2025, at which time another rate study will occur. The District is committed to prudent water sales revenue and water rates to ensure the Business Plan effort is followed for maintaining a strong financial position for future planning.

The District completed a water transfer in 2023 that did not occur in 2024, narrowing the margin of change year over of year for operating revenue by \$1,212,246. Water treatment and delivery services continue to remain stable with the ongoing Water Treatment and Delivery Agreement with Golden State Water Company (GSWC). See Note L – Commitments and Contingencies under the “Outside Boundary Sales and Agreements” section regarding this agreement.

TABLE 3
Operating Revenues

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Water sales	\$ 16,653,401	\$ 14,899,690	\$ 13,846,204
Connections and other fees	92,952	108,918	112,830
Outside boundary sales	0	1,212,246	0
Water treatment and delivery	1,504,342	1,479,373	974,050
Total Operating Revenue	\$ <u>18,250,695</u>	\$ <u>17,700,227</u>	\$ <u>14,933,084</u>

Management's Discussion and Analysis

Operating Expenses

Table 4 reflects the components of the operating expenses of the District (excluding depreciation) both divisional and non-divisional, with an overall net decrease of \$599,340. General and administrative expenses increased by \$354,390 primarily due to increased staffing to strengthen the Engineering department and for leave payouts upon staff resignation. Transmission and distribution expenses were kept below the prior year despite inflationary pressures. Pumping and treatment reflected the predominant decrease in operating expenses with expenses coming in \$1,215,097 less this year than last year. In 2023, this Division incurred substantial increases in expenses due to inflationary pressures on vendor supplies and services, catastrophic failure of membranes due to the multi-year drought and significant heavy equipment repairs that did not occur in 2024. Pension and OPEB expenses combined resulted in a net increase of \$278,842. These costs are determined by actuarial valuations and can fluctuate with assumption changes and investment return results.

TABLE 4
Operating Expenses

	<u>2024</u>	<u>2023</u>	<u>2022</u>
General and administrative	\$ 3,017,514	\$ 2,663,124	\$ 2,940,707
Transmission and distribution	1,647,259	1,664,734	1,952,453
Pumping and treatment (Including membrane expense)	2,719,871	3,934,968	2,817,442
Pension and OPEB	1,427,177	1,148,335	303,733
Total Operating Expenses*	<u>\$ 8,811,821</u>	<u>\$ 9,411,161</u>	<u>\$ 8,014,335</u>

*Excludes depreciation expense

Long - Term Debt

The District's long-term debt and related unamortized premium decreased this year by \$1,718,776 (Table 5). The decrease results from the 2024 principal payment of \$1,515,000 on the 2019 Series B Certificates of Participation and the related bond premium amortization of \$203,776. For additional detailed information on the District's Long-Term debt activity, see Note E - Long term Liabilities.

TABLE 5
Long - Term Debt

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Certificates of Participation	\$ 26,350,000	\$ 27,865,000	\$ 29,350,000
Unamortized premium	2,750,976	2,954,752	3,158,528
Total Long-Term Debt	<u>\$ 29,100,976</u>	<u>\$ 30,819,752</u>	<u>\$ 32,508,528</u>

Management's Discussion and Analysis

Debt Service Coverage Ratio

The debt service coverage ratio is a measurement required by the 2019 COP bond indenture covenants. The ratio demonstrates the District's ability to meet its debt obligations. Table 6 provides the year-to-year comparison of the debt service ratio. The 2019 COP bond indenture covenants require a minimum 1.20 coverage ratio. This fiscal year, the District again complied with the covenants arriving at a comfortable 4.41 coverage ratio.

TABLE 6
Debt Service Coverage Ratio

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Revenues:</u>			
Water sales	\$ 16,653,401	\$ 16,111,936	\$ 13,846,204
Other revenue	3,160,202	3,169,749	1,349,040
Total Revenues	<u>19,813,603</u>	<u>19,281,685</u>	<u>15,195,244</u>
<u>Operating and Maintenance Expenses:</u>			
General and administrative services	3,017,514	2,663,124	2,940,707
Transmission and distribution	1,647,259	1,664,734	1,952,453
Pumping and treatment	2,719,871	3,934,968	2,817,442
Pension and OPEB	1,427,177	1,148,335	303,733
Total Operating and Maintenance Expenses*	<u>8,811,821</u>	<u>9,411,161</u>	<u>8,014,35</u>
Net Revenues	\$ <u>11,001,782</u>	\$ <u>9,870,524</u>	\$ <u>7,180,909</u>
<u>Debt Service:</u>			
Certificates of Participation	\$ 2,494,620	\$ 2,494,706	\$ 2,497,694
Debt Service Coverage Ratio	4.41x	3.96x	2.87x
Debt Service Coverage Ratio Requirement	1.20x	1.20x	1.20x

*Excludes depreciation expense

Management's Discussion and Analysis

Capital Assets

The District continued its strategic plan to allocate resources to replace aging infrastructure and assets and invest in water reliability infrastructure. Table 7 is a listing of the District's capital assets. This year, the District invested \$2,432,268 in completed capital assets, with an additional \$5,564,358 in construction in progress. Significant Distribution projects completed include the San Juan Waterline and the Glenbrook Water Line. Production invested in Raw Water pumps, a compressor replacement and membrane replacements. Ongoing Multi-year major Construction in Progress projects include the La Vista Tank, and the La Sierra and Winding Way Well replacements. See Note C - Capital Assets of the audited financial statements for a summary of the capital asset activity.

TABLE 7
Capital Assets

	<u>2024</u>		<u>2023</u>		<u>2022</u>
<u>Capital Assets Not Being Depreciated:</u>					
Land, franchise and water rights	\$ 553,227	\$	553,227	\$	553,227
Construction-in-progress	18,646,225		13,081,867		6,323,323
Total Capital Assets Not Being Depreciated	<u>19,199,452</u>		<u>13,635,094</u>		<u>6,876,550</u>
<u>Capital Assets Being Depreciated:</u>					
Pumping plant	36,740,345		35,675,680		35,392,519
Transmission and distribution	77,448,360		72,279,383		71,682,366
Transportation/equipment	1,328,506		1,244,780		1,240,484
Building and improvements	10,883,785		10,640,982		10,640,982
Machinery and equipment	248,111		251,704		251,704
Information technology	998,240		986,117		954,033
Furniture and fixtures	112,194		112,194		112,194
Total Capital Assets Being Depreciated	<u>127,759,541</u>		<u>121,190,840</u>		<u>120,274,282</u>
Less: Accumulated depreciation	<u>(65,741,493)</u>		<u>(63,751,146)</u>		<u>(61,696,506)</u>
Net Capital Assets Being Depreciated	<u>62,018,048</u>		<u>57,439,694</u>		<u>58,577,776</u>
Net Capital Assets	\$ <u>76,517,999</u>	\$	<u>71,074,788</u>	\$	<u>65,454,326</u>

Cash and Cash Equivalents

The District's cash position at June 30, 2024 is \$34,329,145 representing all cash held by the District, including cash held by the trustee (Restricted cash). Table 8 is a detailed listing of the components of the cash position. See Note B – Cash and Cash Equivalents of the audited financial statements for additional information.

Management's Discussion and Analysis

Cash

Operating cash is the working capital used by the District to conduct its day-to-day operations. Expenditures flowing from this account are board approved through the annual budget process. All revenue sources, except for the collection of facility fees, as discussed below, are deposited to this account. Cash increased \$10,476,629 from operating activities and \$1,752,555 from proceeds from grant revenues . Capital and related financing activities used cash in the amount of \$9,756,331 primarily for investments in acquisition and construction of capital assets and debt service. The District did receive \$2,500,000 in advanced grant proceeds to be used for grant funded capital projects in the upcoming fiscal year. The District increased its investment receipts by \$230,322 by moving idle cash reserves to an investment account. Certain capital and related financing activities were funded from restricted cash. Cash on hand is the imprest cash held for petty cash disbursements and the cash register change drawer.

Board – Designated Cash

The key to long-term financial stability is the ability to anticipate and prepare for significant financial obligations. To achieve this, the District believes that a portion of its cash should be held in reserve. Board-designated accounts are for specific purposes and are established by the Board of Directors per the Reserve Policy. Portions of these funds have been funded during the annual budget process. The adequacy of the target reserves and/or annual contributions are reviewed annually during the budgeting and rate setting process and may be revised as necessary. The use of the reserves for membrane replacement is Board authorized and is the reason for accumulating and designating an annual membrane funding amount each year.

Restricted Cash

The District's restricted cash are those accounts held by the trustee and or held by the District that are constrained through external requirements as to their usage. The unspent bond proceeds capital asset project fund and debt service accounts are held by the trustee and represent funds required to be used to construct or acquire capital assets and pay down long-term debts, respectively. The facility fees cash holds the collection of developer fees charged by the District for connections to the District's distribution infrastructure. These fees are restricted to capital expenditures by law.

Management's Discussion and Analysis

Table 8
Cash and Cash Equivalents

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Cash - Unrestricted and Undesignated:</u>			
Operating cash	\$ 7,441,791	\$ 7,582,452	\$ 9,006,328
Cash on hand	650	650	800
Total Cash - Unrestricted and Undesignated	<u>7,442,441</u>	<u>7,583,102</u>	<u>9,007,128</u>
<u>Board - Designated Cash:</u>			
Capital replacement reserve	9,797,266	8,293,444	5,408,344
Operating reserve fund	5,982,004	5,628,830	3,753,939
Filter skid reserve	1,974,354	1,300,000	650,000
Sacramento County impact projects reserve		592,920	400,000
Rate stabilization fund	500,000	500,000	500,000
Membrane replacement fund	83,608	-	889,704
Total Cash - Board Designated	<u>18,337,232</u>	<u>16,315,194</u>	<u>11,601,987</u>
Total Cash and Cash Equivalents	<u>25,779,673</u>	<u>23,898,296</u>	<u>20,609,115</u>
<u>Restricted Cash:</u>			
Capital assets	8,308,658	6,356,923	10,146,852
Debt service	2,820	851	7
Facility fees	237,994	1,140,084	654,397
Total Cash - Restricted	<u>8,549,472</u>	<u>7,497,858</u>	<u>10,801,256</u>
Total Cash and Investments	<u>\$ 34,329,145</u>	<u>\$ 31,396,154</u>	<u>\$ 31,410,371</u>

Other Post-Employment Benefits (OPEB) Funding

As recommended in the 2015 Business Plan, the Board approved establishing an annual funding of OPEB into the California Employer's Retiree Benefit Trust (CERBT) starting in fiscal year 2017. The Board then established in the Directors' Reserve Policy to annually fund the Trust account until the unfunded liability is fully funded. Accordingly, an additional \$200,000 was contributed during each of the years ended June 30, 2024 and 2023. This is the seventh year of providing additional funding to the OPEB trust. In addition, the District is paying the annual retiree medical premiums outside of the trust through the annual budget which reduces the District's OPEB liability. Annual funding of the plan will occur with each fiscal year budget adoption and be coordinated with each actuarial assessment.

Management's Discussion and Analysis

CalPERS Unfunded Actuarial Liability (UAL) Funding

The District recognizes its commitments to employees for retirement benefits and in accordance with the 2020 Business Plan and Water Rate Study, established an annual pay down reserve in the Directors' Reserve policy. The policy provides that the District will annually fund the reserve to pay down pension amortization bases within the UAL until it is fully funded. For the fiscal year ended June 30, 2024, the District contributed an additional \$300,000 toward the Unfunded Actuarial Liability.

Economic Factors

The District's Board of Directors and management staff consider many factors when setting the fiscal year budget. An increase in climate change-driven drought conditions combined with new water conservation laws pose risks to the District's revenue flow that require significant considerations when developing water rates. The District continues with maintaining a meter replacement program as an important part of a modern and responsibly managed utility. And while water use reductions are in part a benefit of metering, which has resulted in a greater awareness of water use by District customers, effective customer response to changing water use practices, and regional and District-led implementation of water conservation demand management measures, it also can present challenges in managing the cost of service and maintaining sufficient revenue.

In response to prior water use restrictions, the District adopted water shortage surcharges to assist with potential revenue gaps. As indicated previously, a new water rate study will be initiated in 2025 to reassess the District's financial structure for at least the next five years and provide support for potentially more demanding water use restrictions and/or more frequent long duration drought.

Inflationary and supply chain impacts are other considerations that management staff continually monitor to ensure that overall expenses stay within budget. The District is careful to consider the nature, timing and extent of its resources when developing the annual budget and is mindful of the long range goals and needs.

Long-Term Infrastructure Liability and Planning

Aging infrastructure is a present challenge for all water districts. The District assets and facilities range in age and condition and include buried pipelines for transmission and distribution of treated water, above ground water supply treatment and pumping plants, groundwater wells, buildings, and storage. Planned maintenance, rehabilitation and replacement of these assets are essential to the long-term sustainability of District operation and are the largest District liability.

Management's Discussion and Analysis

The District has been proactive under the recent water rate increases to increase infrastructure replacement efforts by replacing aging pipelines and failing water service lines. As the District experienced curtailments from using American River surface water during recent droughts, the District is also prioritizing investments in ground water supply by building Aquifer Recharge and Storage (ASR) wells to ensure uninterrupted water supply for drought resiliency. The new wells will provide the ability to bank surface water during periods of low demand and high surface water availability during the winter season and then, the water can be extracted during times of droughts and curtailment when surface water is not available.

The "2020 Business Plan and Water Rate and Capital Facilities Fees Study" provided the analysis, findings, and recommendations for the ongoing operation and maintenance of the District and its assets. The "2020 Business Plan and Water Rate Study", which was updated by Hildebrand Consulting, LLC, also identified operating and debt expenditures with a 10 year capital spending plan.

To further the infrastructure planning, management staff monitors and adjusts infrastructure replacement annually during the budget process based on District needs. Staff is also aggressively pursuing grant funding sources to provide for the construction of the ASR wells. For longer term planning and to reduce the potential for incurring long-term debt, the Board continually revises the Reserve Policy to provide additional reserve funding to provide a buildup of reserves for significant long-term infrastructure projects.

Contacting the District's Financial Management

This financial report is designed to provide our rate paying customers, investors and creditors a general overview of the District's finances and to show the District's accountability for the money it receives. If there are any questions about this report or requests for additional financial information, please contact the District at (916) 483-2452.



Basic Financial Statements

CARMICHAEL WATER DISTRICT

Statements of Net Position

June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 25,779,673	\$ 23,898,296
Accounts receivable		
Current services	2,103,948	1,769,791
Outside boundary	746,295	419,632
Grants	506,712	1,296,838
Other	101,798	6,290
Accrued interest receivable	80,557	39,388
Inventory	495,605	513,025
Prepaid expenses	143,580	187,209
Total Current Assets	29,958,168	28,130,469
Noncurrent Assets:		
Restricted assets:		
Cash and cash equivalents	8,549,472	7,497,858
Total Restricted Assets	8,549,472	7,497,858
Capital Assets:		
Nondepreciable	14,499,951	13,635,094
Depreciable, net of accumulated depreciation	62,018,048	57,439,694
Total Capital Assets, Net	76,517,999	71,074,788
Other Assets:		
Lease receivable		13,250
Investment in electrical power	142,892	143,321
Total Other Assets	142,892	156,571
Total Noncurrent Assets	85,210,363	78,729,217
TOTAL ASSETS	115,168,531	106,859,686
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	73,979	87,430
Pensions	1,963,018	2,136,538
Other postemployment benefits (OPEB)	1,503,775	1,590,613
TOTAL DEFERRED OUTFLOWS	3,540,772	3,814,581

Continued

CARMICHAEL WATER DISTRICT
Statements of Net Position (Continued)
June 30, 2024 and 2023

	2024	2023
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,385,684	\$ 1,809,830
Accrued expenses and other liabilities	98,038	53,481
Unearned revenue	89,725	95,536
Unearned grant revenue	2,500,000	
Accrued interest payable	160,653	165,887
Retention payable	297,415	422,918
Current portion of noncurrent liabilities	1,546,414	1,516,414
Total Current Liabilities	6,077,929	4,064,066
Noncurrent Liabilities:		
Certificates of participation, net of current portion	27,555,976	29,304,752
Compensated absences	216,997	184,838
Unearned lease revenue	115,017	116,431
Net pension obligation	3,325,825	3,244,862
Net OPEB obligation	2,262,991	2,763,783
Total Noncurrent Liabilities	33,476,806	35,614,666
TOTAL LIABILITIES	39,554,735	39,678,732
DEFERRED INFLOWS OF RESOURCES		
Pensions	270,958	230,495
OPEB	590,596	187,053
Leases	6,129	18,386
TOTAL DEFERRED INFLOWS	867,683	435,934
NET POSITION		
Net investment in capital assets	51,972,227	44,739,310
Restricted for debt service	2,820	851
Restricted for capital facilities	238,264	1,140,084
Unrestricted	26,073,574	24,679,356
TOTAL NET POSITION	\$ 78,286,885	\$ 70,559,601

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

CARMICHAEL WATER DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Retail water sales	\$ 16,653,401	\$ 14,899,690
Others fees and charges	92,952	108,918
Total retail water sales	16,746,353	15,008,608
Outside boundary sales		1,212,246
Water treatment and delivery charges	1,504,342	1,479,373
Total outside boundary sales	1,504,342	2,691,619
TOTAL OPERATING REVENUES	18,250,695	17,700,227
OPERATING EXPENSES		
Pumping and treatment	2,719,871	3,934,968
Transmission and distribution	1,647,259	1,664,734
General and administrative	3,017,514	2,663,124
Depreciation and amortization	2,543,024	2,122,475
Pension expense adjustment	994,892	473,715
Other post-employment benefits (OPEB)	432,285	674,620
TOTAL OPERATING EXPENSES	11,354,845	11,533,636
NET INCOME FROM OPERATIONS	6,895,850	6,166,591
NON-OPERATING (EXPENSES) REVENUES		
Other revenue	18,187	26,810
Grant revenue	962,429	1,283,922
Interest from investment in electrical power	11,828	11,644
Investment income earned	489,050	248,793
Reimbursements	10,031	10,289
Gain (loss) on disposal of capital assets	71,383	(77,636)
Interest expense	(784,061)	(814,586)
TOTAL NON-OPERATING (EXPENSES) REVENUES	778,847	689,236
Net Income before Capital Contributions	7,674,697	6,855,827
CAPITAL CONTRIBUTIONS		
Facility fees and other capital revenues	52,587	484,953
TOTAL CAPITAL CONTRIBUTIONS	52,587	484,953
CHANGE IN NET POSITION	7,727,284	7,340,780
Net position at beginning of year	70,559,601	63,218,821
NET POSITION AT END OF YEAR	\$ 78,286,885	\$ 70,559,601

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

CARMICHAEL WATER DISTRICT

Statements of Cash Flows

For the Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 17,638,983	\$ 18,806,368
Cash payments to suppliers for goods and services	(3,597,640)	(6,813,978)
Cash payments to employees for services	(3,564,714)	(2,453,048)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,476,629	9,539,342
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from grant revenues	1,752,555	
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,752,555	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions and construction of capital assets	(9,882,622)	(7,837,808)
Proceeds from capital grant revenues	2,500,000	
Proceeds from sale of capital assets	81,775	77,636
Principal paid on long-term debt	(1,515,000)	(1,485,000)
Interest paid on long-term debt	(993,071)	(1,023,156)
Facility fees collected	52,587	484,953
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,756,331)	(9,783,375)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	447,881	217,559
Receipts from investment in electrical power	12,257	12,257
NET CASH PROVIDED BY INVESTING ACTIVITIES	460,138	229,816
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,932,991	(14,217)
Cash and cash equivalents at beginning of year	31,396,154	31,410,371
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 34,329,145	\$ 31,396,154
Cash and cash equivalents - financial statement classification		
Cash and cash equivalents	\$ 25,779,673	\$ 23,898,296
Restricted cash and cash equivalents	8,549,472	7,497,858
TOTAL CASH AND CASH EQUIVALENTS	\$ 34,329,145	\$ 31,396,154

Continued

CARMICHAEL WATER DISTRICT

Statements of Cash Flows (Continued)

For the Years Ended June 30, 2024 and 2023

	2024	2023
RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 6,895,850	\$ 6,166,591
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,543,024	2,122,475
Amortization of unearned lease revenue	(1,414)	(1,414)
Amortization of deferred amortization on refunding	13,451	13,451
Write-off construction in process costs	1,253,351	
Nonoperating revenues received	28,218	1,260,619
Deferred inflows from leases	13,250	18,386
(Increase) Decrease in:		
Accounts receivable	(756,328)	(378,699)
Grants receivable		(1,192,752)
Inventory	17,420	(61,538)
Prepaid expense	43,629	(106,938)
Noncurrent capacity sale receivable		1,400,000
Deferred outflows	260,358	(1,193,997)
Accounts payable	82,995	249,898
Accrued expenses and other liabilities	44,557	9,694
Unearned revenue	(5,811)	30,902
Compensated absences	32,159	12,037
Net OPEB obligation	(500,792)	478,476
Net pension obligation	80,963	2,429,008
Deferred inflows	431,749	(1,716,857)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 10,476,629</u>	<u>\$ 9,539,342</u>
NON CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Amortization of deferred amount on refunding	\$ 13,451	\$ 13,451
Amortization of premium on certificates of participation	203,776	203,776
Gain on investment in electrical power	429	613
Gain on disposal of capital assets	71,383	

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

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements

June 30, 2024 and 2023

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Carmichael Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was established in 1916 as an irrigation district located in the central portion of Sacramento County northeast of the City of Sacramento and north of the lower American River. The area served by the District encompasses approximately eight square miles and serves a population of approximately 37,897. The District is predominately residential in character, with interspersed commercial areas. The District is governed by a Board of Directors consisting of five directors elected by residents of the District. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the Carmichael Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation – Fund Accounting: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned. Earned but unbilled water services are accrued as revenue.

CARMICHAEL WATER DISTRICT
Notes to the Basic Financial Statements (Continued)
June 30, 2024 and 2023

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized as transmission and distribution.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both unrestricted and restricted resources are available for use, it is the District's policy to use unrestricted resources first, then restricted resources as they are needed.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net assets by the government that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until then. *Deferred inflows of resources* represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows and inflows of resources represent amounts deferred related to the District's pension and OPEB plan as described in Notes H and I, and for deferred amounts related to bond refundings.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities 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, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants. The "reserve" account is used to report resources set aside to make up for potential future deficiencies in the Certificates of Participation debt service. The District also had unspent facility fees classified as restricted cash and cash equivalents.

Allowance for Doubtful Accounts: Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. Management believes that all accounts receivable were fully collectible; therefore no allowance for doubtful accounts was recorded as of June 30, 2024 and 2023.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued at average cost.

Lease Receivable: The District is a lessor for noncancellable leases of facilities and transmission capacity. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements related to these leases.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Self-constructed assets are recorded based on the amount of direct labor and materials charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Description	Estimated Life
Pumping and treatment	10-50 years
Distribution infrastructure	10-75 years
Buildings and improvements	10-40 years
Construction projects	10-75 years
Transportation equipment	7-20 years
Information technology	3-7 years
Machinery and equipment	5-7 years
Furniture and fixtures	5-10 years

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of \$5,000 to \$10,000 or more, depending on the asset type. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Depreciation expense aggregated \$2,543,024 and \$2,122,475 for the years ended June 30, 2024 and 2023, respectively, and is included with depreciation and amortization expense.

CARMICHAEL WATER DISTRICT
Notes to the Basic Financial Statements (Continued)
June 30, 2024 and 2023

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Bond Premiums and Bond Issuance Costs: Bond premiums are deferred and amortized over the lives of the bonds. Bonds payable are reported net of the applicable bond premiums. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Compensated Absences: The District's policy allows employees to accumulate earned but unused vacation which will be paid to employees upon separation from the District's service. The cost of vacation is recognized in the period earned.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB): 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 the 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 due and payable in accordance with the benefit terms. Investments are reported at fair value.

Reclassifications: Certain 2023 amounts have been reclassified to conform to the 2024 financial statement presentation. The reclassification had no effect on total net position or change in net position.

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. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements. The provisions of this Statement are effective for years beginning after December 15, 2023.

CARMICHAEL WATER DISTRICT
Notes to the Basic Financial Statements (Continued)
June 30, 2024 and 2023

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a government that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. The provisions of this Statement are effective for years beginning after June 15, 2024.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement will result in changes to the financial reporting model including the Management’s Discussion and Analysis, display of inflows and outflows of unusual and infrequent items, and changing the definition of proprietary fund nonoperating revenues and expenses. The provisions of this Statement are effective for years beginning after June 15, 2025.

In September 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. This provisions of this Statement are effective for fiscal years beginning after June 15, 2025.

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

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 are classified in the accompanying financial statements as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 25,779,673	\$ 23,898,296
Restricted assets:		
Cash and cash equivalents	<u>8,549,472</u>	<u>7,497,858</u>
Total cash and investments	<u>\$ 34,329,145</u>	<u>\$ 31,396,154</u>

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CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Cash and cash equivalents as of June 30 consisted of the following:

	2024	2023
Cash on hand	\$ 650	\$ 650
Deposits with financial institutions	23,415,031	23,084,485
Total cash	<u>23,415,681</u>	<u>23,085,135</u>
Money market mutual funds	5,811,478	6,357,773
Investments in Local Agency Investment Fund	5,101,986	1,953,246
Total investments	<u>10,913,464</u>	<u>8,311,019</u>
Total cash and investments	<u>\$ 34,329,145</u>	<u>\$ 31,396,154</u>

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

During the year ended June 30, 2024 and 2023, the District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	30%	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	30%	None
California Local Agency Obligations	5 years	30%	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	15%	None
Money Market Mutual Funds	N/A	15%	10%
LAIF	N/A	\$75 million	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
California Local Agency Investment Fund	N/A	None	None
County Pooled Investments	N/A	None	None
Time Deposits	5 years	None	None

*Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions.

The District complied with the provisions of the California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The 2019 Revenue Certificates of Participation debt agreement contains certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	None	None	None
Certificates of Deposits	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
LAIF	N/A	None	None

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, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2024 and 2023:

	<u>June 30, 2024</u>		
	Remaining Maturity (in Months)		
	Total	12 Months or Less	13-24 Months
Held by bond trustee:			
Money market mutual funds	\$ 5,811,478	\$ 5,811,478	
LAIF	5,101,986	5,101,986	
Total	<u>\$ 10,913,464</u>	<u>\$ 10,913,464</u>	<u>\$ -</u>

	<u>June 30, 2023</u>		
	Remaining Maturity (in Months)		
	Total	12 Months or Less	13-24 Months
Held by bond trustee:			
Money market mutual funds	\$ 6,357,773	\$ 6,357,773	
LAIF	1,953,246	1,953,246	
Total	<u>\$ 8,311,019</u>	<u>\$ 8,311,019</u>	<u>\$ -</u>

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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 is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>June 30, 2024</u>		Minimum	Exempt from Disclosure	Ratings as of Year End	
	Total	Legal Rating		AAA	Not Rated
Held by bond trustee:					
Money market mutual funds	\$ 5,811,478	AAA		\$ 5,811,478	
LAIF	5,101,986	N/A			\$ 5,101,986
	<u>\$ 10,913,464</u>		<u>\$ -</u>	<u>\$ 5,811,478</u>	<u>\$ 5,101,986</u>
<u>June 30, 2023</u>		Minimum	Exempt from Disclosure	Ratings as of Year End	
	Total	Legal Rating		AAA	Not Rated
Held by bond trustee:					
Money market mutual funds	\$ 6,357,773	AAA		\$ 6,357,773	
LAIF	1,953,246	N/A			\$ 1,953,246
	<u>\$ 8,311,019</u>		<u>\$ -</u>	<u>\$ 6,357,773</u>	<u>\$ 1,953,246</u>

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury obligations, U.S. Agency Securities and LAIF. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

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 the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a

CARMICHAEL WATER DISTRICT
Notes to the Basic Financial Statements (Continued)
June 30, 2024 and 2023

NOTE B – CASH AND CASH EQUIVALENTS (Continued)

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 (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2024, the carrying amount of the District’s deposits were \$23,415,031 and the balances in financial institutions were \$23,306,005 and of this amount \$23,056,005 was not insured by federal depository insurance. As of June 30, 2024, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

<u>Reported Investment Type</u>	<u>Amount</u>
Money market mutual funds	\$ 5,811,478

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$178,255,132,764 managed by the State Treasurer. Of that amount, 3% is invested in structured notes and asset-backed securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’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.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The fair values of certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on the certificates to a schedule of aggregated contractual maturities on such time deposits, which are level 2 inputs. The District’s investment in the money market mutual fund is considered Level 2 because the value is calculated using amortized cost of the securities held in the fund, not the market value.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 and 2023 is as follows:

	Balance July 1, 2023	Additions	Deletions	Transfers	Balance June 30, 2024
Capital assets not being depreciated:					
Land, franchises and water rights	\$ 553,227				\$ 553,227
Construction in progress	13,081,867	\$ 6,817,710	\$ (1,253,352)	\$ (4,699,501)	18,646,225
	<u>13,635,094</u>	<u>6,817,710</u>	<u>(1,253,352)</u>	<u>(4,699,501)</u>	<u>19,199,452</u>
Capital assets being depreciated:					
Pumping plant	35,675,680	1,305,266	(314,898)	74,297	36,740,345
Transmission and distribution	72,279,383	687,219		4,481,758	77,448,360
Buildings and improvements	10,640,982	99,357		143,446	10,883,785
Transportation equipment	1,244,780	320,222	(236,496)		1,328,506
Information technology	986,117	12,123			998,240
Machinery and equipment	251,704	8,081	(11,674)		248,111
Furniture and fixtures	112,194				112,194
	<u>121,190,840</u>	<u>2,432,268</u>	<u>(563,068)</u>	<u>4,699,501</u>	<u>127,759,541</u>
Less accumulated depreciation:					
Pumping plant	(20,912,172)	(962,438)	314,898		(21,559,712)
Transmission and distribution	(34,663,805)	(1,202,082)			(35,865,887)
Buildings and improvements	(6,063,662)	(262,300)			(6,325,962)
Transportation equipment	(854,392)	(73,490)	226,104		(701,778)
Information technology	(931,867)	(24,461)			(956,328)
Machinery and equipment	(218,525)	(16,885)	11,675		(223,735)
Furniture and fixtures	(106,723)	(1,368)			(108,091)
	<u>(63,751,146)</u>	<u>(2,543,024)</u>	<u>552,677</u>		<u>(65,741,493)</u>
Net capital assets being depreciated	<u>57,439,694</u>	<u>(110,756)</u>	<u>(10,391)</u>	<u>4,699,501</u>	<u>62,018,048</u>
Net capital assets	<u>\$ 71,074,788</u>	<u>\$ 6,706,954</u>	<u>\$ (1,263,743)</u>	<u>\$ -</u>	<u>\$ 76,517,999</u>

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE C – CAPITAL ASSETS (Continued)

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets not being depreciated:					
Land, franchises and water rights	\$ 553,227				\$ 553,227
Construction in progress	6,323,323	\$ 7,285,805	\$ (527,261)		13,081,867
	<u>6,876,550</u>	<u>7,285,805</u>	<u>(527,261)</u>		<u>13,635,094</u>
Capital assets being depreciated:					
Pumping plant	35,392,519	283,161			35,675,680
Transmission and distribution	71,682,366	686,683	(89,666)		72,279,383
Buildings and improvements	10,640,982				10,640,982
Transportation equipment	1,240,484	66,401	(62,105)		1,244,780
Information technology	954,033	43,019	(10,935)		986,117
Machinery and equipment	251,704				251,704
Furniture and fixtures	112,194				112,194
	<u>120,274,282</u>	<u>1,079,264</u>	<u>(162,706)</u>		<u>121,190,840</u>
Less accumulated depreciation:					
Pumping plant	(20,336,907)	(575,265)			(20,912,172)
Transmission and distribution	(33,495,185)	(1,163,414)	(5,206)		(34,663,805)
Buildings and improvements	(5,778,394)	(285,268)			(6,063,662)
Transportation equipment	(858,549)	(57,948)	62,105		(854,392)
Information technology	(929,088)	(13,715)	10,936		(931,867)
Machinery and equipment	(193,028)	(25,497)			(218,525)
Furniture and fixtures	(105,355)	(1,368)			(106,723)
	<u>(61,696,506)</u>	<u>(2,122,475)</u>	<u>67,835</u>		<u>(63,751,146)</u>
Net capital assets being depreciated	<u>58,577,776</u>	<u>(1,043,211)</u>	<u>(94,871)</u>		<u>57,439,694</u>
Net capital assets	<u>\$ 65,454,326</u>	<u>\$ 6,242,594</u>	<u>\$ (622,132)</u>	<u>\$ -</u>	<u>\$ 71,074,788</u>

NOTE D – INVESTMENT IN ELECTRICAL POWER

The District participates in the California-Oregon Transmission Project (Project), a Joint Powers Authority (JPA), which is a project of the Department of Energy, Western Area Power Administration. The Project is governed by a management committee, which is chaired by a representative of the Transmission Agency of Northern California with each participant in the Project having representation on the Management Committee. The District applied for and received an allocation of 1MW (megawatt) of power (capacity and associated energy) in exchange for an investment as a participant in the construction of the transmission line.

The District has a 0.065% equity interest in the net assets of the Project as defined in the Long-Term Participation Agreement. The District also has an obligation to finance 0.065% of the net losses of the Project; it also has the right to receive 0.065% of the operating results of the Project income. The District's net investment and its share of the operating results of the Project are reported as Investment in Electrical Power.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE D – INVESTMENT IN ELECTRICAL POWER (Continued)

The Project's unaudited financial statements for the year ended June 30, 2024 and 2023, are available from the California-Oregon Transmission Project at Post Office Box 15140, Sacramento, California 95851-5140. The following is the summarized unaudited financial information for the Project as of and for the years ended June 30:

	2024	2023
Statements of Net Position		
Assets	\$ 277,195,575	\$ 276,561,080
Liabilities	(54,281,480)	(53,399,197)
Deferred inflow	(1,383,737)	(1,009,368)
Net Position	<u>\$ 221,530,358</u>	<u>\$ 222,152,515</u>
Statements of Revenues, Expenses, and Changes in Net Position		
Operating revenues	\$ 21,078,005	\$ 18,418,354
Operating expenses	(27,794,067)	(21,679,634)
Operating loss	(6,716,062)	(3,261,280)
Nonoperating revenues (expenses)	347,801	(3,161,424)
Change in Net Position Before Adjustments	(6,368,261)	(6,422,704)
Adjustments to Net Position for Capital Improvements	5,746,104	5,534,279
Change in Net Position	<u>\$ (622,157)</u>	<u>\$ (888,425)</u>
District's Share of Net Position	<u>\$ 142,892</u>	<u>\$ 143,321</u>

NOTE E – LONG-TERM LIABILITIES

The activity of the District's long-term liabilities during the years ended June 30, was as follows:

	Balance July 1, 2023	Additions	(Reductions)	Balance June 30, 2024	Due Within One Year
Certificates of Participation:					
2019 Series A	\$ 16,510,000			\$ 16,510,000	
2019 Series B	11,355,000		\$ (1,515,000)	9,840,000	\$ 1,545,000
Add: Unamortized premium	2,954,752		(203,776)	2,750,976	
	<u>30,819,752</u>		<u>(1,718,776)</u>	<u>29,100,976</u>	<u>1,545,000</u>
Compensated absences	184,838	\$ 212,647	(180,488)	216,997	
Unearned lease revenue	117,845		(1,414)	116,431	1,414
Net pension obligation	3,244,862	842,019	(761,056)	3,325,825	
Net OPEB obligation	<u>2,763,783</u>	<u>397,715</u>	<u>(898,507)</u>	<u>2,262,991</u>	
	<u>\$ 37,131,080</u>	<u>\$ 1,452,381</u>	<u>\$ (3,560,241)</u>	<u>\$ 35,023,220</u>	<u>\$ 1,546,414</u>

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE E – LONG TERM LIABILITIES (Continued)

	Balance July 1, 2022	Additions	(Reductions)	Balance June 30, 2023	Due Within One Year
Certificates of Participation:					
2019 Series A	\$ 16,510,000			\$ 16,510,000	
2019 Series B	12,840,000		\$ (1,485,000)	11,355,000	\$ 1,515,000
Less: Unamortized premium	3,158,528		(203,776)	2,954,752	
	<u>32,508,528</u>		<u>(1,688,776)</u>	<u>30,819,752</u>	<u>1,515,000</u>
Compensated absences	172,801	\$ 59,662	(47,625)	184,838	
Unearned lease revenue	119,259		(1,414)	117,845	1,414
Net pension obligation	815,854	4,558,138	(2,129,130)	3,244,862	
Net OPEB obligation	<u>2,285,307</u>	<u>1,072,636</u>	<u>(594,160)</u>	<u>2,763,783</u>	
	<u>\$ 35,901,749</u>	<u>\$ 5,690,436</u>	<u>\$ (4,461,105)</u>	<u>\$ 37,131,080</u>	<u>\$ 1,516,414</u>

The District's long-term liabilities consist of the following:

2019 Water Revenue Certificates of Participation Series A

In November 2019 the Corporation issued the 2019 Water Revenue Certificates of Participation Series A (Series A Certificates) to finance the acquisition and construction of certain water storage, pumping, treatment, transmission and appurtenant facilities for the water supply, treatment and distribution system of the District; and to pay certain costs incurred in connection with the execution and delivery of the Series A Certificates, including an original issue premium of \$3,667,968, which is being amortized over the life of the Series A Certificates. Amortization of the premium totaled \$203,776 for each of the years ended June 30, 2024 and 2023, and has been included as a reduction of interest expense.

The Series A Certificates have interest rates ranging from 5% to 4% with maturity dates from November 2030 through November 2037. The Series A Certificates outstanding totaled \$16,510,000 at June 30, 2024 and 2023. Accrued interest payable on the Series A Certificates totaled \$119,267 at June 30, 2024 and 2023.

2019 Water Revenue Refunding Certificates of Participation Series B

In November 2019, the Corporation issued the 2019 Water Revenue Refunding Certificates of Participation Series B (Series B Certificates) to refund and defease the 2010 Water Revenue Refunding Certificates of Participation, and to pay certain costs incurred in connection with the execution and delivery of the Series B Certificates.

The Series B Certificates have interest rates ranging from 1.834% to 2.739% with maturity dates from November 2020 through November 2029. The Series B Certificates outstanding totaled \$9,840,000 and \$11,355,000 at June 30, 2024 and 2023, respectively. Accrued interest payable on the Series B Certificates totaled \$41,386 and \$46,620 at June 30, 2024 and 2023, respectively.

Although the refunding resulted in a deferred amount on refunding of \$134,507, the District in effect reduced the aggregate debt service payments by \$4,187,218 over the next ten years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,583,903. The deferred amount on refunding is being amortized over the remaining life of the refunded debt. Amortization of the 2010 deferred amount on refunding totaled \$13,451 for each of the

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE E – LONG TERM LIABILITIES (Continued)

years ended June 30, 2024 and 2023, and is included in interest expense. The deferred amount or refunding was \$73,979 and \$87,430 at June 30, 2024 and 2023, respectively.

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2019 Certificates of Participation in the original amount of \$32,285,000. The Certificates of Participation are payable solely from water customer net revenues and are payable through November 2037 for Series A and November 2029 for Series B. Total principal and interest remaining to be paid on the Certificates of Participation was \$34,313,379 and \$37,305,659 at June 30, 2024 and 2023. Total principal and interest paid was \$2,494,620 and the total water system net revenues were \$11,001,782 for the year ended June 30, 2024. Total principal and interest paid was \$2,494,705 and the total water system net revenues were \$9,870,524 for the year ended June 30, 2023.

The District maintains a ratio of at least 120% in such fiscal year. For the years ended June 30, 2024 and 2023, the District's net revenues were 441% and 396% of debt service payments, respectively.

The following is a schedule of maturities for the certificates of participation:

	Principal	Interest
For the Year Ended June 30:		
2025	\$ 1,545,000	\$ 947,131
2026	1,580,000	911,566
2027	1,615,000	872,786
2028	1,655,000	830,946
2029	1,700,000	786,252
2030-2034	9,295,000	2,880,298
2035-2038	8,960,000	734,400
	\$ 26,350,000	\$ 7,963,379

NOTE F – LEASE

Facilities Lease: The District entered into a long-term lease agreement in November 2007, with a private company for certain District facilities, to construct a groundwater extraction treatment system, water conveyance facilities and groundwater extraction wells that benefit the District's operations. The District received \$140,000 when the lease was executed, and recognizes revenue annually using an estimated discount rate of 3.4% through October 2106. The unearned lease revenue totaled \$116,431 and \$117,845 at June 30, 2024 and 2023, respectively. The District recognized \$1,414 of lease revenue for each of the years ended June 30, 2024 and 2023.

Other Leases: On January 1, 2006, the District entered into an agreement to lease its share of transmission capacity to the Sacramento Municipal Utility District (Lessee). The lessee is required to make annual fixed payments ranging from \$24,480 to \$13,536 with an estimated discount rate of 2.14%. The lease expires December 31, 2024. The District recognized \$12,257 of lease revenue during each of the years ended June 30, 2024 and 2023. The lease was paid off as of June 30, 2024.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE G – NET POSTION

Restrictions: Restricted net position consists of constraints placed on net asset use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the following at June 30:

	2024	2023
Debt service reserve on 2010 Certificates of Participation	\$ 2,820	\$ 851
Facility Fees - expansion of facilities	238,264	1,140,084
Total restricted net position	<u>\$ 241,084</u>	<u>\$ 1,140,935</u>

The restrictions are for the following:

Restricted for debt service payments represents debt service reserves required by the related debt covenants.

Restricted for capital facilities represents unspent facility fees, which are restricted to capital expenses by Section 66013 of the Water Code of the State of California.

