

STATE WATER RESOURCES DEVELOPMENT SYSTEM
FINANCE COMMITTEE
DRAFT CHARTER

The State Water Resources Development System (SWRDS) Finance Committee is a foundational element in the organizational structure that provides financial policy guidance for SWRDS which is administered by the California Department of Water Resources (DWR). The other foundational element is the Chief Financial Manager (CFM). The CFM has the responsibility and authority throughout DWR to carry out the SWRDS financial policy guidelines. The CFM reports to the Administrator of SWRDS or their designee. Working with the CFM, the SWRDS Finance Committee will develop or enhance the financial policy guidelines and administrative measures required to provide comprehensive financial management of SWRDS. Administrative enhancements will include the development and evaluation of DWR/SWP Contractor technical committees necessary to support the SWRDS Finance Committee. The SWP Contractors will review and align their committee structure to conform to the SWRDS financial structure and eliminate any duplication of effort.

The establishment of the Committee, and the development of this Charter through the mutual agreement of DWR and the Contractors, is a requirement of the Water Supply Contracts. DWR and the Contractors agree that this Charter implements the provisions of the Water Supply Contracts that provide:

1. The Charter can only be modified with the mutual consent of DWR and the Contractors;
2. The Committee is charged with providing written policy guideline recommendations to the DWR Director, and the DWR Director has final discretion on whether or not to accept the recommended policy guidelines upon providing written notice of its decision to the Committee;
3. The Committee is to operate in cooperation with the Chief Financial Manager;
4. While the DWR Director has discretion to move money between the GOA, SSA, and SRA accounts, the Director must provide advance written notice of those actions for review by the Committee.

I. COMMITTEE PURPOSE

The SWRDS Finance Committee is a standing committee whose purpose is to assist DWR in fulfilling its financial oversight responsibility of the SWRDS by helping DWR establish and modify, as necessary, SWRDS-specific financial policy guidelines. The Committee will allow SWP Public Agency water customers to have meaningful input into the financial management of SWRDS, thereby providing DWR with the benefit of input from its customers that have a common interest in the continuing long-term financial viability of SWRDS. The SWRDS Finance Committee will recommend to the Director of the California Department of Water Resources institutionalized controls or policy guidelines that can be used to:

1. Provide financial direction that can be replicated and refined to manage the finances of SWRDS.
2. Provide financial transparency and accountability.
3. Promote consistent and uniform decision making by establishing financial policy guidelines, procedures and protocols.

II. COMMITTEE GOALS:

1. To provide a forum that promotes maximum coordination, communication, and cooperation among DWR and the SWP Public Agency water customers with interests and responsibilities for the SWRDS.
2. To assist in the consolidation of SWRDS financial activities under the management of the CFM which is essential for the comprehensive financial management of the SWRDS.
3. To sponsor the development and implementation of standardized, reliable financial tools and reports made available to both DWR and the SWP Public Agency water customers, providing meaningful information necessary to analyze and forecast SWRDS financial trends, activities, and fluctuations.
4. To assist DWR in fulfilling its financial oversight responsibility of the SWRDS which includes establishing financial policy guidelines and financial management goals which govern SWRDS financial decisions and support the financial integrity, health, and viability of the SWRDS.

III. COMMITTEE RESPONSIBILITIES:

1. Sponsoring the development, and approving and monitoring the progress of the SWRDS Finance Committee's financial enhancement work plans.
2. Providing written recommendations to the Director or the Director's delegate SWRDS-specific financial policy guidelines. These financial recommendations shall focus on guidelines that embrace the general goals

and acceptable procedures or standards for managing or directing the enterprise fund, including, but not limited to, guidelines regarding the following areas:

