

Amended Agenda
Sacramento Suburban Water District
Regular Board Meeting

3701 Marconi Avenue
Sacramento, California 95821

Monday, November 18, 2024
6:00 p.m.

This meeting will be conducted both in-person in the District’s Boardroom at the address above, and by videoconference and teleconference using the information provided below. The public is invited to listen, observe, and provide comments during the meeting by any method provided. The President will call for public comment on each agenda item at the appropriate time.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet-enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/83741941786?pwd=eCtzaWmvaSCTIzLhCB1YCPeo5KBPbY.1>

Meeting ID: 837 4194 1786

Password: 849363

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Please mute your line.

Where appropriate or deemed necessary, the Board may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Board concerning an agenda item after the staff presentation but before Board’s consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Call to Order

Pledge of Allegiance

Roll Call

Announcements

Public Comment

This is the opportunity for the public to comment on non-agenda items within the Board's jurisdiction. Comments are limited to 3 minutes.

Consent Items

The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member requests that an item be removed from the Consent Items, it will be considered with the Items for Discussion and/or Action.

1. Draft Minutes of the October 14, 2024, Special Board Meeting – Rate Study Public Hearing
Recommendation: Approve the Draft Minutes of the October 14, 2024, Special Board Meeting – Rate Study Public Hearing.
2. Draft Minutes of the October 21, 2024, Regular Board Meeting
Recommendation: Approve the Draft Minutes of the October 21, 2024, Regular Board Meeting.
3. Treasurer's Report
Recommendation: Approve the items in the report as recommended.
4. 2024 Audit Engagement Letter and Task Order 5
Recommendation: Approve 2024 Audit Engagement Letter and Task Order 5, with Maze & Associates Accountancy Corporation and grant authorization for the Audit Committee Chair to execute the Engagement Letter and Task Order 5 as recommended by the Audit Committee at the November 4, 2024, Audit Committee meeting.

5. Policy Review – Capacity Fee Setting Policy (PL – Fin 010)
Recommendation: Ratify Capacity Fee Setting Policy (PL – Fin 010) without changes.
6. Policy Review – Debt Management Policy (PL – Fin 011)
Recommendation: Ratify Debt Management Policy (PL – Fin 011) without changes.
7. Policy Review – Technology Maintenance, Security, Protection and Recovery Policy (PL – IT 004)
Recommendation: Ratify Technology Maintenance, Security, Protection and Recovery Policy (PL – IT 004) without changes.
8. Policy Review – Procurement Policy (PL – Fin 005)
Recommendation: Ratify Procurement Policy (PL – Fin 005) without changes.

Items for Discussion and/or Action

9. Calendar Year 2025 Budget
Recommendation: Staff are recommending the Board to take the following actions: Adopt the Calendar Year 2025 Budget as presented; Adopt the multi-year project budgets and spending schedule as presented; Adopt implementation of the planned 5.0% rate increase as approved by the Board at the October 7, 2024, Rate Hearing effective January 1, 2025, and Approve the attached salary band schedule for 2025.
10. Alternative to Merit Matrix Compensation System
Recommendation: Discuss alternatives to Sacramento Suburban Water District's current merit matrix compensation system as indicated in District's 2024 Goals and the Employee Performance Evaluation, Merit and COLA Policy and direct staff as appropriate.
11. Regular Board Meeting Time
Recommendation: Either: Direct staff to bring back a Resolution to amend Policy PL-BOD 002, Rules for Proceedings of the Board of Directors with specific desired changes or; Take no action.
- 11.5 Resolution No. 24-12 Making Application to the Sacramento Local Agency Formation Commission for Reorganization with the Del Paso Manor Water District
Recommendation: Approve Resolution No. 24-12 Making Application to the Sacramento Local Agency Formation Commission for Reorganization with the Del Paso Manor Water District.

General Manager's Report

12. General Manager's Report
 - a. Grant of Easement and Right of Way
 - b. CalWEP Advocacy Committee Chair
 - c. Water Forum 2.0 Successor Effort Funding

Department/Staff Reports

13. Groundwater Well Status Report
14. Engineering Report
 - a. Major Capital Improvement Program Projects
 - b. Planning Documents
 - c. Other Projects
15. Financial Report
 - a. Financial Highlights
 - b. Financial Statements
 - c. Budgets
16. Operations Report
17. Customer Service Report

Information Items

18. Public Relations Society of America Influencer Award
19. Sacramento Regional Water Bank Update
20. Upcoming Water Industry Meetings/Conferences
21. Upcoming Policy Review
 - a. Investment Policy (PL – Fin 003)

Committee Reports

22. a. Audit Committee (Director Locke)
Draft Minutes from the November 4, 2024, meeting.