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. Designations included the following as of June 30:

	2024	2023
Sacramento County impact projects	\$ -	\$ 592,920
Rate stabilization	500,000	500,000
Capital replacement	9,797,266	8,293,444
Water treatment plant filtration	1,974,354	1,300,000
Operating reserve	5,982,004	5,625,831
Membrane replacement	83,608	
Total designated net position	<u>\$ 18,337,232</u>	<u>\$ 16,312,195</u>

The designations are for the following:

Designated for rate stabilization represents the amount to be used to make up a revenue deficiency in a future year in order to assist in meeting the debt coverage requirements.

Designated for capital replacement is to provide funds in support for the on-going capital replacement program.

Designated for water treatment plant filtration represents amounts set aside for the eventual replacement of the entire filtration process including skids and appurtenance at the District's water treatment plant.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE G – NET POSITION (Continued)

Designated for operating reserve, which represents 50% of budgeted operating and maintenance costs, plus debt service, is to ensure an adequate balance for working capital requirements, as well as unanticipated expenditures for operations, maintenance or asset acquisition.

Designated for the replacement of membrane submodules represents amounts budgeted but not yet spent for membrane replacements.

Designated for Sacramento County projects that impact District infrastructure.

NOTE H – PENSION PLANS

Plan Descriptions: All qualified employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). PERS acts as a common investment and administrative agent for participating public employers within the State of California. The District participates in the Miscellaneous and PEPR Miscellaneous rate plans.

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPR Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2024 and 2023 are summarized as follows:

	Classic Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Hire date		
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates - 2023/24	7.00%	8.00%
Required employer contribution rates - 2023/24	13.00%	7.91%
Required employee contribution rates - 2022/23	6.92%	7.25%
Required employer contribution rates - 2022/23	11.65%	7.65%

CARMICHAEL WATER DISTRICT
Notes to the Basic Financial Statements (Continued)
June 30, 2024 and 2023

NOTE H – PENSION PLANS (Continued)

In addition to the contribution rates above, the District was also required to make payments of \$162,398 and \$221,932 toward its unfunded actuarial liability during the years ended June 30, 2024 and 2023, respectively. Furthermore, the District made additional discretionary payments of \$300,000 to pay down the unfunded liability during each of the years ended June 30, 2024, and 2023.

The Classic Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The contributions recognized as part of pension expense for the Plans were \$738,887 and \$753,209 for the years ended June 30, 2024 and 2023, respectively.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2024 and 2023, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$3,325,825 and \$3,244,862, respectively.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2024 and 2023 is measured as of June 30, 2023 and 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021 rolled forward to June 30, 2023 and 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2023 was as follows:

Proportion - June 30, 2023	0.06935%
Proportion - June 30, 2024	0.06651%
Change - Increase (Decrease)	-0.00284%

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE H – PENSION PLANS (Continued)

For the years ended June 30, 2024 and 2023, the District had pension expense of \$944,400 and \$694,607 at June 30, 2024 and 2023, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 738,887		\$ 753,209	
Differences between actual and expected experience	169,901	\$ (26,356)	79,822	\$ (53,004)
Changes in assumptions	200,795		403,822	
Change in employer's proportion	228,491	(73,504)	109,640	(51,195)
Differences between the employer's contribution and the employer's proportionate share of contributions	86,463	(171,098)	44,868	(126,296)
Net differences between projected and actual earnings on plan investments	538,481		745,177	
Total	<u>\$ 1,963,018</u>	<u>\$ (270,958)</u>	<u>\$ 2,136,538</u>	<u>\$ (230,495)</u>

The \$738,887 and \$753,209 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	2024	2023
2024		\$ 289,904
2025	\$ 358,113	258,770
2026	178,592	140,891
2027	401,017	463,269
2028	15,451	
	<u>\$ 953,173</u>	<u>\$ 1,152,834</u>

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE H – PENSION PLANS (Continued)

Actuarial Assumptions: The total pension liabilities in the actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate (1)	6.90%	6.90%
Inflation	2.30%	2.30%
Projected Salary Increases	Varies by age and service	Varies by age and service
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions was developed based on CalPERS-specific data. The rates for June 30, 2024 and 2023 incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. Further details can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.90% for both the years ended June 30, 2024 and 2023. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE H – PENSION PLANS (Continued)

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	2024		2023	
	New Strategic Allocation	Real Return Years 1 - 10(a)	New Strategic Allocation	Real Return Years 1 - 10(a)
Global Equity - cap weighted	30.0%	4.54%	30.0%	4.54%
Global Equity non-cap-weighted	12.0%	3.84%	12.0%	3.84%
Private Equity	13.0%	7.28%	13.0%	7.28%
Treasury	5.0%	0.27%	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%	10.0%	1.56%
High Yield	5.0%	2.27%	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%	5.0%	2.48%
Private Debt	5.0%	3.57%	5.0%	3.57%
Real Assets	15.0%	3.21%	15.0%	3.21%
Leverage	-5.0%	-0.59%	-5.0%	-0.59%
Total	100.0%		100.0%	

(a) An expected inflation of 2.3% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension liability 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	2023
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 5,945,979	\$ 5,707,462
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 3,325,825	\$ 3,244,852
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 1,169,213	\$ 1,218,754

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At June 30, 2024, the District reported payables for the outstanding amount of contributions to the pension plan of \$13,922

CARMICHAEL WATER DISTRICT
Notes to the Basic Financial Statements (Continued)
June 30, 2024 and 2023

NOTE I – OTHER POST-EMPLOYMENT BENEFITS

Plan Description: The District's defined benefit OPEB plan (the Plan) is a single employer OPEB plan that provides OPEB benefit for all eligible general employees that have five years of District eligible service and retire from the District after age 50 to 52. In addition to 5 years of District eligible service, a retiree must have an additional 5 years of service with any contracting PERS agency for a total of 10 years of eligible service subject to a vesting schedule up to 20 years of service. Employees must retire directly from the District and provide 120 days notice requesting the benefit. Eligible employees' surviving spouses and dependents until the age of 18 are also eligible for benefits. Benefits continue through the employees or spouses lifetime. The Plan is administered by CalPERS through participation in California Employers' Retiree Benefit Trust (CERBT) Fund. The Board of Directors grants the authority to establish and amend the benefit terms to the CalPERS Board of Trustees (CalPERS Board). CalPERS issues a publicly available financial report for the CERBT that can be obtained at www.calpers.ca.gov under Forms and Publications. The District's plan does not issue a publicly available financial statement.

Benefits Provided: The Plan provides healthcare benefits for retirees, surviving spouses and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits are covered by the Plan.

Employees Covered by Benefit Terms: At June 30, 2024, the following current and former employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	<u>24</u>
Total	<u><u>39</u></u>

Contributions: The Board of Directors grants the authority to establish and amend the contribution requirements of the District and employees. Employees are not required to contribute to the Plan. During the fiscal year ended June 30, 2024, the District's cash contributions to the trust were \$200,000 and benefit payments were \$242,698 resulting in total payments of \$442,698. During the fiscal year ended June 30, 2023, the District's cash contributions to the trust were \$200,000 and the benefit payments were \$197,454 resulting in total payments of \$397,454.

Net OPEB Liability: The District's net OPEB liability as of June 30, 2024 and 2023 was measured as of June 30, 2023 and 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023 and 2022, respectively.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2023 and 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2024	2023
Valuation date	June 30, 2023	June 30, 2022
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate	6.75%	6.75%
Inflation	2.50%	2.50%
Salary increases	2.75%	2.75%
Investment rate of return	6.75%	6.75%
Mortality rate	Derived using CalPERS membership data	Derived using CalPERS membership data
Pre-retirement turnover	Derived using CalPERS membership data	Derived using CalPERS membership data
Healthcare trend rate	4% annually	4% annually

For the year ended June 30, 2024, mortality information for active and retired employees was based on 2021 CalPERS tables. The pre-retirement turnover information was developed based on the 2021 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. For the year ended June 30, 2023, mortality information for active and retired employees was based on 2017 CalPERS tables. The pre-retirement turnover information was developed based on the 2017 CalPERS Turnover for Miscellaneous Employees table created by CalPERS.

The assumed gross return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2024		2023	
Asset Class	Percentage of Portfolio	Assumed Gross Return	Percentage of Portfolio	Assumed Gross Return
Global Equity	49.0%	4.82%	59.0%	7.55%
Fixed Income	23.0%	1.47%	25.0%	4.25%
Treasury Inflation Protected Securities	5.0%	1.29%	5.0%	3.00%
Real Estate Investment Trusts	20.0%	3.76%	8.0%	7.25%
Commodities	3.0%	0.84%	3.0%	7.55%
	<u>100.0%</u>		<u>100.0%</u>	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.75% at both June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that District 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. 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.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 5,375,077	\$ 2,611,294	\$ 2,763,783
Changes in the year:			
Service cost	140,391		140,391
Interest	360,384	190,368	170,016
Differences between expected and actual experience	(501,053)		(501,053)
Changes in assumptions	86,508		86,508
Contributions - employer		397,454	(397,454)
Benefit payments	(197,454)	(197,454)	-
Administrative expenses		(800)	800
Net changes	<u>(111,224)</u>	<u>389,568</u>	<u>(500,792)</u>
Balance at June 30, 2024 (measurement date June 30, 2023)	<u>\$ 5,263,853</u>	<u>\$ 3,000,862</u>	<u>\$ 2,262,991</u>

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2022	\$ 5,089,804	\$ 2,804,497	\$ 2,285,307
Changes in the year:			
Service cost	136,634		136,634
Interest	341,659	(392,484)	734,143
Differences between expected and actual experience	5,111		5,111
Contributions - employer		398,131	(398,131)
Actual investment income			
Benefit payments	(198,131)	(198,131)	-
Administrative expenses		(719)	719
Net changes	<u>285,273</u>	<u>(193,203)</u>	<u>478,476</u>
Balance at June 30, 2023 (measurement date June 30, 2022)	<u>\$ 5,375,077</u>	<u>\$ 2,611,294</u>	<u>\$ 2,763,783</u>

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
2024 Net OPEB liability	\$ 2,957,851	\$ 2,262,991	\$ 1,687,675
2023 Net OPEB liability	3,490,316	2,763,783	2,164,091

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
2024 Net OPEB liability	\$ 1,614,758	\$ 2,262,991	\$ 3,057,940
2023 Net OPEB liability	2,040,972	2,763,783	3,657,963

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the years ended June 30, 2024 and 2023, the District recognized OPEB expense of \$432,287 and \$452,686, respectively. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions after the measurement date	\$ 442,698		\$ 397,454	
Differences between actual and expected experience	514,019	\$ (590,596)	616,629	\$ (187,053)
Changes in assumptions	368,287		352,554	
Net differences between projected and actual earnings on plan investments	178,771		223,976	
Total	<u>\$ 1,503,775</u>	<u>\$ (590,596)</u>	<u>\$ 1,590,613</u>	<u>\$ (187,053)</u>

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE I – OTHER POST EMPLOYMENT BENEFITS (Continued)

The \$442,698 and \$397,454 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	2024	2023
2024		\$ 172,750
2025	\$ 112,567	171,620
2026	103,205	162,258
2027	192,099	251,152
2028	74,400	133,451
2029	75,867	114,875
Thereafter	(87,657)	
	<u>\$ 470,481</u>	<u>\$ 1,006,106</u>

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. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.2 years at June 30, 2024 and 8% at June 30, 2023.

Age-adjusted Premiums Not Used: As a general rule, Actuarial Standard of Practice 6 (ASOP 6) indicates retiree costs should be based on actual claim costs or age-adjusted premiums. However, the Plan's net OPEB liability was not computed using age-adjusted premiums because the District's actuary did not consider the use of age-adjusted premiums to be appropriate under the circumstances. This is due to the District participating in the CalPERS health insurance plan, PEMHCA. PEMHCA uses blended premiums for active and retired participants and is expected to continue this practice into the future. Contributions based on age-adjusted premiums would be larger than contributions based on actual premiums charged by PEMHCA. The actuary believes this would overstate contributions to the CERBT that would not be able to be recovered by the District. Many other actuaries believe it is appropriate to use age-adjusted premiums when computing net OPEB liabilities under GASB Statement No. 75. The District's net OPEB liability would have been significantly larger had it been computed using age-adjusted premiums.

CARMICHAEL WATER DISTRICT

Notes to the Basic Financial Statements (Continued)

June 30, 2024 and 2023

NOTE J – INSURANCE

The District 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 and auto liability, public official's liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District 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 the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (includes public officials liability)	\$ 5,000,000	\$ 55,000,000	None
Property Damage	10,000,000	500,000,000	\$500 to 50,000
Fidelity	100,000		1,000
Workers Compensation liability	2,000,000	Statutory	None
Cyber		3,000,000	50,000 to 100,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE K – ECONOMIC DEPENDENCY

Under normal operating conditions, the District extracts approximately 80% of its water from the American River and 20% from groundwater wells. Actions taken by the State Water Resources Control Board (SWRCB) can affect the amount of water the District is able to extract from the American River. Water conservation continues to be a focus of the SWRCB with recently proposed legislation focused on long term water use reductions. The District has continued to monitor and provide input on the proposed legislation that will have future financial impacts.

NOTE L — COMMITMENTS AND CONTINGENCIES

Contracts: The District has entered into various contracts for the construction of Aquifer Storage and Recovery (ASR) wells, main line replacements, and other facility improvements. The amounts contracted are based on the contractors' estimated cost of construction at time of bid award. At June 30, 2024, the total unpaid amount on these contracts totals approximately \$11,320,841.

CARMICHAEL WATER DISTRICT
Notes to the Basic Financial Statements (Continued)
June 30, 2024 and 2023

NOTE L – COMMITMENTS AND CONTINGENCIES (Continued)

Litigation: Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the District. The District's management and legal counsel estimate that the potential claims against the District not covered by insurance resulting from such litigation would not materially affect the operations or financial condition of the District.

Outside Boundary Sales and Agreements: The District completed the American River Pipeline Conveyance Project with Aerojet Rocketdyne and Golden State Water Company (GSWC) to annually provide 5,000-acre feet of replacement water supply to GSWC.

The District entered into a second agreement in August 2016 with GSWC for the diversion, treatment, and delivery of water through the American River Pipeline. GSWC pays a proportionate share of three components: 1) the fixed and variable operations and maintenance costs associated with the production of water; 2) the capital asset costs of the Water Treatment Plant (WTP) and Ranney intake structures; 3) and the costs incurred by the District for the replacement of membranes at the WTP. The District billed GSWC \$1,504,342 and \$1,479,373 under the terms of this agreement during the years ended June 30, 2024 and 2023, respectively.

Grant Funding: The District has received grant funding for various purposes that may be subjected to review and audit by the funding agencies. Such potential audits could result in a request for reimbursement for expense disallowed under the terms and conditions of the funding source. Management is of the opinion that no material liabilities will result from such potential audits.

The District also received \$2,500,000 in advanced grant funding from the State of California Department of Water Resources under the 2023 Budget Act for the State of California for the construction of an ASR Well, which is reflected in the financial statements as unearned revenue. These funds are committed for use only for the construction of the ASR well with expenditures expected to commence in the fiscal year ending June 30, 2025.

NOTE M – SUBSEQUENT EVENT

The District committed to the sale of its share of the California-Oregon Transmission Project (COTP) transmission line in December 2024 to Turlock Irrigation District and the City of Roseville. Proceeds from the sale are expected to be \$150,000.

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Required Supplementary Information

CARMICHAEL WATER DISTRICT
Required Supplementary Information
June 30, 2024 and 2023
Schedule of Plan's Proportionate Share of the Net Pension Liability
Last Ten Years (Unaudited)

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Proportion of the net pension liability	0.066511%	0.069350%	0.015085%	0.024954%	0.070371%
Proportionate share of the net pension liability	\$ 3,325,825	\$ 3,244,862	\$ 815,854	\$ 2,715,129	\$ 2,817,998
Covered payroll - measurement period	\$ 2,259,890	\$ 2,234,517	\$ 1,954,140	\$ 2,055,406	\$ 1,975,298
Proportionate share of the net pension liability as a percentage of covered payroll	147.17%	145.22%	41.75%	132.10%	142.66%
Plan fiduciary net position as a percentage of the total pension liability	77.97%	82.04%	95.19%	83.04%	81.40%

Notes to Schedule:

Reporting valuation date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Reporting measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Discount rate	6.90%	6.90%	7.15%	7.15%	7.15%

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.065394%	0.063790%	0.058553%	0.046392%	0.048538%
Proportionate share of the net pension liability	\$ 2,464,518	\$ 2,514,648	\$ 2,034,074	\$ 1,272,753	\$ 1,199,609
Covered payroll - measurement period	\$ 2,031,070	\$ 1,854,585	\$ 1,822,452	\$ 1,756,975	\$ 1,760,777
Proportionate share of the net pension liability as a percentage of covered payroll	121.34%	130.67%	111.61%	72.44%	68.13%
Plan fiduciary net position as a percentage of the total pension liability	82.74%	81.35%	82.90%	78.40%	79.82%

Notes to Schedule:

Reporting valuation date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Discount rate	7.15%	7.15%	7.65%	7.65%	7.50%

Notes to Schedules:

Change of Benefit Terms - There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in Assumptions - There were no changes in assumptions.

CARMICHAEL WATER DISTRICT

Required Supplementary Information

June 30, 2024 and 2023

Schedule of Contributions to the Pension Plan

Last Ten Years (Unaudited)

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually required contribution (actuarially determined)	\$ 438,887	\$ 453,209	\$ 440,468	\$ 405,655	\$ 358,226
Contributions in relation to the actuarially determined contributions	(738,887)	(753,209)	(740,395)	(405,655)	(807,154)
Contribution deficiency (excess)	<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ (299,927)</u>	<u>\$ -</u>	<u>\$ (448,928)</u>
Covered payroll - fiscal year	\$ 2,715,603	\$ 2,259,890	\$ 2,234,517	\$ 2,078,028	\$ 2,065,530
Contributions as a percentage of covered payroll	27.21%	33.32%	33.13%	19.52%	39.08%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Valuation date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Actuarial method	Entry age normal				
Amortization method	Level percentage of payroll, closed				
Remaining amortization period	Varies by rate plan, not more than 30 years				
Asset valuation method	5 year smoothed market				
Discount rate	6.80%	7.00%	7.00%	7.25%	7.375%
Inflation	2.30%	2.50%	2.50%	2.50%	2.625%
Payroll growth	2.80%	2.75%	2.75%	2.875%	3.00%
Salary increase	Varies by entry age and service				
Retirement age	50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study				
Mortality	Most recent CalPERS Experience Study				

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 311,796	\$ 257,968	\$ 222,301	\$ 198,100	\$ 160,692
Contributions in relation to the actuarially determined contributions	(311,796)	(257,968)	(222,301)	(198,100)	(160,692)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - fiscal year	\$ 2,096,870	\$ 2,025,447	\$ 1,854,585	\$ 1,822,452	\$ 1,756,975
Contributions as a percentage of covered payroll	14.87%	12.74%	11.98%	10.86%	9.15%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial method	Entry age normal				
Amortization method	Level percentage of payroll, closed				
Remaining amortization period	Varies by rate plan, not more than 30 years				
Asset valuation method	5 year smoothed market				
Discount rate	7.50%	7.50%	7.50%	7.50%	7.50%
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	3.00%	3.00%	3.00%	3.00%	3.00%
Salary increase	Varies by entry age and service				
Retirement age	50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study				
Mortality	Most recent CalPERS Experience Study				

CARMICHAEL WATER DISTRICT

Required Supplementary Information

June 30, 2024 and 2023

Schedules of Changes in the District's Net OPEB Liability and Related Ratios (Unaudited)

Measurement Period	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	\$ 140,391	\$ 136,634	\$ 88,995	\$ 86,613	\$ 79,528	\$ 77,400	\$ 75,328
Interest	360,384	341,659	253,468	240,101	246,402	234,160	221,503
Differences between expected and actual experience	(501,053)	5,111	814,174	2,124	(280,671)		
Changes in assumptions	86,508		470,074		(18,058)		
Benefit payments	(197,454)	(198,131)	(183,717)	(135,337)	(135,113)	(122,291)	(105,162)
Net change in total OPEB liability	(111,224)	285,273	1,442,994	193,501	(107,912)	189,269	191,669
Total OPEB liability - beginning	5,375,077	5,089,804	3,646,810	3,453,309	3,561,221	3,371,952	3,180,283
Total OPEB liability - ending (a)	<u>\$ 5,263,853</u>	<u>\$ 5,375,077</u>	<u>\$ 5,089,804</u>	<u>\$ 3,646,810</u>	<u>\$ 3,453,309</u>	<u>\$ 3,561,221</u>	<u>\$ 3,371,952</u>
Plan fiduciary net position:							
Contributions - employer	\$ 397,454	\$ 398,131	\$ 383,717	\$ 575,337	\$ 575,113	\$ 562,291	\$ 545,162
Net investment income	190,368	(392,484)	444,492	73,557	84,137	64,131	39,214
Benefit payments	(197,454)	(198,131)	(183,717)	(135,337)	(135,113)	(122,291)	(105,162)
Administrative expenses	(800)	(719)	(824)	(917)	(289)	(1,086)	(156)
Other			147,878		(5,640)		
Net change in plan fiduciary net position	389,568	(193,203)	791,546	512,640	518,208	503,045	479,058
Plan fiduciary net position - beginning	2,611,294	2,804,497	2,012,951	1,500,311	982,103	479,058	-
Plan fiduciary net position - ending (b)	<u>\$ 3,000,862</u>	<u>\$ 2,611,294</u>	<u>\$ 2,804,497</u>	<u>\$ 2,012,951</u>	<u>\$ 1,500,311</u>	<u>\$ 982,103</u>	<u>\$ 479,058</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 2,262,991</u>	<u>\$ 2,763,783</u>	<u>\$ 2,285,307</u>	<u>\$ 1,633,859</u>	<u>\$ 1,952,998</u>	<u>\$ 2,579,118</u>	<u>\$ 2,892,894</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>57.01%</u>	<u>48.58%</u>	<u>55.10%</u>	<u>55.20%</u>	<u>43.45%</u>	<u>27.58%</u>	<u>14.21%</u>
Covered-employee payroll - measurement period	<u>\$ 2,471,409</u>	<u>\$ 2,234,517</u>	<u>\$ 2,078,028</u>	<u>\$ 2,065,530</u>	<u>\$ 2,096,870</u>	<u>\$ 2,025,447</u>	<u>\$ 1,854,585</u>
Net OPEB liability as percentage of covered-employee payroll	<u>0.91566835</u>	<u>123.69%</u>	<u>109.97%</u>	<u>79.10%</u>	<u>93.14%</u>	<u>127.34%</u>	<u>155.99%</u>
Notes to schedule:							
Valuation date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
Discount rate	6.75%	6.75%	7.00%	7.00%	7.00%	7.00%	7.50%

Benefit changes. None.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

CARMICHAEL WATER DISTRICT
Required Supplementary Information
June 30, 2024 and 2023
Schedules of Contributions to the OPEB Plan
Last Ten Years (Unaudited)

	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution - employer fiscal year	\$ 242,698	\$ 197,454	\$ 198,131	\$ 135,337	\$ 135,113	\$ 126,380	\$ 105,162
Contributions in relation to the actuarially determined contribution:	(442,698)	397,454	398,131	(383,717)	(575,337)	(566,380)	(562,291)
Contribution deficiency (excess)	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (248,380)</u>	<u>\$ (440,224)</u>	<u>\$ (440,000)</u>	<u>\$ (457,129)</u>
Covered-employee payroll - employer fiscal year	\$ 2,715,603	\$ 2,471,409	\$ 2,234,517	\$ 2,078,028	\$ 2,065,530	\$ 2,096,870	\$ 2,025,447
Contributions as a percentage of covered-employee payroll	8.94%	7.98%	8.86%	6.44%	6.54%	6.03%	5.19%

Notes to Schedule:

Valuation date	June 30, 2023	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2023	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2017

An actuarially determined contribution rate was not calculated. The required contributions reported represent retiree premium payments.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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Statistical Section

Description of Statistical Section

This section of the District's annual comprehensive financial statement report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue source, retail water sales.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.



Financial Trends

CARMICHAEL WATER DISTRICT

Schedules of Net Postion by Component (Accrual Basis of Accounting) Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Position:					
Investment in Capital Assets. Net of Related debt	\$ 34,539,863	\$ 34,148,344	\$ 35,032,600	\$ 35,823,870	\$ 37,111,672
Restricted	2,290,249	2,360,084	2,402,358	2,427,721	2,520,252
Unrestricted	<u>3,449,234</u>	<u>4,953,092</u>	<u>13,540,261</u>	<u>12,806,906</u>	<u>13,764,832</u>
Total Net Position*	<u>\$ 40,279,346</u>	<u>\$ 41,461,520</u>	<u>\$ 50,975,219</u>	<u>\$ 51,058,497</u>	<u>\$ 53,396,756</u>

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net Position:					
Investment in Capital Assets. Net of Related debt	\$ 39,904,957	\$ 42,001,094	\$ 43,193,529	\$ 44,739,310	\$ 51,972,227
Restricted	486,637	599,345	654,404	1,140,935	241,084
Unrestricted	<u>14,674,174</u>	<u>16,358,382</u>	<u>19,370,888</u>	<u>24,679,356</u>	<u>26,073,574</u>
Total Net Position*	<u>\$ 55,065,768</u>	<u>\$ 58,958,821</u>	<u>\$ 63,218,821</u>	<u>\$ 70,559,601</u>	<u>\$ 78,286,885</u>

Source:
District Finance Department

CARMICHAEL WATER DISTRICT

Schedules of Changes in Net Position (Accrual Basis of Accounting) Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Revenues:										
Water sales	\$ 8,843,732	\$ 9,319,543	\$ 9,863,394	\$ 10,859,913	\$ 11,392,509	\$ 12,279,163	\$ 13,331,681	\$ 13,846,204	\$ 16,111,936	\$ 16,653,401
Connection, tap, and other fees	59,058	51,174	54,928	53,627	78,714	112,147	109,466	112,830	108,918	92,952
Wholesale water sales, net	49,740	122,625	-	-	-	-	-	-	-	-
Capacity sales	-	-	9,400,000	-	-	-	-	-	-	-
Water treatment and delivery charges	-	-	413,720	817,991	853,543	835,734	919,389	974,050	1,479,373	1,504,342
Total Operating Revenues	8,952,530	9,493,342	19,732,042	11,731,531	12,324,766	13,227,044	14,360,536	14,933,084	17,700,227	18,250,695
Operating Expenses:										
General and administrative	2,400,500	2,224,824	2,991,231	3,185,882	2,424,011	2,621,140	2,814,357	2,940,707	2,663,124	3,017,514
Transmission and distribution	1,219,486	1,179,274	1,388,069	1,649,564	1,729,627	2,119,602	1,539,061	1,952,453	1,664,734	1,647,259
Pumping and treatment	2,004,962	2,343,249	2,664,920	2,306,629	2,082,719	2,534,363	2,327,072	2,457,654	2,763,703	2,719,871
Depreciation and amortization	2,546,331	2,492,258	2,375,778	2,337,538	2,344,652	2,285,472	2,250,686	2,121,368	2,122,475	2,543,024
Pension Expense Adjustment **	-	-	-	-	514,216	718,394	683,775	56,963	473,715	994,892
OPEB**	-	-	-	-	260,703	203,511	186,969	246,770	674,620	432,285
Membrane**	-	-	-	-	90,300	291,130	163,018	359,788	1,171,265	-
Total Operating Expenses	8,171,279	8,239,605	9,419,998	9,479,613	9,446,228	10,773,612	9,964,938	10,135,703	11,533,636	11,354,845
Net Income from Operations	781,251	1,253,737	10,312,044	2,251,918	2,878,538	2,453,432	4,395,598	4,797,381	6,166,591	6,895,850
Non-Operating Revenues (Expenses):										
Investment income earned	5,897	62,172	12,047	33,558	124,212	142,410	33,496	18,373	248,793	489,050
Other revenue	28,356	21,271	15,284	21,857	59,585	35,650	144,599	41,696	26,810	18,187
Grant revenue	-	-	-	-	-	-	-	159,992	1,283,922	962,429
Income from investment in electrical power	13,699	16,221	11,116	14,161	13,800	13,338	14,962	12,446	11,644	11,828
Reimbursements	44,587	20,772	5,378	13,723	43,234	48,895	41,707	29,653	10,289	10,031
Pass-through grant payment	-	-	(723,187)	-	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	(16,178)	7,174	(643)	(25,406)	4,689	15,473	13,615	(11,328)	(77,636)	71,383
Interest expense	(1,056,587)	(1,017,921)	(966,921)	(905,671)	(850,121)	(1,237,820)	(869,994)	(842,833)	(814,586)	(784,061)
Total Non-Operating Revenues (Expenses)	(980,226)	(890,311)	(1,646,926)	(847,778)	(604,601)	(982,054)	(621,615)	(592,001)	689,236	778,847
Income (Loss) Before Contributions	(198,975)	363,426	8,665,118	1,404,140	2,273,937	1,471,378	3,773,983	4,205,380	6,855,827	7,674,697
Capital Contributions:										
Capital contributions	31,714	43,748	846,898	39,229	64,322	197,634	119,070	54,620	484,953	52,587
Capital grant revenue	-	775,000	1,683	-	-	-	-	-	-	-
Total Capital Contributions	31,714	818,748	848,581	39,229	64,322	197,634	119,070	54,620	484,953	52,587
Changes in Net Position*	\$ (167,261)	\$ 1,182,174	\$ 9,513,699	\$ 1,443,369	\$ 2,338,259	\$ 1,669,012	\$ 3,893,053	\$ 4,260,000	\$ 7,340,780	\$ 7,727,284

*2014 and prior do not reflect the net pension liability adjustment for GASB No. 68 and 71 as this information is not available.

** Breakout for fiscal years ending in 2019-2023

Source:

District Finance Department

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Revenue Capacity

CARMICHAEL WATER DISTRICT
Water Sales by Type of Customer
(Accrual Basis of Accounting)
Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water Sales:					
Residential	\$ 7,762,144	\$ 8,188,150	\$ 8,595,948	\$ 9,458,984	\$ 9,194,894
Non-residential	<u>1,081,588</u>	<u>1,131,393</u>	<u>1,267,446</u>	<u>1,400,929</u>	<u>2,197,615</u>
Total Water Sales	\$ 8,843,732	\$ 9,319,543	\$ 9,863,394	\$ 10,859,913	\$ 11,392,509
 Total Water Deliveries (AF)	 7,867	 6,947	 7,653	 8,400	 8,134
 Rate per Acre Foot (AF)	 \$ 1,124.16	 \$ 1,341.52	 \$ 1,289.00	 \$ 1,292.84	 \$ 1,400.60

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water Sales:					
Residential	\$ 9,889,638	\$ 11,611,894	\$ 11,452,365	\$ 13,607,082	\$ 13,870,131
Non-residential	<u>2,389,525</u>	<u>1,719,787</u>	<u>2,393,839</u>	<u>2,504,854</u>	<u>2,783,170</u>
Total Water Sales	\$ 12,279,163	\$ 13,331,681	13,846,204	16,111,936	16,653,301
 Total Water Deliveries (AF)	 8,851	 9,490	 8,467	 8,088	 8,322
 Rate per Acre Foot (AF)	 \$ 1,387.31	 \$ 1,404.81	 \$ 1,635.31	 \$ 1,992.08	 \$ 2,001.13

Source:
District Administrative
Department

CARMICHAEL WATER DISTRICT Principal Rate Payers 2024 and 2015 Current Year and Nine Years Prior

	2024			2015		
	Revenues	Percent of		Revenues	Percent of	
<u>Rate Payers</u>	<u>Collected</u>	<u>Rank</u>	<u>Total Water Sales</u>	<u>Collected</u>	<u>Rank</u>	<u>Total Water</u>
Ancil Hoffman Park	\$ 514,564	1	3.09%	\$ 93,924	1	1.06%
Carmichael Rec/Park District-Grant Ave	96,145	2	0.58%	39,257	3	0.44%
Carmichael Rec/Park District-Engle Rd	65,625	3	0.39%	23,206	8	0.26%
Crestview Apartments/Vertus Properties, Inc	64,497	4	0.39%	25,673	7	0.29%
SJUSD-Del Campo High School	56,736	5	0.34%	31,805	4	0.36%
Hebel Living	53,635	6	0.32%	39,761	2	0.45%
6930 Fair Oaks Blvd TIC LLC	50,423	7	0.30%	20,040	12	0.23%
SJUSD-Barrett Middle School	49,339	8	0.30%			
Linden Lane Apartments LLC	48,672	9	0.29%			
Westwood Apartments	45,363	10	0.27%	20,612	10	0.23%
Heritage Oaks Apartments	34,654		0.21%	27,599	6	0.31%
OAHS Fairwood LP	29,317		0.18%	29,217	5	0.33%
Riveroaks Apartments	15,459		0.09%	21,964	9	0.25%
Total	\$ 1,124,429		6.75%	\$ 373,058		4.22%
Total Water Sales	\$16,653,401			\$8,843,732		

Source:
District Finance Department

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Debt Capacity

CARMICHAEL WATER DISTRICT

Ratios of Outstanding Debt by Type and Number of Connections Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt:					
1999 Certificates of Participation	\$ -	\$ -	\$ -	\$ -	\$ -
2010 Certificates of Participation	24,809,257	23,571,082	22,297,907	20,964,732	18,620,000
2010 Subordinate Installment Sale Agreement	-	-	-	-	-
2019 Certificates of Participation Series A	-	-	-	-	-
2019 Certificates of Participation Series B	-	-	-	-	-
Unamortized Premium	-	-	-	-	951,557
Total Debt	\$ 24,809,257	\$ 23,571,082	\$ 22,297,907	\$ 20,964,732	\$ 19,571,557
Number of Service Connections	11,607	11,693	11,685	11,912	11,918
Debt Per Connection	2,137.44	2,015.83	1,908.25	1,759.97	1,642.18

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Debt:					
1999 Certificates of Participation	\$ -	\$ -	\$ -	\$ -	\$ -
2010 Certificates of Participation	-	-	-	-	-
2010 Subordinate Installment Sale Agreement	-	-	-	-	-
2019 Certificates of Participation Series A	16,510,000	16,510,000	16,510,000	16,510,000	16,510,000
2019 Certificates of Participation Series B	15,775,000	14,300,000	12,840,000	11,355,000	9,840,000
Unamortized Premium	3,566,080	3,362,304	3,158,528	2,954,752	2,750,976
Total Debt	\$ 35,851,080	\$ 34,172,304	\$ 32,508,528	\$ 30,819,752	\$ 29,100,976
Number of Service Connections	11,922	11,948	11,949	11,957	11,996
Debt Per Connection	3,007.14	2,860.09	2,720.61	2,577.55	2,425.89

Source:
District Administrative Department

CARMICHAEL WATER DISTRICT

Schedule of Debt Service

Last Ten Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Revenue	\$ 3,327,582	\$ 3,866,431	\$ 12,733,331	\$ 4,672,755	\$ 5,468,710
Debt Service	2,190,550	2,196,200	2,184,325	2,183,575	2,186,350
Coverage	152%	176%	583%	214%	250%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net Revenue	\$ 4,994,670	\$ 6,894,663	\$ 7,180,909	\$ 9,870,524	\$ 11,001,782
Debt Service	2,311,530	2,539,828	2,497,694	2,494,705	2,494,620
Coverage	216%	271%	287%	396%	441%

Source:
District Administrative Department

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Demographic and Economic Information

CARMICHAEL WATER DISTRICT Demographic and Economic Statistics Last Ten Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Personal Income ^{(1)*}	\$ 66,707,690	\$ 41,532,171	\$ 73,922,295	\$ 76,832,120	\$ 80,969,087
Population ⁽¹⁾	1,477,522	1,496,130	1,513,260	1,530,615	1,540,975
Per Capita Personal Income ⁽¹⁾	\$ 45,148	\$ 47,811	\$ 48,850	\$ 50,197	\$ 52,544
Unemployment Rate ⁽²⁾	7.3%	6.0%	5.4%	4.7%	3.8%

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Personal Income ^{(1)*}	\$ 85,775,621	\$ 90,908,707	\$ 98,241,828	\$ 97,517,936	\$ 10,314,349
Population ⁽¹⁾	1,552,050	1,559,139	1,589,921	1,584,169	1,584,288
Per Capita Personal Income ⁽¹⁾	\$ 55,266	\$ 58,307	\$ 61,829	\$ 61,558	\$ 65,104
Unemployment Rate ⁽²⁾	3.7%	9.3%	7.0%	3.9%	4.4%

*Amounts are expressed in thousands.

**Information on Demographic and Economic statistics are for the County of Sacramento since Carmichael is unincorporated and is reported under the County of Sacramento. Separate demographic and economic statistical information for Carmichael are not available.

Sources:

⁽¹⁾Bureau of Economic Analysis, US Department of Commerce

⁽²⁾California State Employment Development Department

CARMICHAEL WATER DISTRICT Top Ten Employers Current Year and Nine Years Prior

<u>Employers</u>	June 30, 2024*			June 30, 2015*		
	Total <u>Employee</u>	<u>Rank</u>	Percent of <u>Total Employed</u>	Total <u>Employee</u>	<u>Rank</u>	Percent of <u>Total Employed</u>
UC Davis Health System	16,075	1	2.29%	9,905	1	1.57%
Kaiser Permanente	11,856	2	1.69	5,421	5	86.00%
Sutter/ California Health Services	10,129	3	1.44	7,352	2	1.16
Dignity/ Mercy Healthcare	7,353	4	1.05	6,212	3	0.98
Intel Corporation	4,300	5	0.61	6,000	4	0.95
Raley's Inc./ Bel Air	2,624	6	0.37	3,289	6	0.52
Siemens Mobiltiy Inc.	2,500	7	0.36			
Safeway	1,874	8	0.27			
Golden 1 Credit Union	1,679	9	0.24			
Pacific Gas and Electric Co	1,370	10	0.19			
Apple Inc.				2,500	7	0.40
VSP Global				2,382	8	0.38
Health Net of California				2,299	9	0.36
Wells Fargo & Co				2,198	10	0.35
Total	<u>59,760</u>		<u>8.51%</u>	<u>47,558</u>		<u>7.53%</u>
Total Employed by Sacramento County ⁽²⁾	698,300			686,300		

*Information on Demographic and Economic statistics are for the County of Sacramento since Carmichael is unincorporated and is reported under the County of Sacramento. Separate demographic and economic statistical information for Carmichael are not available.

Sources:

⁽¹⁾Sacramento Business Journal

⁽²⁾California State Employment Development Department

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Operating Information

CARMICHAEL WATER DISTRICT

Operating Information

Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Water Services:										
Number of Service Connections	11,607	11,693	11,685	11,912	11,918	11,922	11,948	11,949	11,957	11,996
Annual Demand in AF	7,867	6,947	7,652	8,400	8,137	8,855	9,490	8,467	8,088	8,322
Average Daily Demand in MGD	7.02	6.20	6.83	7.50	7.25	7.87	8.45	7.47	7.22	7.40
Maximum Day Demand in MGD	13.22	11.36	13.25	14.02	13.40	13.80	14.46	13.40	12.94	13.57
Leak Repairs:										
Main Lines	52	35	43	43	35	28	20	18	35	16
Service Lines	93	68	72	61	50	65	56	51	88	61
Meters:										
Replacement	8	1,089	293	1,156	37	41	915	1,141	1,345	458
Register Change Outs	1,129	76	720	1,369	3,297	4,865	10	24	53	73
Service Lines:										
Replacement	143	74	78	92	97	110	53	91	129	94
Main Line Valves:										
Replacement	5	11	4	2	10	6	30	8	6	5
Hydrants:										
Replacement	13	1	6	2	6	7	4	2	1	3
Main Lines:										
Replacement Projects				1					1	2
Major Facilities:										
Wells	5	5	5	5	4	4	5	5	5	5
Tank	2	2	2	2	2	2	2	2	2	2
Booster Station	2	2	2	2	2	2	2	2	2	2
Pressure Regulation Valves	2	2	2	2	2	2	2	2	2	2
Miles of Pipeline	154	154	154	154	154	160	160	156	156	156
Personnel (FTE)										
Admin Services	13	13	14	14	14	14	14	13	13	14
Production	8	8	9	9	6	6	6	5	6	6
Distribution	5	5	6	6	9	9	9	8	7	7
Retired Annuity										0.5
Total (FTE)	26	26	29	29	29	29	29	26	26	27.5

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Carmichael, California

MEMO

TO: Board of Directors

FROM: Gaby Padilla, Administrative Specialist

DATE: December 26, 2025

RE: Policy 5000 – Authorized Leave, Policy 5040 – Sick Leave, and Policy 5041 – Sick Leave – Healthy Workplaces, Healthy Families Act of 2014 Updates

BACKGROUND

Staff reviews the District's regulations, policies, and Directors' policies periodically to revise them for clarity and updates. Annually, with new laws coming in to effect, staff also makes updates to the District Policies to be in compliance with the latest requirements.

SUMMARY

Assembly Bill (AB) 2123 has removed the employer's authorization to require an employee to take up to two weeks of earned vacation before an employee's receipt of the Paid Family Leave (PFL) program. Therefore, the District needs to update Policy 5000 – Authorized Leave to include this new leave to be compliant with the law.

AB 2499 updated the State's labor laws to provide employees the right to use sick leave in order to assist family members who are crime victims. Therefore, Policy 5040 – Sick Leave and Policy 5041 – Sick Leave – Healthy Workplaces, Healthy Families Act of 2014 need to be updated.

FISCAL IMPACT

The updates to the policies mentioned above have no impact or change to the approved budget.

RECOMMENDATION

This item is for review. In February's Board meeting, staff will recommend that the Board of Directors review and approve the updates in Policy 5000, Policy 5040, and Policy 5041 and required resolution.