- a) Reporting
 - b) Operating budget
 - c) Long-range Forecasting
 - d) Assets and Capital improvements plan or program (CIP)
 - e) Debt
 - f) Revenue/Costs
 - g) Reserves (i.e. GOA)
 - h) Equity Funds (i.e. SSA, SRA)
 - i) Accounting, auditing, and financial reporting
 - j) Cash-flow management
3. Periodically reviewing and providing written recommendations for improvements to the SWRDS financial policy guidelines and/or SWRDS financial policy guidelines manual.
 4. Reviewing issues and recommendations, by SWP Public Agency customers and DWR technical workgroups, in key financial areas within SWRDS which could indicate a potential conflict and/or lack of SWRDS financial policy guidance.
 5. Reviewing deviations from SWRDS policy guidelines as identified by technical workgroups, auditors, and other stakeholders, which are not resolved by the CFM or SWP Public Agency customers/DWR technical workgroups.
 6. Approving modifications to the authorized funding levels of the General Operating Account and SWRDS Support Account.
 7. Reviewing written notices by DWR of fund transfers between the GOA, SSA, and SRA accounts.

IV. MEMBERSHIP AND ORGANIZATIONAL STRUCTURE:

A. Composition

The SWRDS Finance Committee will include representatives for the SWP Public Agency customers and DWR.

1. All SWP Public Agency customers would be able to attend meetings of the Committee; each Public Agency customer would provide one representative or delegate to participate (the "Representatives"). From within the Public Agency customers' representative pool, in January of

each year, the SWP Public Agency customers shall elect five official representatives and two alternates.

2. From within DWR's executive level management (Assistant Division Chief and above), in January of each year, DWR shall select five official representatives and two alternates.
3. The ten (10) selected official representatives or alternates of the Committee would be the Committee's permanent members (the "Members") and be responsible for attending all Committee meetings. The Members would be balanced with representation for DWR and the Public Agency customers.
4. Committee recommendations, to the Director or to the Director's delegate responsible for the area under consideration by the Committee, shall be based on an affirmative vote by a majority of all the Members.
5. The Members would be the official representatives of the Committee and be responsible for communicating the Committee's recommendation directly to the Director or to the Director's delegate responsible for the area under consideration by the Committee.
6. The Members may form, delegate, and direct subcommittees when and where appropriate.

B. Term

The Members will serve for a one year term, with membership appointed or renewed each year. Term will begin on January 1.

C. Committee Co-Chairs

The Committee will have two co-chairs. In January of each year, the Members for DWR and the SWP Public Agency customers' shall each appoint one of their Members as co-chair to the Committee.

D. Meetings

The Committee is expected to meet as frequently as is necessary to carry out its responsibilities, but no less than two (2) times annually, at such times and location determined by the Committee's co-chairs.

Prior to a meeting, a written meeting agenda will be provided to the Members and the Representatives. Either Committee co-chair will have the authority to call a meeting.

E. Minutes

Minutes of each meeting will be kept. Copies of the minutes will be provided to the Members and the Representatives within two weeks after a meeting.

F. By-Laws

The Committee will draft and adopt a set of written by-laws at the organizational meeting of the Committee. The by-laws will govern Committee operations. By-laws require a majority vote or consensus by the Members for adoption or change.

G. Decision Making

The Committee will operate by making written recommendations on policy guidance to the Director (or his delegate). If the Members are unable to agree on a recommendation, the written record of the competing recommendations will be recorded and forwarded to the Director (or his delegate). In either case, the Director or his delegate shall have the authority to accept or reject the recommendations, and this decision will be communicated to the Committee in writing.

H. Amendments

This charter may not be amended except through express written consent of both DWR and all SWP Public Agency customers.

I. Confidentiality

Outcomes and deliberations of the SWRDS Finance Committee will include initial draft concepts, recommendations, and documents. These materials shall be characterized as working proposals or staff work products. The release of products from this Committee to those outside of its Members will be treated as a staff consultation. The work of the SWRDS Finance Committee shall not be the subject of a public forum unless the SWRDS Finance Committee provides expressed authorization.