ATTACHMENT(S)

1. Resolution xxx-x – A Resolution Amending the Districts' Policy 5000 – Authorized Leave, Policy 5040 – Sick Leave, and Policy 5041 – Sick Leave – Healthy Workplaces, Healthy Families Act of 2014
2. Redlined: District Policy 5000 – Authorized Leave
3. Updated: District Policy 5000 – Authorized Leave
4. Redlined: District Policy 5040 – Sick Leave
5. Updated: District Policy 5040 – Sick Leave
6. Redlined: District Policy 5041 – Sick Leave – Healthy Workplaces, Healthy Families Act of 2014
7. Updated: District Policy 5041 – Sick Leave – Healthy Workplaces, Healthy Families Act of 2014

ATTACHMENT 1

CARMICHAEL WATER DISTRICT
RESOLUTION XXXXXXXX-X
A RESOLUTION AMENDING THE DISTRICTS’
POLICY 5000 – AUTHORIZED LEAVE,
POLICY 5040 – SICK LEAVE, AND
POLICY 5041 – SICK LEAVE – HEALTHY WORKPLACES, HEALTHY FAMILIES ACT OF
2014

BE IT RESOLVED by the Board of Directors of the Carmichael Water District as follows:

Policies as listed below are hereby amended and added to the District’s Policy Manual effective Month xx, 2025.

Policy 5000 – Authorized Leave
Policy 5040 – Sick Leave
Policy 5041 – Sick Leave – Healthy Workplaces, Healthy Families Act of 2014

Existing resolutions in conflict with this resolution are hereby repealed.

PASSED AND ADOPTED by the Board of Directors by the following vote:

Jeff Nelson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Mark Emmerson	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Paul Selsky	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ronald Davis	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Ron Greenwood	Aye	<input type="checkbox"/>	Nay	<input type="checkbox"/>	Absent	<input type="checkbox"/>	Abstain	<input type="checkbox"/>
Board Totals:	Ayes:	<input type="checkbox"/>	Nays:	<input type="checkbox"/>	Absent:	<input type="checkbox"/>	Abstain:	<input type="checkbox"/>
Passed Unanimously:		<input type="checkbox"/>						
Motion Carried:		<input type="checkbox"/>						
Motion Not Carried:		<input type="checkbox"/>						

Signed after its passage this X day of Month, 2025:

President
Board of Directors

ATTEST: _____
Cathy Lee, Secretary

ATTACHMENT 2
CARMICHAEL WATER DISTRICT
POLICY MANUAL

POLICY 5000: Authorized Leave

5000.10 Unpaid Leave of Absence

5000.10.1 An employee may request and, at their sole discretion, the General Manager may approve unpaid leave between the employee and Carmichael Water District (District).

5000.10.2 An unpaid leave of absence may be taken when an employee has exhausted all accrued sick leave, vacation, and any other qualified accrued or available leave.

5000.10.3 Once the employee who has been authorized leave of absence without pay has used all available vacation and any other qualified accrued leave time, then the continuation of the approved leave will be without any accrual of pay and/or other benefits available to regular employees of the District.

5000.10.3.1 No vacation, holiday, sick leave, or any other type of accrued leave will accrue during an authorized unpaid leave, i.e., during any period an employee is absent from work and not receiving pay from the District.

5000.10.3.2 Health Benefits During An Unpaid Leave: Except where provided otherwise by law, an employee on any unpaid leave under this policy may continue participating in any health and welfare benefit plans in which they were enrolled before the first day of the unpaid leave at the employee's own expense at the level and under the condition of coverage as if the employee had continued in employment as per District's contractual agreement with provider.

5000.10.4 Due to the District's limited work force, maintenance of job classifications for the term of an authorized unpaid leave of absence cannot be guaranteed unless otherwise required by law. Employees returning from an unpaid leave of absence will be reinstated to the first available job classification for which they are qualified.

5000.20 Military Leave

5000.20.1 District employees are entitled to military leaves of absence as required by state and federal law. Military leaves shall be without pay or benefits except as required by law or provided in this policy.

5000.20.2 An employee shall notify the District as soon as practicable of the employee's pending need for a military leave of absence. Any employee who goes out on a military leave of absence will also be eligible for re-employment to their previous job classification with the District to the extent required under state and federal law.

5000.20.3 In addition to any obligation under California's Military and Veterans Code to provide paid leave for active duty military leave, the District will provide up to ten (10) work days of paid leave for verified, scheduled inactive duty "Reserve Duty." Any period of temporary leave of absence for inactive duty "Reserve Duty" that exceeds ten (10) work days shall be unpaid, unless otherwise required by law.

5000.20.4 The District will not discriminate against any individual because of military service.

CARMICHAEL WATER DISTRICT POLICY MANUAL

5000.20.5 Employees who work more than twenty (20) hours per week and have a spouse in the Armed Forces, National Guard or Reserves who have been deployed during a period of military conflict are eligible for up to ten (10) unpaid days off when their spouse is on leave from (not returning from) military deployment. Employees must request this leave in writing to the General Manager within two (2) business days of receiving official notice that their spouse will be on leave. Employees requesting this leave are required to submit written documentation certifying the spouse will be on leave from deployment.

5000.30 Jury Duty Leave

5000.30.1 Jury Duty Leave shall apply to all full time regular employees.

5000.30.2 An employee summoned for jury duty will immediately notify their supervisor.

5000.30.3 While serving on a jury, the employee will be given a paid leave of absence for the duration of said jury duty. Said paid leave of absence is conditional upon the employee returning to work upon dismissal each day to complete their remaining normal workday. Employees must furnish a copy of the official summons/attendance slip to the District before leave will be granted.

5000.40 Bereavement Leave

5000.40.1 Bereavement Leave shall apply to all full time regular employees.

5000.40.2 In the event of a death in the immediate family, an employee may be granted a leave of absence not to exceed five (5) days. Of those five (5) days, the District provides a paid leave of absence not to exceed three (3) days. Certification may be required by the General Manager or designee.

5000.40.3 If additional leave beyond the three (3) paid leave of absence days is requested for bereavement leave for the death of an immediate family member, the employee must use their sick and/or vacation accrual with approval by the General Manager or designee.

5000.40.4 Immediate Family: "Immediate family" is defined for bereavement leave as being spouse, registered domestic partner, parents, children, siblings, grandparents, grandchildren, father-in-law, mother-in-law, sister-in-law, brother-in-law, or any other person who is a legal dependent of the employee.

5000.40.5 In the event of a death to a person outside of the employee's "immediate family" the employee may opt to use their vacation accrual during the approved absence.

5000.50 Management Leave

5000.50.1 At the discretion of the General Manager, the Engineering Manager and Finance Manager positions may receive up to 80 hours of Management Leave on an annual basis. Management Leave is not accruable or compensable.

CARMICHAEL WATER DISTRICT POLICY MANUAL

5000.60 Family Medical Leave Act (FMLA) / California Family Rights Act (CFRA) Leave

5000.60.1 The District is a covered employer under the federal Family Medical Leave Act of 1993 (FMLA) and the California Family Rights Act of 1993 (CFRA). As a covered employer, the District is required to post notices of employees' FMLA and CFRA rights.

5000.60.1.2 Although the District is a covered employer under the FMLA, District employees are not eligible for FMLA leave benefits because no District employee can meet the eligibility requirement of employment at a worksite where the District employs at least fifty (50) employees within seventy-five (75) miles of that worksite.

5000.60.1.3 If the number of District employees increases sufficiently so that District employees are eligible for FMLA leaves, the District will provide and administer the leaves as required by law, will run the leaves concurrently with any other leaves for which an employee is entitled for the same reason, and will use the 12 month rolling back method.

5000.60.2 District Employees are eligible for CFRA leave benefits which provides eligible employees the right to an unpaid leave of absence after exhausting all of their sick and vacation leaves. The District will 1) provide and administer any CFRA leaves as required by law, 2) administer the CFRA leaves concurrently with any other leaves for which an employee is entitled for the same reason, and 3) use the 12 month rolling back method.

5000.70 New Parent Leave Act (NPLA) Leave

5000.70.1 Effective January 1, 2018, a District employee who has more than twelve (12) months of service with the District and has 1,250 hours of service with the District during the previous twelve (12) month period is eligible to take up to twelve (12) weeks of unpaid parental leave to bond with a new child within one (1) year of the child's birth, adoption, or foster care placement.

5000.70.2 The employee must notify the District at least thirty (30) days before leave is to begin. If the employee cannot provide thirty (30) days' notice, the District must be informed as soon as is practical. Any leave taken for the birth, adoption, or foster care placement of a child does not have to be taken in one continuous period of time, but will be granted in minimum amounts of two (2) weeks, with the exception that an employee may request a leave of less than two (2) weeks' duration on any two (2) occasions. Any leave taken must be concluded within one (1) year of the birth or placement of the child with the employee.

5000.70.3 An employee will be required to substitute accrued vacation for any time period during the leave that is otherwise unpaid. If an employee is receiving PFL benefits, the District and employee can agree to coordinate the use of vacation leave up to the employee's regular salary.

5000.70.4 The District will maintain its contribution toward medical insurance at the same level and under the same conditions as if the employee had continued in employment continuously during the duration of the leave to the extent required by law.

5000.70.5 Upon return from NPLA leave, an employee will be reinstated to their original job or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions to the extent required by law.

CARMICHAEL WATER DISTRICT POLICY MANUAL

5000.70.6 If the number of District employees increases sufficiently so that District employees are otherwise eligible for FMLA and CFRA leaves, the District will provide and administer such leaves as required by law and will no longer provide NPLA leave as District employees will no longer be eligible for it at that time. Otherwise, the District will administer this leave in compliance with state law and regulations concerning NPLA.

5000.80 **California Paid Family Leave (PFL)**

5000.80.1 Employees may be eligible for PFL benefits to care for 1) a seriously ill child, spouse, parent, or registered domestic partner, grandparent, grandchild, sibling, and parent-in-law, and 2) bond with a new child; to bond with a child in connection with the adoption or foster care placement of that child. PFL is administered by the state Employment Development Department (EDD). Employees should contact EDD at www.edd.ca.gov for information and benefit claim forms.

5000.80.2 ~~District employees are required to use two (2) weeks of vacation leave, if accrued, before receiving PFL benefits. Subsequently, E~~employees may use any remaining accrued vacation leave and accrued sick leave to add to PFL benefits in order to receive a full day's pay at the employee's regular rate of pay while on PFL.

5000.90 **Pregnancy Disability Leave (PDL)**

5000.90.1 Employees are eligible for up to four (4) months (2 CCR § 11042) of unpaid leave per pregnancy, as needed, for the period(s) of time an employee is actually disabled because of pregnancy. An employee may use any accrued sick leave and accrued vacation leave during the otherwise unpaid pregnancy disability leave.

5000.90.2 The District will maintain its contribution toward medical insurance at the same level and under the same conditions as if the employee had continued in employment continuously during the duration of the leave.

5000.90.3 Upon return from pregnancy disability leave, an employee will be reinstated to their original job or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions to the extent required by law.

5000.90.4 The District will administer this leave in compliance with state law and regulations concerning pregnancy disability leave.

5000.95 **Leave Administration**

5000.95.1 Drug and Alcohol Testing: Any safety-sensitive employee returning to work after an absence of thirty (30) or more calendar days will be subject to drug and alcohol testing.

5000.95.2 Leave Program Process: Human Resources will be responsible for administering this policy including maintaining a Leave Program process that is available to be reviewed by all employees.

CARMICHAEL WATER DISTRICT POLICY MANUAL

5000.96 Reproductive Leave Loss

5000.96.1 Effective January 1, 2024, Senate Bill 848 (Chapter 724, Statutes 2023) added section 12945.6 to the Government Code. Pursuant to this section, all District employees who have been employed for at least 30 days, are entitled up to a maximum of five days of reproductive loss leave for a reproductive loss event, which includes a failed adoption, failed surrogacy, miscarriage, stillbirth, and unsuccessful assisted reproduction as defined by the law.

5000.96.2 Leave under this statute is unpaid but an employee may use accrued and available vacation and sick leave. Reproductive loss leave does not need to be taken on consecutive days but must be completed within three months of the date of the event. If prior to or immediately following a reproductive loss event, an employee takes Pregnancy Disability Leave or California Family Rights Act/Family Medical Leave Act leave, or any other leave entitlement under state or federal law, the employee shall complete their reproductive loss leave within three months after the end of their other leave. If an employee experiences more than one reproductive loss event within a 12-month period, reproductive loss leave time is limited to a total of 20 days within a 12-month period.

CARMICHAEL WATER DISTRICT
POLICY MANUAL

POLICY 5000: Authorized Leave

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5000.20.3 In addition to any obligation under California's Military and Veterans Code to provide paid leave for active duty military leave, the District will provide up to ten (10) work days of paid leave for verified, scheduled inactive duty "Reserve Duty." Any period of temporary leave of absence for inactive duty "Reserve Duty" that exceeds ten (10) work days shall be unpaid, unless otherwise required by law.

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CARMICHAEL WATER DISTRICT POLICY MANUAL

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CARMICHAEL WATER DISTRICT POLICY MANUAL

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5000.60.1.3 If the number of District employees increases sufficiently so that District employees are eligible for FMLA leaves, the District will provide and administer the leaves as required by law, will run the leaves concurrently with any other leaves for which an employee is entitled for the same reason, and will use the 12 month rolling back method.

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CARMICHAEL WATER DISTRICT POLICY MANUAL

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5000.80.2 Employees may use any remaining accrued vacation leave and accrued sick leave to add to PFL benefits in order to receive a full day's pay at the employee's regular rate of pay while on PFL.

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5000.90.2 The District will maintain its contribution toward medical insurance at the same level and under the same conditions as if the employee had continued in employment continuously during the duration of the leave.

5000.90.3 Upon return from pregnancy disability leave, an employee will be reinstated to their original job or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions to the extent required by law.

5000.90.4 The District will administer this leave in compliance with state law and regulations concerning pregnancy disability leave.

5000.95 Leave Administration

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5000.96 Reproductive Leave Loss

CARMICHAEL WATER DISTRICT POLICY MANUAL

5000.96.1 Effective January 1, 2024, Senate Bill 848 (Chapter 724, Statutes 2023) added section 12945.6 to the Government Code. Pursuant to this section, all District employees who have been employed for at least 30 days, are entitled up to a maximum of five days of reproductive loss leave for a reproductive loss event, which includes a failed adoption, failed surrogacy, miscarriage, stillbirth, and unsuccessful assisted reproduction as defined by the law.

5000.96.2 Leave under this statute is unpaid but an employee may use accrued and available vacation and sick leave. Reproductive loss leave does not need to be taken on consecutive days but must be completed within three months of the date of the event. If prior to or immediately following a reproductive loss event, an employee takes Pregnancy Disability Leave or California Family Rights Act/Family Medical Leave Act leave, or any other leave entitlement under state or federal law, the employee shall complete their reproductive loss leave within three months after the end of their other leave. If an employee experiences more than one reproductive loss event within a 12-month period, reproductive loss leave time is limited to a total of 20 days within a 12-month period.

ATTACHMENT 4
CARMICHAEL WATER DISTRICT
POLICY MANUAL

POLICY 5040: Sick Leave

5040.10 This policy shall apply to all full time employees. Probationary employees may accrue, but not utilize, sick leave during the first ninety (90) days of employment unless otherwise required by federal, state, or local laws.

5040.20 Sick leave is defined as absence from work due to illness, non-industrial injury, or quarantine due to exposure to a contagious disease. In addition, dentist and health care provider appointments and prescribed sickness prevention measures shall be subject to sick leave provided prior notice is provided to the employee's supervisor.

5040.30 Full time employees shall earn sick leave at the rate of three and seven tenths (3.70) hours per pay period commencing with the initial date of employment.

5030.30.1 Sick leave shall not accrue during a layoff, leave of absence without pay, or during any other unpaid absence (i.e., workers compensation, disability, etc.). Previously accrued sick leave shall not be forfeited.

5040.40 Sick leave is not a privilege which an employee may use at their discretion, but shall be allowed only in case of actual sickness or disability of the employee, because of illness, dentist and/or health care provider appointments, prescribed sickness prevention measures, or other medical needs of the employee. Sick leave use is not allowed for daycare needs, school appointments, or meetings.

5040.50 In order to receive compensation while on sick leave, the employee shall personally notify their supervisor within thirty (30) minutes of the beginning of their regular work day. Sick leave with pay will not be granted for periods in excess of accrued sick leave.

5040.50.1 Sick leave occurring on scheduled work days is charged at a rate not to exceed eight (8) hours for regular full time employees. The only exception to this will be an approved group who works a four (4) ten (10) hour work week is at a rate not to exceed ten (10) hours on scheduled work days.

5040.50.2 For partial day sick leave usage, sick leave must be used in minimum increments of fifteen (15) minutes.

5040.60 If absence from duty for three (3) or more days by reason of illness occurs, satisfactory evidence from a health care provider will be required. However, an employee's supervisor can require an employee to provide a health care provider's note at any time prior to granting the use of sick leave.

5040.70 Accrued sick leave upon termination of employment with Carmichael Water District (District) is forfeited.

5040.70.1 Employees who are re-employed with the District within one (1) year of termination will have up to forty-eight (48) hours or six (6) days of their previously accrued and unused sick leave bank restored at the time of rehire.

CARMICHAEL WATER DISTRICT POLICY MANUAL

5040.70.2 Upon retirement of the employee from the District, the California Public Employees' Retirement System (CalPERS) accounts for all accrued but unused sick leave in computing final benefits.

5040.80 Subject to the conditions and restrictions of this policy, pursuant to Labor Code section 233, an employee's annual accrual of sick leave can be used for one of the following reasons:

- a. Diagnosis, care, or treatment of an existing health condition of, or preventive care for, an employee or an employee's child (biological, adopted, foster child; stepchild, legal ward, or a child to whom the employee stands in loco parentis regardless of age), parents (biological, adoptive, foster parent, stepparent, legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child), spouse, registered domestic partner, grandparents, grandchild, and siblings.
- b. For an employee who is a victim or who has a family member who is a victim of domestic violence, sexual assault, or stalking, the purposes described in subdivision (c) of Section 230 and subdivision (a) of Section 230.1.

CARMICHAEL WATER DISTRICT POLICY MANUAL

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CARMICHAEL WATER DISTRICT POLICY MANUAL

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ATTACHMENT 6
CARMICHAEL WATER DISTRICT
POLICY MANUAL

POLICY 5041: Sick Leave – Healthy Workplaces, Healthy Families Act of 2014

5041.10 This policy shall apply to all employees who are not eligible for sick leave under Policy 5040 – Sick Leave and who are not excluded as employees in the Healthy Workplaces, Healthy Families Act of 2014 and amendments.

5041.20 To comply with California’s Healthy Workplaces, Health Families Act of 2014 (California Labor Code Section 245-249), beginning July 1, 2015 Carmichael Water District (District) will provide paid sick leave to employees who work 30 or more days for the District in California within a year from the commencement of their employment with the District.

5041.30 Eligible employees will accrue one (1) hour of sick time for every thirty (30) hours worked up to a maximum accrual of forty-eight (48) hours or six (6) days, whichever is greater, per calendar year.

5041.40 An eligible employee will be able to use accrued paid sick time under this policy beginning on the ninetieth (90th) day of employment, after which day the employee may use paid sick time as it is accrued.

5041.40.1 The District requires employees to use paid sick leave under this policy in minimum increments of thirty (30) minutes.

5041.40.2 Leave under this policy will not be granted for periods in excess of accrued sick leave.

5041.40.3 Sick leave occurring on scheduled work days is charged at a rate not to exceed the number of hours scheduled for that workday.

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CARMICHAEL WATER DISTRICT POLICY MANUAL

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**CARMICHAEL WATER DISTRICT
POLICY MANUAL**

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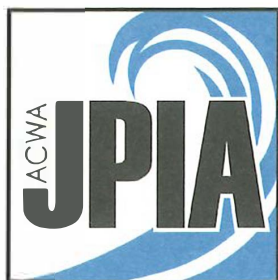
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POLICY MANUAL**

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YOUR BEST PROTECTION

ACWA JPIA

P. O. Box 619082
Roseville, CA
95661-9082

phone
916.786.5742
800.231.5742

www.acwajpia.com

Core Values

- People
- Service
- Integrity
- Innovation

12/2/2024

Carmichael Water District (C025)
7837 Fair Oaks Blvd
Carmichael, CA 95608

General Manager:

Each year at Fall Conference, the JPIA recognizes members that have a Loss Ratio of 20% or less in either of the Liability, Property or Workers' Compensation programs (loss ratio = total losses / total premiums).

The members with this distinction receive the "**President's Special Recognition Award**" certificate for each Program that they qualify in.

The JPIA is extremely pleased to present Carmichael Water District (C025) with this special recognition and commends the District on the hard work in reducing claims.

Congratulations to you, your staff, Board, and District. Keep up the good work!

The JPIA wishes you the best in 2025.

Sincerely,

Melody McDonald
President

Enclosure: President's Special Recognition Award(s)

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Carmichael Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Liability Program for the period 10/01/2020 - 09/30/2023
announced at the Board of Directors' Meeting in Palm Desert.*



Melody McDonald, President



December 02, 2024

President's Special Recognition Award

*The President of the
ACWA JPIA
hereby gives Special Recognition to*

Carmichael Water District

*for achieving a low ratio of "Paid Claims and Case Reserves" to "Deposit Premiums"
in the Workers' Compensation Program for the period 07/01/2020 - 06/30/2023
announced at the Board of Directors' Meeting in Palm Desert.*



Melody McDonald, President



December 02, 2024

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General Manager's Report January 2025

1. Regional Water Authority (RWA) Executive Committee (EC)

The RWA Board of Directors (Board) has established a nine-member Executive Committee to coordinate and monitor the activities of RWA staff, review and approve routine business decisions, and make recommendations to the Board. Executive Committee members are elected by the Board in January and serve a 12-month term. The Board of Directors also elects a Chair and Vice-Chair for the Board during the last meeting of the calendar year and the Vice-Chair typically becomes the Chair for the upcoming year.

The Vice-Chair of 2024 was Mr. Bill Roberts of the City of West Sacramento and he was elected to serve as Chair for 2025. It was made aware that Mr. Roberts will retire from the City of West Sacramento this month, creating a vacancy in the Chair position. RWA called a special Board meeting to select the chair. Mr. Brett Ewart of the City of Sacramento, who was the chair of 2024, and Mr. Michael Saunders of Georgetown Divide Public Utility District, who was elected to be the Vice Chair of 2025, both expressed interest in the position. After a roll call vote, Mr. Ewart was elected to continue to be the chair and Mr. Saunders will remain the Vice Chair.

The elected EC Committee will consist of Mr. Sean Bigley of City of Roseville, Mr. Robert Wichert of Sacramento Suburban Water District, and City of West Sacramento if it so choose to remain on the EC. The incoming SGA Chair appointed the District's Director Ron Greenwood to the Executive Committee while the investor owned utilities selected Mr. Sean Twilla of Golden State Water Company as their representative. Should the City of West Sacramento declines its position on the EC, Chair Ewart will select one of the two volunteers, Mr. Bruce Kamilos of Elk Grove Water District or Mr. Chris Nelson of City of Lincoln who ran for the EC.

2. Water Forum

The Water Forum has published a working draft of the Water Forum 2.0 Agreement (Agreement) in December 2024, as attached, and Water Forum staff is still seeking substantive comments. The Environmental Caucus has met with Placer County Water Agency (PCWA) to discuss its purveyor specific agreement (PSA) and may request to meet with all purveyors.

Water Forum and RWA staff met with the U.S. Bureau of Reclamation (USBR or Reclamation) to discuss the Water Forum/USBR Memorandum of Understanding (MOU) signed in 2021 for coordination of Lower American River operations (Attachment 2). USBR expressed dissatisfaction that 1) there is no mandatory conservation from water agencies, 2) its position of in-lieu banking is different from the area's water purveyors, and 3) American River Climate Adaptation Plan (ARCAP) should include a cold water pool. These items remains to be discussed at Water Forum and RWA.

Water Forum also named Ashlee Casey as its longer term Interim Executive Director while looking for a new Executive Director.

3. Stream Depletion Factor (SDF) for Water Transfers

California Department of Water Resources (DWR) has formed a Policy Advisory Committee (PAC) and a Technical Advisory Committee (TAC) with Reclamation along with representatives from the sellers' watersheds to discuss SDF. RWA staff Jim Peifer represents the American River on the PAC while Trevor Joseph is on the TAC. A SDF of 20% for 2025 and 25% for 2026 have been floated around which are a lot higher than the 13% used previously for water transfers.

4. Non-Payment Water Shut Off

The State of California, through Water Code (WC) Section 106.3(a), which states "*the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes*". and other environmental justice organizations have advocated human right to water principle. WC Section 106.3(e) further states that "*the implementation of this section shall not infringe on the rights or responsibilities of any public water system*". Many suggestions for continued water service for non-payment have surfaced including a reduced flow measure for basic health and safety or a tax levy for revenue collection. Staff have reviewed the suggestions, polled water purveyors for their practices, and concluded that water shut offs remains the most effective method to collect payment. Should the Board seek a discussion on this topic, staff can bring the item to the Board for further discussion.

Attachment(s)

1. Working Draft, Water Forum 2.0 Agreement
2. MOU between USBR and Water Forum

Dear Water Forum Members:

This document is the consolidated *WORKING DRAFT* for the Water Forum 2.0 Agreement and is crafted from the language prepared by the various working groups. This draft includes those sections of the agreement where we have either achieved consensus or garnered broad support. For those sections still in discussion, we have included placeholders for your information. In some cases, we have flagged items for your consideration as you review the language. This document is very much a working draft and represents a compilation of language generated from the WF 2.0 discussions and offers an opportunity for the members to see all the pieces together. In addition, this draft includes introductory content which aims to provide both historical context and a framing for the WF 2.0 Agreement. We look forward to your thoughts on this new content.

We anticipate providing WF members with a complete (and more polished) draft of The WF 2.0 Agreement in advance of the March caucus meetings.

Guidance for Your Review

We'd like to provide some guidance as you review this initial consolidated draft, and also express our appreciation in advance for your cooperation in adhering to these requests.

- We ask that you **only** provide substantive comments to inform those areas that may still require further discussion and consensus building.
- We are **not** requesting wordsmithing, grammatical, or formatting editorial comments. We will conduct an in-depth copy edit and address any formatting inconsistencies for the complete draft that we aim to distribute in late February.
- We suggest that all members carefully read the contents and come to your January caucus meetings prepared to offer clear comments to be shared and reconciled within your respective caucuses, to the extent possible.
- We are requesting **one integrated set of comments from each caucus** to be submitted to the WF Team by **Friday, January 17, 2025**. We suggest that primary negotiators from each of the working groups play a lead role assembling caucus comments (see table on the next page for the list of primaries from each caucus).
- Note: The WF staff and consultant team is available to attend your January caucus meetings if that would be helpful. However, if the caucus would like to meet independently to work through comments without staff and consultant support, please inform us and we will plan accordingly.

We'd also like to take this opportunity to celebrate how far we've come over the past several years and to thank you for your tremendous commitment of time and energy towards achieving a shared vision for the future of the Water Forum. We look forward to our continuing collaboration over the next six months as we finalize the Water Forum 2.0 Agreement.

On Behalf of the Water Forum Staff and Consultant Team,

Ashlee Casey, Interim Executive Director

Water Forum Agreement 2.0 - Compiled and Annotated Draft

Draft for Distribution to Water Forum Membership December 11, 2024

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Executive Summary

To be drafted

Introduction

The Water Forum: Protecting the River and Regional Water Supply

The lower American River is one of the Sacramento region's greatest treasures. Generations of Sacramento-area residents have grown up on the river and along the parkway, enjoying its rich ecosystem of plants and wildlife, and numerous recreational activities. Throughout history, the river has sustained the lives and livelihoods of local residents by providing drinking water. But the river doesn't just provide for the region; it also needs active stewardship.

In 2000, 40 agencies and businesses came together to sign the landmark Water Forum Agreement, a visionary long-term plan created to balance two coequal objectives:

Provide a reliable and safe water supply for the region's economic health and planned development through to the year 2030; and
Preserve the fishery, wildlife, recreational, and aesthetic values of the lower American River.

The Water Forum Agreement was a bold experiment. People with vastly different views on the best uses of water agreed to work together toward mutual goals. Water agencies, environmental organizations, business groups, and other stakeholders negotiated a 30-year plan for how the American River basin's water would be managed and protected. The aim was to reduce the persistent conflicts over water resources that had historically plagued the region.

Before the Water Forum, the Sacramento area had seen its share of lawsuits, demonstrations, and political battles over planned water projects. Water providers and business interests were concerned that opposition to water development would hinder their ability to serve customers with a reliable water supply. At the same time, environmental advocates were alarmed by the ongoing decline of water-based ecosystems.

The agreement, reached after seven years of intense negotiations, included financial and operational commitments from water providers, and a promise from environmental organizations to support water providers based on the terms of the agreement. The Water Forum 1.0 Agreement included seven key elements that represent the strategies members used to meet the coequal objectives of water supply reliability and environmental stewardship. Over the past 20 years, these strategies shaped water management in the Sacramento region, addressing both immediate needs and long-term sustainability.

The Water Forum 1.0 elements were:

1. Detailed plans for **increased surface water supplies** from rivers during average to wet years to support Sacramento's anticipated population and economic growth through 2030.
2. Water provider commitment to **actions during dry years** to reduce surface water diversions to protect fish, wildlife, aesthetic, and recreational value of the river.

3. Plans to establish a **new flow standard** for the lower American River that would improve water releases to better support fish.
4. A **Habitat Management Element (HME)** dedicating purveyor and federal resources toward preserving the fishery, wildlife, recreational, and aesthetic values of the lower American River.
5. Comprehensive **water conservation** plans to meet regional water needs while reducing reliance on both groundwater and surface water.
6. Establishment of local agencies for **groundwater management**, to monitor groundwater use and implement a conjunctive use program.
7. Ongoing implementation and adaptation of the Water Forum 1.0 Agreement through 2030 via the **Water Forum Successor Effort** (WFSE).

These elements and the Water Forum members' progress in each is detailed in Appendix 1: Advancing the Seven Elements of the First Water Forum Agreement.

Now, after more than two decades, the Water Forum is widely regarded as successful, and often recognized as a model. It has not only led to tangible accomplishments in water management and river health enhancement but has also built strong, collaborative relationships that have helped the region navigate severe droughts. These collaborations have allowed the region to invest in river restoration projects as well as major infrastructure projects without opposition or lawsuits, a testament to the trust and transparency that has been cultivated over the years.

The success of this partnership has earned the Sacramento area a statewide reputation as an innovative steward of regional water resources and provides a solid foundation for negotiating a new agreement necessary to tackle the challenges ahead. The challenges ahead are significant for a reliable water supply, and especially for a healthy ecosystem reliant on cold water.

Pull-out box-----

The lower American River is an essential part of life in the Sacramento region. It provides drinking water to nearly 2 million people and is home to 43 species of fish, including the endangered Central Valley steelhead and fall-run Chinook salmon.

The river corridor also helps protect Sacramento-area communities from floods and plays an important role in supplying water to the Sacramento-San Joaquin Delta, which serves as the drinking water source for much of California and provides water for the state's agriculture.

-----**Pull-out box**-----

The Water Forum brings together a diverse group of businesses, citizen groups, environmentalists, water managers, and local governments in Sacramento, Placer, and El Dorado counties.

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Commitment to The Water Forum Way

The Water Forum Way is an explicit set of mutual obligations that has guided Water Forum members' engagement with one another since its inception. Members demonstrate adherence to the Water Forum Way through the following practices:

- Mutual gains approach and collaborative effort to seek consensus and build trust;
- Participating with an open-minded, respectful, and interest-based approach to all discussions;
- Working through challenges, search for and find balance across the Water Forum’s coequal objectives;
- Understanding Water Forum processes and stakeholders;
- Emphasize transparency through a group disclosure process;
- Surfacing and seeking to understand and accommodate differences and interests among Water Forum members; and
- Working with diverse groups to enable voices to be heard and to have an opportunity to have a seat at the table.

All members of the Water Forum, including staff and consultants, commit to adhere to the Water Forum Way and hold each other accountable for reinforcing the practice.

-----Pull-out box-----

Honors and Awards

- 1999 Achievement Award from California Water Policy Conference
- 2000 Association of California Water Agencies Clair A. Hill Water Agency Award
- 2000 U.S. Environmental Protection Agency Region 9 Outstanding Environmental Achievement Award
- 2001 League of California Cities Helen Putnam Award for Excellence
- 2001 Governor’s Environmental and Economic Leadership Award for outstanding contributions in the area of Environmental-Economic Partnerships
- 2004 Harvard University Kennedy School of Government “Top 50” Programs in the Innovations in American Government competition
- 2015 American Water Resources Association, Csallany Institutional Award for Exemplary contributions to Water Resources Management
- 2015 Governor’s Environmental and Economic Leadership Award

The Water Forum was honored in both 2001 and 2015 with the Governor’s Environmental and Economic Leadership Award — the state’s top award for environmental stewardship — in recognition of their work to improve the lower American River riparian habitat and parkway, and to protect the Sacramento region’s water supply.

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Key Milestones in the Water Forum’s History

[Represent as a timeline to show (for example) first habitat project, FMS, MOU with Reclamation signed, etc.]

Commented [SC2]: Timeline from WF website to be updated and incorporated.

Water Forum 2.0: The Next Generation

As the Water Forum looks to the next thirty years, it faces a different set of challenges and a new regulatory landscape, including climate change, environmental conditions, and economic pressures.

- **Climate Change:** Climate change presents the single most significant threat to achieving the Water Forum's coequal goals of water supply reliability and environmental stewardship of the lower American River. While the Water Forum 1.0 Agreement focused primarily on mitigating the effects of dry years, the region is now experiencing a complex mix of hotter and drier periods, coupled with more intense bursts of rainfall. This pattern will challenge water storage infrastructure, particularly Folsom Reservoir, which must balance flood control needs with storing water for drought periods—challenges that were not anticipated in the Water Forum 1.0 Agreement.
- **Environmental Challenges and Fisheries:** Salmon and steelhead populations in the lower American River face significant threats due to suboptimal flows and temperature conditions and poor genetic diversity. Additionally, climate change impacts and factors like ocean and Delta conditions have led to reduced fish populations. Building on ongoing habitat enhancement and continued collaboration with agencies, including the Bureau of Reclamation, for suitable flows and temperatures will be crucial for mitigating these challenges.
- **Groundwater Management:** The Sustainable Groundwater Management Act (SGMA) of 2014 expanded the state's role in groundwater oversight, requiring local agencies to form Groundwater Sustainability Agencies (GSAs) and create long-term Groundwater Sustainability Plans (GSPs). SGMA and the GSAs now guide groundwater management across California, including Sacramento, and supersedes many features of the Water Forum 1.0 Agreement groundwater element.
- **Water Supply Reliability:** The threat of "dead pool" conditions at Folsom Reservoir, where water levels are too low to meet supply needs, represents a severe risk to both water supply and river health. Multi-year droughts have previously brought the reservoir to critical levels, impacting water availability for over a million residents. The Water Forum's Flow Management Standard, which includes minimum flows, temperature management protocols, and storage target provisions offers one strategy for mitigating this risk, but further safeguards are needed to adapt to climate-driven extremes in hydrology, including support for more diversified supply portfolios for regional water providers to reduce reliance on the American River supplies.
- **Rising Regulatory Pressures:** Since 2000, state regulations related to water have significantly expanded, introducing mandates that have raised compliance costs and created new challenges for water purveyors. Increased regulation now affects every aspect of water management, from groundwater sustainability and surface water flows to conservation requirements and long-term planning. For example, the state's role in water conservation has expanded, gradually surpassing the framework set by the Water Forum 1.0 Agreement. This progression culminated in the adoption of the *Making Conservation a*

California Way of Life regulation by the State Water Board in July 2024, solidifying conservation as a permanent and rigorous state mandate.

- **Water Affordability:** The costs of providing water are increasing, driven by the rising expenses of regulatory compliance, infrastructure maintenance, and essential supplies like energy and chemicals. At the same time, revenue growth is limited as conservation measures reduce demand and customers resist rate increases. This financial strain on local water providers highlights the need for cost-effective, transparent management strategies that align with public expectations.

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Coequal Objectives and the Challenge of Climate Change

In the 1990s, Water Forum members negotiated the Water Forum 1.0 Agreement to address the urgent need for reliable water supplies as regional groundwater sources declined and demand on the lower American River increased. Today, Water Forum members have identified climate change as the most significant challenge to the Water Forum's coequal objectives of balancing reliable water supplies while protecting the health of the lower American River environment.

To assess the impacts of climate change and population growth on water supply reliability and river health through 2050, the Water Forum conducted a technical analysis that compared projected conditions to historical data.

This analysis, *Water Forum 2.0 – Ad Hoc Technical Team (AHTT) Study Plan Analysis Report*, was led by a team of experts from water, business, public agencies, and the environmental sector. It built upon the Bureau of Reclamation's 2022 American River Basin Study (ARBS), applying its data to a focused examination of the lower American River.

Key findings included:

- **Hydrology:** Runoff is projected to peak up earlier, while the frequency and severity of multi-year droughts will increase. Droughts similar to the 2012-15 event are likely to shift from occurring once every 100 years to once every 10 years. As a result, the region will likely find itself in drought response mode more often, with extreme drought events becoming increasingly common. Current regional operations may also prove less effective due to shifts in the timing and volume of runoff.
- **Water Supply Reliability:** Future conditions indicate a decrease in surface water reliability, which will lead to an increased dependence on groundwater. This reduced availability of surface water will necessitate greater flexibility in water management strategies. Additionally, the frequency of critically low storage levels at Folsom Reservoir is expected to rise, presenting challenges for existing operations. As a result, proactive groundwater management in wet years will become essential for the region's water supply reliability.

- **River Health: Fisheries:** Climate change is likely to significantly increase the number of days when river temperatures reach levels that are unsuitable for the survival of salmonids. This rise in unsuitable conditions will pose challenges for fish survival, highlighting the need for actions that effectively balance the beneficial uses of available surface water to support both fisheries and water supply needs.

Overall, the study provided a technical foundation for collaborative solutions and informed the Water Forum 2.0 Agreement by identifying gaps in water supply and river corridor health under future conditions. It also set the foundation for a regional dialogue on potential adaptation tools, projects, and measures to address these critical issues.

A Positive Vision for the Future

The challenges facing water management today present an opportunity to strengthen and modernize the Water Forum Agreement for its continued relevance in the evolving landscape.

While these challenges are significant, Water Forum stakeholders share a positive vision for the future. This vision is built on the principles of mutual benefit, with a renewed Water Forum Agreement serving as the foundation. In this future, regional ecosystems and the economy remain resilient and sustainable, and citizens enjoy reliable, sufficient, and safe water supplies. Communities can weather multi-year droughts without compromising the health of their landscapes or water-based ecosystems.

As with the Water Forum 1.0 Agreement, Water Forum 2.0 is a commitment to working together towards the coequal objectives, only now to overcome a different set of challenges. The renewed Agreement is not an attempt to outline all the “answers,” but will instead establish a framework that brings stakeholders together to collaborate, innovate, and adapt in the face of evolving water management issues. By fostering a collaborative and inclusive process, Water Forum 2.0 builds mutual understanding and strengthens support among all stakeholders, leading to shared responsibility and collective action.

The vision is that this cooperation leads to increased support and drives investments in resiliency programs. This enhances the region’s reputation and improves competitiveness for water management and ecosystem enhancement grants.

Through this cooperative approach, Water Forum 2.0 becomes a model for successful, collaborative stewardship. The growing support from stakeholders stretches local investments further, leads to more efficient and effective water management programs. Building resiliency into regional water systems is the best safeguard for the future.

As conditions continue to evolve, Water Forum 2.0 provides the framework to address current and emerging water management challenges, while safeguarding the environmental health of the region for future generations.

Structure of the Water Forum 2.0 Agreement

The Water Forum 2.0 Agreement restructures the seven elements from the Water Forum 1.0 Agreement into four key sections: *American River Flows and Operations*, *American River Corridor Health*, *Regional Water Supply Sustainability*, and *Governance Funding & Administration*.

These sections incorporate many of the elements from the Water Forum 1.0 Agreement, adapted to meet the region's evolving needs over the next 25 years. For example, the *American River Corridor Health* section includes the Habitat Management element, and *American River Flows and Operations* integrates the Water Forum's Flow Management Standard. Additionally, *Governance Funding & Administration* introduces a new pathway for the Water Forum Successor Effort.

The Agreement includes:

Coequal Objectives: Reaffirms the long-standing mission and vision of the Water Forum, emphasizing a dual commitment to water supply reliability and environmental stewardship.

Guiding Principles: These foundational guidelines will drive the actions of the Water Forum and its members, helping to ensure that Water Forum efforts remain aligned with the core values and objectives.

Program Elements: This section outlines the core elements of the Water Forum's work, defining roles and responsibilities in the areas of American River Corridor Health, American River Flows and Operations, Regional Water Supply Sustainability, and Governance, Funding, and Administration.

Metrics: Key areas for monitoring and assessment are identified to provide a framework for evaluation, helping to ensure that initiatives are cost-effective and impactful.

Supported Projects: A list of regional initiatives and projects broadly supported by the Water Forum is included, highlighting collective efforts to enhance water supply and environmental health.

Funding Commitments: A draft of the inter-agency agreement is included, detailing the long-term financial support for the Water Forum, helping to ensure sustained progress and stability.

Acknowledgments

The success of the Water Forum 2.0 Agreement builds on the foundation established by those who brought the Water Forum 1.0 Agreement to life. Many individuals and organizations have contributed their time, expertise, and resources throughout the negotiation and development process. Their commitment to addressing the region's water supply and environmental challenges has been essential in shaping a comprehensive framework for the next 25 years.

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[Insert group photo of Ron, Clyde, Jim and Brian]

The foundation of the Water Forum 2.0 Agreement reflects the vision and commitment of those who shaped Water Forum 1.0. Special recognition goes to Ron Stork of Friends of the River, Clyde MacDonald of Save the American River Association, Jim Ray of the North State Building Industry Association/MacKay & Soms, and Brian Holloway of Sacramento Association of Realtors whose leadership was essential to the success of both negotiations.

Water Forum 2.0 Participating Organizations

Thank you to the organizations and their representatives who devoted countless hours to participating in Water Forum 2.0 negotiations. The Water Forum would not be possible without the dedication of its members.

Business Caucus

- AKT Development*
- Associated General Contractors
- Delta Bluegrass & Zuckerman Heritage Farms
- L3Harris (formerly Aerojet/Rocketdyne)
- North State Building Industry Association*
- Sacramento Association of Realtors*
- Sacramento Metropolitan Chamber of Commerce*
- Sacramento Regional Builders Exchange (SRBX)
- Green Acres Nursery & Supply

Environmental Caucus

- Environmental Council of Sacramento*
- Friends of the River*
- Save the American River Association*
- Sierra Club Mother Lode Chapter*

Public Caucus

- American River Flood Control District
- American River Parkway Foundation
- City of Rancho Cordova
- City of Sacramento Planning Department*

- League of Women Voters, Sacramento County *
- Placer County
- Sacramento Area Council of Governments (SACOG)
- Sacramento Area Flood Control Agency (SAFCA)
- Sacramento County*
- Sacramento Regional Parks
- Sacramento Valley Conservancy
- Sacramento Municipal Utilities District (SMUD)

Water Caucus

- California American Water*
- Carmichael Water District*
- Citrus Heights Water District*
- City of Folsom*
- City of Roseville*
- City of Sacramento*
- Del Paso Manor Water District*
- East Bay Municipal Utilities District
- El Dorado Irrigation District*
- El Dorado Water Agency*
- Fair Oaks Water District*
- Golden State Water Company/Arden-Cordova Water District*
- Orange Vale Water Company*
- Placer County Water Agency*
- Regional Water Authority*
- Sacramento Suburban Water District*
- Sacramento County Water Agency*
- San Juan Water District*

** Denotes an organization that was a signatory to the 2000 agreement.*

Memorandum of Understanding for the Water Forum Agreement

To be drafted. Intended to be signed by Water Forum signatories.

Working Draft

Water Forum Agreement Principles

This section will include a compilation of all principles across components of the WFA.

Components of the Agreement

Introductory language will be incorporated here that references commonalities across sections. This section will reference the importance/role of USBR in the WFA and point to the USBR Engagement appendix. It will also reference other implementing partnerships.

American River Flows and Operations

Flow Management Standard

Intent

The Flow Management Standard (FMS) for the lower American River (LAR) was envisioned and prescribed under the original Water Forum Agreement (WFA) and the first iteration was completed in 2006. As new data, tools, and technology have become available, the FMS has continued to be updated and refined to support the Water Forum's coequal objectives¹. The features of the FMS (i.e., minimum reservoir releases, storage targets, temperature management protocols) provide guidelines for operations of Folsom Dam and on the LAR to help protect river health and to preserve water supply reliability, particularly in times of drought when water supplies are reduced and there are competing demands.

The degree to which the FMS features are included in the operations and planning of Folsom Reservoir depends greatly on engagement with U.S. Department of the Interior, Bureau of Reclamation (Reclamation) and advocacy for regional interests within the Central Valley Project (CVP) operations. The flows and river temperatures on the LAR are directly related to the operations of Folsom Dam, which is operated by the Reclamation as part of the broader CVP. The CVP is a large multi-purpose network of dams, reservoirs, canals, hydroelectric powerplants and other facilities that span 400 miles of inland California and provides water supplies to municipal (Sacramento area purveyors included), industrial, refuge, and agricultural water users. Additional authorized purposes of the CVP are flood protection, recreation, navigation, flow augmentation, fish and wildlife enhancement, fish and wildlife mitigation, power generation, and enhancement of water quality (particularly in the Delta). Proportionally, both the demand on CVP water within the American River region and the storage capacity of Folsom Reservoir are relatively small parts of the broader CVP demands and storage capacities, respectively. However, the proximity of Folsom Reservoir to the Delta in comparison to other CVP storage facilities makes it one of the first facilities called upon when Delta water quality improvements are needed. This action is further fueled by Folsom Reservoir's small storage capacity relative to historical runoff volumes² and an underlying

¹ At the time of this document (early-2024), the most recent iteration of the FMS is referred to as the Modified Flow Management Standard (MFMS) and is referenced as such in the 2019 Biological Opinion.

² Folsom storage capacity is just under 1 million-acre-feet (MAF) and the historical annual runoff is around 2.5 MAF, however, in some years the runoff includes flood flows that cannot be captured.

perspective by Reclamation and other CVP contractors that Folsom Reservoir is more likely to refill each year as compared to other CVP reservoirs.

Historically, Water Forum members have engaged with Reclamation and other federal/state agencies to advocate for changes in operations and infrastructure that could support the coequal objectives³. In seeking implementation of the FMS and to reduce potential resistance, the Water Forum has strived to balance the features of the FMS such that the impacts to out-of-basin uses were minimized. However, LAR conditions, particularly river temperatures, have been severely challenged over the last several decades, and CVP operations for broader system-wide objectives, including the magnitude of deliveries and contractual priority of out-of-basin water users, can be at odds with the needs of the LAR. For example, Folsom Reservoir releases are frequently at their peak during the summer months to support CVP deliveries outside of the basin and to maintain water quality in the Sacramento-San Joaquin Delta. However, these increased releases in the summer months can challenge temperature management on the river, particularly for the fall spawning season.

River temperatures on the LAR have long been understood to be the primary limiting factor for salmonid species in the river. Current temperature targets, as stated in various regulatory requirements, are frequently exceeded, and detrimental temperature conditions are particularly prevalent and extreme in drought years due to lower storage (and therefore less cold water) within Folsom Reservoir and lower flows below Nimbus Dam. Over the last 15-years, the temperatures known to be optimal for the resident salmonids during key life stages have rarely been met on LAR and have trended towards upper tolerable in the best of years. Droughts have been increasingly frequent in the last 20 years and are forecasted to be more severe and frequent in the future. Temperature models have shown that river temperatures under climate change are expected to routinely be markedly above the suitable ranges for resident salmonids for nearly half of the year, creating unhealthy, or even lethal, conditions for the fish. Extreme climate change scenarios indicate that survival of the salmonids in the LAR could be severely threatened.

Temperature management improvements, including both operational and physical improvements, will be critical under future conditions to try to improve the health of the river and to support the Water Forum coequal objectives. This section describes opportunities for strategic partnerships and engagement for the Water Forum related to operational temperature management activities through maintaining and updating the FMS. Improvements to temperature management infrastructure is discussed in other sections of this document along with specific challenges and opportunities related to managing the cold water resources on the LAR system.

As the region faces a new era of water management and shifting hydrology due to climate change, the Water Forum intends to maintain the integrity of the FMS, through appropriate adjustments, so that it remains effective and relevant. The sections below outline the guiding principles and program elements for the FMS within the new WFA.

³ Water Forum and Reclamation signed a Memorandum of Understanding (MOU) in 2021 to formalize information sharing and communication on LAR conditions, operations, and forecasts.

Guiding Principles

The FMS will:

1. Be designed to help protect the health and productivity of the LAR resident salmonids (steelhead and chinook) while balancing regional water supply needs and the recreational and esthetic values of the LAR.
2. Provide the following *functions* for the LAR⁴:
 - a. *Primary Functions*
 - i. Supports physical habitat availability and favorable water temperatures for the spawning life-cycle stage of chinook and steelhead.
 - ii. Supports favorable water temperatures for the rearing life-cycle stage of chinook and steelhead.
 - iii. Provides storage protections to minimize the frequency of low storage at Folsom Reservoir, for both water supply and cold-water resources.
 - b. *Secondary Functions*
 - i. Supports physical habitat availability for the rearing life-cycle stage of chinook and steelhead.
3. Avoid causing unreasonable impacts to uses outside of the American River Basin.
4. Will not be inconsistent with the applicable flood control objectives and operational guidelines for the protection of the Sacramento region downstream of Folsom and Nimbus dams.
5. Include mechanisms to update and refine FMS features and functions based on changing conditions and the availability of new data and tools.
6. Align with other Water Forum commitments in the driest of years⁵ to ensure that both in-stream and consumptive users share the burden of reduced supplies.
7. Acknowledge that, while minimum reservoir releases are a key feature of the FMS, flows above the specified minimum releases can provide important benefits for wildlife, recreational, and aesthetic values of the lower American River.
8. Acknowledge that low Dissolved Oxygen (DO) levels have a significant health impact on salmonids thus negatively affecting the benefits of the FMS and that Folsom Reservoir complex management actions must take this factor into account so that unhealthy DO levels are avoided.
9. Acknowledge that Folsom Reservoir storage levels in the spring are critical to the volume of cold-water pool available for the effective implementation of the FMS during the rest of the year and that management actions should be taken to preserve as much reservoir storage as is feasible during this time frame.

⁴ Updates to the stated FMS functions can be made through an amendment to the Water Forum Agreement.

⁵ The current WFA (last amended in 2015) calls these “conference years” and it is expected that terminology will be carried forward.

Program Elements

1. Ongoing Monitoring, Tracking, and Reporting

Metrics and indicators for the effectiveness of the FMS will be monitored and tracked for the duration of the agreement. Thresholds, or triggers, for actions related to the FMS will be established based on the metrics identified elsewhere in this agreement. Performance towards the identified metrics will be reported on a consistent basis

Commented [SC3]: The metrics for monitoring, tracking, and reporting of the FMS will be included in the “Metrics Proposal” which is in development. An update will be provided at the December 2024 Plenary.

2. Cross-Caucus and Internal Coordination

Water Forum will schedule regular internal meetings with an inter-caucus group of representatives with knowledge and interest in the real-time flows and operations on the LAR (Cross-Caucus). The frequency of the Cross-Caucus meetings will depend on the needs of the given water-year and could range from monthly to weekly (drought years will likely require heightened levels of coordination as compared to wetter years). The purpose of the Cross-Caucus meetings will be for caucus members to coordinate with Water Forum staff to develop a recommended approach to current and forecasted reservoir operations and strategize for regional advocacy. The approach will be informed by best available and current data, including forecasts, reservoir operations, and flows on the LAR. In their meetings with Reclamation and other regulatory agencies, Water Forum staff will advocate for the position developed by the caucus representatives. The emphasis of the Cross-Caucus will be on the implementation of the FMS under the relevant regulatory framework.

3. External Engagement for Implementation

Reclamation is the principal implementing agency for key features of the FMS (reservoir releases, Folsom storage, temperature management); state and federal resource agencies also have critical roles in the oversight and regulation of Folsom operations. Active relationships with external partners will be necessary for the FMS to be implemented over time. Key partnerships and relationships are outlined below.

- **Reclamation.** The Water Forum will continue to work with managers and operators on seasonal and real-time implementation of the FMS, including participation in regular meetings regarding current conditions and forecasts, and engagement in the American River Group (ARG) monthly meetings (see below for more information). Water Forum discussions with Reclamation related to seasonal and real-time planning and operations may consider implications of broader CVP operations on LAR targets and conditions. In addition, when regulatory processes regarding operations on the LAR relevant for the FMS are initiated, the Water Forum will engage to support inclusion of the FMS features. For example, the current FMS is referenced (in part) in the 2019 Biological Opinion on Long-term Operation of the CVP and the State Water Project (BiOp) issued by National Oceanic and Atmospheric Administration Fisheries (NOAA Fisheries) and governs Reclamation’s operations and affects implementation of FMS flows, storage, and temperature management protocols. Future efforts will be made to ensure that references to the FMS are continued in regulatory frameworks and that the information referenced reflects current understanding. Meaning, as relevant regulatory processes and documents are updated, the Water Forum will work to facilitate the inclusion of references to the most recent FMS documentation and understanding.

In 2021, the Water Forum and Reclamation signed an MOU to identify and implement communication and information sharing activities related to Reclamation's operations on the LAR. Specifically, the MOU is intended to focus on implementation of key elements of the FMS (end-of-December storage, minimum reservoir releases, temperature management, etc.). Since the signing of the MOU, Water Forum staff and members have been meeting with Reclamation at regular intervals to share and discuss information related to the latest forecasts, conditions, and operations decisions.⁶

- NOAA Fisheries. NOAA Fisheries is the primary federal regulatory agency responsible for protecting federally listed threatened and endangered anadromous species on the LAR. The Water Forum will actively maintain working relationships with NOAA Fisheries representatives working on the American River operations to facilitate their understanding of FMS features and functions.
- U.S. Fish and Wildlife Service (USFWS): USFWS work on the LAR is focused on protecting federally listed species and includes guiding research, developing conservation actions, and partnering to restore habitat and recover species. The Water Forum will actively maintain working relationships with USFWS representatives working on the American River operations to facilitate their understanding of FMS features and functions.
- California Department of Fish and Wildlife (CDFW): CDFW operates the Nimbus Fish Hatchery on the LAR and leads many of the surveys and data collection efforts focused on the health and status of fish in the LAR. The Water Forum will continue to coordinate and partner with CDFW on activities related to the implementation of the FMS.
- State Water Resources Control Board (SWRCB). The SWRCB is responsible for administering water rights in California and thus oversees the water rights permits and licenses held by Reclamation and other diverters on the American River. In addition, the SWRCB regulates water quality in the Delta. Some SWRCB actions impacting conditions on the LAR can include (but are not limited to) issuing temporary urgent change petitions (TUCPs) for Delta water quality (impacting CVP operations) and water right curtailment during drought emergencies, adopting flow standards for river systems, and otherwise regulating flows on the LAR.

It is the intent of the signatories to the Water Forum Agreement that the FMS will be permanently implemented recognizing that over time the FMS will be refined to reflect updated understanding of the needs of the river. One way this can be implemented will be an updated SWRCB flow standard for the lower American River. It is also the intent that there be flexibility (adaptive management) in the implementation of the FMS to reflect real-time ecological considerations.

⁶ As of January 2024, aspects of that MOU have expired, and updates will need to be explored and pursued. Specifically, the 300 TAF end-of-December planning minimum for Folsom Reservoir storage was established for a pilot period for calendar years 2020-2022. Current efforts are underway to include a similar planning minimum in a forthcoming updated BiOp, but pending the outcome of those efforts, continued engagement with Reclamation will focus on the implementation of FMS features as needed.

Commented [AC4]: This language is an attempt to reflect the guidance from the DOFA/FMS sub-group in that the commitments of 1.0, to seek adoption of the FMS by the SWCRCB, would be maintained in 2.0.

In addition, Water Forum will continue to be an active member of the *American River Group (ARG)* which offers a monthly opportunity for LAR stakeholders to convene to share and discuss the latest information related to reservoir inflows, reservoir and hatchery operations, river conditions, and fisheries status. Reclamation established the ARG as a working group to coordinate fishery and operational requirements for the LAR in 1996. Reclamation is the lead coordinator, bringing together those who have either a legislated or resources-specific interest in the operation of Folsom Dam and Reservoir and the LAR. The formal members include Reclamation, the Water Forum, and agencies with public trust responsibilities for fisheries resources in the LAR which include USFWS, NOAA Fisheries, and CDFW. Members of the public and other agencies may attend ARG meetings and comment on matters under consideration by the ARG. Reclamation considers the information provided at ARG when making operational and management decisions regarding temperatures and flows necessary to sustain fish resources in the LAR.

4. Periodic Updates and Refinements to the FMS

The status of the FMS (effectiveness and level of implementation) will be reviewed on a regular basis and the FMS will be updated and refined when new data or tools, or new approaches that may have merit, indicate that revisions would improve contributions of the FMS to meeting the coequal objectives, and/or when processes to update relevant regulatory requirements are pursued.

Caveats and Assurances

Caveats and Assurances will be developed as the agreement is refined and finalized. As conversations evolve and agreement terms are crafted, placeholders for caveats and assurances will be added to the list below, to be negotiated and finalized in later phases of the Water Forum 2.0 process.

1. All signatories agree they will recommend to the SWRCB an updated American River flow standard to protect the fishery, wildlife, recreational and aesthetic values of the lower American River. The recommendation will include requirements for the U.S. Bureau of Reclamation releases to the lower American River.
2. The Water Forum Successor Effort will develop recommendations to inform transfer activity in the region, subject to agencies' determinations of operational, regulatory and contractual feasibility, to be as consistent with the FMS as possible and maximize the value of the transfer water for the health of the LAR.
 - a. Note: Current regulations include a commitment to implement certain aspects of the FMS, and water moved through a transfer agreement has the potential to offer additional flows and/or temperature benefits to the LAR, pending operational constraints such as, but not limited to, timing of deliveries, infrastructure capacity, regulatory or discretionary actions by Reclamation.
 - b. Note: When transfers are arranged with Reclamation, purveyors are able to make requests or suggestions as to how and when water is moved through the system, however, the operations decisions are ultimately at the discretion of Reclamation and subject to regulatory requirements.

Commented [AC5]: This section will need to be refined and confirmed with the ARFO working Group after the Metrics package is reviewed.

Commented [AC6]: This language is an attempt to reflect the guidance from the DOFA/FMS sub-group in that the commitments of 1.0, to seek adoption of the FMS by the SWCRCB, would be maintained in 2.0.

Flood Operations

Intent

As the American River watershed experiences climate change, flood-event characteristics are expected to change from what has been historically observed. In response to the changing hydrology, modifications to flood operations may be necessary not only to continue to provide the Sacramento region with needed flood protection, but also to avoid compromising the Water Forum's coequal objectives. Specifically, changes in precipitation patterns shifting increasingly from snow to rain under climate change could result in shifts in the timing and magnitude of flows into Folsom Reservoir (and ultimately a reduced snowpack). As a consequence, if Folsom flood operations are not changed accordingly, lower reservoir storage at key times in the year could lead to reduced regional water supply reliability and increased river temperatures.

Current climate models consistently indicate that global temperatures are increasing and will continue to increase for years and decades to come (the summer months of 2023 were the planet's hottest on record). Regionally, warmer temperatures in the upper watershed will result in more precipitation occurring as rain instead of snow, and more intensified and extreme conditions for storms and drought alike. These changes in precipitation patterns and temperatures are likely to result in inflows to Folsom Reservoir arriving earlier in the season than has been observed historically, and, potentially at higher flow rates particularly during severe storm events, stressing the existing flood operations and infrastructure at Folsom Dam and on the LAR. High volumes of water arriving quickly at Folsom Reservoir with the rain storm events, rather than slowly over the spring and summer as snowmelt, will make it harder to capture and store the runoff for use in the drier months due to the relatively small size of Folsom Reservoir.

Enhanced operational flexibility for flood operations at Folsom Reservoir could help to mitigate impacts of climate change on regional water supply and river temperatures by creating opportunities to store and capture increased amounts of reservoir inflows during flood seasons. Operational flexibility refers to the ability to adapt and adjust the management of a reservoir to changing conditions and forecasts. It often involves real-time monitoring, forecasting, and communication with relevant authorities to make timely and informed decisions to protect downstream communities and infrastructure from flooding.

The goal of operational flexibility is to retain water in the reservoir for various purposes like water supply, hydropower generation, and ecosystem maintenance, while maintaining the ability to manage the reservoir to regulate the anticipated inflow in a controlled and safe manner to reduce the risk of flood-related damage. Operational flexibility involves making decisions about when to release water from the reservoir, how much water to release, and at what rate to make the releases, while considering factors such as weather forecasts, upstream inflows, downstream conditions, and the potential for flood-related damage.

Guiding Principle

1. Support and advocate for enhanced operational flexibility within the American River watershed through improvements in infrastructure and procedures to increase flood protection for the Sacramento region and contribute to the WF coequal objectives.

Program Elements

Reclamation operations of Folsom Reservoir for flood control are subject to the conditions of the Water Control Manual issued by U.S. Army Corps of Engineers (USACE), which is the primary regulatory agency for flood operations at Folsom Dam. These two agencies are primary implementation agencies as the flood operation at Folsom Dam is the dominant element for flood management in the Sacramento region. In addition, current Water Forum members, specifically the Sacramento Area Flood Control Agency (SAFCA) and the American River Flood Control District (ARFCD), both have active roles in flood management for corresponding facilities (infrastructure downstream of Folsom Dam) and their associated operation and thus are also implementing agencies related to flood operations

The Water Forum will support implementing agencies' programs, projects, and activities that are aligned with the WF 2.0 flood operations guiding principle of increased operational flexibility in the American River watershed, as described below.

1. Support for Projects, Programs, and Activities

The Water Forum will engage and support implementing agencies' projects, programs, and activities as appropriate and feasible in pursuit of the flood operations guiding principle. Support can include (but is not limited to):

- Funding for technical analysis
- Staff and/or consultant participation in project planning
- Providing regional education and awareness

Staff will monitor and track regional efforts that align with the flood operations guiding principle and, when there is an opportunity to add value through support, staff will develop a recommendation for consideration by the Coordinating Committee and the Caucuses. Relevant projects and programs may include enhanced hydrologic forecasting capabilities, new monitoring stations in the upper watershed, flood-managed aquifer recharge projects, enhanced FIRO at Folsom Dam, and changes to structures and operations at selected upstream reservoirs, nature-based solutions, among others.

Role of the Coordinating Committee: The Coordinating Committee provides guidance for the Water Forum annual budget process and recommends a proposed budget to the Water Forum Plenary for approval. Under Water Forum 2.0, the Coordinating Committee will review the staff recommendations and consider suggestions for inclusion in the proposed budget and consider those included items when developing recommendations for Plenary consideration.

2. External Advocacy for Improvements

Some opportunities for improvements to operational flexibility at Folsom Dam will involve layers of jurisdiction and governance at local, regional, State, and Federal levels. The role of advocacy by the Water Forum (as a representative of broad local interests) can play an important part in the success of a given effort. Opportunities for advocacy may include (but are not limited to):

- Communications with federal partners (i.e., Reclamation, USACE)

- Advocacy at the federal level with specific messaging (see *role of the Coordinating Committee below*)

Role of the Coordinating Committee for External Advocacy: The Coordinating Committee would review talking points and briefing materials with the executive director to ensure proposed messaging adequately supports the coequal objectives and is representative of the caucuses' interests.

Caveats and Assurances

Caveats and Assurances will be developed as the agreement is refined and finalized. As conversations evolve and agreement terms are crafted, placeholders for caveats and assurances will be added to the list below, to be negotiated and finalized in later phases of the Water Forum 2.0 process.

1. *The Water Forum Signatories support pursuing a Preliminary Viability Assessment of American River Watershed Forecast-Informed Reservoir Operations⁷ (Watershed FIRO) in partnership with Reclamation, USACE, National Oceanic and Atmospheric Administration (NOAA), and others where appropriate and possible.*
 - a. *Watershed FIRO offers the potential for improved water supply reliability and temperature management through increased operational flexibility and resulting increases in the volume of water stored at Folsom Reservoir at the end of the flood season.*
 - b. *Where feasible and with willing partners, Watershed FIRO may include elements of nature-based solutions and upstream reservoir modifications in the upper watershed to enhance the benefits and durability.*
2. *The Water Forum signatories support the identification and implementation of excess flood water recharge when: 1) carried out within the region; 2) designed, constructed, and operated in accordance with appropriate environmental and engineering standards/requirements, and the FMS; and 3) is consistent with and supports the Water Forum's coequal objectives*

Temperature and Other Water Management Infrastructure

Intent

Temperature management improvements, including both operational and infrastructure improvements, will be critical under future conditions to help protect the health of the river and to support the Water Forum coequal objectives. Key opportunities for Water Forum engagement related to operational temperature management activities are principally through maintaining and updating the FMS, which includes storage targets at key times in the year; strategies for using

⁷ Definitions of FIRO can vary, but generally includes expanding meteorological, watershed, channel condition, and environmental monitoring; advancing technology to enhance meteorological, watershed, channel condition, and environmental forecasting; and integrating data collection, management, display, and analysis capabilities into decision support systems related to reservoir operations.

available tools for river temperature management; and outlines strategic partnerships and opportunities for engagement. Temperature management infrastructure improvements can be an important tool to further optimize and protect cold-water resources for the LAR.

Currently, the existing infrastructure for temperature management on the LAR includes temperature shutters on the power intakes at Folsom Dam (note that although the lower-level dam outlets are sometimes used to improve temperature conditions as the last resort, temperature management is not the primary purpose of those facilities). The temperature shutters at Folsom Dam allow for water to be drawn at varying levels within the water column and offer some flexibility in management of the cold-water resources. However, the existing shutters are decades old, require manual placement within the water column, and without undertaking the cumbersome task of separating (or “de-ganging”) individual panels within the shutters, the flexibility for selective withdrawal is limited. In addition, the shutters are known to leak cold water at lower elevations than intended due to design and structural limitations, which further limits their effectiveness.

The improvement of the existing temperature shutters as well as other temperature infrastructure projects have been proposed and/or studied in the LAR system over the last couple decades, including a method to access cold water below Folsom Dam’s penstocks. The Water Forum has contributed to studies and discussions of some of these projects in the past and has been integral to advocating for improvements. Current plans for updated temperature shutters on the Folsom Penstocks have been authorized by Congress.

The last 20 years of operations on the LAR have illustrated the challenges of maintaining suitable temperatures for resident salmonids even when Reclamation’s operation of Folsom Dam is consistent with applicable regulatory mandates. There are known thresholds for optimal fish health that are stated as targets in various regulatory documents. Within those regulatory frameworks, these optimal temperature targets are often coupled with options for exceeding them by varying degrees based on their relative feasibility within a given year due to hydrologic conditions and CVP operations. In recent decades, temperatures have frequently trended towards or exceeded the upper ends of suitable habitat conditions. These challenges are expected to continue and will be exacerbated by increased ambient air temperatures and shifting hydrology predicted by climate change.

In addition to known challenges related to temperatures on the LAR, in the last several years there has been a growing awareness and concern regarding low dissolved oxygen (DO) levels in Folsom and Nimbus Dam releases and associated DO levels at the Nimbus Fish Hatchery and on the LAR. In the fall of 2023, at a time when Reclamation was releasing water from lower elevations in the water column to access colder water, there were DO levels recorded in both Lake Natoma and the LAR below suitable thresholds for salmonid survival. The fish were essentially at risk of suffocating in the water. Over the course of several days, with access to Water Forum collected DO data at key locations on the LAR, Reclamation was able to implement careful and effective infrastructure management actions to raise the DO levels to more suitable levels; namely, implementing the power bypass at Folsom Dam (i.e., releasing water from the lower outlets) and spilling water over the gates at Nimbus Dam (rather than through the penstocks). At this time it is still unclear if DO will continue to be of concern on the LAR and what actions will be most appropriate to respond.

However, infrastructure improvements to manage DO may need to be considered in the future, and options for aeration without bypassing power generation explored.

Given the current and projected temperature and DO challenges on the LAR, and the aging existing infrastructure, Water Forum support and advocacy for the continued enhancement of temperature and other water management infrastructure, and considerations for future improvements, is imperative to contributing to water conditions for healthier fisheries in the LAR.

Guiding Principle

Support and advocate for operational and infrastructure improvements within the American River watershed that contribute to more effective water temperature management and other important water quality attributes on the lower American River for anadromous salmonids.

Program Elements

Reclamation and USACE are the principal parties responsible for infrastructure installation and management on both Folsom and Nimbus Dams. In addition, SAFCA has an active role in current efforts to improve the temperature shutters at Folsom Dam⁸. Key known areas for future improvement include:

- Infrastructure at Folsom Dam to improve access to coldwater resources in Folsom Reservoir (i.e., temperature shutters, penstocks, and powerhouse)
- Options to reduce heat gain across Lake Natoma

The Water Forum will support implementing agencies' programs, projects, and activities that are in alignment with the WF 2.0 temperature management infrastructure guiding principle, as described below.

1. Support Projects, Programs, and Activities

The Water Forum will support implementing agencies' projects, programs, and activities (as appropriate and feasible) in pursuit of the temperature and other water management infrastructure guiding principle. Support can include (but is not limited to):

- Funding for technical analysis
- Staff and/or consultant participation in project planning
- Providing regional education and awareness

Staff will monitor and track regional efforts that align with the temperature management infrastructure guiding principle and, when there is an opportunity for Water Forum engagement, will develop a recommendation for consideration by the Coordinating Committee and the Caucuses. A current list of temperature management projects and programs is included in Appendix 2.

Role of the Coordinating Committee: The Coordinating Committee provides guidance for the Water Forum annual budget process and recommends a proposed budget to the Water Forum Plenary for approval. Under Water Forum 2.0, the Coordinating Committee will

⁸ There are efforts underway to design and implement updated, remotely-controlled temperature control shutters at Folsom Dam.

review the staff recommendations and consider suggestions for inclusion in the proposed budget and consider those included items when developing recommendations for Plenary consideration.

2. External Advocacy for Improvements

Opportunities for improvements to temperature and other water management infrastructure will involve layers of jurisdiction and governance at regional, State, and Federal levels. The role of advocacy by the Water Forum (as a representative of broad local interests) can play a valuable and important part in the success of a given effort. Opportunities for advocacy may include (but are not limited to):

- Communications with federal partners (i.e. Reclamation, USACE)
- Advocacy at the federal level with specific messaging (see role of the Coordinating Committee below)

Caveats and Assurances

Caveats and Assurances will be developed as the agreement is refined and finalized. As conversations evolve and agreement terms are crafted, placeholders for caveats and assurances will be added to the list below, to be negotiated and finalized in later phases of the Water Forum 2.0 process.

1. *Water Forum signatories support the implementation of a power bypass at Folsom Dam in all years as necessary to provide suitable fall spawning temperatures for LAR resident salmonids unless September temperature modeling indicate 56 °F or lower could be achieved at Watt Avenue on or before November 1st without the bypass.*

American River Corridor Health

American River Corridor Health Program

Intent

Water Forum commits to sustaining an American River Corridor Health (ARCH) Program to further improve, recover, enhance, and maintain resources of the lower American River (LAR) corridor in service of the coequal objectives:

***To provide a reliable and safe water supply for the region's economic health and planned development through to the year XX; and
To preserve the lower American River's fishery, wildlife, recreational, and aesthetic values.***

The ARCH Program builds on the success of the existing Water Forum Habitat Management Element (HME) program. The ARCH Program is intended to take a multi-faceted approach to support the coequal objectives by leading habitat and science efforts for the LAR, as well as collaborating with partners in service of a thriving river corridor and region. Although many projects directly implemented under the ARCH Program may be focused on habitat, education, science and decision-support activities, actions that support a robust and healthy river corridor also contribute to water supply reliability and economic vitality for our region.

Guiding Principles

Maintain a focus on the Health of the lower American River consistent with the coequal objectives.

All activities covered under the ARCH Core Program are in direct support of the Water Forum's coequal objectives, to ***provide a reliable and safe water supply for the region's economic health and planned development through to the year XX; and to preserve the lower American River's fishery, wildlife, recreational, and aesthetic values.***

These program activities comprise most actions and projects under ARCH and meet specific criteria to:

- ✓ Continue improvement, recovery, enhancement, and maintenance of LAR corridor natural resources⁹ by leveraging Water Forum funding to maximize available local, state, and federal grant funding.
- ✓ Lead implementation of native salmonid habitat and multi-benefit¹⁰ natural resource projects within the LAR corridor.

⁹ Consistent with applicable policies, goals, plans, guidance, and laws governing the resources, lands, and funding sources associated with ARCH program work (including but not limited to the American River Parkway Plan and Natural Resource Management Plan (NRMP), CVPIA Anadromous Fish Restoration Program guidelines, etc.).

¹⁰ Multi-benefit projects are defined as those that do not focus on a single corridor resource, and intentionally include elements to serve multiple needs, including recreation, education, multiple species, etc.

- ✓ Support study and implementation of actions that improve flow and temperature conditions, and habitat quantity and quality for native species along the LAR corridor and broader region.
- ✓ Support public outreach and education associated with Water Forum efforts on the LAR; and
- ✓ Advocate at the local, state, and federal level to support Water Forum efforts on the LAR, including efforts of Water Forum signatories and partners to support achieving the coequal objectives.

Leverage advocacy and partnerships in pursuit of shared goals

Advocacy and partnerships contribute to the Water Forum's ability to improve resource conditions under the coequal objectives. In addition, as opportunities arise and resources allow, the Water Forum engages in regional, and potentially broader actions and efforts, in support of the coequal objectives. Actions and projects supported as part of the non-core program would meet specific criteria associated with effectiveness, costs and benefits, and nexus with the coequal objectives, including:

- ✓ Maintaining an awareness of relevant projects and programs.
- ✓ Strengthening collaboration with partners.
- ✓ Leveraging Water Forum funding where appropriate.
- ✓ Identifying areas of advocacy and support for mutual gains to benefit the region.

Continue a commitment to adaptive management of Program activities.

Consistent with the Water Forum Agreement, and current Program practice, the ARCH Program would continue to incorporate "adaptive management" actions into Program and project planning to not only maintain the status quo, but to continually improve outcomes associated with the work of the ARCH Program.

Adaptive management and assessments of "lessons learned" would continue to occur at different intervals appropriate to the action being evaluated (i.e. salmonid project design assumptions are revisited on an annual basis based on fishery, hydraulic, and geomorphic data collection and analyses whereas adaptive management associated with hydrologic changes influenced by climate change would be evaluated on a longer timescale).

Current best practices of adaptive management for ARCH include but are not limited to:

- Monitoring and evaluation of corridor health project effectiveness,
- Review of existing assumptions and new data and analysis of hydrologic conditions in the watershed and region and hydraulic conditions in the river corridor,
- Synthesis of information gleaned from Water Forum-led and collaborative partnerships regarding fishery and other resource conditions,
- Continuous coordination with state and federal agencies to ensure programs and planned activities are responsive to changing resource conditions associated with growth and climate change (including human elements), updated agency guidance and maximizing funding opportunities, etc.

Adaptive management activities support flexibility to address emerging issues and nimbly respond to changing conditions as additional scientific information and funding become available, and to accommodate climate change and resource needs within the region. A continued robust program of coordination, advocacy and funding for science, monitoring, and decision support activities is needed to support the coequal objectives through adaptive management.

Adaptive management is currently associated with ongoing ARCH and ARFO programs areas, specific projects, and responses to emerging needs (i.e. implementation of the dissolve oxygen pilot study or review of MRRs during the ongoing BiOp Reconsultation process). However, the scale of adaptive management is expected to expand or contract over the term of WF 2.0 and can be easily scaled to accommodate potential new program areas or activities necessary to support improved outcomes, improved understanding associated with changing resource conditions over time, and adaptations needed to align with principles of the broader WF 2.0 Agreement as a whole

Ensure resource protection in compliance with applicable regulations

Consistent with the original Water Forum Agreement and standard practice since the Agreement signing, individual projects undertaken by Water Forum members, or the Water Forum¹¹ will conduct all necessary project- or program-specific environmental compliance documentation and consultation, as well as any required project-specific mitigation, in compliance with applicable laws and regulations.

Work in a manner that acknowledges changes in the nature and magnitude of human and societal effects on natural resources of the lower American River.

The Water Forum does not work in a vacuum. While our work can be highly technical and often focused on implementation, there are practical realities of working on an urban river corridor that is also designated as a federal and state Wild and Scenic River. Acknowledging the tension that exists between the river's ecological importance as habitat for corridor species, and human usage of the Parkway as a recreational amenity and for other reasons, is important.

The City and County of Sacramento, along with City of Rancho Cordova, City of Folsom, and other incorporated communities, as well as other non-governmental organizations, are actively engaged in the management and protection of the American River Parkway (Parkway). The Water Forum is aware of and will continue to work to understand what challenges our members and partners face in addressing broader issues related to illegal camping, fire risk, waste management, safety, pollution, and other human dimensions of resource management on the Parkway, within the policy guidance and framework of the County of Sacramento, as landowner and manager of the Parkway.

Program Elements

The ARCH program has grown in scope and size since the signing of the Water Forum Agreement, new entities are involved in development of Water Forum (WF) 2.0, and resource discussions and planning are more complex due to continued growth, changes in the nature and magnitude of human usage of the Parkway, and pressure exerted by the accelerated effects of climate change on

¹¹ As of January 2024, Water Forum is administratively a department of the City of Sacramento and conducts environmental compliance as lead agency for projects, within this administrative context.

resources addressed by our coequal objectives. Thus, additional implementation considerations and process should be considered for the term of WF 2.0, as described below:

Integration with other elements of the Water Forum 2.0 Agreement

WF 2.0 continues a holistic approach to guiding management of the region's precious water resources while protecting the river corridor in service of the coequal objectives. For example, commitments in the "Flows and Operations Element" are designed to support successful implementation of the Flow Management Standard, as well as temperature management under variable future conditions. The Water Supply Sustainability Element will include actions to respond to a range of climate futures. As such, the various elements of the Agreement are integrally linked and will be managed and tracked in parallel. In addition, the Science and Monitoring Program (see next section) employs an integrated approach to tracking key metrics and adaptive management.

Commented [MOU7]: This may be moved higher in the document to an agreement-wide principle, since this integration applies across all topics.

Water Forum ARCH Program Planning Matrix (Appendix 3)

Water Forum's work in support of a healthy river corridor is ongoing and easily scaled to accommodate available funding sources, capacity for work on the Parkway and within the region, and to meet existing and emerging decision support needs for river operations. Maintaining a list of ongoing and potential projects and broader potential program areas that may address emerging issues, that are at varying levels of feasibility (ranging from concepts/ideas for the future to shovel-ready designs) allows the organization to seize funding and coordination opportunities as they arise and respond to changing resource conditions and guidance.

Building on past experience and success, a robust program of developing and conveying information to inform river operations decision support, and planning, analysis, design, implementation, and monitoring of projects will support continued improvements, maintenance, scientific understanding, and coproduction of data associated with the health of the river corridor and its resources. Outreach and education associated with habitat, decision support, and science and monitoring activities will also continue to be an important element of the ARCH.

See Appendix 3: ARCH Program Planning Matrix for a "living" list of habitat, science/monitoring, decision support, outreach and educational activities that are ongoing, or under consideration in support of the coequal objectives during the WF 2.0 term and utilized for annual and long-term work planning. This list is current at the time of 2.0 signing but is expected to be a living document.

Engagement, External Communications, and Advocacy

To support continued advocacy and member engagement after WF 2.0 is signed, a framework or process would be developed so members have the necessary information regarding the ARCH (i.e., upcoming projects, priority partnerships) for use in external communications and advocacy. This could include program- or project-level talking points or briefings planned on a seasonal or annual basis for Water Forum led initiatives. There are a range of venues for Water Forum to collaborate with local, state, and federal partners. Additional information on special considerations, requirements, and constraints associated with planning and scientific oversight of grant-funded salmonid work under the ARCH Program can be found in the next section (Science, Monitoring and Decision Support).

Water Supply Sustainability

Surface Water Management

Intent

Regional demands for surface water are expected to increase under future conditions due to the projected regional growth and the ample amount of regional surface water entitlements. However, the uncertainty in surface water availability due to climate change, and the associated changes in hydrology, must be carefully weighed when planning to support of Water Forum's coequal objectives under future conditions.

Folsom Reservoir is projected to be at critically low levels more frequently because of the loss in snowpack and earlier inflows to the reservoir. These changes will threaten the regional municipal and industrial (M&I) intakes and produce lower flows on the lower American River. Analyses of climate change's impacts on river temperatures relative to the needs of fish show that, without action, the survival of salmonid populations will be severely threatened. The region will need to examine new approaches related to surface water management on the American River to protect regional water supply reliability and to maintain a salmonid population under climate change.

Conditions on the lower American River are largely governed by the operations of Folsom Reservoir by the U.S. Bureau of Reclamation (Reclamation) as they operate for demands within the broader Central Valley Project (CVP). Over the past 10 years (2014-2023), regional M&I diversions from the American River have accounted for around 11% of the annual unimpaired inflow to Folsom Reservoir. This ratio can vary greatly depending on the hydrology of the given year; in wet years regional demands are less relative to the total runoff, and in dry years they account for more.

There is considerable diversity among the regional water purveyors in terms of supply portfolios, locations of diversions, types of entitlements, and amount of growth projected, as summarized in Table 1. This diversity also presents a variety of opportunities to support the coequal objectives through surface water management. In addition, each purveyor has unique constraints that may limit their flexibility relative to their surface water diversions.

The Water Forum Agreement establishes principles for surface water management implemented through the elements of the agreement, including commitments contained in Purveyor Specific Agreements (PSAs).

Surface Water Management Guiding Principles

Water Forum activities related to surface water management will support Water Forum's coequal objectives by aligning with the guiding principles below. To be noted, there are other principles specific to other agreement topics (i.e., demand management) that are relevant to surface water diversions but are (for now) stated within their most relevant topic. In addition, it is acknowledged that there is an inherent tension between the coequal objectives and that when considered in isolation, they can be interpreted to be in conflict. The intention of the Water Forum is to prioritize the objectives equally, recognizing the need to holistically manage our water resources.

1. Prioritize alternative supplies to surface water from the American River system in dry conditions to provide flow and water quality¹² benefits for the lower American River.
 - a. Pursue opportunities for increased groundwater pumping to allow surface water to remain in the lower American River.
 - b. Pursue opportunities for increased diversions from the Sacramento River as an alternative to surface water from the American River system.
2. Ensure surface water commitments are balanced with regional efforts for groundwater sustainability.
 - a. Prioritize surface water diversions in wet conditions to allow groundwater recharge.

Program Elements

Element 1: Purveyor commitments for managing surface water diversions under varying hydrologic conditions

Commitments will be made based on the Unimpaired Inflow to Folsom Reservoir (UIFR) as an annual metric of hydrologic conditions within the American River watershed. A UIFR of 400 TAF or lower will define the driest conditions. A UIFR between 950 and 400 TAF will define the drier conditions. A UIFR of 950 TAF or greater will be considered normal conditions.

Purveyor commitments will be developed based on the surface water guiding principles and the unique opportunities for each purveyor. An important feature of the commitments, particularly for diverters of American River water, will be the establishment of projected future level of diversions that would be expected to occur in normal conditions. This projected future level of diversion will form the basis for commitments in drier-than-normal hydrologic conditions.

Element 2: Regional Projects and Programs

Regional projects and programs, both structural and non-structural, will be identified from the purveyor commitments and member collaboration for inclusion in the Water Forum Agreement. Projects and programs listed in the agreement will be those identified as supporting the coequal objectives and Water Forum Agreement principles and elements.

Element 3: Engagement with Reclamation

The influences of Reclamation operations on the coequal objectives are much greater than the influences of regional surface water diversions, particularly related to the health of the river. Water Forum will continue to engage with Reclamation to support the coequal objectives.

Draft objectives for engagement with Reclamation:

1. Advocate that water conserved through regional demand reduction efforts should be operated to best serve the regional interests of protecting the LAR (including maintaining the river's flow and temperature needs) as well as providing a reliable regional water supply.

Caveats and Assurances

1. The ability for any individual purveyor to implement the surface water diversions principles will depend on their respective opportunities and constraints.

¹² Including temperature, dissolved oxygen, and potentially other characteristics.

2. On a five-year cycle, purveyor signatories will coordinate with the Water Forum staff to provide data and assumptions to be reported in their UWMPs, including demand projections, current and planned supplies, and drought planning scenarios. The WF staff will compile regional data and assumptions for presentation to the WF membership for review and discussion.
 - a. This assurance is intended to facilitate improved transparency and understanding related to the data and assumptions within the UWMPs, and to better elucidate where there are differences in assumptions among purveyors.
3. **Proposed:** Nothing in the agreement is intended to call for the reduction or forfeiture of existing surface water entitlements. Signatories to the agreement will honor this principle in state and federal entitlement proceedings directly related to the Water Forum Agreement. It is recognized that there may be broader state and federal entitlement proceedings where signatories may have different interests, such as the SWRCB water rights proceeding for the Bay-Delta. Signatories agree to work in good faith through the Water Forum Successor Effort with the objective being to develop a consensus recommendation for how state and federal entitlement proceedings should affect those agencies that store and divert American River water. All signatories will make good faith efforts so that recommendations will be consistent with both coequal objectives.
 - a. The lower American River is considered to be fully appropriated by way of the existing declarations of full appropriations, the responsibilities of the California Wild & Scenic Rivers Act, and realities of the National Wild & Scenic Rivers Act. For more detailed information, see Appendix 5. The Water Forum will not be pursuing amendments to the existing declaration of full appropriation.

Commented [AC8]: This language is pulled from WF 1.0 as an option to describe implications for water entitlements. The working group has not discussed this specific language yet.

Groundwater Management

Intent

The Region's water providers are expected to continue and expand their reliance on groundwater due to projected regional growth, economic considerations, and the potential for groundwater to serve as a backup supply during dry conditions. Water providers and groundwater management agencies have made significant investments in protecting the quality and quantity of groundwater to protect the viability of this local water supply and to comply with State regulations. In particular, local water providers have expended intense effort to demonstrate that local groundwater subbasins will comply with the Sustainable Groundwater Management Act (SGMA). SGMA will continue to require local management actions and reporting.

Historically, most local water systems were either supplied by surface or groundwater, but not both. Over time, some of the previously surface-water-fed systems have added groundwater to their supply mix to increase resilience. Many of the traditionally groundwater-supplied systems have added surface water supplies to either replace contaminated groundwater or to replenish their groundwater aquifer through in lieu recharge. The use of direct groundwater recharge (sometimes called injection) is a more recent addition to local management actions and is relatively rare in the region. "Conjunctive use," "groundwater banking," and "aquifer storage and recovery" are terms used to describe efforts to manage both surface and groundwater supplies in a manner where they complement each other. Table 1 shows a list of local water providers and their recent mixes of surface and groundwater supplies.

The intention of the Water Forum Agreement will be to establish agreed-upon principles to leverage and enhance the collective resources of its signatories to support our coequal objectives and groundwater sustainability while avoiding duplication of effort.

Groundwater Management Guiding Principles

Water Forum activities related to groundwater management will support Water Forum's coequal objectives by aligning with the guiding principles below.

1. Recognizing that the regional Groundwater Sustainability Agencies (GSAs) have primary responsibility for managing regional subbasins, the WF will facilitate coordination and collaboration while avoiding duplicative efforts.
 - a. Facilitate dialogue and the exchange of information between Water Forum signatories and groundwater managers to increase the understanding of groundwater conditions and trends, support resolution of cross-boundary groundwater issues, and to promote effective regional groundwater management.
 - b. Promote and facilitate the application of the latest science and data in groundwater evaluations and planning.
2. Conjunctively manage regional groundwater basins with surface water supplies to enhance water supply reliability and provide flow and water quality¹³ benefits to the lower American River.
 - a. Prioritize groundwater use in dry conditions to allow surface water to remain in the lower American River.
 - b. Facilitate increased surface water diversions during wet periods to support groundwater recharge, in a manner that protects the river system.

Program Elements

Element 1: Regional Coordination and Information Sharing

The Water Forum will work cooperatively with regional groundwater management organizations¹⁴ to provide key information to Water Forum members about groundwater conditions and trends, including Groundwater Sustainability Plan (GSP) development and implementation and regional water bank operations. Activities and products to include:

1. An annual meeting on groundwater conditions and GSP implementation status.
2. Key groundwater indicators and data to be displayed on Water Forum webpage for quick access to current conditions and project status. This feature will provide a holistic overview of regional groundwater conditions with information from the regional groundwater subbasins and groundwater bank. This information has value not only to Water Forum members, but also to the general public, including regional decision makers, land-use agencies, and policy analysts. Information to include:
 - a. Subbasin groundwater condition mapping with water quality and water level monitoring information

¹³ Including temperature, dissolved oxygen, and other characteristics.

¹⁴ Including GSAs, and likely to include Regional Water Bank managers and participants in the future.

- b. A list of groundwater management actions planned by GSAs and their respective status.
- c. Annual volumes of water stored, extracted, and transferred as reported by the Water Bank.

The Water Forum will coordinate with regional groundwater organizations to facilitate collaboration on efforts when there is alignment in planning and implementation activities. Water Forum activities to include:

1. Sharing data and information (climate change, water demand, or otherwise) with regional groundwater management organization when there is alignment in planning and implementation needs.
2. Maintaining open dialogues between Water Forum staff and consultants and groundwater management organizations to seek opportunities to provide ecosystem benefits through groundwater management actions.

Element 2: Support Actions: Technical, Facilitation, and Public Engagement

The Water Forum has a long history of successfully helping local groundwater managers¹⁵. Upon request from groundwater management organizations, and with the endorsement of the Water Forum governing body, the Water Forum will provide assistance to local groundwater management organization. Examples of possible Water Forum support actions include:

1. *Technical*: gathering or interpreting data or doing analyses (e.g., performing CALSIM runs to validate GSP modeling).
2. *Facilitation*: structuring and holding conversations within and between GSAs and other stakeholders. For example, in 2020, the Water Forum convened negotiations with the Sacramento Central Groundwater Authority and other local entities to determine structure and funding of the South American Subbasin GSP.
3. *Public Engagement*: sharing the status of our region's groundwater management efforts with key audiences (e.g., tailored communications for Water Forum signatories who desire a region-wide perspective; provide public support to groundwater managers for grants requests).

Caveats and Assurance

1. The Water Forum will work to better understand and communicate opportunities for, and impacts of, increased surface water diversions in wet conditions.

Demand Management

Intent

Demand management refers to a variety of actions to manage the consumptive use of water, including improvements in water use efficiency and efforts to ensure demands do not exceed available supplies. These actions can be deployed at the regional, purveyor, and household level.

¹⁵ One of the most recent examples was Water Forum staff and consultant technical and facilitation support for the Cosumnes Subbasin during the preparation of their GSP in 2018.

As the region prepares for continued growth and the impacts of climate change, demand management is a valuable tool in our regional toolbox that can affect surface water diversions from the American River and reduce demands, particularly in dry conditions. Demand management has the potential to improve reservoir storage, cold water pool, and river flows as well as regional water supply reliability, groundwater sustainability and climate resilience.

Climate change in the American River watershed is expected to cause greater volatility in surface water availability between hydrologic year types. To partially address this increasing uncertainty in the availability of surface water supplies, particularly in dry and critical conditions, reduced surface water reliability will be offset (in part) by increased groundwater production and demand management. Demand management can contribute to improved water supply reliability while making more water available to support the health of the river. Moreover, reuse, grey-water, and water recycling, can reduce the need for surface water diversions. Such measures have already been implemented at varying scales within the region, with expected expansion in the future.

Continued engagement and coordination with the U.S. Bureau of Reclamation (Reclamation), (as the owner and operator of Folsom Dam, will be critical to increase the likelihood that regional demand management and other related actions will result in targeted improvements to the health of the lower American River.

It is important to note that water providers in California have more stringent state requirements for water conservation than existed 20-years ago which bring greater operational and financial obligations. The new regulatory framework adopted by the State Water Board in 2024 (Making Conservation a California Way of Life) establishes agency specific water use objectives for each water purveyor in California that will have varying impacts to our regional purveyors. WF2.0 incorporates these new requirements.

Guiding Principles

Water Forum activities related to demand management will support the Water Forum's coequal objectives by aligning with and the guiding principles below:

1. Implement appropriate and reasonable demand management actions that help purveyors meet their regulated water use objectives, including actions that could improve water supply reliability and provide ecosystem benefits in the lower American River and support regional groundwater sustainability.
2. Facilitate dialogue and the exchange of information between Water Forum signatories to promote awareness and understanding of regional water use trends and standards.
3. Seek ongoing opportunities for engagement, coordination, and agreements to promote the use of conserved water to support the coequal objectives.
4. Avoid actions that exacerbate urban heat island effects, and support actions that contribute to tree canopy health.
5. Promote access to the water necessary to support living landscapes across all socio-economic conditions while encouraging low-water use and native vegetation.

Program Elements

To implement the Demand Management Principles listed above, the Water Forum will commit to the programs, actions, and activities below. These actions are designed to support the Water Forum's coequal objectives, and to implement the Demand Management guiding principles.

Element 1. Engagement with the U.S. Bureau of Reclamation

NOTE: Specifics related to Water Forum engagement with Reclamation is under consideration by the caucuses. The text below is focused on engagement related to demand management.

Water Forum strategies and mechanisms for coordination with Reclamation are expected to shift over time as circumstances and opportunities evolve and climate change alters our regional hydrology, presenting new and potentially unforeseen challenges.

Demand management actions have the potential to increase the flexibility of the CVP system if those actions result in reduced diversions, particularly in drier periods. Reclamation has acknowledged this potential connection and value of demand reduction during these times. As part of Water Forum's ongoing work with Reclamation¹⁶, the Water Forum will promote the benefits of regional demand management actions with the intent to influence operations and agreements that are favorable to the coequal objectives.

Over time, this coordination could seek potential agreements with Reclamation that acknowledge the quantities of conserved water and provide stronger dry-year protections than currently exist with the end-of-year planning minimum. Future agreements should also include provisions to protect purveyor water rights, and to emphasize the role the Water Forum has played in decisions concerning Folsom Reservoir storage and releases.

Element 2. Purveyor Specific Agreements

PLACEHOLDER

NOTE: At this time, it is unclear if commitments related to demand management will be pursued in the new Water Forum Agreement Purveyor Specific Agreements (PSAs). The Environmental Caucus would like to continue to review and discuss the draft PSA proposals before identifying specific potential asks related to demand management in the PSAs. This draft element will be revisited in the coming months.

Element 3. Regional Coordination and Information Sharing

Water Forum staff will obtain information regarding regional demand management that Water Caucus members have reported to the State and will synthesize the data to provide regional overview of the status of implementation and water use trends. This information will be shared with Water Forum members in various venues and formats, as described below. All information shared with the Water Forum members will be built on existing reporting requirements to both California Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB).

- a. Include an annual meeting for Water Forum members focused on demand management and regional water use trends. Meeting to include hydrologic outlook

¹⁶ The Water Forum's ongoing work with Reclamation is expected to include implementing and improving the Flow Management Standard; developing various agreements with Reclamation; and providing real-time operational guidance.

for the current year and implications for regional water supplies and river needs. There will also be an option for an additional meeting, as needed.

- b. Include progress towards meeting regulatory water use objectives on the Water Forum webpage for quick access. Provide a “one-stop-shop” for the regional demand management progress with information from purveyors, DWR, and the SWRCB.
- c. Maintain open dialogues between Water Forum staff and consultants, Water Caucus members, and RWA to seek opportunities to support lower American River health through demand management actions.

Commented [AC9]: Proposal with specific information and sources is in development and initial presentation was shared with the working group on 10/18. Updated package of proposed data and reporting frequency will be included in broader Metrics and Reporting package. An update will be shared at the December 2024 Plenary meeting

Element 4. Implementation of Demand Management Actions

Each Water Forum purveyor has developed and will continue to refine their own portfolio of demand management actions to meet regulatory requirements. In choosing the timing and level of effort for potential actions, a purveyor must consider their physical and economic conditions (as well as other factors) to weigh the potential effectiveness.

The Water Forum has compiled a non-exhaustive list of demand management actions that have the potential to benefit lower American River health, and these actions are summarized in Appendix 4. Implementation of the actions could help support the coequal objectives.

- a. Water purveyors will consider implementing the demand management actions listed in Appendix A.
- b. Water Forum’s annual reporting on demand management information will include a summary of actions and measures implemented within the region, along with progress towards meeting mandated water use objectives.
- c. The Water Forum, through their decision process, may modify the list of priority actions as information on their effectiveness becomes available.

Caveats and Assurance

- 1. All signatories acknowledge that the requirements related to water purveyors’ water use efficiency and demand management have become increasingly stringent and are continuing to evolve.
- 2. All signatories acknowledge that the purveyors must consider the costs and benefits of demand management actions (monetary, ecosystem, quality of life, etc.).
- 3. All signatories acknowledge that the water rates have impacts on affordability and equity.

Dry Times Actions

Intent

Balancing the coequal objectives during dry conditions can be particularly challenging; providing a reliable regional water supply and protecting the health of the lower American River could be in conflict as regional water supplies become more constrained. The frequency and severity of dry conditions in the region are expected to increase in the future, multi-year droughts are expected to

Commented [AC10]: Conversations related to dry-times are ongoing in the WSS WG. This language is provided here for reference and will be updated based on WG and caucus feedback.

occur more frequently, and dry years are expected to be drier. Careful planning in anticipation of, and diligent coordination and strategy during, will be required to ensure that both coequal objectives are supported in dry conditions. This section is intended to address actions during the dry conditions, referred to as “*Dry-Time Actions*.” The planning and preparation for dry conditions and opportunities to build resilience in wetter times will be discussed in other sections.

As with other topics, it is important to recognize that the U.S. Bureau of Reclamation (Reclamation), as the owner and operator of Folsom Dam and Reservoir, plays a critical role in the ability of any regional actions to reliably support the Water Forum’s co-equal objectives. As such, Water Forum’s ongoing engagement with Reclamation will be crucial.

Other topics discussed by the working groups have included specific principles and elements related to regional commitments in dry conditions (surface water, groundwater, and demand management). This section is intended to reflect those key principles and elements and includes additional language where helpful for commitments specific to dry-times.

Dry Times Actions Guiding Principles

1. Prioritize alternative supplies to surface water from the American River system in dry conditions to support lower American River health.
2. Work collaboratively to develop consistent messages and strategies for engagement with Reclamation and the State in dry conditions.
3. Strive for consistent regional messaging to the public on water conservation and best practices during dry conditions.
4. Convene stakeholders to conference about balancing coequal objectives during defined dry times.

Program Elements

In development. Current list includes:

- *Purveyor Specific Agreements*
- *Cross-Caucus and Internal Coordination*
- *Engagement with U.S. Bureau of Reclamation*
- *Conference Actions*

Caveats and Assurance

1. Water agencies have a fundamental responsibility to provide a minimum level of service that ensures all customers have reliable access to safe, clean drinking water. This basic level of service is essential not only for public health and sanitation but also for economic stability and quality of life. This responsibility may constrain the breadth of actions purveyors may be able to take during changing water conditions.

American River Climate Adaptation Program (ARCAP)

The ARCAP was proposed in the November WSS Working Group and may be incorporated into the next draft upon further discussion in the WSS Working Group.

The ARCAP proposes to develop a framework for future technical analysis and ongoing coordination. The framework would be designed to bring elements of the agreement together to develop a future dedicated block of water that will help communities facing water shortages, increase reservoir storage, and improve river temperatures and flows. The proposal focuses on a cross-caucus approach to addressing challenges.

Working Draft

Science, Monitoring, and Decision Support Program

Intent

Water Forum commits to developing and sustaining a robust science, monitoring, and decision support program (Science Program) to further study, monitor, adaptively manage, co-produce, report and share relevant data, advocate for scientific rigor, and provide effective decision support regarding management of the resources LAR corridor in service of the coequal objectives.

The Science Program also identifies how the Water Forum will track and communicate activities and progress on efforts that support the coequal objectives, encompasses a range of activities covered under the ARCH program, as well as ARFO, WSS, and other related elements. The Science Program, as described below, provides the scientific foundation for the level of analysis and synthesis needed to support regular tracking and reporting for Water Forum's activities.

Guiding Principles

Assess progress in support of the coequal objectives through regular tracking and reporting.

Consistent with WF 1.0, regular assessments would inform progress toward the coequal objectives. Regular reporting on Water Forum actions is an opportunity to share information about the value of the Water Forum's presence and the organization's role in the region. Reporting would inform public understanding of water supply sustainability and river health and build trust with stakeholders that Water Forum is being a good steward of the region's water resources and river corridor.

Continue production and coproduction of scientific information in support of effective river corridor and watershed adaptive management.

Water Forum would continue to co-produce and contribute information regarding corridor health conditions (through project-related data collection and analysis and other ad hoc or emerging needs [such as DO]) to inform flow and operational discussions with ARG and Reclamation, and support decision-making on the LAR (through analysis and implementation of the FMS).

WF will also continue to review and advocate for the most appropriate data collection, analyses, and tools to inform adaptive management to improve conditions in the river (temperature, etc.). By building relationships and acquiring data that meets Best Available Science criteria from other entities to assist with science, monitoring and decision support activities (such as Folsom temperature profiles or CDFW carcass surveys), it allows Water Forum to leverage grant funding to produce actionable information, act as a liaison between stakeholder and State and Federal managing agencies, and support decision-making and understanding of corridor resources and conditions at public venues such as the American River Group and Lower American River Task Force.

Monitor program and project activities to appropriate scientific standards and intervals to continue to inform adaptive management.

Water Forum's project work would continue to meet the highest standards for scientific data collection, analysis, and reporting. Standardized, peer-reviewed protocols would be employed where applicable. Whenever we work on the river, it would continue to be monitored with an aim to

Commented [MOU11]: This section was previously included in the ARCH component but since it pertains to all WF programmatic components, it's now a standalone chapter. The language will be updated to reflect this change.

collect actionable data to be used for adaptive management, reporting, and decision support. The Water Forum frequently develops specific information for ongoing work on the LAR, particularly when other information isn't available or supplied by other entities and this should continue to be the approach for project-specific actions. A description of Water Forum's current integration into broader regional and statewide adaptive management strategies (or salmonid needs), which include peer-review, is described in ARCH Program Element 3.

Communicate effectively regarding project outcomes, public data, and information access associated with Water Forum programs.

Water Forum conducts a tremendous amount of project monitoring and special studies and develops information that is used to support planning and decision-making in the region, from technical memoranda to peer-reviewed publications. Sharing well-organized information through open data initiatives/clearinghouses, our website, and conferences and events would support the Water Forum's reputation for producing reliable, credible, and rigorous technical information to share publicly. Providing accessible information associated with the science program for the public and K-12 educational programs would also be a focus of this guiding principle.

Program Elements

Water Forum 2.0 Agreement metrics, tracking, reporting, and sharing results.

Consistent with WF 1.0, the Water Forum will commit to funding to developing a State of the River report every-five years that will synthesize information related to the status of coequal objectives – the report would describe progress regarding the impact of program activities on corridor health and contributions to a sustainable and reliable water supply. Reporting may also consider and include information solicited from other agencies and entities, where applicable, appropriate, and where best available science considerations can be met.

Reporting on progress and activities in support of the coequal objectives is an opportunity to share information about the value of the Water Forum's presence and the organization's role in the region. Reporting would occur on a regular interval (to be decided by participants of all Working Groups). The reports would provide an assessment of conditions/progress and recommendations for adaptive management regarding conditions that are directly actionable by the Water Forum (projects/funding) or indirectly actionable through advocacy. Water Forum members would be actively engaged in the development and implementation of this effort.

Metrics and indicators will be developed that inform our understanding of progress on both coequal objectives and where future resources may be best directed. Reporting would focus on status and trends associated with metrics and indicators specific to our coequal objectives. State of the River reporting would occur every 5 years.

State of the River Reporting

The State of the River Report would inform public understanding of Water Forum's ARCH and ARFO program activities and build trust with stakeholders that Water Forum is being a good steward of the corridor and documenting conditions on the LAR (final content will be informed by ARCH and other Working Group discussions during Phase 4). It would also report on Water Forum actions in support of a sustainable and reliable water supply.

Commented [AC12]: A "Metrics Proposal" is in development, and an update will be provided at the December 2024 Plenary.

The State of the River Report may identify, and potentially utilize, other reports produced for the LAR that could inform and help us to track and measure success for the coequal objectives. Although leveraging other information is advantageous, consideration should be given to using Best Available Science and understanding the limitations associated with reliance on data collected by entities outside the Water Forum, that may have funding/staff limitations and differing management mandates that can affect data quality, format, useability, timeliness, availability, and scientific defensibility.

The State of the River Report would be utilized internally to evaluate progress of the Water Forum's work but would also be compiled in a format that would be easily shareable with and relevant to a wide stakeholder and public audience.

State of the River Parkway Symposium

Sharing information via regular symposia would highlight how the work of the Water Forum supports science and decision support needs for the LAR, tracks metrics and adaptively manages activities in service of the coequal objectives, can foster resource understanding among stakeholders and the public, and offers an opportunity for partnership on the Parkway and within the region. It may be appropriate for Parkway symposia to occur on an interval that matches the State of the River Report, which would provide an opportunity to share the status of Water Forum's progress on the coequal objectives.

External Processes That Directly Inform or Direct ARCH Program Core Elements.

External entities and processes heavily influence the work of the ARCH Program's activities directly related to salmonid habitat improvements, monitoring, science, and decision-support. Water Forum's nexus with the oversight, reporting, guidance, and restrictions associated with these various processes and groups, is detailed below. Grant funded ARCH Program actions and schedules are informed and constrained by funding agency priorities and cost-benefit criteria, approved grant scopes, and outside science and review processes that prohibit flexibility for changes in scope or priorities prior to or during the grant term.

Certain monitoring activities, such as basic physical parameter monitoring associated with our long-standing salmonid habitat project sites (Gravel Monitoring and Maintenance Plan, *annually maintained by Program Manager*) are important to adaptive management, our ability to engage with Parkway partners on project status, and is attractive to potential funding agencies. Additionally, certain annual monitoring is required for all implemented habitat sites as a permit condition where the City of Sacramento/Water Forum is the permittee (Corps 408/CVFPB). Reliance solely on grant funds for this activity is a risk to continued implementation of the salmonid habitat projects that are a cornerstone of the ARCH. If funds are not available to complete this activity, then programmatic authorization of the projects (which was obtained after considerable time and expense) may be revoked and future project activities may not be approved for implementation. This annual monitoring is helpful for informing project maintenance needs and supports project prioritization to maintain habitat effectiveness on a regular basis.

Commented [SC13]: This will be simplified and included in the document-wide caveats/assurances section

EXTERNAL SCIENTIFIC AND PLANNING OVERSIGHT FOR ARCH PROGRAM

Central Valley Program Improvement Act, Science Integration Team (CVPIA SIT): Structured Decision-making and Near-Term Restoration Strategy Guidance and Requirements

The Bureau of Reclamation and the U.S. Fish and Wildlife Service established the Science Integration Team (SIT) to use the Structured Decision Making (SDM) process as a science-based framework to identify priorities for Chinook salmon, steelhead, and green and white sturgeon. Water Forum staff and technical consultants participate in the SIT and provide information that supports an understanding of LAR habitat and science efforts and operations, to inform decision-support through continued evolution of the SIT SDM based on best available science and lessons learned. Water Forum staff oversees planning, and monitoring of habitat measures and special studies associated with CVPIA grant funds.

Statewide Voluntary Agreements: Planning, Design Review, Monitoring and Science Plan Oversight

The Statewide Voluntary Agreement (VA) process includes several required venues and processes that are being put in place to ensure best available science is used to plan, implement, evaluate function, and monitor effectiveness of habitat constructed to fulfill VA commitments, and test VA Science plan hypotheses. Flow and habitat measures must meet strict criteria regarding timing, suitability, and effectiveness for VA entities to receive “credit” for the actions. All habitat actions planned under the VAs must also go through a third-party design review process prior to implementation and a review of As-Built Conditions. These processes represent a “feedback loop” to strive for best outcomes where best available scientific information is vetted and informed by the VA process, and information developed by tributaries in the process of this work feeds back into the process.

Water Forum staff sits on the VA Science Committee and are heavily involved in Science Committee efforts associated with multi-tributary coordination, design review, habitat accounting, tributary monitoring, and reporting/tracking, as well as overseeing planning, implementation and monitoring of habitat measures associated with LAR VA commitments, in coordination with RWA staff as the American River regional representative under the VA process.

Provision for a regular funding commitment to support this required monitoring (or a contingency/reserve if grant funds are not available) would show a good faith effort to regulatory agencies, potential grant funding agencies, and stakeholders who harbor concerns regarding effects of ongoing habitat enhancements. Additionally, certain types of monitoring and reporting are/will be required for projects funded in whole or part by funding sources related to implementation of the VAs, as detailed by the VA Science Plan and habitat accounting process, and currently being negotiated by the VA Science Committee and Systemwide Governance entities. Required monitoring and reporting for CVPIA-funded projects has also recently become more formalized and stringent. Monitoring associated with upcoming grant funding agreements.

The likelihood of receiving grant funding is usually higher when a grantee can show a good faith effort to document degraded conditions, baseline/pre-project conditions, contribute to long-term datasets, ensure our plans will improve onsite conditions through better project design, etc. prior to applying for funding of upcoming planning or construction work. For example: use of Water Forum (currently HME) funds to conduct a portion of baseline temperature data collection and existing and with-project habitat assessments/modeling for Cordova Creek Phase 2, led to approval of a 65% design by a broad stakeholder group (that was in question) in mid-2022, and better positions

us for eventual funding for construction of this important missing link on the Parkway. However, the project has been on hold until HME funding is available to complete environmental compliance work, which is required before implementation funding can be pursued. Provision for a regular funding commitment for these types of activities can make Water Forum better prepared, and able to apply for and take advantage of emerging funding opportunities more nimbly, which will lead to timelier project implementation. This information will be tracked in Appendix 3: ARCH Program Planning Matrix.

Development of a formal lower American River Science Program.

The Water Forum has a reputation for producing reliable, credible, and rigorous technical information. Although extensive, the majority of current science and monitoring is episodic, generally grant-funded, and heavily focused on habitat enhancement effectiveness, fishery conditions, physical river conditions, and temperature management. Special studies, such as drought monitoring or the dissolved oxygen pilot study are pursued if HME funding is available but are generally short term. There may be other parameters and conditions to consider monitoring on a short- or long-term basis, to inform understanding of emerging issues (like DO) or to inform an adaptive management approach. Due to various agency mandates regarding river and fishery management, for certain information, the Water Forum is often dependent on the actions of other agencies to collect scientifically defensible data, or our decision-making can be compromised or delayed. The need to build and maintain data-sharing channels and supportive relationships on the Parkway also requires Water Forum to carefully consider data collection and analysis activities, as they relate to the mandated roles of other agencies, prior to undertaking our own studies on the LAR.

To the extent that the Water Forum relies on other entities to conduct science activities effectively supports, or constrains, progress towards its coequal objectives, Water Forum will need to assess the level of commitment to and investment in science related activities in order to support decision-making, including an assessment of how the Water Forum efforts/roles compare to other entities conducting other data collection or science activities (i.e. Regional Parks NRMP, ARPF, CDFW, etc.) on the LAR. Additionally, it will be important to consider how current Water Forum efforts compare to other regional or river-specific science programs, the usability and value of the existing monitoring program, including its application to State and Federal agency decision-making, use of peer-review or science advisory panels, level of certainty of future funding, nexus with upcoming programs and efforts, and consider the need for a long-term, robust monitoring framework/program, decision support, and data management within the context of climate change on the LAR.

The level of effort and the scope of the Science Program will also be affected by science activities mandated by regional and/or statewide programs that may arise during the Agreement term (i.e. the Statewide VA Science Plan and habitat accounting process and other emerging funding sources and requirements, as applicable).

Governance, Funding, and Administration

Governance

Intent

Water Forum commits to sustaining a robust governance, funding, and administrative structure for the organization, in service of the coequal objectives:

To provide a reliable and safe water supply for the region's economic health and planned development through; and

To preserve the lower American River's fishery, wildlife, recreational, and aesthetic values.

The structure of the organization builds on the success of the existing Water Forum and is intended to support the programs through the 25-year life of the Water Forum Agreement (referred to as Agreement).

Guiding Principles

These guiding principles are crucial to maintaining the long-term integrity and efficacy of the Water Forum as an interest-based organization. These principles serve as both a touchstone to guide our work, as well as a scorecard to measure the extent to which an evolving governance approach is consistent with and likely to further these principles. Collectively, these principles work to instill confidence – both internally and externally – in Water Forum direction, decisions, and actions. Water Forum members¹⁷ (also referred to as signatories or member organizations) support and actively practice the principles outlined below.

Commented [MOU14]: May need to update footnote based on Water Caucus discussions related to tiered membership.

General

1. **Commitment to The Water Forum Way.** The Water Forum Way is an explicit set of mutual obligations that has guided Water Forum members' engagement with one another since its inception. Members demonstrate adherence to the Water Forum Way through the following practices:
 - Mutual gains approach and collaborative effort to seek consensus and build trust;
 - Participating with an open-minded, respectful, and interest-based approach to all discussions;
 - Working through challenges, search for and find balance across the Water Forum's coequal objectives;
 - Understanding Water Forum processes and players;
 - Surfacing and seeking to understand and accommodate differences and interests among Water Forum members; and
 - Working with diverse groups to enable voices to be heard and to have an opportunity to have a seat at the table.

¹⁷ The term "member" in this document is intended to refer to an organization that is a signatory to the Water Forum Agreement or its designated representative. Member and signatory can be used interchangeably.

All members of the Water Forum, as well as staff and consultants, commit to adhere to the Water Forum Way and hold each other accountable for reinforcing the practice.

2. ***Commitment to bridging differences in perspectives, experiences, and resources.*** Natural resource management and policy can be a place of conflicting and competing interests and resources, both within and across regions. An effective Water Forum governance creates a platform for diverse Sacramento region participants to have the hard conversations necessary to build consensus for the needed actions within the region and to advocate for its interests with others elsewhere. Water Forum members recognize that effective governance is grounded in a process that holds at its core the following:

- Inclusive and active participation;
- Governing processes that address potential inequities to achieve a more level playing field and hear all members' perspectives;
- Encourage novel thinking to address the coequal objectives;
- Mechanisms that foster timely decision-making (e.g., avoids gridlock or handing any one-party veto power, etc.);
- A "no surprises" policy that puts a premium on member candor and full disclosure on Water Forum-related issues; and
- Builds and tests for broad buy-in for any agreed-upon actions and decisions.

3. ***Commitment to open, transparent public process.*** The Water Forum is committed to acting in a manner that improves and strengthens public trust. Water Forum members believe that as public agencies and representatives of diverse interests, it is imperative that our actions are open and transparent, and that we work diligently to maintain accountability and build trust in our work.

4. ***Commitment to understanding how Water Forum work impacts our region's diverse communities.*** Consistent with these principles, Water Forum members are committed to a governance approach that builds in effective and credible mechanisms to understand and consider how the diversity of perspectives and communities in our region intersect with the Water Forum's work and priorities. We recognize that we "don't know what we don't know" and strive to create a structure that fosters shared learning. To that end, the Water Forum embraces a governance structure and culture that fosters the following:

- Each caucus striving to bring diverse and traditionally under-represented voices into its caucus and discussions
- Discussions and learning sessions that help Water Forum members understand how their pursuit of the coequal objectives may have the potential to impact – positively or negatively – the full range of individuals and communities within our region and especially those who may have a nexus with historic and current inequities
- Identify and, as practicable, address barriers to full participation by communities and stakeholders potentially impacted by Water Forum activities; consider partnerships with community groups to increase engagement with/by under-represented groups and ensure their interests are included as part of Water Forum deliberations.

Learn from one another and share effective techniques to strengthen outreach and inclusion of communities and people traditionally on the periphery of Water Forum-related discussions; look to state resources to support these efforts; and consult with known diverse constituencies to advise on best practices.

The Program Element on Diversity, Equity and Inclusion (found elsewhere in this document) speaks to more specific strategies for considering how aspects of Water Forum work under this Agreement may intersect and impact diverse communities and constituencies.

5. **Principles require Practice.** The Water Forum practices the principles of our work on a regular basis through tools such as meeting ground rules, addressing gaps in representation and the practice of disclosures. Consistent with these principles, Water Forum members are committed to a governance approach that builds on effective and credible mechanisms to understand and consider how our region's diversity of perspectives and communities intersect with the Water Forum's work and priorities.

Governance

6. **Governance that is scaled to meet the mission.** The Water Forum's governance structures (including budget, staffing, programs and representation) are appropriately scaled to the Water Forum's mission and related tasks (as defined by the coequal objectives); while balancing the need for robust and inclusive learning, discussion, and decision-making with the reality of member resource and capacity constraints.
7. **Governance that avoids duplication of efforts.** Water Forum governance should be structured to complement, not replicate, efforts undertaken elsewhere (within and outside the region) that have the potential to further (or impact) its coequal objectives.
8. **Governance that supports learning and community engagement.** Given its commitment to build a broad coalition for advancing its coequal objectives, the Water Forum will ensure its governance structure includes ongoing and effective mechanisms and opportunities to learn from one another and to educate and learn from external community groups potentially impacted by Water Forum actions.
9. **Clear roles and responsibilities for all facets of the Water Forum.** An effective governance structure articulates clear roles and responsibilities for all facets of the Water Forum, including members, staff and consultants, as well as written charters for any established committees that describe their purpose, scope, participation, leadership roles and any decision-making protocols. It also incorporates a clear process to identify and learn about recruitment that improves representation and onboarding and mentoring of new members, as well as ensure current members understand the updated governance structure.
10. **Effective leadership fosters productive dialogue and consensus building.** The Water Forum is an organization that relies on participation of individual member organizations in the Plenary and in interest-based caucuses. This governance structure relies on the active participation of its members and leadership to foster trust within and across caucuses and between and among Water Forum members, staff and consultants. Any leadership for caucuses or committees are intended to facilitate representative, effective and efficient

communication, not replace the Water Forum's consensus-based decision-making structure.

Funding

11. **Finance Mechanisms.** Effective Water Forum governance must provide a clear and reliable finance mechanism to generate the needed funding, as well as a transparent and inclusive vehicle for identifying and confirming funding sources.
12. **Diverse funding sources.** Water Forum activities are to be funded through a mix of water purveyor contributions, state and/or federal grants, and in-kind contributions of non-monetary support for Water Forum initiatives, including advocacy, public outreach, in-kind contributions of time, etc.
13. **Commitment to affordability and cost-effectiveness of actions.** When considering program areas and priorities, the Water Forum has a commitment to understanding the cost-effectiveness and affordability of its actions. The Water Forum further acknowledges that while program and activities are funded through a range of sources, they are primarily funded through local ratepayers and we have a responsibility to provide clear benefit to the public.

Administration

14. **Authority and Accountability.** Water Forum governance should articulate clear lines of authority and accountability between and among all parties to the Agreement. This accountability is intended to cover all aspects of the Water Forum work, including but not limited to: members to members; members and staff to one another; members and staff to the Water Forum mission and agreed-upon actions and priorities; and the Water Forum to the affected public.
15. **Tracking Progress.** Understanding, tracking and reporting on Water Forum progress is essential to furthering its mission and goals and fostering thoughtful consideration of any needed changes in its work and approach over the life of the Agreement. To that end, Water Forum governance should include clear metrics, benchmarks and an agreed-upon process to ensure that Water Forum members and staff can track and, as needed, adapt its work related to the following:
 - Water Forum-led projects and actions intended to support Water Forum's coequal objectives
 - Water Forum member-led projects intended to support Water Forum's coequal objectives
 - A comprehensive understanding of both river health and water supply reliability

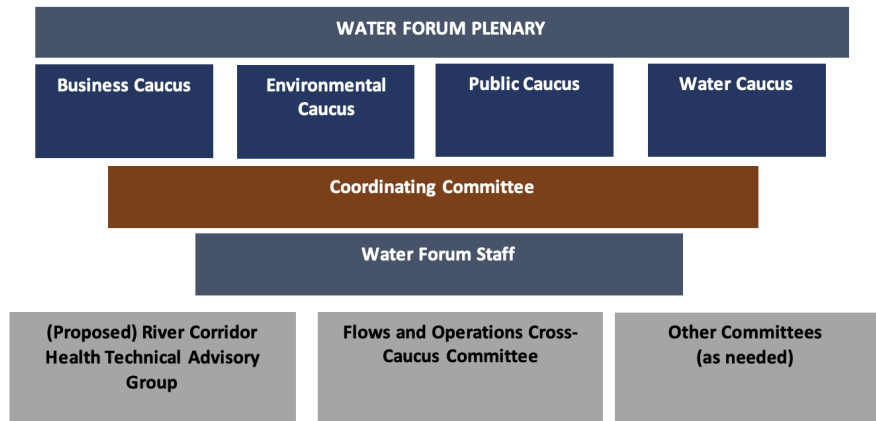
Program Elements: Governance Structure

1. Governance Structure

The Water Forum is a collaborative organization that strives to bring together diverse interests in the Sacramento region and American River watershed to create innovative solutions and, when needed, resolve conflict to help achieve the coequal objectives. Below is a description of the

Water Forum’s governance structure, outlining the organization’s members, various bodies, and participant roles and responsibilities.

Figure 1. Water Forum Governance Structure



2. Water Forum Signatories

The Water Forum Agreement is a voluntary agreement that the organizations listed below have signed to carry out actions in support of the coequal objectives. The signatories to the Agreement acknowledge that by signing the Agreement, they commit to support, advocate for, and carry out all actions specified for them in the Water Forum Agreement and any related Purveyor Specific Agreements (PSAs) or implementing agreements. All signatories to the Water Forum Agreement have equal standing in the Water Forum.

Commented [15]: Will need to update once we know where signatures are included in the document

3. Membership

All signatory organizations are considered members of the Water Forum. Participation as a member is expected of entities that sign the Water Forum Agreement, including business, agricultural, and environmental organizations, community groups, water purveyors, and local governments. The Water Forum will continue the interest-based, Water Forum Way process described earlier in the Principles Section and used successfully in developing and implementing earlier Water Forum Agreements.

Commented [16]: This section may need to be updated pending the possible linkage between membership and ongoing funding discussions with the Water Caucus.

Therefore, all Water Forum participants, acting as representatives of their signatory organizations, have the following responsibilities:

- Commitment to the discipline of interest-based problem solving
- Willingness to invest time and resources to carry out Water Forum Agreement responsibilities
- Willingness to work collaboratively with others
- Commitment to inclusive, fair, and transparent decision-making process;
- Commitment to integrating diversity, equity, inclusion, justice, and accessibility i

considerations as part of Water Forum activities and deliberations.

Because the effectiveness of the Water Forum will depend upon cooperation and collaboration among all participants, members will observe the following ground rules:

- Listen carefully and openly discuss issues with others who hold different opinions;
- View a disagreement as a problem to be solved, not a battle to be won;
- Avoid stereotyping and personal attacks on any other representative;
- Avoid questioning or impugning the motivations or intentions of any other representative;
- Respect the integrity and values of other representatives; and
- Honor commitments once made.

Each Water Forum signatory organization may have multiple representatives participating in the Water Forum, but may designate only one signatory representative (and alternate) to participate in formal decision-making actions (see Section xx below). Signatory organizations are also encouraged to name an alternate to fill in when the designated signatory representative is not available.

4. Process for Adding New Members

The Water Forum will utilize the steps below to consider requests by an organization looking to become a new member of the Water Forum once the Agreement has been adopted and is being implemented. New members can be considered at any time.

- Any potential new member contacts the Water Forum Executive Director, an existing member organization, or Caucus to express their interest in becoming a signatory.
- Based on this interest, the Water Forum member or Caucus can nominate the new potential member for consideration. This sponsoring member or caucus is to provide a description of the new member organization. The description includes how and why the proposed member is aligned with, and in support of, the Water Forum's coequal objectives and member participation commitments and responsibilities. The description is distributed to other signatories for their review and consideration.
- If any existing member(s) raises concerns about the proposed new member, the Executive Director – consistent with the Water Forum Way – will bring those members together with the new proposed member to discuss and attempt to resolve any existing conflict prior to their becoming a new member or identify a pathway to address the concerns in a constructive manner through future discussions.
- The new member sponsor works with the Executive Director to put the item on a subsequent Plenary meeting where the prospective member attends. After a discussion, the Plenary votes to accept the new member organization. If the decision to accept the new member organization is not unanimous, the decision-making process (outlined elsewhere in Section xxx of this document) is used to arrive at a final determination.
- Once approved, the new member organization signs the Agreement and their designee joins the appropriate Caucus.

If the Water Forum is in the midst of updating this Agreement, prospective members organizations can join with the appropriate caucus to participate in discussions related to updating the Agreement. The prospective member organization would only formally join the

Water Forum once the new Agreement is put forward for adoption and they opt to sign on as a signatory.

5. Process for Onboarding New Members

When a new organization joins the Water Forum (see section above on adding new members), or a new representative of an existing member organization joins the Plenary, the Executive Director shall implement the Water Forum mentoring program. This Program immediately pairs up the new representative(s) with one or more Caucus representatives (Caucus Mentors). When possible, Caucus Mentors will have at least four years of experience with the Water Forum. The Executive Director will provide briefings regarding the Water Forum Agreement and the full range of Water Forum programs. The Caucus Mentors will provide additional information and insight regarding Caucus operations and interests. Caucus Mentors will also assist the Executive Director in introducing the new member to other Water Forum members outside of their Caucus and join the new members at Plenary sessions. Caucus Mentors will actively mentor new members for the first year of their involvement as a Water Forum member.

6. Process for Handling Consolidations Among Existing Members

In the event two or more distinct signatory organizations already in the Water Forum merge into a single entity, the new entity will inform the Water Forum Executive Director of this change, and that new entity will be considered a single signatory entity within the Water Forum. The new entity will identify its designated representative and alternate.

7. Process for Exiting Current Members

When a signatory leaves the Water Forum, the Executive Director will conduct an exit interview with the exiting member to understand their reasons for leaving the Water Forum and share those insights, as appropriate, with the Coordinating Committee, Caucuses and Plenary.

If a member organization is not meeting their stated commitments or its representative(s) is consistently failing to abide by Water Forum participation principles, the issue will first be discussed within the respective caucus. If the issue is not successfully resolved through caucus discussions, a caucus may refer the issue to the Executive Director who will work with the member and the Coordinating Committee to successfully resolve any concerns. If needed, the issue will be referred to the Plenary for further action consistent with the decision-making process described in Process for Renegotiation or Amendment Requests (see Page xxxx).

Program Elements: Roles and Responsibilities

1. Water Forum Plenary

Purpose: The Water Forum Plenary (Plenary) is the main decision-making and information-sharing body for the Water Forum. The Plenary approves the annual Water Forum budget, business plan and Water Forum program directions consistent with the Water Forum Agreement. The Plenary approves the charters of all formed Standing Committees and Technical Advisory Groups. The Plenary approves and recommends to the Water Forum signatory agencies any necessary changes, amendments, or additions to the Water Forum Agreement.

Composition: The Plenary consists of representatives from the signatory organizations, and each signatory has equal standing in the decision-making process.

The Water Forum recognizes the benefits of the Plenary as a venue for facilitating information-sharing, coordination, and collaboration across a wide range of audiences. To that end, Plenary meetings are considered open forums for both members and non-members. There may be times, based on issues under discussion or particular situations (e.g., litigation or ongoing negotiations), where it is appropriate to limit Plenary meeting participation to signatories only. Such a decision will be made by the Executive Director, in consultation with the Coordinating Committee.

Roles and Responsibilities: Roles and Responsibilities of signatory representatives include engaging in Plenary meetings consistent with the principles stated above.

Disclosures: The Water Forum has a long-standing practice of setting aside time in each meeting (e.g., Plenary, caucus, other) for disclosures. Representatives are encouraged to disclose information about their organization's activities related to the coequal objectives that may be of interest to other participating organizations. These disclosures, typically made verbally at the start of Water Forum Plenary or committee meetings, are intended to keep one another apprised of upcoming communications, actions, testimony at hearings, etc. that may be related to or impact Water Forum activities and / or coequal objectives. For time-sensitive issues, members are encouraged to share disclosures in a timely fashion (e.g., by email or phone to the Executive Director and/or members, as appropriate) rather than waiting for the next available Water Forum meeting. The intent of disclosures is to support a "no surprises" policy among signatories, thereby enhancing collaboration, coordination, and trust among Water Forum members.

Schedule: Plenary meetings are expected to be held quarterly throughout the year; exact meeting times will be scheduled sufficiently in advance to facilitate Water Forum member participation. The Executive Director, the Coordinating Committee or a Plenary member may express the need for changes to the Plenary meeting schedule. The decision to change the meeting schedule shall be made by the Executive Director in consultation with the Coordinating Committee. Plenary meetings are open and inclusive, with updates provided by Water Forum staff on projects and programs being implemented to meet the coequal objectives.

Plenary decision-making processes are discussed in Section xxxx. Process for Renegotiation or Amendment Requests can be found on Page xxxx.

2. Water Forum Caucuses

Purpose: The Water Forum has four caucuses – Business, Environmental, Public, and Water – each of which coalesces diverse interests in the region with a common interest and drive to work collaboratively to further the coequal objectives. The purpose of each caucus is to provide a venue to primarily facilitate information sharing and discussion of issues of interest to the caucus, in an open, collegial framework that seeks to find alignment among the participating entities and enhances consensus opinion. Caucuses, as needed, review Statements of Interest by other caucuses (when drafted and shared) to better understand other Water Forum members' core concerns and aspirations.

While caucuses make decisions related to their internal functions (e.g., naming representatives to committees, designating any internal caucus leadership, etc.), caucuses are not decision-making bodies related to Water Forum decisions unless the Plenary is unable to reach consensus (as described in the Decision-Making Section).

Composition: There are four caucuses within the Water Forum structured around the four main interest groups with interests in the coequal objectives. These caucuses, described below, are tasked with representing the breadth of interests within their caucus, either through direct participation of entities within the caucus or through effective outreach to affected stakeholders affiliated with their caucus. Each caucus is committed to the Water Forum's coequal objectives, while also contributing a distinct and broader focus through their participation.

- **Business Caucus** – The Business Caucus includes representatives from organizations that have a strong interest in maintaining the Sacramento region's economic health, growth, and urban competitiveness through the constant supply of reliable and cost-effective water resources. Participants are motivated to support an Agreement that includes viable solutions for water conservation, a healthy American River Parkway, and conjunctive use of groundwater to augment supplies and prevent unnecessary constraints on growth.
- **Environmental Caucus** – The Environmental Caucus (EC) is made up of organizations with strong interest in protecting regional surface and groundwater Public Trust resources for all beneficial uses and users. The EC advocates for public access to pristine park and recreation spaces, programs that lead to the efficient use of water resources, water-related climate adaptation actions, SMART growth within the Urban Services Boundary, and thriving conditions in and along the lower American River and its tributaries for all aquatic and terrestrial species that utilize and live near the river, including water temperature, flows, and dissolved Oxygen levels necessary for the healthy lifecycle of Chinook Salmon, Steelhead Trout, and other sensitive aquatic species in the lower American River.
- **Public Caucus** – The Public Caucus includes organizations that represent current and long-term public interests in water availability and affordability, public access to the lower American River and its parkway, and communities that are underserved or underrepresented in current civic engagement. Within the context of the coequal objectives, the Public Caucus promotes the following:
 - Redress inequities that result in uneven representation and participation in civic processes; the PC endeavors to fully represent the communities of the Sacramento region and therefore makes special efforts to ensure robust public participation processes in Water Forum work efforts.
 - Balance of land planning efforts with the sustained availability of water, given the impact of climate change on water supply.
 - Implementation of water conservation, demand management, and nature-based solutions to ensure affordable water rates, preservation of the environment, and adequate water supply.
- **Water Caucus** – The Water Caucus includes regional water purveyors serving communities in the American River watershed and region. The Water Caucus members' mission is to

provide a reliable, safe and long-term water supply for its customers and support for the Water Forum Agreement's coequal objectives.

New Water Forum members will work with the Executive Director and Caucus leaders/points of contact to identify the relevant caucus to join based on their entity's focus and interests. (See sections 4 and 5 under Governance above for language regarding the process for approving and onboarding new members.)

Roles and Responsibilities: The Caucus meetings are intended to foster communication within the caucus about issues relevant to the Water Forum.

Each caucus may choose to elect leaders or points of contact to assist with communication and information-gathering within and between caucuses and/or Water Forum staff. Additionally, having an individual (or individuals) selected to help the caucus clarify and sharpen its shared interests is extremely helpful and encouraged. Conversations in the caucus meetings are intended to foster brainstorming among members and generate ideas that can be shared in discussions across caucuses. Each caucus will decide how to handle confidentiality regarding caucus discussions.

Water Forum staff and consultants typically participate in caucuses to stay abreast of and contribute to caucus deliberations. Staff and consultants draw on these insights to help guide Water Forum discussions and activities and build collaboration across caucuses. In doing so, staff and consultants are asked to use their discretion in sharing information across caucuses (e.g., not assigning comments to individual members nor with enough specificity to identify the commenter), and caucuses are encouraged to indicate to staff and consultants sensitive issues that should be treated confidentially (i.e., not appropriate for sharing outside of the caucus).

Conversations among signatory representatives are encouraged and nothing in this description is intended to limit individual Water Forum members from engaging in dialogue directly with other members.

Schedule: Caucus meetings are held monthly or as needed. Caucuses may request Water Forum staff/consultant support related to facilitation, technical presentations, etc.

3. Water Forum Staff

Purpose: Water Forum staff are the "glue" that hold the Water Forum together and facilitate implementation. To that end, they act as key points of contacts with members and non-members. The Water Forum is staffed by a range of professionals with expertise in water, biology, environmental, engineering, construction, communications and other related disciplines. More detail on Water Forum staff role in external communications is detailed in Section xxx.

Composition: Water Forum Staff includes the Executive Director, and technical leads/program managers for each of the Water Forum elements (Flows and Operations, Water Supply Reliability, Science and Habitat). In addition, fiscal and administrative staff that report directly to the Department of Utilities serve a critical role in implementation including managing meetings, grants and contracts, and other operational needs. These positions and roles are

subject to change based on Water Forum focus, available funding and ongoing discussions with the Plenary and City of Sacramento.

The **Executive Director** plays a vital role in working with member organizations, caucuses and the Plenary to identify opportunities for collaboration and agreement-building across the different entities, as well as surfacing and working to resolve disagreements that may impede pursuit of the co-equal objectives. The Executive Director (in conjunction with other Water Forum staff and consultants) carries out this role through a mix of one-on-one conversations with members, arranging for small within and across-caucus discussions, and conducting ongoing outreach to other implementation partners. The Executive Director provides regular updates on issues of interest to all facets of the Water Forum (Plenary, caucuses, relevant members, Coordinating Committee, etc.).

The **River Corridor Health Program Manager** is the lead on implementing a comprehensive habitat enhancement and science program for the Water Forum. These responsibilities include a range of activities, including technical oversight of design, permitting, and construction/implementation, and monitoring of habitat projects; oversight of science and monitoring programs; development and execution of grant applications and funding; engagement with local, state, and federal agencies on external activities; and implementation of public outreach related to habitat projects. In addition, the position is the lead on special internal/external projects to ensure consistency with the Water Forum's efforts.

The **Water Resources Senior Engineer** is the lead on several core areas of the Water Forum's programs including Flows and Operations, the Flow Management standard, engagement with State and Federal agencies on regulatory processes (e.g., re-consultation of the Long-Term Biological Opinion and the SWRCB Water Quality Control Plan update/Voluntary Agreement Process), Surface Water, Groundwater, and other elements of the Water Forum Agreement. The role requires a high level of technical fluency to direct analysis (e.g., temperature modeling, climate change modeling) as well excellent communications skills to translate for and facilitate discussion with a diverse group of stakeholders.

A chart highlighting the Water Forum's administrative structure is provided below.

Commented [17]: Note: The WF administrative chart below has been revised to reflect the oversight role that will be associated with the pending Interagency Agreement. This chart will be updated with the appropriate designee and any other needed specificity once the Interagency Agreement is finalized.

Issues related to the role of funders in governance and funding discussions and decisions will be addressed once the funding allocation approach is determined

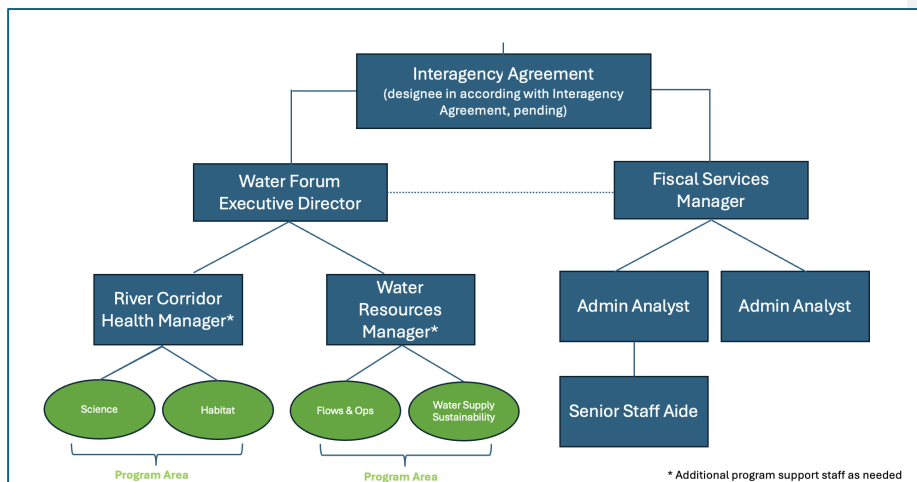


Figure 2 shows the relationship of Water Forum staff to City of Sacramento and Sacramento County and highlights program areas that are the responsibility of each staff lead.

Program Elements: Water Forum Standing Committees and Working Groups

Water Forum makes use of standing committees and working groups to facilitate the accomplishment of the Agreement's program elements and annual priorities. Standing committees have a specific focus and work plan aligned with a major program area within the Agreement. For example, the Flows and Operations Cross Caucus Committee, described below, focuses on critical technical and operational issues that affect the American River during the water year. Water Forum signatory member representatives that serve on committees and working groups serve as effective conduits to their respective caucuses. They provide perspectives from their respective their caucuses and serve to gather input and share information back to their caucuses. Committee and working group members serve as either representatives of their respective caucuses and or their individual organizations, as specified.

1. Coordinating Committee

Purpose: The Coordinating Committee provides fiscal guidance for the Water Forum. This includes working closely with the Executive Director on the annual budget process and recommending a proposed budget to the Water Forum Plenary for approval. In doing so, the Coordinating Committee provides guidance on annual priorities and work plans, to be consistent with the priorities of the Plenary. The Coordinating Committee also considers recommendations and suggestions from the Caucuses, standing committees, and working groups for inclusion in the proposed budget and when developing recommendations for Plenary consideration. Coordinating Committee members are expected to provide guidance informed by and consistent with their respective caucus' input.

The Coordinating Committee provides guidance into Water Forum strategic communications. At the request of the Executive Director and any affected signatory (if relevant), the Coordinating Committee will review public information releases, Water Forum comment letters, and endorsements prior to their release. The Coordinating Committee will include in its deliberations any affected Water Forum members to get their input into any relevant communication. The Coordinating Committee, at the request of the Executive Director, also will review Plenary meeting agendas, draft standing committee and working group charters, and other staff-generated documents to be provided to Plenary members or directly to the general public.

The Coordinating Committee is responsible for discussing (e.g., identifying additional information needs, etc.) and forwarding to the Plenary for its consideration any formal requests to amend the current agreement. This process is further described in Section xxxxx.

The Coordinating Committee, in conjunction with the City of Sacramento and with input from their respective caucuses, will contribute to the hiring and evaluation of the Executive Director, similar to the role of an executive committee or board. For example, the Coordinating Committee will contribute to an annual review. The exact format for providing input is to be determined in discussion with the city and county to ensure consistency with HR policies and procedures.

Coordinating Committee has the responsibility of accepting feedback from Water Forum signatories. This input will help inform priorities in the Water Forum's annual work plan.

The Executive Director reports to the County Administrative Officer, or their designee; and the City of Sacramento City Manager, or their designee.

Composition: The Coordinating Committee is made up of two representatives from each of the four caucuses and the Executive Director. These representatives are chosen by their respective caucuses. The Coordinating Committee is not open to observers in order to allow committee representatives to test ideas with their cross-caucus colleagues before sharing them more widely. As needed, the Coordinating Committee will open meetings when topics require input from funders or others.

Roles and Responsibilities: Coordinating Committee members will be responsible for sharing items that are ready for discussion beyond the Coordinating Committee with their caucus and are responsible for bringing the perspective of their respective caucus to the Coordinating Committee. Coordinating Committee agendas will be shared with all caucuses in advance to identify relevant caucus interests and if others should participate in pending/upcoming discussions and a standing agenda item will be added to each caucus's monthly agenda to debrief the most recent Coordinating Committee meeting.

Meeting Schedule: The Coordinating Committee will meet monthly or as needed.

The Plenary will assess the effectiveness of measures to address Coordinating Committee transparency and accountability following the first year of implementation of this agreement.

Commented [BB18]: The Working Group has had extensive discussions on the merits of holding open or closed Coordinating Committee sessions. As currently proposed, the Coordinating Committee would continue its current practice of limiting participation, for the most part, only to committee members. This is to: (1) foster balanced and fair participation across the caucuses and (2) continue what has been a very effective process. However, given concerns raised by a few Water Forum members, the language in this section has been revised to balance the various perspectives we heard from caucuses on this topic. The overarching intent of the edits is to retain the outlines of the current structure, but add elements to increase transparency and accountability. Key aspects include: * Coordinating Committee agendas will be shared ahead of time with caucuses to foster their awareness and input to their committee representatives; * Add a standing agenda item to monthly caucus meetings to debrief Coordinating Committee meetings; and * Open Coordinating Committee meetings, as warranted by topic, to foster input from funders and others potentially impacted by issues under discussion. Additionally, this draft includes a suggestion that the Plenary revisit this approach after a year to gauge its effectiveness.

The Coordinating Committee has considered this issue multiple times and each time, it has endorsed the approach included in this consolidated draft.

A few Water Forum members continue to voice concerns, making the case that the Coordinating Committee be open to attendance by any Water Forum Member, except when confidential topics are discussed, such as performance reviews, hiring processes and similar "closed session" items specified by the Brown Act.

2. Flows and Operations Cross-Caucus Committee

Purpose: The Flows and Operations Cross-Caucus Committee (Flows & Ops) enables Water Forum members to coordinate with Water Forum staff on operations of Folsom reservoir and implementation of the Flow Management Standard. Activities include dialogue to develop a recommended approach to current and forecasted reservoir operations and strategize for regional watershed and dam management advocacy. The approach will be informed by best available and current data, including forecasts, reservoir operations, and flows on the LAR. In their meetings with Reclamation and other regulatory agencies, Water Forum staff will advocate for the position developed by the cross-caucus representatives. Representatives often are attending primarily on behalf of their organizations, but will indicate when they are taking a caucus-based interest in a topic.

Composition: Flows & Ops is open to any interested Water Forum member who has knowledge and interest in the real-time flows and operations of the lower American River. Each caucus will inform the Executive Director of members wanting to be kept apprised of Flows & Ops Committee meetings and work.

Roles and Responsibility: The emphasis of the Flows & Ops Committee will be on the implementation of the FMS under the relevant regulatory framework.

Meeting Schedule: The frequency of the Flows & Ops Committee meetings will depend on the needs of the given water-year and could range from monthly to weekly (drought years will likely require heightened levels of coordination as compared to wetter years).

3. (Proposed) River Corridor Health Technical Advisory Group (TAG)

Purpose: A standing group to support and advise the Water Forum (members and staff) regarding prioritization of proposed projects, performance of implemented projects, and overall River Corridor Health programs and potentially other projects under the purview of the Water Forum relative to furthering the coequal objectives. The TAG, in coordination with Water Forum Staff, will also periodically report out to the Plenary.

Composition: Representatives from each Water Forum caucus, Water Forum staff, and technical consultants who are subject matter experts on a temporary basis depending upon subject and need and given relevant expertise.

Roles and Responsibilities: The TAG's advice would be provided via the Coordinating Committee. The TAG may schedule meetings as needed at the joint call of the TAG Chair/Co-Chairs and the Water Forum Executive Director (ED). All meetings shall be open to observation by Water Forum members and should be hybrid meetings allowing non-members to observe remotely.

Meeting Schedule: The TAG should meet at least semi-annually, including to inform River Corridor Health-related elements to be included in the annual work plan.

4. Process for Establishing New Standing or Ad-Hoc Committees

The action to initiate the formation of a new standing committee or working group can be initiated by the Executive Director, a Caucus or Caucuses, a Water Forum member

representative or organization, or the Plenary. The need for a new committee or working group can stem from a significant change in circumstance, resource or programmatic constraints, need for the application of adaptive management, or other significant change that is not being addressed by the Water Forum's current structure.

The first step in establishing a new committee or working group is the development of a Charter. The Charter identifies the problem or issue to be addressed, why the problem or issues cannot be effectively addressed within the Water Forum's current structure, and how the needed resources and expertise will be applied from within the Water Forum's existing resources. The individual or Caucus initiating the Charter will work with the Executive Director to prepare the draft document.

The draft Charter is circulated among the Caucuses and the Coordinating Committee for review and discussion. Comments are reviewed and consolidated into a final draft which is reviewed for any budgetary or programmatic considerations by the Coordinating Committee before it is sent to the Plenary for discussion and action.

Program Elements: Decision-Making

Members of the Water Forum will continue to use the same collaborative form of decision-making used in the Water Forum since its inception. This collaborative process respects both the diversity and the legitimacy of the interests of all participants and is grounded in the principles outlined in section xx above. The steps below will guide the Water Forum's ongoing decision-making process, any disputes that arise among members, and any efforts to change or amend the Water Forum Agreement.

1. Decision-Making Process:

- The Water Forum is a consensus-based organization.
- The Plenary is the main decision-making body of the Water Forum and always strives for consensus, meaning all signatories are able to support a particular policy or decision under discussion. (Since its inception, the Plenary has reached a consensus on all decisions.) However, if, after full exploration and discussion of an issue or set of issues, the Plenary cannot come to a consensus agreement, the following process will be used:
 - If one or more Signatory Representative(s) disagrees with the majority of Signatory Representatives in the Plenary, this member may choose to "stand aside" and let the Plenary reach consensus without them. Within the Water Forum, this is still considered a consensus.
 - If the Signatory Representative(s) who disagrees with the rest of the Plenary cannot "stand aside," then the "75% rule" will prevail. The 75% rule requires that 75% of the signatory organizations from each Caucus support a proposal for it to be considered a formal recommendation of the Water Forum. The 75% consists of those signatory organizations present and voting within each caucus (primary or alternate Representative) or, in the event that neither the primary nor alternate is present, represented by a proxy (give another member organization in your caucus the right to vote on your behalf).
- Specific agreements cannot be changed or modified without the expressed approval and consent of the signatories whose interests would be affected by the change.

- Designated Signatory Representatives may identify alternates to participate on their behalf in Water Forum meetings or Plenary sessions in instances of unavoidable absences. However, it remains the responsibility of each Designated Signatory Representative to make the necessary time available to attend all Water Forum meetings and Plenary sessions as well as the various “Team” meetings, as appropriate.
- Plenary Meetings of all Signatory Representatives will be held periodically throughout the year and are open to all Water Forum participants. Specifics on meeting frequency are included in Section xx on Governance Structure.
- The Plenary shall, as necessary, appoint “teams” of Signatory Representatives to meet on a routine and/or ad hoc basis to: foster implementation of the Water Forum Agreement; finalize procedural agreements; develop “trial balloons” regarding changed conditions; and resolve disagreements related to differing interpretations of the Water Forum Agreement. These “teams” shall use the interest-based collaborative decision-making process as used in the Water Forum negotiations.

Commented [MOU19]: The status of the need for procedural agreements is pending.

2. Dispute Resolution

A major function of a collaborative process, and a tenet of the Water Forum Way, is to prevent disagreements from escalating into full-fledged disputes. With proper facilitation and communication, most potential disputes can be resolved. However, no matter how sophisticated a collaborative process exists, there will inevitably be disputes. Some may arise out of interpretation of specific provisions of the Agreement. Others may result from concerns about non-compliance or differing interpretations of the terms of the Agreement.

It is essential that stakeholders do not resort to litigation as a first response to every perceived problem or transgression. Lawsuits can quickly destabilize the collaborative process and return all Water Forum participants to gridlock. Therefore, while not waiving any of their legal rights, all organizations represented in the Water Forum Agreement agree to initiate alternative dispute resolution procedures, including mediation, before pursuing litigation.

Program Elements: Representing the Water Forum Externally

While the heart of the Water Forum’s work is centered on communication and collaboration across and among its members and four caucuses, the nature of the Water Forum’s work requires frequent interaction with a range of external parties, from state and federal agencies to the media and others.

The Water Forum, in the course of its regular work, implements a robust communications strategy that calls for a range of methods to reach a diverse audience. Typical Water Forum communication products include publications such as the annual work plan and the State of the River Report that communicates Water Forum progress, priorities and upcoming actions to external audiences. In addition, the Water Forum maintains a presence on social media platforms. The annual communication strategy will be included in the annual work plan and developed in close collaboration with the Coordinating Committee and approved by the Plenary.

In addition, the Water Forum implements a robust outreach and engagement effort to support the habitat enhancement work, as described in the River Corridor Health element. This work, which provides critical habitat for salmonids, must also be done in regard to the other uses and values of

the American River Parkway. For example, the Water Forum team is conscientious as to how its work impacts neighborhoods, river access, and perceptions of enhancement projects. The Water Forum accomplishes this through project specific outreach as well as general outreach at venues like the Lower American River Task Force (LARTF) meetings and engagement with organizations working along the river. (See River Corridor Health for additional information)

This section is intended to set expectations and procedures for ensuring the Water Forum is represented externally in a way that is transparent, informed by its membership, and consistent with key aspects of the Water Forum Way, most notably the importance of clear communication and “no surprises.” It also speaks to mechanisms the Water Forum will use to ensure its deliberations are informed by affected parties external to the Water Forum.

1. Role of Water Forum Members

Water Forum members have the responsibility of coordinating with the Executive Director on external communications that mention or attribute work to the Water Forum, including educational material, media releases, or in public presentations, in order to ensure consistent and accurate representation. This responsibility is carried out by members in the course of their actions with each other and the Water Forum staff and is practiced through Water Forum meetings (see Disclosures in the Roles and Responsibilities program element).

2. Role of Executive Director

The Executive Director is the primary representative of the Water Forum externally. The Executive Director uses their discretion in representing Water Forum activities, policies, and perspectives with external groups and in public settings; as well as building and strengthening relationships with external partners to the benefit of the organization.

Working with Water Forum members and caucuses, the Executive Director will also seek to identify and foster outreach to and connections with a diverse set of potentially affected stakeholders to ensure (1) they are aware of Water Forum activities, and (2) that their perspectives inform relevant Water Forum discussions. These efforts could range from conversations within established venues such as conferences, to one-on-one engagements, focus groups, etc. (Note: The role of the Executive Director relative to internal communications within and across staff and Water Forum members is discussed in Section xxx above.

The Coordinating Committee serves an important role in review of external communication materials (e.g., media statements, press releases, letters, etc.) to ensure a consistent message that balances the interests of all four caucuses. The level of review and involvement depends on the product, topic, and level of controversy, but as a part of the regular work of the Water Forum, the Executive Director will engage with the Coordinating Committee and any potentially affected members on the following:

- Consult in development of proposed external messages that represent the Water Forum to the public, including news and print media, social media, video, signage, brochures, educational materials, and website content prior to release.
- Confirm proposed external messages that represent the Water Forum in special settings, such as conference, meetings with elected officials or state or local agencies prior to representing the organization’s interest or position on sensitive issues.

- Review and refine comment letters on behalf of the organization, or to form cross-caucus working groups as needed to engage on complex or sensitive topics (e.g., re-consultation of the Biological Opinion) that require public statement (see additional detail in the section below).
- Coordinate with individual Water Forum members and caucuses regarding external discussions on issues that may be of particular relevance or importance to those entities.

Recognizing the unique relationship the Water Forum has with both the City of Sacramento and Sacramento County, the Executive Director (in collaboration with the Coordinating Committee) will maintain close contact with both entities on sensitive legal and administrative issues to foster consistency in Water Forum actions or statements with city and county policy.

3. Requests for Engagement or Support

There may be times when the Water Forum is asked to engage in formal or informal discussions directly with various external partners or asked to endorse or provide input on a specific issue. These requests may come with different timeframes (e.g., a request requiring immediate response versus those that come with weeks or months of lead time) or in different formats (e.g., a written statement, letter, or oral testimony). Requests may be generated by a member or non-member, as well as from Water Forum staff.

The sensitivity of the requests will also likely vary, generally falling under one of two categories:

1) *Requests with strong member concurrence or requests needing immediate attention*

This type of request includes subjects that fall under the purview of the Water Forum or are consistent with the Water Forum Agreement. For example, a request by a Water Forum member to send a letter to the editor of a newspaper extending support for an action or project that is clearly consistent with the Water Forum Agreement,” (e.g. Folsom storage levels) and the statement can be issued with support by all interests.

The Executive Director, in discussion with the Coordinating Committee and affected Water Forum members, determines a path for addressing the request based on timing/urgency and level of concurrence or divergence, as follows:

- The requestor meets with the Executive Director to provide details on the requested action, including timeframe, format, and duration of engagement. The Executive Director meets with Water Forum member(s) most affected/involved in the issue to discuss the Water Forum response in light of the Water Forum Agreement.
- The Executive Director provides the response/proposed approach to the Coordinating Committee and any affected members and then implements the action.
- The Coordinating Committee members inform the caucuses at the next regularly scheduled meeting, and action is then reported on at the next regularly scheduled Plenary meeting.

2) *Requests with low member concurrence or controversial*

Commented [20]: To be updated once a new Interagency Agreement has been developed.

This type of request includes subjects that may or may not be consistent with the Agreement or have the potential to be highly controversial due to the level of interest outside of the Water Forum. For example, being asked to submit testimony to/negotiate with state or federal regulatory agencies on issues that may affect the coequal objective but are not in the Water Forum Agreement (e.g. litigation). These requests often have a longer time frame for response and engagement.

The Executive Director, in discussion with the Coordinating Committee and affected Water Forum members, determines a path for addressing the request based on timing/urgency and level of concurrence or divergence, as follows:

- The Executive Director meets with Water Forum Coordinating Committee and member(s) most affected/involved in the issue to coordinate/discuss the Water Forum concerns/position in light of the Water Forum Agreement and the coequal objectives.
- The Executive Director develops an issue memo that lays out:
 - the purpose of the request and the interested parties
 - the recommended engagement to respond to the request
 - the ground rules and guideposts for the response
 - the outcome being sought
 - the areas that are not to be engaged/negotiated.
- The Executive Director will consult with the Coordinating Committee and any affected members on the issue memo, who will then coordinate its review by and feedback from the Caucuses. All feedback will be shared with the Executive Director, who will coordinate the completion of the issue memo with the author(s).
- Once completed, the Coordinating Committee will redistribute the memo to the Caucuses and schedule the issue memo for discussion at a Plenary meeting where the appropriate individuals will present the issue to the Plenary for discussion and resolution.
- Once the engagement begins, the Executive Director and/or the individual(s) leading the Water Forum engagement team will provide updates as warranted to the Coordinating Committee and the Plenary.
- As engagement progresses, there may be changes in circumstances that warrant changes to the Water Forum response. These needed changes will be brought back to the Coordinating Committee, caucuses and, when appropriate and consistent with the commitment to disclosures as described elsewhere in this document, to the Plenary for agreement and authorization to adopt them into the Water Forum's response.

4. Cross-Learning Among Water Forum Members

Water Forum members routinely engage in outreach activities with their various constituencies. As a result, they have each developed practices and approaches that can inform engagement strategies intended to further the Water Forum's coequal objectives. These can include mechanisms for effectively sharing technically dense information, communicating complex or controversial funding and budgetary needs, reaching out to traditionally under-represented or hard-to-reach communities and stakeholders, etc.

Given this expertise, Water Forum members are encouraged to share these approaches with one another and create spaces or mutual learning. Water Forum members are also encouraged

to partner with one another and Water Forum staff to deepen the effectiveness of outreach and engagement strategies.

Program Elements: Implementation Partners

The Water Forum's work towards achieving the coequal objectives demands consistent cooperation and collaboration among its members. While much of this work is accomplished through informal or ongoing efforts of staff and members, it is a given that due to the integrated nature of many of the governmental and non-governmental organizations, there are opportunities for more formal partnerships or agreements.

To that end, the Water Forum governance structure acknowledges the need for "implementing agreements" with other entities who work on and have influence over lower American River conditions and activities related to and/or furthering the coequal objectives. Implementing agreements are intended to be consistent with the Water Forum Agreement and provide more detail as to the roles and responsibilities of the Water Forum in relationship to our partners. Implementing agreements can be crafted between the Water Forum and members or between the Water Forum and non-members, like state and federal partners such as the California Department of Water Resources (DWR), the U.S. Bureau of Reclamation (USBR) and the U.S. Army Corps of Engineers (Corps).

Implementing agreements can be developed, reviewed, and updated on a case-by-case basis. Due to the wide range of activities covered by Water Forum members or partners, the structure of any implementing agreement is unique to the particular issues or topic and can change over time. For example, the Water Forum has an implementing with USBR (2021) to inform operations at Folsom Dam. The Water Forum also has an implementing agreement with City of Sacramento Department of Utilities that outlines roles and responsibilities for fiscal and administrative services.

The Water Forum will use the process below to introduce, consider, and enter into any formal agreements with other entities:

- Any Water Forum member, Water Forum staff, or third-party entity may suggest the need for an implementing agreement with another Water Forum member or external entity. This expression of need should include a brief description of the need for and structure of the intended partnership, highlighting in particular the benefit to the Water Forum's coequal objectives and any resource obligations (staffing, funding, etc.). This description should be submitted to the Water Forum Executive Director.
- Once received, the Executive Director first refers the proposal to the caucuses and any relevant committees for discussion. Caucuses and committees are encouraged to consider both benefits and concerns, identify any additional information needs and indicate, as warranted, whether the proposed partner agreement is necessary.
- Once the caucuses and committees have had an opportunity to consider the proposal, the request is forwarded to the Coordinating Committee for its discussion. The Coordinating Committee will draw on input from the caucuses and committees to develop a recommendation for consideration by the Plenary.
- The Coordinating Committee is to forward all requests on to the Plenary for its consideration. The Coordinating Committee may, at its discretion, offer an accompanying recommendation to adopt, modify, or reject the agreement. It may also forward it on to the Plenary without any recommendation.

- The Plenary will consider the request and make a final determination using its decision-making protocols described elsewhere in this agreement.

Program Elements: Diversity, Equity, and Inclusion

The Guiding Principles in this section speak to the importance of implementing the Water Forum Agreement in a way that is inclusive of the breadth of perspectives in the region, reaches out to communities and individuals not typically involved, and fully considers how the Agreement and its work to further the coequal objectives may impact all communities and constituencies. The best way to accomplish this is to have representation from underserved and historically underrepresented community members on the Water Forum. This emphasis on inclusivity, outreach, and transparency is important not just in the context of the governance and administration of the Water Forum, but should be viewed as an integral part of the Water Forum Way.

To that end, the Water Forum will utilize methodologies to help inform its full range of implementation activities, in order to guide our work in a way that meaningfully considers the Water Forum's commitment to diversity, equity, inclusion and environmental justice. While specific approaches will vary from program to program, implementation activities should consider the following issues:

- How outreach is being carried out to ensure people from historically underrepresented groups are made aware of Water Forum activities (e.g., tribes, environmental justice water leaders and communities, economically disadvantaged communities, etc.);
- How and when input is being gathered to help overcome barriers to meaningful participation (e.g., time of day, location, unseen costs, etc.); and,
- How the Water Forum can evaluate (1) how its actions are seen and / or impact groups throughout the region, and (2) whether there may be a nexus with historic and current inequities that may be ameliorated through Water Forum implementation when appropriate.

Beyond these important but more general practices, the Water Forum and its members participate in several efforts that can help foster equity and inclusion within all communities that are more directly affected by the coequal objectives. These efforts can include: access to our region's natural resources; education about the lower American River; and support for the affordability of our drinking water. These efforts can continue and be strengthened under the Water Forum Agreement.

- **American River corridor health and access** – The Water Forum recognizes that its habitat enhancement work along the American River corridor, in furtherance of the coequal objectives, has the potential to affect historically under-represented communities. The Water Forum is aware of and will continue to work to understand these conditions, from fire risk and waste management, to safety, pollution, river access and use, and other human dimensions of resource management. Recognizing these complexities and with the leadership of the Public Caucus, the Water Forum will work to ensure we are able to draw in speakers and members able to bring this vantage point to Water Forum discussions.
- **Water Affordability** – The Water Forum recognizes there is a potential nexus between its members' commitments and water affordability. In light of this, Water Forum members commit to fostering an ongoing series of dialogues and joint learning sessions as part of the

implementation of this Agreement to better understand this connection, and, as appropriate, identify relevant best practices that have the potential to contribute to achieving the Water Forum's coequal objectives while accounting for affordability concerns. Signatories are committed to exploring this topic while acknowledging that rate-setting rests within the purview of each water purveyor's governing body.

- **Education** – Under the leadership of the Public Caucus, the Water Forum will engage with diverse communities to (1) understand how the coequal objectives resonate with, address and / or impact these communities' needs and priorities, (2) improve public participation processes, and (3) identify opportunities to implement the Agreement in a way that accounts for people having different access to resources due to systemic inequities. This will focus primarily on Water Forum-led activities, but can also include members sharing guidance with one another on strategies they can undertake to deepen their public participation processes.

The Water Forum recognizes that its work to be an inclusive organization is an ongoing effort and welcomes feedback as to how it can be more inclusive while it pursues the coequal objectives.

Funding

Intent

The Water Forum's governance, finance, and administration will be transparent and collaborative. The operation and funding of the Water Forum requires a significant commitment of time and money by stakeholders to promote and carryout stewardship of our watershed's resources. The administration of the Water Forum's various initiatives, and its large group of signatories and interested parties requires a dedicated and consistent effort in order to make progress toward the achievement of the coequal objectives.

Guiding Principles

The principles below shape the Water Forum's approach to budgeting and funding its activities and are intended to create the foundation for equitable and sustainable funding and budgeting over the life of this agreement.

Financially viable and effective. The Water Forum strives to build a budget and funding mechanism that balances meaningful and ongoing pursuit of the coequal objectives with the limited financial capacity of its funding members. To that end, the Plenary sets annual priorities consistent with both Water Forum objectives and available budget resources.

Differential abilities to pay. The Water Forum recognizes that its members – both within and across caucuses – have varying abilities to contribute to Water Forum funding. To that end, the Water Forum budget and funding allocation approach is structured to account for these differences. All members are expected to contribute, at a minimum, substantial in-kind effort through participation in a range of committees, Plenary meetings and activities.

Ongoing budgetary review. Each year, the Water Forum shall undertake a careful review of progress to-date and update its annual work plan based on funding needs and funders' expected contributions. Any increase or decrease to the annual budget requires a consensus among all caucuses and agreement by those agencies providing Water Forum funding.

Commented [21]: Note: This section (and the Membership and Decision-making section elsewhere in the GFA draft) may need to be updated if the Water Caucus decides to recommend two tiers of membership: (1) a voting tier for those purveyors with PSAs and paying via the cost-allocation methodology), and (2) a new non-voting tier for small agencies providing a modest flat fee.

Long-term budgetary planning. The Water Forum recognizes that pursuit of its coequal objectives requires longer-term budgeting and financing commitments. To that end, while Water Forum budgets must be approved annually by both its funders and the Plenary, the Water Forum will undertake longer-term budgetary planning to provide greater clarity and certainty to both funders and the Water Forum's programmatic long-range planning.

Augmenting Water Forum member funding. The Water Forum strives to augment annual contributions from its funders with grant funding from federal, state and other sources that will further contribute toward its mission to advance the coequal objectives.

Importance of maintaining a reserve fund. The Water Forum recognizes that costs and funding may fluctuate from year-to-year. To that end, in order to maintain a consistent program across uneven funding years, the Water Forum is committed to building and maintaining a reserve fund equal to 120 days of working capital.

Program Fund Accounts. The Water Forum's program funds include the Water Forum Successor Effort (WFSE), the Habitat Management Element (HME), and Grants, which keeps outside funding separate from Water Forum member contributions. The WFSE and HME fund expenses are tracked separately in order to maintain budgetary transparency of those two distinct functions; similarly, outside grant funds or potential Healthy Rivers and Landscape Program funds will also be separately accounted for and budgeted. Additional funds accounting approaches may be applied as funding sources / other requirements dictate. The HME fund shall have a cap; if and when that cap is reached, funders will not be assessed additional HME funds until the balance drops below the cap level.

Program Elements

Program Elements: Water Forum Budget

As an entity within the City of Sacramento's administration with a July through June fiscal year, the Water Forum budget also operates on a July through June fiscal year. The Water Forum budget will be approved by the Plenary as described below, and the associated funding contributions are expected to be approved by funding agency governing boards and councils no later than May.

Below is a description of the process to be used to develop and approve annual budgets as part of Water Forum 2.0.

1. Budget Description

The annual budget, prepared by the Executive Director, will include, but not be limited to, the following elements:

- Clear linkages to annual and multi-year work plans;
- Delineation of costs associated with staff, consultants, direct expenses, contingencies, etc.;
- Status of the Water Forum reserve fund;
- A report on prior year expenditures (actuals);
- A report on the status of local, state and federal grants; and,
- Highlight budget items tied to Interagency agreements or contracts between the Water Forum and signatories

The budget is to be developed with the assistance of the City of Sacramento Department of Utilities' finance staff, consistent with the Water Forum, City and County MOU (referred to in Section xxxx).

2. Water Forum Budget Process and Schedule

The Executive Director will annually develop a proposed budget which will be reviewed by the Coordinating Committee. As part of its review, the Coordinating Committee will engage with Water Forum funders (water purveyors with PSAs, implementing agencies, flat fee agencies) to ensure the proposed budget and work plan is consistent with funders' anticipated contributions. A final proposed budget will be shared with and ultimately approved by the Plenary.

The Water Forum annual budget will be developed each year using the following fiscal year (July 1 to June 30) schedule:

- *September – November:* Internal budget development for future fiscal year by the Water Forum staff based on review of operating budget and actual expenditures, Water Forum priorities (set by the Plenary), annual work plan including upcoming project costs and staffing needs, reserve fund status, and anticipated revenue (funder contributions and grants). Executive Director reviews first and subsequent drafts of future fiscal year budget with Coordinating Committee (in consultation with and input from interested funders).
- *January – February:* Executive Director presents proposed draft for future fiscal year budget to the Plenary. This budget is accompanied by a memo detailing the proposed budget, expenses, and status of reserve fund. Member agency contributions are calculated in January to allow for inclusion in annual member agency budgeting processes. Plenary identifies if there is any opposition to proceeding with the budget. As needed, the Executive Director, in consultation with the Coordinating Committee and interested funding members, revises the budget based on Plenary discussions and direction.
- *February – May:* Interagency funding agreements are signed; final approval at City of Sacramento Council for future fiscal year.

3. Budget Oversight Process

The Water Forum will establish a transparent budget oversight process, including the following reports, to foster effective use and tracking of Water Forum spending:

- August: Publish an annual implementation report card; review prior year accomplishments and identify uncompleted priorities with the Plenary.
- August -September: Provide a standard budget report (spreadsheet) to the Coordinating Committee detailing prior fiscal year actual expenditures and remaining balance in reserve funds.
- October: Provide a standard budget report (spreadsheet) to the Coordinating Committee on first quarter (July-Sept) actuals
- January: Provide a standard budget report (spreadsheet) to the Coordinating Committee on second quarter (Oct-Dec) actuals
- April: Provide a standard budget report (spreadsheet) to the Coordinating Committee on third quarter (Jan-March) actuals

Commented [22]: Funding agencies: Please review the schedule below and let us know if this is consistent with your agency's budgetary process timeline.

Prior to completion of the first year following the signing of the Water Forum Agreement, the Water Forum shall undertake a careful review of progress to-date and shall revise the work plan considering existing circumstances. The annual budget and contributions may be revised at that time. Any increase or decrease to the first-year budget would require a consensus among all interest groups and agreement by funder agencies.

4. Use of Consultants

Consultants shall be used only as needed. Identification and approval of actual expenditures for specific consultant contracts shall be part of the Water Forum budget process. If consultant contract funds or funds allocated for consultant contracts in a given fiscal year are not spent prior to the end of that year or encumbered for future expenditure, the Water Forum shall modify the next year's budget in an appropriate manner. To the extent there is a need for consultant services not anticipated in the annual budget, such consultant services can be allowed providing there is adequate budget (e.g., savings from another line item) and with the concurrence of the Coordinating Committee.

5. Reserve Fund

To ensure the Water Forum's ongoing fiscally sound financial management, and to adequately provide for unforeseen circumstances such as economic uncertainties, loss of significant revenue sources, grant match requirements and grant monitoring as required, a Reserve Fund will be established with a target level equivalent to 120 days of working capital. For additional details see Section XXX.

6. Year 1 Budget

In order to estimate the actual cost of the Water Forum's work, a Preliminary Work Plan which identifies the tasks for the first five years has been developed and is included in the 20XX Water Forum Agreement (Attachment A). The projected annual cost for the tasks set out in this Work Plan is \$XXX,000 for the first year of operation. Fiscal Year 20XX-20XX budget components include Proposed Expenditures (Table XX), Summary of Projected Funding Sources (Table XX), HME Cost Share Projection (Table XX), WFSE Cost Share (Table XX). (A sample budget for the first year of operation is set forth in Attachment X). All signatories have reviewed and agreed to this Preliminary Work Plan and associated budget.

Program Element: Water Forum Funding

As part of their commitment to investing in a reliable water supply and a healthy lower American River ecosystem, Water Forum member water purveyors and other funders voluntarily enter into an annual memorandum of understanding that stipulates funding levels for the Water Forum. The Water Forum funding estimates and cost allocation methodology will be documented in a separate agreement that will be approved by all funding boards and councils every three years. This agreement will describe in detail the funding allocation methodology.

1. Description of Funding Methodology and Other Sources

Commented [23]: Need to confirm with city if it uses encumbrance accounting. If not, adjust accordingly.

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Commented [25]: Funding Agencies: Please review this section and let us know whether it's helpful to your agency for the Agreement to provide Year 1 budget information within the agreement itself or as a separate document apart from the agreement.

Commented [26]: CPUC regulated water companies: Please review the language in the section and confirm that works for your budget cycle and development requirements. CPUC regulated water companies: Please review the language in the section and confirm that works for your budget cycle and development requirements.

Commented [27]: This section and the governance section may need to be updated if the Water Caucus recommends tiered participation (e.g., those agencies with PSAs and contributing via the cost-allocation methodology have voting power, while those smaller agencies contributing via a set-fee model would be members without voting privileges).

The Water Forum will draw on a range of sources to fund its annual budget. These sources include both member funding and resources provided by outside entities. It also includes both direct funding and in-kind support.

The intent of the funding allocation methodology is to equitably share the costs of the Water Forum's Successor Effort and Habitat Management Element programs in furtherance of the coequal objectives. The list of Purveyors providing funding is provided in Table xxx / Attachment xxx. It should be noted that this cost allocation assumes that all the purveyors identified in Table XXX Attachment X will sign this Agreement. If fewer funders sign this Agreement, the costs allocated to the other funders that do sign will increase.

Below is an overview of the agreed-upon funding sources and cost-allocation methodologies.

- *Cost Allocation Water Purveyors*: Most purveyors provide funding based on the following weighted costs formula, which was developed and unanimously agreed to by the purveyors: (1) each agency's connection count (40%); (2) the amount of water each agency diverts from the American River (40%); and (3) the amount of groundwater pumped by each agency (20%). Funding provided via the potential Healthy Rivers and Landscapes Program may affect the contributions by funding agencies.
- *Flat-fee Water Purveyors (e.g., water purveyors with fewer than xxxx connections)*: Smaller water purveyor members unable to fund the Water Forum per the cost- allocation methodology described above will be non-voting members (relevant to all decisions) and provide funding based on a set-fee model. The set-fee model is included in Appendix xxxx, as well as the list of applicable agencies and expected contributions in Year 1.
- *Other Flat-fee Agencies*: Other signatory agencies (not water purveyors) may provide funding based on an agreed upon set-fee. These fees are set by mutual agreement between the signatory agency and the Water Forum and will be included in Water Forum budgets. Appendix xxxx provides information on the set-fees, as well as the potential agencies (SMUD, EDWA, and SAFCA) that may contribute in this manner.
- *Grants*: The Water Forum receives extensive grant funding from federal, state and other sources to support its work on the Habitat Management Element. The total grant funding varies from year-to-year and is outlined in the annual budget. Grant funding for Year 1 of the Water Forum Agreement is shown in Appendix xxx.
- *In-Kind Donations*: Significant resources are donated on behalf of Water Forum member organizations through the participation of their staff and members on various Water Forum activities and committees. In-kind donations are not reflected in the budget or funding allocation.

With the exception of grant-funding earmarked for specific projects and purposes, all other funding provided to the Water Forum is collected as a general contribution. Funding is pooled across all these sources and then allocated to either the Water Forum Successor Effort or the HME program based on the annual budget need, or to the Reserve Fund.

Commented [28]: This is still very much under discussion within the Water Caucus. May need to revise and revisit depending on outcome of Water Caucus discussions.

Commented [SC29]: The appendices referenced in the Water Forum Funding program element are still being discussed in GFA and will be added to the next draft.

The process to amend the funding structure described above will follow the “Changed Conditions and Amendments to the Agreement” section outlined elsewhere in this document.

Additional Program Elements:

Five-Year Review

As described elsewhere in this agreement, every five years the Water Forum will comprehensively review progress made toward achieving the coequal objectives. The results of this review will assist in developing the next five-year plan, revising the annual work plan, and adjusting the current budget and activities to reflect successes and failures revealed by the review.

Commented [30]: Investor-owned utilities: Does this cycle work for you?

Administration

Intent

Guiding Principles

Program Elements

Program Elements: Administrative Structure

The Water Forum will continue to be administered under the auspices of the Sacramento City-County Office of Metropolitan Water Planning. Staff will be employees or contractors of the City of Sacramento and all administrative responsibilities with respect to such employees or contractors will continue to be handled by the City. This arrangement will:

- Ensure continuity between the Water Forum Agreement and the priorities of the Water Forum;
- Preserve existing technical expertise;
- Avoid creating another redundant government entity.

The Water Forum Agreement will be an MOU. It will contain provisions to continue the Water Forum organization. All parties which sign the MOU will become full participants in the Water Forum. In addition, there will be a supplementary funding agreement which will include entities which, consistent with the funding principles set forth in xx below, are actually making payments to support the work of the Water Forum.

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It is important to note that:

- All signatories to the Water Forum Agreement will have equal standing in the Water Forum whether they are a public agency, investor-owned utility or community interest/advocacy organization.
- Though Water Forum staff will be employees or contractors of the City of Sacramento, the Water Forum Agreement signatories will provide overall policy direction for work by staff.

Program Elements: Reporting and Monitoring

The Water Forum is committed to carrying out the Water Forum Agreement in a manner that tracks and reports out its work in a clear, transparent, and timely fashion to Water Forum members and other interested stakeholders. These mechanisms will focus on both reporting out on projects

being implemented as part of the Water Forum Agreement by Water Forum staff and members, as well as tracking and providing ongoing information related to activities contributing to the achievement of the coequal objectives.

As part of this Agreement, Water Forum efforts will be centered on several distinct elements outlined below. The Executive Director will be responsible for developing the various elements above in close collaboration with the Coordinating Committee, other relevant Water Forum bodies and members, and consistent with available resources.

- **Conditions Dashboard:** Develop an online dashboard that provides real-time updates on key indicators and benchmarks of water supply and river health to help inform flow and operation decisions during the Water Year (October 1 – September 30). Indicators could include, but not be limited to river flows (cfs), Folsom reservoir storage, and water temperature; as well as habitat conditions or likelihood of presence/absence of salmonids based on lifecycle. Data will be presented in a manner that is useful, timely and accessible to those with and without in-depth knowledge of the system and the Water Forum's coequal objectives. The dashboard will, as much as practicable, draw on data from existing sources.
- **Annual Work Plan:** Produce an Annual Work Plan outlining key initiatives to implement the Water Forum Agreement in each major program area (e.g., habitat enhancement, flows and operations, science and monitoring, water supply reliability, communications, and administration). The Annual Work Plan will highlight near-term priority actions, ongoing annual actions, and lower ("as time allows") priority actions and associated milestones, as well as projected revenues and expenses for a 3- to 5-year period.
 - The Annual Work Plan, to be prepared by the Executive Director, will be reviewed by the Coordinating Committee and confirmed by the Plenary.
- **State of the River Report:** Prepare a State of the River Report every five years that (1) comprehensively reviews progress towards meeting both of the coequal objectives; (2) highlights climate change impacts or other factors that may be impacting the coequal objectives, and (3) suggests any needed revisions or changes to the Water Forum Agreement or the annual work plan to address changing conditions. The State of the River Report will be developed with the Technical Advisory Group (TAG) and other partners; and reviewed and confirmed with the Coordinating Committee. Upon completion, this report will be presented at a Plenary meeting for final approval.

When developing these tools, Water Forum staff will strive to use language, graphics and learning and engagement sessions that make both the data and any associated ramifications accessible to an intended audience (Water Forum members, others) that brings varying degrees of expertise in the different topic areas.

Program Elements: Changed Conditions and Amendments to the Agreement

No individual Water Forum member or staff has independent authority to alter the Water Forum Agreement. At the same time, the Water Forum must be able to respond to the changing conditions or other unforeseen circumstances that will arise over the next several decades. The Agreement may be changed only by the signatories employing the same interest-based

collaborative process used to negotiate the original Agreement. The Water Forum staff will facilitate and coordinate such negotiations should they prove necessary. Changes to the Agreement are the purview of the Plenary unless the Plenary decides they need to be referred to signatory members' boards for formal confirmation.

Term of the Agreement

The original Water Forum Agreement, adopted in 2000, was set to expire after a 30-year term. In 2020, then Water Forum Executive Director, Tom Gohring, initiated a renegotiation of the Water Forum Agreement well in advance of the expiration date, with the recognition that the original Agreement took seven years to negotiate, and that regulatory, policy, and physical conditions had substantially changed over the past 20 years. While the renegotiation of the Water Forum Agreement is expected to be completed prior to the original expiration date, and in less time than the original negotiations, it is recognized that due to the nature of the Agreement and the complexity of the issues, members should anticipate and plan for renegotiation in the future.

Therefore, given the complexity of issues and anticipated climate change, this Agreement is to be reviewed through an assessment of key indicators in the State of the River report, including data from Urban Water Management Plans and Groundwater Sustainability Plans (GSPs), on a 5-year basis; with a renegotiation term of 25 years.

The anticipated timeline of review and renegotiation is as follows for the period of 2025-2050:

- 2025: Signing of the New Agreement. Publish a State of the River Report that captures conditions based on metrics and indicators that support Water Forum Agreement program elements. Publish updated Annual Work Plan that lays out programmatic and budgetary priorities for the coming year, as well as a look-ahead for the FY 25/26-30/31 period.
- 2030: Publish State of the River Report. Review progress on implementation of program elements; develop updated Annual Work Plan that lays out programmatic and budgetary priorities for the coming year, as well as a look-ahead to cover the next 5-year period (FY 30/31-35/36) for Plenary approval.
- 2035: Publish State of the River Report. Review progress on implementation of program elements; develop revised Annual Work Plan that lays out programmatic and budgetary priorities for the coming year, as well as a look-ahead for the next 5-year period (FY 35/36-40/41) for Plenary approval.
- 2040: Publish State of the River Report. Review progress on implementation of program elements; develop revised Annual Work Plan that lays out programmatic and budgetary priorities for the coming year, as well as a look-ahead for the next 5-year period (FY 40/41-45/46) for Plenary approval.
- 2045-2050: Initiate review and renegotiation of the Water Forum Agreement to coincide with a 25-year renewal period. Provide a 5-year window to complete, with anticipated new agreement to be approved no later than 2050. This 5-year window can be automatically extended with the concurrence of the Plenary and assuming negotiations are seen as productive and on a path towards successful conclusion.

Request for Renegotiation

Renegotiation can be requested outside of the scheduled timeframe. Any proposal to renegotiate the Agreement would be considered in the context of the Water Forum's coequal objectives. Specific engagement processes for renegotiating the Agreement should be developed through a transparent and collaborative process.

Request for Amendment

Amendments to the Agreement can be requested outside of the scheduled timeframe. Any proposal to amend the Water Forum Agreement would be considered in the context of the Water Forum's coequal objectives. Specific engagement processes for amending the Agreement should be consistent with the collaborative decision-making process that was used in the development of the Agreement.

Process for Renegotiation or Amendment Requests

The mechanism to request consideration of amendments is as follows:

- Any signatory, caucus or Executive Director can make a formal call for renegotiation of some terms. The request must include a rationale stating the changed conditions warranting consideration and should include proposed amendment concepts or language.
- The request for renegotiation by a signatory or caucus is to be submitted to the Water Forum Executive Director, who will bring it (or any request they might have) first to the Coordinating Committee for discussion. Coordinating Committee discussions will be informed by input from their respective caucuses and, as appropriate, any guidance from relevant committees.
- The Coordinating Committee is to forward all requests on to the Plenary for its consideration. The Coordinating Committee may, at its discretion, offer an accompanying recommendation to adopt, modify or reject. It may also forward it on to the Plenary without any recommendation.

A request for an amendment or renegotiation does not necessarily mean the Agreement will be revised. The Agreement, including specific agreements, can be changed or modified only with the expressed approval and consent of the Plenary. Changes to the Agreement are the purview of the Plenary, with the caveat that changes that require additional funding will be subject to agreement by the funders. The Plenary may recommend that the proposed changes need to be referred to signatory members' boards / decision-making bodies for formal confirmation.

Specific implementing agreements (e.g., PSAs) cannot be changed or modified without the express approval and consent of the entity whose interests would be affected by the change. These changes also must be approved by the Plenary.

Program Elements: Legal Considerations

Note: This section is in draft form pending legal review. Additionally, many of the reference below to CCOWMP may be changed once a new 2025 agreement is finalized to continue the establishment of the Water Forum. See comment box to right for more detail.

1. Administrative Structure

The Water Forum is not a legal entity, but rather a forum for a group of business and agricultural leaders, community groups, environmentalists, public and private water agencies, and local governments. Staffing and administrative support for the Water Forum are paid for by water purveyors and other willing funders, with personnel management provided by the City County Office of Metropolitan Water Planning (CCOWMP). The CCOWMP is not a separate legal entity. The current authority for the CCOWMP is set forth in the Second Interagency Agreement between the City of Sacramento, the County of Sacramento, and the Sacramento County Water Agency executed in 2001. *[Please note: this agreement is in the process of being reviewed and updated].*

The key points of the 2001 Interagency Agreement are as follows:

- The objective of the CCOWMP is to promote the implementation and continued vitality of the Water Forum Agreement.
- The Executive Director of CCOWMP reports jointly to the City Manager and County Executive.
- The City is responsible for providing facilities, budget, and administrative support to the CCOWMP.
- All employees of CCOWMP, including the Executive Director, are City employees.
- CCOWMP contracting follows City procedures.
- The City's signature delegation policy identifies the Executive Director's position as equivalent to a Department Director and authorizes contract authority of up to \$100,000.

The City Attorney's office represents the CCOWMP on matters related to City procedures and general governmental issues. The CCOWMP currently shares the City's outside water counsel for advice on substantive water related issues, but has agreed to terminate the representation if the potential for a conflict with the City's interests arises.

2. Water Forum Meetings – Relationship to Brown Act

The Water Forum is not a local governing body nor is it created by federal or state law. Accordingly, it is not formally subject to the Brown Act.

The Water Forum holds a range of meetings on a regular basis, including Caucus meetings, and special meetings with cross-caucus membership. These meetings are held in the regular course of business and are not subject to Brown Act requirements. In addition, the Water Forum agreement is intended to create and ensure confidentiality for "deliberative" and open discussions on sensitive subject matter so that the Water Forum and its members can freely discuss issues, strategize, and then formulate action plans and positions that may become available to the public.

Nevertheless, the Water Forum strives to be as transparent and inclusive as possible, both with its members and with cooperating entities and affected stakeholders, and with the public generally. To

Commented [32]: A few notes when reading this section:

1. The exact form of the Administrative Structure is still under discussion. Accordingly, this section will be updated once a new 2025 agreement is finalized.

2. We intend to send the next iteration of this entire GFA agreement to City of Sacramento legal for their review. At that time, we will ask them to weigh in on this section in its entirety and address the following issues:

- The relationship of the Water Forum and ED to the administrative structure
- The ability for any caucus to call for a member-only session
- Assess whether the additional explanatory language under the "Relationship to Brown Act" language is accurate and useful to include (or not).
- Confirm relationship of this agreement to CEQA.

that end, Plenary meetings are open unless a specific topic warrants member-only discussions. The Water Forum also strives to hold informational sessions that deepen understanding among its members and others. In the case of open Plenary meetings the Water Forum will provide advance notice of meeting times and materials, so that the public can be informed. The general intent for Plenary meetings is to be open to the public so that the formulated plans and positions are made known.

The Water Forum strives to provide meeting materials to its members consistent with good public participation practices (e.g., meetings noticed in advance, discussion topics described in agenda; meetings take place locally and open to the public, etc.).

Water Forum members are responsible for ensuring their engagements with the Water Forum are consistent with their agency's Brown Act obligations.

3. California Environmental Quality Act

The City of Sacramento is considered the lead for any Water Forum actions requiring CEQA (California Environmental Quality Act) review.

Development and adoption of the new Water Forum Agreement is not a "Project" subject to CEQA.

4. Risk and Liability

Language pending review by City Attorney's office.

Program Elements: Land Use Decisions

Section still under discussion; draft expected in February.

Metrics and Reporting

In development, to be shared in December Plenary and incorporated in next draft.

This section will describe metrics for tracking progress of the agreement, as opposed to habitat projects and daily operations, which are described in Science, Monitoring, and Decision Support Program.

Working Draft

Caveats and Assurances

Agreement-wide caveats and assurances will be incorporated here.

Working Draft

Purveyor Specific Agreements

California American Water Company

Carmichael Water District

City of Folsom

City of Roseville

City of Sacramento

East Bay Municipal Utilities District

El Dorado Irrigation District

Golden State Water Company

Placer County Water Agency

Sacramento County Water Agency

San Juan Water District

Sacramento Municipal Utilities District

Sacramento Suburban Water District

Working Draft

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Commented [MOU33]: These are identified appendices thus far and subject to change.

Appendix 1: Advancing the Seven Elements of the First Water Forum Agreement

The Water Forum 1.0 Agreement included seven key elements that represent the strategies members used to meet the coequal objectives of water supply reliability and environmental stewardship. Over the past 20 years, these strategies shaped water management in the Sacramento region, addressing both immediate needs and long-term sustainability.

[Insert graphic for these elements]

1. Increased Surface Water Diversions
2. Dry Year Actions
3. Flow Standard
4. Habitat Management
5. Water Conservation
6. Groundwater Management
7. Water Forum Successor Effort (WFSE)

The following outlines the seven elements from the Water Forum 1.0 Agreement and highlights the progress made under each.

1. Increased Surface Water Diversions

The Water Forum 1.0 Agreement detailed plans to increase surface water supplies from rivers to support Sacramento's anticipated population and economic growth through 2030. Recognizing that conservation and sustainable groundwater use alone would not meet projected future demand, the agreement specified how much water each provider would divert during average, wet, dry, and very dry years, and the necessary infrastructure and projects to meet customer demand. Additionally, the agreement included emergency flow strategies to protect salmon and steelhead, along with measures to reduce river water demand by shifting to groundwater and enhancing conservation efforts.

Progress: This element played a crucial role, alongside the Agreement's Groundwater Management strategy, in restoring the region's groundwater basin to sustainable levels. By committing to increased surface water use during wet times, water providers allowed groundwater levels to recover. Over the past 20 years, it's estimated that this approach has stored more than XXX acre-feet of water in the basin.

For example, the Sacramento County Water Agency (SCWA), once completely dependent on groundwater, increased surface water use by 29 percent in 2023 compared to the previous year, thanks to the Freeport Water Intake, a project outlined in the Water Forum 1.0 Agreement. This shift stored approximately 10,220 acre-feet of groundwater in aquifers, enough to meet the annual needs of over 30,600 households.

2. Dry Year Actions

The "Dry Year Actions" section of the Water Forum 1.0 Agreement was intended to help ensure there would be enough water during dry years for people while also protecting the environment of the American River. The agreement outlined increased water diversions from the American River in wet and average years, but during dry years, water providers agreed to reduce these diversions to protect fish, wildlife, and recreation on the river. To compensate for reduced river water in dry years, water providers planned to use strategies such as increasing groundwater use, re-operating reservoirs, increasing

conservation, and utilizing recycled water. Each provider had specific targets for reducing river water use in dry years, which were detailed in the agreement.

Progress: This element was successfully tested over the years and particularly during California's extreme drought in 2014. Members worked together to reduce demands on the river by increasing groundwater use and boosting water conservation efforts. Through the Water Forum's Dry Year Conference, members also worked together to advise the U.S. Bureau of Reclamation on emergency flow strategies for Folsom Reservoir, aiming to minimize harm to salmon and steelhead as water levels in the lower American River reached historic lows.

3. Flow Standard

The Water Forum 1.0 Agreement included plans to establish a new flow standard for the lower American River that would improve water releases to better support fish, especially fall-run Chinook salmon, while also preserving water storage in Folsom Reservoir to safeguard against drought.

Historically, water releases from Folsom Dam did not align with the fish's life cycle, negatively impacting the fishery. To address this, a team of fish biologists and experts from agencies such as the U.S. Fish and Wildlife Service and the California Department of Fish and Wildlife collaborated with the Water Forum to design a release pattern that prioritized the needs of the fish, while still meeting the reservoir's water supply and flood control objectives.

This new approach involved reducing summer flows to conserve water for increased releases in the fall, to provide better water conditions for salmon. The plan also included flexibility for adjustments based on real-time environmental needs.

Progress: In 2006, the Water Forum published the first Flow Management Standard (FMS) for the lower American River. The FMS uses the best available science to set targets for minimum river flows and cold water storage at Folsom Reservoir to help preserve water storage in Folsom Reservoir to guard against drought and improve water temperature in the Lower American River for salmon and steelhead. Since then, this science-based methodology has evolved with advancements in modeling and technical analysis, as well as real-world experience. After nearly 20 years of study and refinement, the Modified FMS is now seen as the best path forward for protecting and restoring steelhead and fall-run Chinook salmon in the lower American River, while improving local water supply reliability without causing negative impacts elsewhere in the state.

The Modified FMS is integrated into the most recent federal Biological Opinion, guiding the operation of Folsom Reservoir. To further support its understanding and implementation, the Water Forum is working on a consolidated version of the methodology for reference by the U.S. Bureau of Reclamation and other state and federal agencies.

Moreover, the Water Forum's science and habitat work positioned the region to successfully negotiate a voluntary agreement with the State Water Board as part of the Healthy Rivers and Landscapes (HR&L) Program. This agreement incorporates the flow management standard in combination with habitat enhancement and increased river flows during dry years.

4. Habitat Management

The Habitat Management Element (HME) of the Water Forum 1.0 Agreement focused on preserving the fishery, wildlife, recreational, and aesthetic values of the lower American River. The LAR Salmonid

Habitat Enhancement Projects are at the program's core, largely supported by Federal funding through the Central Valley Project Improvement Act (CVPIA). Key HME projects included habitat enhancement for salmon and steelhead, such as constructing spawning and rearing habitats. The element also focused on scientific research to better understand how river operations and enhancement efforts affected fish migration. The HME also specified collaboration with partners, including co-convening the Lower American River Task Force with the Sacramento Area Flood Control Agency and supporting water-related education.

Progress: The Water Forum's contribution to the lower American River environment is unmatched. No other organization invests in the lower American River environment like the Water Forum. With support from local, state, and federal partners, it has invested over \$38.8 million in habitat improvement and public education since 2000. These efforts include constructing more than 30 acres of spawning beds and 1.2 miles of side channels to support salmon and steelhead rearing.

The pace of the Water Forum's Habitat Enhancement work has accelerated significantly over the past five years. In 2020, the Water Forum secured \$5 million in Prop 68 funding from the State to support the early implementation of the HR&L Program. This funding complemented existing program resources, enabling faster, larger-scale implementation. The Water Forum focused on refining designs, conducting necessary analyses, and implementing phased construction at each of the 10 approved habitat project sites. Additionally, the Water Forum assessed other potential habitat enhancement sites along the lower American River and advanced multi-benefit projects, such as the naturalization of Cordova Creek.

The Water Forum applies a science-based approach to habitat improvement and monitoring, linking each study to specific goals for adaptive management. This work supports decisions related to the Flow Management Standard and evaluates the feasibility of future habitat enhancement projects. With a changing climate, this program has become increasingly vital.

Moreover, the Water Forum has contributed to the scientific understanding of anadromous fish in the lower American River through studies that produce underwater maps and monitor salmon behavior during drought. These studies help identify locations for habitat enhancement that avoid impacts to flood safety. Years of adaptive management have allowed the Water Forum to refine conditions for optimal salmon spawning, such as gravel depth, flow rate, and substrate size, advancing sustainable habitat practices for the river.

The Water Forum's scientific work has earned it a place as a trusted regional voice among state and federal agencies overseeing Folsom Reservoir and the statewide water system. This work has enabled the Water Forum to offer consensus-based recommendations on critical issues such as temperature modeling, fisheries, and hydrology.

5. Water Conservation

Under the Water Forum 1.0 Agreement, water providers committed to comprehensive conservation plans to meet regional water needs while reducing reliance on both groundwater and surface water, including diversions from the American River. Initially, providers followed 2000 Water Conservation Plans specified in the Water Forum 1.0 Agreement, with a focus on maximizing conservation in a way that was accountable, measurable, and effective. Later, they adopted Best Management Practices (BMPs) under the guidelines of the California Urban Water Conservation Council (CUWCC) as an avenue for meeting the state's water conservation requirements to reduce per capita water use 20 percent by the year 2020.

Progress: The Water Forum 1.0 Agreement led to the creation of the Regional Water Authority and its Water Efficiency Program. For over two decades, this program has engaged local water providers in a regional strategy to conserve local water resources, share best practices, and pool resources to maximize impact. Working together, participants have leveraged funds with other regional utilities, increased economies of scale for securing grants, and optimized advertising dollars for extensive customer outreach. The program also runs a regional school education initiative and manages the customer-focused website BeWaterSmart.info, which promotes water-saving practices across the region.

This award-winning program empowers members to maximize their investments in water efficiency and capitalize on available grants. Since 2003, it has successfully obtained nearly \$19.9 million from competitive grants to support outreach, advertising, rebate programs, and services that would be challenging for individual agencies to implement alone. Since 2013, local water use has decreased by 23 percent, even as the population grew by 15 percent. This strong regional effort has positioned local water providers to meet the new *Making Conservation a California Way of Life* standards set by the State Water Resources Control Board.

6. Groundwater Management

The Groundwater Management Element focused on protecting the region's groundwater resources, which supplies about half of the area's water. The goal was to help ensure that groundwater remained available for future generations while balancing its use with surface water supplies.

As part of the Water Forum 1.0 Agreement, the region established several local agencies, such as the Sacramento Groundwater Authority (SGA) and Sacramento Central Groundwater Authority (SCGA), to monitor groundwater use and implement a conjunctive use program, a strategic approach to managing groundwater that combines the planned use of both surface water from lakes and rivers and groundwater via wells. The practice optimizes water availability in the region over the long term even as the climate changes.

Progress: The Water Forum 1.0 Agreement provided a crucial collaborative foundation essential to developing the Sacramento region's successful conjunctive use program. Over two decades, this program allowed the once over-drafted North American Subbasin to recover and increase to sustainable levels, as well as provided a path for water providers to decrease reliance on the river during critical habitat periods for endangered fish.

The SGA was a pioneer in groundwater management and served as a model for the Sustainable Groundwater Management Act (SGMA), California's landmark law passed in 2014 to safeguard California's groundwater resources for the long term.

SGMA required local agencies to establish groundwater sustainability agencies (GSAs) and develop and implement groundwater sustainability plans (GSPs) for more than 100 high- and medium-priority subbasins statewide. In the greater Sacramento region, local agencies formed multiple GSAs for the North and South American Subbasins. They were well positioned to develop GSPs for these subbasins, which were subsequently locally adopted and approved by the California Department of Water Resources.

7. Water Forum Successor Effort

The Water Forum Successor Effort (WFSE) was established to guide the ongoing implementation and adaptation of the Water Forum 1.0 Agreement through 2030. It provides a structured approach to

addressing emerging issues, adapting to policy changes, and maintaining continued collaboration among stakeholders.

The WFSE was designed to emphasize cooperative problem-solving, requiring participants to engage collaboratively, respect diverse viewpoints, and work toward mutually beneficial solutions. The Agreement also established that all parties involved would participate on equal footing within the WFSE.

Under the structure outlined in the Water Forum 1.0 Agreement, the City-County Office of Metropolitan Water Planning oversees the WFSE, funded through agreements with member agencies, primarily water providers. Policy direction is set by representatives of member agencies, while staff, managed by the City of Sacramento, carry out the work of the WFSE.

Progress: The framework for the WFSE is a hallmark of the Water Forum process and agreement. It has allowed immediate focus on new issues, provided members with flexibility to realign when necessary, and helped sustain trust and momentum throughout the decades of Agreement implementation. Membership has remained stable, with many signatories of the Water Forum 1.0 Agreement still actively involved. New participants continue to join, strengthening the collaborative framework established in the Water Forum 1.0 Agreement.

Appendix 2: List of Temperature Management Projects and Programs

This will be a living document.

			Ways to Support Coequal Goals Through Partnership			Notes
Project/Idea	Type	Location	Advocacy or Coordination	WF Member Resources	WF Staff Time	
Upgrade of Temperature Control Shutters	Project	Folsom Dam	x		x	35% design is completed and funding secured for remaining design and implementation
Access coldwater below power penstocks	Idea	Folsom Dam				Elephant's Trunk, additional powerhouse on lower outlets, power bypass, etc.
Lake Natoma Temperature Curtain	Idea	Lake Natoma				link
Lake Natoma Shade	Idea	Lake Natoma				-
Lake Natoma Value Planning Study	Study	Lake Natoma		x	x	
Upstream Operations						
Geothermal river cooling						

Appendix 3: ARCH Program Planning Matrix

This will be a living document with ongoing and future potential ARCH program/project, science, monitoring, and decision support activities.

The Program Planning Matrix will be formatted to fit in this appendix. The current draft is viewable at [this link](#).

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Appendix 4: WSS Demand Management Actions

To be added after further discussion in WSS.

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Appendix 5: Declaration of Full Appropriation

The Subgroup is not recommending an amendment to the Declaration of Full Appropriation (DOFA) in WF 2.0. The explanation follows:

Fully appropriated stream systems are those where there is insufficient supply for new water right applications, either during certain months or conditions, or all year long. The program is administered by the State Water Resources Control Board. The Board, which administers major parts of California's water rights system, does not accept applications for new water rights on fully appropriated streams, except in certain specified circumstances.¹⁸

The subgroup confirms their understanding that the American River's current status as a fully appropriated stream helps reduce potential new competition for scarce water supplies to the benefit of existing rights holders and water users, as well as public trust watershed resources. The status is therefore a positive one.

The subgroup notes that the Water Board does not administer the fully appropriated streams program to affect existing water rights and contracts, or applications for assignment of state filings or for rights under the state's Area of Origin protections such as might be made by one or more of the Water Forum 2.0 negotiation participants, as provided for by State Water Resources Control Board (SWRCB) orders.¹⁹

In the State Board's administration of its fully appropriated streams system and its responsibilities under the California Wild & Scenic Rivers Act and realities of the National Wild & Scenic Rivers Act designations in California, the Board has issued orders that state or federal wild & scenic river designations result in twelve-month declarations of full appropriations on the designated reaches. Board orders also state that any declaration that a stream system is fully appropriated encompasses all upstream sources that contribute to the stream system if such upstream sources are hydraulically continuous to the stream system.

Thus, the existence of insufficient unappropriated supply at times in the American River watershed and the wild & scenic river status of the lower American River is expected to constrain the acceptance and processing of new water right applications outside of the specified exceptions.

Thus, the subgroup sees little utility in recommending that amendments to the existing declarations of full appropriations be sought in Water Forum 2.0.

Commented [MOU34]: This language is an attempt to reflect the guidance from the DOFA/FMS sub-group.

¹⁸ https://www.waterboards.ca.gov/waterrights/water_issues/programs/fully_appropriated_streams.

¹⁹ SWRCB Order WR 98-08 (in response to a petition to reconsider Order WR 89-25, the SWRCB adopted Order WR 90-2 on February 15, 1990. Order WR 90-2 modified and affirmed Order WR 89-25 as modified).

Appendix 6: Engagement with US Bureau of Reclamation

Desired outcomes and methods for engagement with USBR will be added here after further discussion with WSS.

Working Draft

Glossary of Common Terms

Sources of definitions indicated in italics

Acre foot (AF)

An acre is about the size of a football field. An acre foot is the amount of water that would cover one acre of land one foot deep. It equals 325,800 gallons. That is about how much water five people use a year for drinking, washing, and landscape watering.

Aquifer

A geologic formation that stores, transmits and yields significant quantities of water to wells and springs. *Water Education Foundation*

Anadromous Fish

Pertaining to fish that spend a part of their life cycle in the sea and return to freshwater streams to spawn.

Bay-Delta Standards

Standards to balance and protect all beneficial uses of San Francisco Bay-Delta water - including fishery and other instream uses - and to modify existing water rights if necessary to achieve that balance. *Volume I of United States Bureau of Reclamation American River Water Resources Investigation (USBR ARWRI)*

Best Management Practices (Water Conservation)

A policy, program, practice, rule, regulation or ordinance of the use of devices, equipment or facilities which is an established and generally accepted practice that results in more efficient use or conservation of water, or a practice that has been proven to indicate that significant conservation benefits can be achieved. *MOU Regarding Water Conservation in California*

Biological Opinion

California Environmental Quality Act

An act conceived primarily as a means to require public agency decision makers to document and consider the environmental implications of their actions. *Guide to the California Environmental Quality Act: Remy & Thomas*

Central Valley Project Improvement Act (CVPIA)

This Act amends the Central Valley Project (CVP) reauthorization act of 1937 and reauthorized the CVP to add mitigation, protection, and restoration of fish and wildlife as project purposes equal to agricultural and domestic uses, and to make fish and wildlife enhancement a project purpose equal to power. *USBR ARWRI*

Change of Service

Commented [MOU35]: The glossary will be updated for the next draft (any new terms added, terms not used - holdovers from WFA 1-removed/reviewed).

Point of time at which a water service account is transferred.

Changed Conditions

This refers to significant changes in circumstances such as laws, regulations, and even the health of the river which may occur after a *Water Forum Agreement* is signed. If there are changed conditions which may interfere with implementation of the agreement, the Successor Effort would reopen negotiations.

Conjunctive Use

The planned joint use of surface and groundwater to improve overall water supply reliability.

Water Education Foundation

Conservation Pricing

Pricing which provides an incentive to reduce average or peak use, or both. *MOU Regarding Water Conservation in California*

Contractual Entitlement

A water entitlement based on a contract, such as a contract with the United States Bureau of Reclamation for Central Valley Project water.

Cost-Effective

A case where the financial benefits of a project are greater than the overall cost.

CVPIA Programmatic Environmental Impact Statement

The program level document prepared by the United States Bureau of Reclamation on the Central Valley Project Improvement Act to comply with the requirements of the National Environmental Policy Act.

Deal Breaker

A person, organization, or entity who causes a bargain or agreement to fail.

Equity

The state, ideal, or quality of being just, impartial, and fair.

Fishery Flow Pattern

Pattern of river flows needed for spawning, incubation and rearing of young fish as well as migration of juvenile and adult fish. *Water Education Foundation*

For purposes of the *Water Forum Agreement*, the Improved Pattern of Fishery Flow Releases is defined as the AFRP flow objective for the lower American River as set forth in the November 20, 1997 "Department of the Interior Final Administrative Proposal on the Management of Section 3406(b)(2) Water."

Groundwater

The water in an aquifer. For human use and consumption this water is generally pumped to the surface through a well.

Inter-basin Transfer

Water transfers from entities outside of a watershed to entities within a watershed.

Interior Audit Program

A program which identifies the top water users and offers a water use audit service that will identify where water can be saved and provides incentives sufficient to achieve customer implementation. *MOU Regarding Water Conservation in California*

Landscape Efficiencies

What is achieved through skillful planting and irrigation design, appropriate use of plant materials, and intelligent management to assure landscape development that avoids excessive demands and is less vulnerable to periods of severe drought. *Water Conservation Ordinance for Landscape Water Conservation*

Memorandum of Understanding (MOU)

A means of gaining formal consensus between two or more parties on a particular complex issue.

Meter Retrofit Programs

Programs targeted toward unmetered homes and businesses which either install a new meter or repair an existing meter to provide for billing based on volume of use. *MOU Regarding Water Conservation in California*

Point of Diversion

The place along the stream channel where a diverter takes control of the water. *How to File an Application to Appropriate Water, State Water Resources Control Board*

Public Trust

The legal doctrine that protects the rights of the public to use water courses for commerce, navigation, fisheries, recreation, open space, preservation of ecological units in their natural state, and similar uses for which those lands are uniquely suited. It is based on the California State Constitution and goes back to English Common Law. The California Supreme Court stated, “*The state has an affirmative duty to take the public trust into account in the planning and allocation of water resources, and to protect public trust uses whenever feasible.*” *National Audubon (33Cal.3d 419 1983)*

Purveyor

An agency or district that provides water to customers for a fee.

Reasonable-Feasible

Practicable and in accord with reason.

Reclaimed Water

Municipal, industrial or agricultural wastewater treated and/or managed to produce water of quality suitable for additional uses.

Riparian Vegetation

Of, adjacent to, or living on, the bank of a river or, sometimes, of a lake, pond, etc. *Webster's Ninth New Collegiate Dictionary*

Stakeholder

In a negotiation, a person, organization or entity entrusted to represent those with an interest in the outcome. There are 46 stakeholder organizations participating in the Water Forum.

State Water Project

California's state - owned and operated water project consisting of 22 dams and reservoirs which delivers water 600 miles from the Sacramento Valley to Los Angeles. *Water Education Foundation*

Surface Water Diversions

Water that is diverted and/or pumped from above ground sources such as rivers, streams, reservoirs and lakes as opposed to groundwater which is water pumped from the aquifer.

Sustainable Yield

Sustainable yield is a balance between pumping and basin recharge and is expressed as the number of acre feet of water per year which can be pumped from the basin on a long term average annual basis.

Subsidence

Sinking of the land surface due to a number of factors, of which groundwater extraction is one.

Water Education Foundation

Water Forum

A community collaboration process involving stakeholder organizations and commitment to the coequal objectives of *providing a reliable and safe water supply for the region's economic health and planned development through the year 2030 and preserving the fishery, wildlife, recreational, and aesthetic values of the lower American River.*

Water Forum Agreement

The formal agreement among the Water Forum representatives that will be presented to stakeholder organizations in fall 1999 for ratification without revision. The *Water Forum Agreement* will include an Implementation and Monitoring Plan. The agreement will include many interrelated pieces that could not be separated without destroying the overall solution.

Quick Reference for Common Acronyms

AB	Assembly Bill
ACE	US Army Corps of Engineers
ACWA	Association of California Water Agencies
AF	Acre feet
AHTT	Ad Hoc Technical Team
AR	American River
ARB	American River Basin
ARCH	American River Corridor Health working group
ARFCD	American River Flood Control District
ARFO	American River Flows and Operations working group
ARG	American River Group
ARPF	American River Parkway Foundation
Army Corps	US Army Corps of Engineers
BC	Business Caucus
BiOp	Biological Opinion
BOR	US Bureau of Reclamation
The Bureau	US Bureau of Reclamation
CCOWMP	City County Office of Metropolitan Water Planning (formal title for the Water Forum)
CDFW	California Department of Fish and Wildlife
CEQA	California Environmental Quality Act
CFS	Cubic feet per second. One cubic foot is about 7 1/2 gallons.
CII	Commercial, Industrial, and Institutional water users/uses
The Corps	US Army Corps of Engineers

Commented [SC36]: In the next draft all acronyms used in the document will be added here and appropriately noted in the body of the doc (spelled out in first use with acronym in parentheses).

CoSANA	An integrated water resources model of the Cosumnes, South American, and North American groundwater subbasins
CVP	Central Valley Project
CVPIA	Central Valley Project Improvement Act
DAC	Disadvantaged Community
DEIJ	Diversity Equity Inclusion and Justice
DFW	California Department of Fish and Wildlife
DOFA	Declaration of Full Appropriation
DM	Demand Management (water conservation practices)
DPMWD	Del Paso Manor Water District
DWR	California Department of Water Resources
DYA	Dry Year Actions (element of the Water Forum Agreement)
EDCWA	El Dorado County Water Agency
EID	El Dorado Irrigation District
ECOS	Environmental Council of Sacramento
EPA	US Environmental Protection Agency
FOR	Friends of the River
FIRO	Forecast Informed Reservoir Operations
FMS	Flow Management Standard
FOR	Friends of the American River
FWS	US Fish and Wildlife Service
GFA	Governance, Funding, and Administration working group
HME	Habitat Management Element of the Water Forum Agreement
LAFCo	Local Agency Formation Commission
LAR	Lower American River
LOWV	League of Women Voters

M&I	Municipal & Industrial
mFMS	Modified Flow Management Standard
MGD	Million Gallons Per Day
MOU	Memorandum of Understanding
NASb	North American Subbasin (groundwater)
NEPA	National Environmental Policy Act
NSC	Negotiating Steering Committee
PC	Public Caucus
PCWA	Placer County Water Agency
PSA	Purveyor Specific Agreement
Reclamation	Bureau of Reclamation
RWA	Regional Water Authority
SACOG	Sacramento Area Council of Governments
SAFCA	Sacramento Area Flood Control Agency
SARA	Save the American River Association
SASb	South American Subbasin (groundwater)
SB	Senate Bill
SCGA	Sacramento Central Groundwater Authority
SCWA	Sacramento County Water Agency
SDAC	Severely Disadvantaged Community
SGA	Sacramento Groundwater Authority
SJWD	San Juan Water District
SME	Subject Matter Expert
SORR/SOR Report	Water Forum State of the River Report
SRBX	Sacramento Regional Builders Exchange
State Board	State Water Resources Control Board

SWB	State Water Resources Control Board
SWRCB	State Water Resources Control Board
TAF	Thousand Acre Feet
TUCP	Temporary Urgent Change Petitions
UIFR	Unimpaired Inflow into Folsom Reservoir
USACE	US Army Corps of Engineers
USBR	US Bureau of Reclamation
USEPA	US Environmental Protection Agency
USFWS	US Fish and Wildlife Service
UWMP	Urban Water Management Plan
VAs	Voluntary Agreements
WC	Water Caucus
WF	Water Forum
WF 2.0/WF 2/WF II	Water Forum Successor Effort (Water Forum 2.0)
WFA	Water Forum Agreement
WFSE	Water Forum Successor Effort (Water Forum 2.0)
WG	Working Group
WSCP	Water Shortage Contingency Plan (component of Urban Water Management Plans)
WSS	Water Supply Sustainability working group

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ATTACHMENT 2

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION
AND
SACRAMENTO WATER FORUM
FOR
COORDINATION OF COMMUNICATION AND INFORMATION-SHARING ACTIVITIES
RELATED TO LOWER AMERICAN RIVER OPERATIONS

A. Preface

This Memorandum of Understanding (the “MOU”) is entered into this 29th day of March, 2021, by and between the United States Bureau of Reclamation (“Reclamation”) and Sacramento Water Forum (“Water Forum”) for the purpose of identifying and implementing communication and information sharing activities related to Reclamation’s operations on the Lower American River (“LAR”). Collectively, Reclamation and Water Forum are referred to as “the Parties.”

Water Forum originated with an Agreement in 2000 amongst a diverse group of business and agricultural leaders, citizen groups, environmentalists, water managers, and local governments¹ working together to balance two coequal objectives: (1) to provide a reliable and safe water supply for the Sacramento region’s long-term growth and economic health; and (2) to preserve the fishery, wildlife, recreational, and aesthetic values of the LAR. Water Forum and its members have a well-established record of implementing long-term water management solutions that have served to protect the river and foster regional vitality.

Folsom Dam is a Reclamation project authorized, in part, under the federal Reclamation laws. Reclamation owns and operates Folsom Dam and its related facilities as part of the Central Valley Project (“CVP”). Reclamation is required to manage and operate the CVP consistent with Congressional objectives and directives for CVP facilities. Folsom Dam was originally authorized under the Flood Control Act of 1944 for flood control purposes and then reauthorized as a CVP multi-purpose facility under the federal Reclamation laws, specifically, the American River Division Authorization in 1949. The 1949 authorization directs Reclamation to operate Folsom Dam “in such manner as will effectuate the fullest and most economic utilization of the land and water resources of the Central Valley project of California for the widest possible public benefit.”

¹ The Water Forum is officially staffed by the City-County Office of Metropolitan Water Planning (“CCOMWP”), which is a department of the City of Sacramento. The parties who signed and agreed to be bound by the 2000 Water Forum Agreement are listed in the excerpt of the Agreement attached as Exhibit A to this MOU.

Folsom Reservoir has a capacity that allows it to capture and store up to 976,000 acre-feet of runoff from the American River watershed. Folsom Dam is a key flood control structure protecting the Sacramento metropolitan area. Among Folsom Dam's related facilities is Nimbus Dam, seven miles downstream of Folsom Dam on the American River, which forms Lake Natoma. Reclamation regulates releases from Nimbus Dam to the LAR.

Reclamation operates the CVP, a complex, multi-purpose network of dams, reservoirs, canals, hydroelectric powerplants, and other facilities. The CVP reduces flood risk for the Central Valley and supplies water that is used for irrigation, municipal and industrial (M&I), and other beneficial purposes. The CVP supplies water to major urban centers in the Greater Sacramento and San Francisco Bay areas and produces electrical power, and in addition provides various recreational opportunities and water to restore and protect fish and wildlife and to enhance water quality.

The CVP has agreements to supply water to more than 250 contractors in 29 of California's 58 counties. Deliveries by the CVP provide an annual average of 5 million acre-feet of water for farms; 600,000 acre-feet of water for M&I uses (enough water to supply about 2.5 million people for a year); and water for wildlife refuges and maintaining water quality in the Sacramento-San Joaquin Delta.

The CVP contractors within the American River Division are all M&I contractors that are subject to Reclamation's M&I Shortage Policy. Because of the geographic location of the American River Division's CVP and settlement contractors, these contractors are, for the most part, dependent on supplies delivered from the American River Division facilities.

Deliveries from Folsom Reservoir are also used to fulfill settlement contracts with American River water users.

Using the best available science, including data obtained during the 2013-15 drought, the Water Forum developed the 2017 Flow Management Standard (FMS) for the American River. The Water Forum's 2017 FMS consists of three major components: (1) a schedule of minimum flow requirements for the Lower American River, (2) a Temperature Management Plan for water releases from Folsom Dam and Nimbus Dam, and (3) a specified end-of-December minimum lake level for Folsom Reservoir.

On August 2, 2016, Reclamation, the federal action agency, and the California Department of Water Resources ("DWR"), the applicant, jointly requested the reinitiation of Endangered Species Act (ESA) consultation on the coordinated long-term operation of the CVP and SWP. On January 31, 2019, Reclamation transmitted their Biological Assessment ("BA") to NOAA Fisheries (revised BA submitted October 21, 2019). NOAA Fisheries finalized and issued its Biological Opinion ("BiOp") on the coordinated operations of the CVP and SWP on October 21, 2019. NOAA Fisheries documented impacts from the proposed operations and worked with Reclamation to modify their proposed action to minimize and offset those impacts. Ultimately, NOAA Fisheries concluded that Reclamation's proposed operations will not jeopardize threatened or endangered species or adversely modify their designated critical habitats.

Reclamation signed a Record of Decision on February 19, 2020 (“ROD”), to implement the Preferred Alternative (or Alternative 1) as described in the Final EIS: Reinitiation of Consultation on the Coordinated Long-Term Operation (“ROC on LTO”) of the CVP and SWP and evaluated in the 2019 USFWS and NMFS BiOps (Reclamation 2020; USFWS 2019).

The Preferred Alternative incorporated the Lower American River flow schedule and the Temperature Management Plan from the Water Forum's 2017 FMS. However, the Preferred Alternative did not include the end-of-December minimum lake level for Folsom Reservoir as proposed by the Water Forum in the 2017 FMS; instead, the Preferred Alternative included a more flexible end-of-December Planning Minimum, under which Reclamation plans for a specified amount of carryover storage in Folsom Reservoir, assuming a dry fall, without establishing a hard “cap.”

Since February 2020, Reclamation has been operating the CVP in accordance with the Record of Decision for the Reinitiation of Consultation on the Coordinated Long-Term Modified Operations of the CVP and SWP.

Reclamation and Water Forum have a long history of and ongoing efforts to communicate and coordinate activities so that both Reclamation’s objectives and Water Forum’s coequal objectives as described above are satisfied.

B. Purpose of this MOU

The purpose of this MOU is to formalize the previously established and ongoing commitment between Reclamation and Water Forum to:

- (1) Communicate and exchange information on the end-of-year Folsom Reservoir Planning Minimum, as described below in Section D;
- (2) Communicate and exchange information on off-ramp actions in the event of extreme hydrologic outlooks;
- (3) Communicate and exchange information on Reclamation’s hydrologic outlook and Reclamation’s operational decisions at Reclamation’s facilities, including Folsom Dam and Nimbus Dam, and minimum flows and temperature management for the LAR;
- (4) Communicate and exchange information on coordinated messaging and communication efforts related to Reclamation’s operations of the LAR; and
- (5) Communicate and exchange information in the event that drought or other operational conditions may require Reclamation to make operational decisions for the benefit of the entire CVP, including not being able to meet a Planning Minimum at Folsom Reservoir.

The intent of the Parties in entering this MOU is to provide mutual benefits regarding the communication and exchange of information regarding operation of Folsom Dam and its related facilities, as part of Reclamation’s overall operations of the CVP. This communication and exchange of information will further support implementation of the Preferred Alternative as adopted in the February 2020 ROD.

The Parties anticipate that implementation of this MOU will assist in:

- (1) Improving reliability of CVP water supplies, including supplies for M&I purposes of American River Division contractors that depend on Folsom Reservoir, for the years that follow a dry year, and
- (2) Protecting the environment and providing fisheries and recreational benefits on the lower American River, consistent with the Central Valley Project Improvement Act (“CVPIA”) and other applicable statutes. The Parties recognize that drought and other legal obligations and operational conditions in the future may require Reclamation to make difficult operational decisions for the benefit of the entire CVP, including not being able to meet a Planning Minimum at Folsom Reservoir.

C. Authority for this MOU

This MOU is entered into by and through Reclamation pursuant to the applicable authority granted to it generally in the Act of June 17, 1902, (32 Stat. 388), and acts amendatory thereof or supplementary thereto. The Water Forum Agreement (2000) contemplates that the Water Forum may enter into agreements with other parties to carry out the Water Forum agreement and successor agreements, including amendments. The Authority for this MOU is set by the applicable legal authorities, governing documents and policies of Reclamation and Water Forum. Nothing in this MOU is intended to give any signatory, agency, entity, or organization expansion of any existing authority.

D. Specific Principles

As set forth in the preface, the Water Forum's 2017 FMS consists of three components. The Preferred Alternative adopted by Reclamation in the February 2020 ROD includes two of these three components, the Lower American River minimum flow requirements and the Temperature Management Plan for releases and Folsom Dam and Nimbus Dam. As discussed above, the Preferred Alternative adopted a concept for Folsom Reservoir's end-of-year storage called the Planning Minimum.

1. Planning Minimum

- i. The Parties agree to participate in discussions about Reclamation’s Folsom Reservoir end-of-year Planning Minimum. The objectives of the Planning Minimum are to facilitate the development of the cold water pool in Folsom Reservoir and to preserve sufficient water supplies to protect water users who rely on deliveries from Folsom Reservoir from potential impacts of drought cycle of two consecutive dry years. For Water Years 2021-2023,² Reclamation will utilize an initial Planning Minimum of 300,000 acre-feet at the end of the calendar year, and will further use its best efforts to meet it. At least 60 days before the end of this 3-

² Water Year shall have the same meaning in this MOU as it has in the American River Division CVP contracts.

year pilot period, the Parties will evaluate the success of this Planning Minimum, (including impacts to CVP as a whole, if any), and Reclamation will make a determination on any changes, if needed, to the Planning Minimum. The Water Forum will provide information and feedback on the Planning Minimum during the pilot period, and Reclamation will consider, during the pilot period, any information provided by the Water Forum or other interested stakeholders concerning the Planning Minimum.

- ii. The Parties agree to discuss and exchange information about the Planning Minimum on a regular basis (including at monthly forecast meetings, in end-of-year evaluations, and no later than 60 days prior to the end of the three-year pilot period). Reclamation may modify the Planning Minimum during the pilot period if the current Planning Minimum does not appear feasible. This potential decision would be informed with feedback from the Water Forum and other interested stakeholders.

2. Minimum Flow Requirements and Temperature Management Plan

- i. The Preferred Alternative's LAR minimum flow component and Temperature Management Plan component were developed based on the best available science given the limitations of the system. The Parties anticipate that the LAR minimum flow schedule and the Temperature Management Plan will continue to be implemented as long as they continue to represent the best available science for addressing fisheries needs on the LAR (absent any court orders or other similar actions). If a new Biological Assessment is prepared for CVP operations, the Parties anticipate that Reclamation would incorporate the LAR minimum flow schedule and the Temperature Management Plan into the project description, unless the best available science commands a different result. The Parties are committed to utilizing the best available science regarding flow and temperature requirements on the LAR. No changes will be made to the flow or temperature standards except after completion of all required NEPA analysis and ESA consultation.
- ii. Reclamation will continue to collaborate with the Water Forum and other contracting partners and stakeholders to ensure the best available science and methodologies are employed in informing operational decisions.

3. Off-Ramp Actions and Baseline Discussions

- i. The Parties agree to develop a list of potential off-ramp actions that may be taken during a drought either to improve forecasted storage or to decrease demand on Folsom Reservoir.
- ii. The Parties recognize that an agreed-upon updated water use demand baseline (baseline), or baselines, would be useful for evaluating proposed future water transfers within and outside the American River Basin. The Parties agree to establish a technical team, in addition to the American River Group ("ARG"), that

will convene regularly to discuss and work in good faith to provide a recommended baseline to the Parties, through a transparent process. Development of the recommended water use baseline will consider all issues applicable to existing water uses, including recreation, fisheries, aesthetics, and other issues relevant to protection of the LAR, as appropriate.

4. Communication and Coordination between the Parties

- i. The Parties agree to attend regular meetings, during the CVP water allocation season, for Reclamation to provide general updates on LAR operations, answer questions from Water Forum, and discuss operational, communication, and other topics covered in this MOU or related to LAR operations.
- ii. Water Forum agrees to organize and host regular meetings with Reclamation and provide meeting agendas in advance to help facilitate activities outlined in this MOU.
- iii. Reclamation agrees to provide hydrologic outlook information at regular meetings and discuss how minimum flows, water temperature management and the Planning Minimum impact the outlooks.
- iv. The Parties agree to discuss coordinating communications, including press releases, concerning forecasts and operational decisions at Folsom Reservoir, with the Parties intending to support each other when feasible, but with each Party reserving sole discretion over its public statements regarding forecasts and operational decisions at Folsom Reservoir and CVP operations.
- v. Water Forum agrees to provide appropriate public educational messages on the status of LAR operations, storage, and conditions. This includes instances when Folsom Reservoir storage does not meet the Planning Minimum despite the Parties' best efforts, provided that Reclamation has been following the procedures in this MOU. The Parties recognize and acknowledge that they may disagree on operational decisions.
- vi. The Parties agree to communicate and exchange information as set forth in Section B.
- vii. Water Forum agrees to maintain representation on the ARG Technical Team.
- viii. The Parties agree that Reclamation will not establish, manage, or control the group or meetings. Reclamation will not make decisions on or otherwise control group membership, send out meeting invitations, or host meetings. Reclamation will not manage or control the group's agenda. Reclamation will not assume a leadership role in the group. Reclamation will not facilitate group meetings. Reclamation will not fund the group or hold group meetings on Reclamation property.
- ix. Reclamation will work together with Water Forum, including its member agencies, to communicate and exchange information with the understanding by the Parties that consensus, advice and/or agreement between the Parties is not sought by Reclamation pursuant to this MOU. Reclamation reserves all of its legal authority to operate Folsom Dam, Nimbus Dam and the LAR, but is receptive to receiving all

relevant information from the Water Forum, its member agencies, and other affected stakeholders.

- x. Notwithstanding Reclamation reserving all of its legal authority, Reclamation agrees to continued coordination with Water Forum for LAR habitat restoration efforts and inflow forecasts.
- xi. The Parties agree to coordinate and/or collaborate on development of improved temperature modelling for the LAR, with neither Party committing in this MOU which of the Parties devotes the resources.

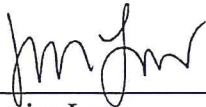
E. Additional Provisions

1. Term. This MOU shall be in effect upon the execution of this MOU by the Parties. This MOU shall stay in effect for 5 years and will automatically renew for additional 5-year terms unless terminated in writing as set forth below. Water Forum and its related agreements with members are set to expire in 2030. Water Forum currently is working to extend the term of its agreements with Water Forum members. This MOU inures to the benefit of the Parties' respective successors and assigns, only upon the written consent of the other Party.
2. Dispute Resolution and Termination. Either Party to this MOU wishing to withdraw from this MOU must provide a 30-day written notice to the other Party hereto specifying the reason the notifying Party wishes to withdraw. Before the withdrawal takes effect, the Parties shall promptly meet and confer in a good-faith effort to address and resolve, if possible, the issue(s) causing the notifying Party to wish to withdraw from this MOU. If following such meeting(s) the notifying Party still wishes to withdraw, such Party may withdraw no sooner than 30 days after the date of the written notice.
3. Amendment. Any provision of this MOU may be modified or amended only by written agreement executed by the Parties.
4. Authorities Not Altered. Nothing in this MOU alters, limits, or supersedes the authorities and responsibilities of either Party on any matter within their respective jurisdictions. Nothing in this MOU shall require either of the Parties to perform beyond its respective authority.
5. Duly Authorized. Each signatory to this MOU certifies that they are authorized to execute this MOU on behalf of the Party they represent, without further act, approval, or authorization of such Party unless pending governing body or confirmation is needed for either or both of the Parties.
6. Effect of MOU. Nothing in this MOU shall be interpreted as limiting, superseding, or otherwise affecting any Parties' normal operations or decisions in carrying out its statutory or regulatory duties. This MOU does not limit or restrict the parties from participating in similar activities or arrangements with other entities, except to the extent that such activities or arrangements would interfere with the Parties' abilities to fulfill their commitments under this MOU.
7. Not Legally Binding. This MOU is not intended to be legally binding on either Party and does not confer any rights on any private person or entity; however, the Parties reserve all

rights, legally and for public communications, to address subject matters related to this MOU, including in circumstances in which the MOU is in effect and if the MOU is terminated.

8. No Third Party Beneficiaries. This MOU is for the sole benefit of the Parties hereto and nothing herein, express or implied, is intended to or shall confer upon any other person or entity, including individual Water Forum member agencies, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this MOU.

F. Signatures



Jessica Law

Executive Director, Sacramento Water Forum,
City County Office of Metropolitan Water Planning,
a Department of the City of Sacramento

3/26/21

Date

Ernest A Conant

Digitally signed by Ernest A
Conant
Date: 2021.03.29 13:09:34 -07'00'

Ernest A. Conant

Regional Director, California Great Basin, Bureau of Reclamation

Date

Exhibit A

Following is a list of the Water Forum signatories as of January 2016:

BUSINESS

AKT Development
Associated General Contractors
North State Building Industry Association
Sacramento Association of Realtors
Sacramento Metropolitan Chamber of
Commerce
Sacramento Sierra Building & Construction
Trades Council

ENVIRONMENT

Environmental Council of Sacramento
Friends of the River
Save the American River Association Inc.
Sierra Club Mother Lode Chapter

PUBLIC

League of Women Voters of California
City of Sacramento
County of Sacramento
Sacramento County Taxpayers League
Sacramento Municipal Utility District

WATER

California-American Water Company
Carmichael Water District
Citrus Heights Water District
Clay Water District
Del Paso Manor Water District
El Dorado County Water Agency

El Dorado Irrigation District
Florin County Water District
City of Folsom
Galt Irrigation District
Georgetown Divide Public Utility District
Golden State Water Company (Arden-
Cordova Water District)
Natomas Central Mutual Water Company
Omoichumne-Hartnell Water District
Orange Vale Water Company
Placer County Water Agency
Rancho Murieta Community Service District
Regional Water Authority
Rio Linda/Elverta Community Water District
City of Roseville
Sacramento County Farm Bureau
Sacramento Suburban Water District
San Juan Water District

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CARMICHAEL WATER DISTRICT

January 2025 Engineering Department Report

Engineering Manager, Greg Norris P.E.

CAPITAL IMPROVEMENT PROJECTS

La Sierra ASR Well Project: No Construction updates for this month while the contractor awaits equipment delivery, specifications from the electrical contractor, and SMUD service.

Winding Way ASR Well Project: The contractor shut down construction for most of this reporting period. The contractor is re-starting construction on January 6, 2025 to ream the pilot hole and install casing and the gravel pack. The casing and beads used for construction were delivered and are ready for installation.

Ladera ASR Well Project: Construction has been shut down for most of this reporting period. The contractor is re-starting construction on January 6, 2025 to finalize the removal of the sound wall.

La Vista Tank and Booster Well Project: Erosion control Best Management Practices (BMPs) have been installed at the site to prevent sedimentation from the project area. All other work has stopped due to a contract dispute between the District and the contractor.

SCADA Project: No update since last month.

Garfield Well Backup Generator Project: No update since last month. Equipment is still on order.

Claremont Pipeline Engineering Design: The District has reviewed the 60% design and provided comments to Dugan Engineering Management.

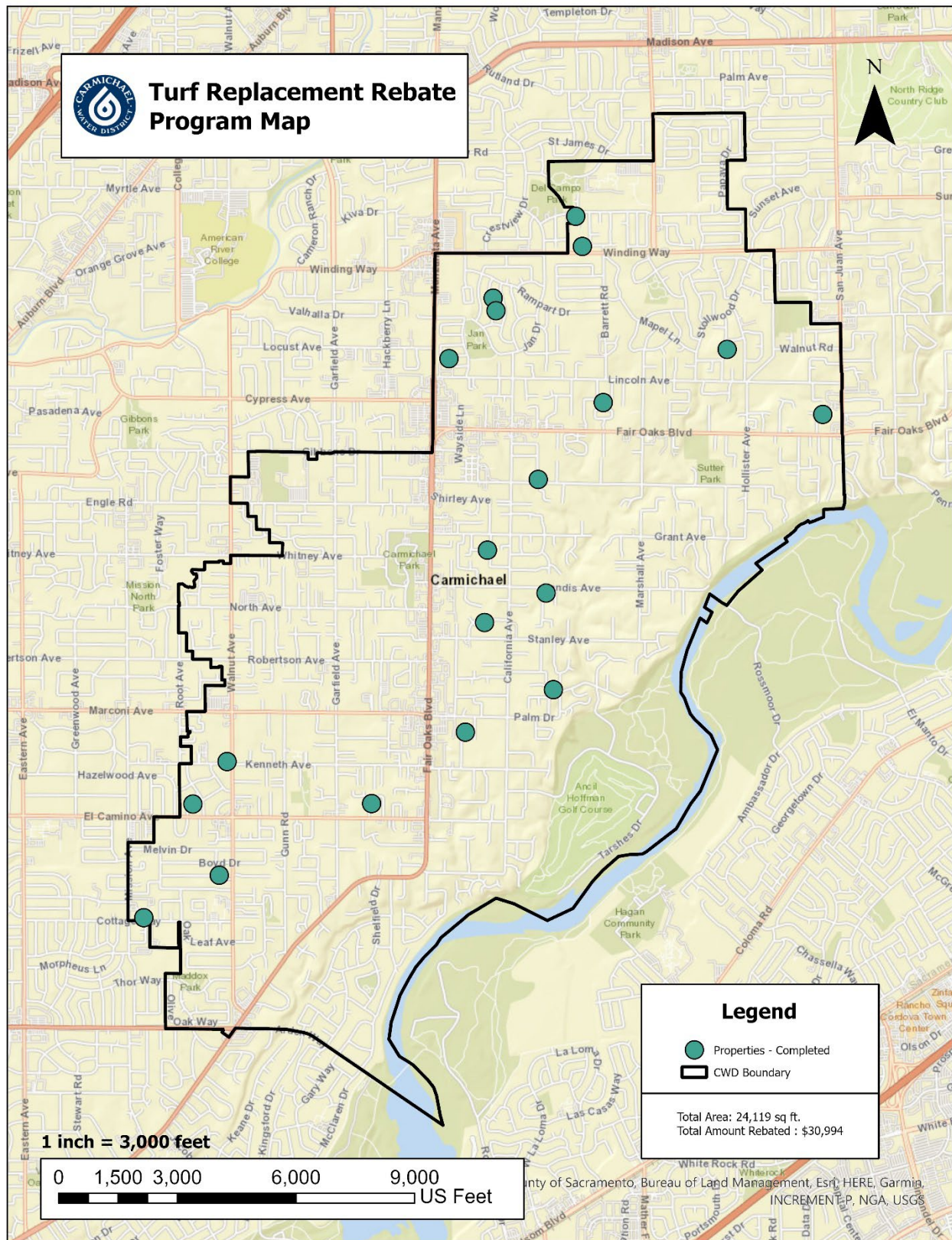
MISCELLANEOUS

COTP: The transaction for the sale of Carmichael Water District's 1 MW of transmission to Turlock Irrigation District and the City of Roseville for \$150,000 is complete as of 12:00 AM January 1, 2025, one minute after SMUD's lease agreement expired. All of the conditions of the sale were met, and TANC has approved the sale. The District no longer has any invested interest in COTP.

Annual Reports: CWD submitted the Urban Water Use Objective report and Water Audit data for calendar year 2023 to DWR by the December 31, 2024 deadline.

WATER USE AND CONSERVATION

Turf Replacement Program: One new turf replacement certification for this month. To date, the District has paid through the grant \$30,994 to 19 customers. See Map below. The replacement rate is \$2/SF up to 1,000 SF. Total turf area replaced to date is 16,827 Square Feet.



CARMICHAEL WATER DISTRICT

DECEMBER 2024 BILLING DEPARTMENT REPORT

Billing Supervisor, Cecilia D.

In comparison to November's Billing, there is a decrease of 36% in Billing Units and Total Billing is down 14%. Year to date Billing Units are 8% higher overall than last year and Total Billing is 14% higher.

BILLING ACTIVITY				FY 24-25		FY 23-24		Previous Year Billing Totals % Difference
Billing Period	Billing Units*	Usage Charges	Service Charges	Billing Totals		Billing Totals	Billing Units*	
July	570,813	\$1,290,039	\$ 820,065	\$ 2,110,104		\$ 1,681,005	449,410	26%
August	487,443	\$1,101,622	\$ 820,357	\$ 1,921,979		\$ 1,834,038	523,315	5%
September	453,927	\$1,025,876	\$ 820,304	\$ 1,846,180		\$ 1,573,781	397,982	17%
October	372,814	\$ 842,560	\$ 820,422	\$ 1,662,982		\$ 1,449,177	337,834	15%
November	220,319	\$ 497,922	\$ 820,542	\$ 1,318,464		\$ 1,198,159	216,445	10%
December	141,063	\$ 318,803	\$ 820,607	\$ 1,139,410		\$ 1,063,486	151,575	7%
January				\$ -		\$ 1,146,764	143,529	
February				\$ -		\$ 1,082,539	115,430	
March				\$ -		\$ 1,110,361	127,799	
April				\$ -		\$ 1,191,150	163,201	
May				\$ -		\$ 1,478,165	289,076	
June				\$ -		\$ 1,782,139	422,549	
YTD Totals	2,246,381	\$5,076,822	\$4,922,296	\$ 9,999,118		\$ 8,799,646	2,076,561	14%

* 1 Unit = 100 CCF (Centum Cubic Feet) = 748 Gallons.

Billing Units are based on current meter reading period, i.e., Current Billing Period = 11/21/24 – 12/20/24, and may differ from Production reported numbers due to the meter read billing cutoff dates.

COLLECTIONS: Processed & Total Outstanding A/R Amounts

The Total 61-90 Days column displays the delinquent amounts that will be targeted on next month's final notice and collections processes. The Outstanding A/R amounts reflect what was still owing at month end, this is 16% of the amount billed, or approximately 1,790 customers.

Date	Total on APS*	Total Off	Total # Liened	Total \$ Liened	Total 61 - 90 Days	Total Outstanding A/R **
June 2024	0	14	8	\$ 5,099	\$ 12,286	\$ 248,577
FY 24-25						
July	0	10	7	\$ 3,088	\$ 9,242	\$ 247,101
August	1	9	7	\$ 3,020	\$ 8,226	\$ 304,965
September	0	7	7	\$ 3,044	\$ 12,683	\$ 242,173
October	0	7	7	\$ 3,068	\$ 14,012	\$ 306,843
November	0	7	7	\$ 4,165	\$ 22,933	\$ 365,946
December	0	7	6	\$ 2,637	\$ 27,604	\$ 207,399

* APS = Alternative Payment Schedule

** Includes Total Liened and 61-120 Days Amounts

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CARMICHAEL WATER DISTRICT

Production Superintendent, DAVID BIAGI

December 2024 Water Production Board Report

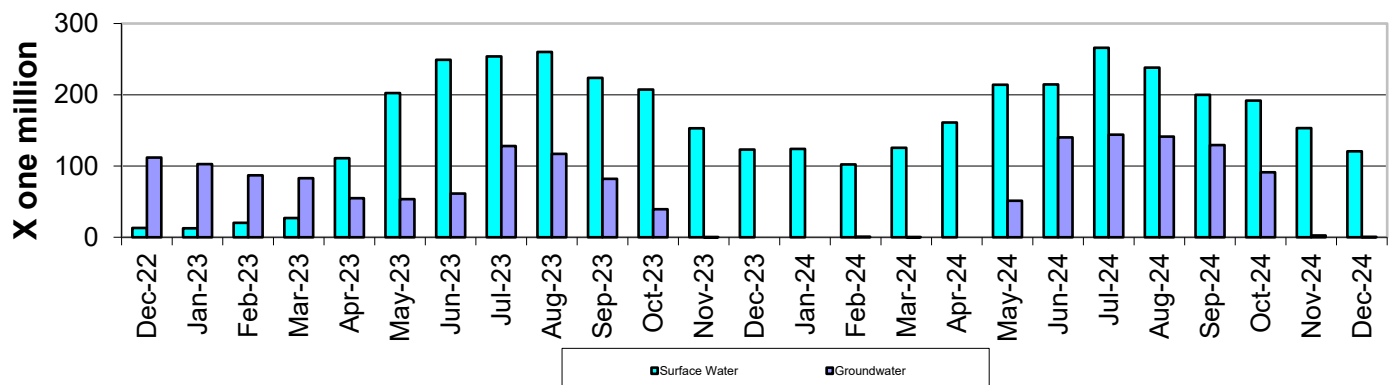


First Snow Survey of 2025

CWD Monthly Water Production 2015-2025

FY	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	MGD Totals	Acre/Ft
2024-25	409.91	379.28	329.43	283.13	155.68	117.11							1675	5139
2023-24	381.87	376.96	305.79	246.50	153.18	123.06	114.25	102.90	125.55	160.99	265.26	354.84	2712	8322
2022-23	371.77	358.96	299.37	267.16	149.16	124.91	115.19	107.14	109.89	165.79	255.81	310.23	2635	8088
2021-22	381.78	354.31	318.00	232.62	127.07	114.90	116.95	138.86	181.17	183.76	282.17	327.46	2759	8467
2020-21	408.04	402.05	335.66	294.53	188.58	140.24	125.19	110.64	145.91	237.20	332.59	371.58	3092	9490
2019-20	378.84	381.60	314.85	259.58	201.55	122.39	113.09	135.71	153.23	181.81	281.40	360.18	2884	8851
2018-19	387.57	361.56	314.04	259.22	187.67	121.80	111.84	96.07	109.20	158.03	226.19	317.21	2650	8134
2017-18	399.61	383.76	323.74	270.59	140.87	129.07	113.92	117.16	115.88	148.80	258.57	335.23	2737	8400
2016-17	357.82	353.35	299.41	193.38	123.16	115.61	113.47	96.26	116.84	123.76	268.14	332.52	2494	7653
2015-16	287.66	283.68	259.99	213.09	128.89	107.92	100.49	97.72	107.12	148.87	219.44	308.84	2264	6947
Avg.	376.49	363.55	310.03	251.98	155.58	121.76	113.82	111.39	129.42	167.67	265.51	335.35	2692	8261
Daily	12.14	11.73	10.33	8.13	5.19	3.93	3.67	3.98	4.17	5.59	8.56	11.18		

CWD Combined Surface & Ground Water Usage



Dec. CWD Total Production		MG
Surface Water	100%	120.518
Groundwater	0%	.405

Production	Up/ Down	Month	Up/ Down	10-Year Running Average
Production from same month last year	Down	5%	Down	4%
Dec. 2024 Average Daily Production		3.90 MG		
Peak Day – Dec. 8th		4.46 MG		

GSWC Delivery: CWD delivered 140.13 MG or 430.04 Acre/Ft to GSWC in December.

There were no water quality complaints in December.

Water Quality Activity

- ✓ Taste & Odor: 0
- ✓ Color: 0
- ✓ Turbidity (Air): 0
- ✓ Suspended Solids: 0
- ✓ Low Pressure: 0

Backflow Devices Tested

- ✓ Tested: 65
- ✓ New Devices: 0
- ✓ Failed Tests: 0

Maintenance Activity

- ✓ Secondary Cl2 CIP: 2
- ✓ Valve Repair: 4
- ✓ Instrument Calibrations: 7
- ✓ Module Repair: 28
- ✓ Metering Pump Replacement: 2

SASD Inspection: In December, the Sacramento Area Sewer District (SASD) completed its biannual comprehensive inspection of the Bajamont Water Treatment Plant (BWTP). Inspectors from SASD visited the BWTP to review our slug control plan, sampling plan, and standard operating procedures (SOP) for pretreatment. They also took pH samples at our sewer outfall location.

During the inspection, the team examined chemical containment systems, instrumentation calibration records, operator training records, and hazardous waste removal logs. A thorough inspection of the BWTP was conducted, covering all aspects from intake to outfall, to identify potential hazards and evaluate control plans for those hazards.

The SASD inspectors found no issues at the BWTP and expressed satisfaction with our compliance efforts.

Sierra Snow Pack Survey: On January 2nd, the Department of Water Resources conducted the first snow survey of 2025 at Phillips Station along Highway 50. Phillips Station is located adjacent to the entrance of the Sierra-at-Tahoe snow mountain. The results of the survey indicate that Phillips Station has 91% of the average snowpack for this time of year, with a snow depth of 24 inches and a snow water equivalent of 9 inches. On December 2nd, releases from Folsom Dam were increased from 2,000 cubic feet per second (CFS) to 2,100 CFS and have remained steady throughout the month. The district's demands and water deliveries to the Golden State Water Company continue to be met with surface water from the treatment plant.

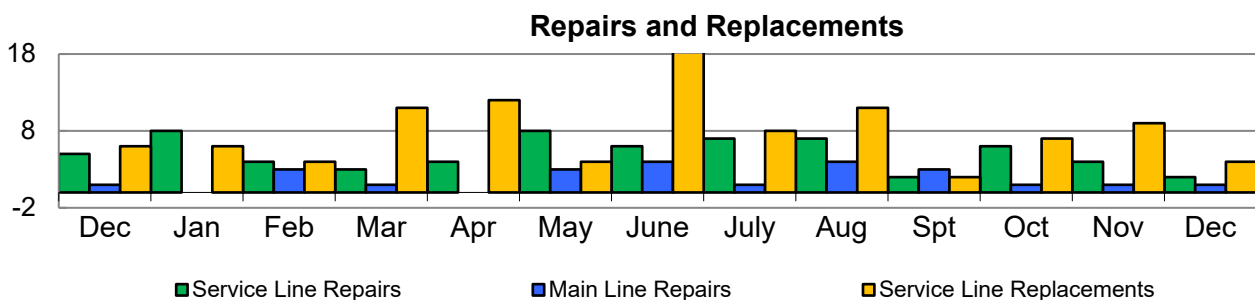
CARMICHAEL WATER DISTRICT

DISTRIBUTION SUPERINTENDENT, Lucas Campbell

December 2024 Water Distribution Board Report



La Sendita Ln. Hit hydrant bury replacement due to faulty check valve.



Capital Improvements/Replacements

- Service Line: 4
- Fire Hydrant: 0
- Main Line Valve: 0
- New Construction Meters: 1
- Air Relief Valves - 0

O and M Repair Work

- Service Line: 4
- Fire Hydrant: 1
- Main Line: 1
- Meter Boxes: 0
- Main Line Valve Boxes: 0
- Meter Change Out: 33
- Registers Change Out: 0
- Hydrant Inspections: 1
- Valves Exercised: 5

Customer Assist

- Call Outs: 24
- Private Repairs: 3
- Water Waste: 4
- Lock/Unlock: 1
- High Pressure: 0
- Low Pressure: 1

The Distribution Department is committed to keeping up with the latest industry standards. This involves adopting best practices, implementing new technologies, and aligning with updated regulations to ensure the district's water infrastructure meets or exceeds current benchmarks for safety, reliability, and sustainability. By meeting these industry standards, the District can improve service quality, reduce operational risks, and stay competitive in water management practices. Some examples include the following:

The Department is looking into upgrading the current hydrant check specification allowing for improved water loss control and reducing repair costs. The new style check valves would allow for proper installation height when dealing with shallow mainline, as shown below.

SPECIFICATIONS



Pressure rating	250 psi
Material	Stainless steel
Profile height	2.5"
Maximum recommended riser height	2"

This is an example of the updated check valve that will potentially be added to CWD specification. Distribution Department is working with Engineering Department to finalize the details.

Also, the department is currently looking into shifting toward internal controls of soil, asphalt and concrete processing. This would include CWD trucking, separating material and disposal to reduce costs.

Current Projects

- Ancil Hoffman and River Bend Park Overlay Project (Continued): The District has received the "A" plans for this project. The paving portion of this project will start at the intersection of California Ave. and Tarshes Way, working east into Ancil Hoffman Park to the club house and driving range. District forces are required to lower then raise all main line valve boxes (12 projected) within the limits of construction.
- Sacramento County AC Overlay Phase D (Continued): The District has received "A" plans for an additional overlay project in the areas of Kenneth Ave, west of Walnut Ave continuing south to El Camino Ave. Upon completion of the overlay project, there will be a three (3) year utility trench cut moratorium. In anticipation of this project and the three year moratorium, District staff will be upgrading many water service laterals and saddles at the main. Making these upgrades will help ensure CWD from having to perform construction in the roadway. Staff will GPS all facilities within the limits of the project and update the District map as needed.

BOARD OF DIRECTORS

DECEMBER 2024 MEETING ATTENDANCE

MEETINGS ATTENDED

DIRECTORS

DATE	DESCRIPTION	DAVIS	EMMERSON	NELSON	GREENWOOD	SELSKY
12/2 12/3 12/4 12/5	ACWA Fall Conference		4		4	
12/17	CWD - Regular Board Meeting	1	1	1	1	1
12/16 12/23	CWD - Special Board Meeting	2	2	2	2	
12/18	COTP Management Meeting			1		
TOTAL MEETINGS ATTENDED		3	7	4	7	1

DECEMBER 2024 EXPENSE COMPENSATION/REIMBURSEMENT

MEETINGS COMPENSATED

DATE	DESCRIPTION	DAVIS	EMMERSON	NELSON	GREENWOOD	SELSKY
12/2 12/3 12/4 12/5	ACWA Fall Conference		4		4	
12/17	CWD - Regular Board Meeting	1	1	1	1	
12/16	CWD - Special Board Meeting	1	1	1	1	
11/21	Carmichael Chamber			1		
TOTAL # COMPENSATED		2	6	3	6	0
TOTAL \$ COMPENSATED		\$304.00	\$912.00	\$456.00	\$912.00	\$0.00
TOTAL REIMBURSEMENTS		\$0.00	\$1,343.87	\$0.00	\$1,623.17	\$46.17

FISCAL YEAR 2024-2025 SUMMARY

	DAVIS	EMMERSON	NELSON	GREENWOOD	SELSKY
FYTD # MEETINGS ATTENDED	10	12	13	23	22
FYTD # MEETINGS COMPENSATED	7	11	13	23	19
FYTD \$ MEETINGS COMPENSATED	\$1,064.00	\$1,672.00	\$1,976.00	\$3,496.00	\$2,888.00
FYTD EXPENSE REIMBURSEMENTS	\$0.00	\$1,343.87	\$0.00	\$1,623.17	\$91.06