Director’s Reports (Per AB 1234, Directors will report on their meeting activities)

- 23. a. Regional Water Authority (Director Wichert)
Agenda for the November 14, 2024, Board meeting.
- b. Sacramento Groundwater Authority (Director Boatwright)
None.
- c. Director Reports – AB 1234

Director’s Comments/Staff Statements and Requests

The Board and District staff may ask questions for clarification and make brief announcements and comments, and Board members may request staff to report back on a matter or direct staff to place a matter on a subsequent agenda.

Closed Session (Closed Session Items are not opened to the public)

- 24. Public Employee Performance Evaluation Involving the General Manager Under Government Code Section 54954.5(e) and 54957.

Open Session

- 25. Report from Closed Session.

Adjournment

Upcoming Meetings

Monday, December 16, 2024, at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the November 18, 2024, meeting of the Sacramento Suburban Water District Board of Directors was posted by November 8, 2024, in a publicly accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Sacramento, California, and was freely available to the public.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 1

Date: November 18, 2024

Subject: Draft Minutes of the October 14, 2024, Special Board Meeting – Rate Study Public Hearing

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve the Draft Minutes of the October 14, 2024, Special Board Meeting – Rate Study Public Hearing.

Attachment:

1 – Draft Minutes of the October 14, 2024, Special Board Meeting – Rate Study Public Hearing.

Attachment 1

Minutes

Sacramento Suburban Water District
Special Board Meeting – Rate Study Public Hearing
October 14, 2024

Location:

3701 Marconi Avenue, Sacramento, CA 95821, Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting ID #878 0796 5802

Call to Order

President Thomas called the meeting to order at 6:00 p.m.

Pledge of Allegiance

President Thomas led the Pledge of Allegiance.

Roll Call

Directors Present: Jay Boatwright, Craig Locke, Kevin Thomas, and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Heather Hernandez-Fort, Dana Dean, Julie Nemitz, Lynn Pham, and Jeff Ott.

Public Present: William Eubanks, Mark Hildebrand, Jennifer Harris, Diana Lynch, Michael Shorter, Carl Jones, Habib Isaac, M. H. Johns, Tom Christenson, Stephanie Christenson, Ana Ramirez, Jason Gyori, Lowell McPherson, and Vicki Wood.

Announcements

None.

Public Comment

Stephanie Christenson expressed she was unsure how any combination with Del Paso Manor Water District would impact the ratepayers of SSWD, and that she was not in support of it.

Jason Gyori expressed he was not in favor of fluoride in the water and requested SSWD remove it.

General Manager Dan York (GM York) expressed he would look into the article Mr. Gyori was referring to, but reminded the Board that staff had previously discussed the topic of discontinuing fluoridation with District legal counsel.

Public Hearing on Proposed Adjustments to Water Service Rates and Charges

1. Public Hearing on Proposed Adjustments to Water Service Rates and Charges and Tabulation of Protests

Jeff Ott (Mr. Ott) introduced the staff report.

President Thomas opened the Public Hearing and asked General Manager Dan York (GM York) to provide a summary of the circumstances that brought forth the need for the Public Hearing.

GM York provided a timeline from the Board action calling for the Public Hearing through legal notices provided to the Public. He explained the order of the proceeding for the Public Hearing as follows: before public comment would be taken, staff would present findings and recommendations relative to the action before the Board; staff would summarize comments and written protests; the Board President would then open the Public Hearing to take additional public comment; and after all public comment had been received, the Public Hearing would be closed and the Board would then deliberate.

Mark Hildebrand (Mr. Hildebrand) presented a PowerPoint Presentation highlighting the findings of the Rate Study.

Mr. Ott then provided a summary of the written and verbal comments received from the public up to the opening of the Public Hearing and stated that there was a total of 24 written comments submitted.

President Thomas then called for public comment at 6:32 p.m.

There was a total of 2 customers who provided oral comment.

President Thomas closed the public comment portion of the Public Hearing at 6:48 p.m. and requested the total number of written comments received from the public.

Mr. Ott stated that there was a total of 26 written comments submitted.

President Thomas determined that 50% plus 1 protest which was required to be filed to constitute a valid protest was not met, therefore, the protest failed.

President Thomas closed the Public Hearing at 6:50 p.m.

Items for Discussion and Action

2. 2024 Comprehensive Water Rate Study Report

Mr. Ott presented the staff report.

Director Wichert voiced his concerns about the two additional positions that were included in the Rate Study, expressing his opposition to them, and noted he would not be voting for the staff recommendation as a result of that.

President Thomas expressed he met with staff regarding the additional funds included in the Rate Study, and he felt it was appropriate.

Director Locke moved to approve the staff recommendation; Director Boatwright seconded. The motion passed by a 3/1 vote; Director Wichert opposed.

AYES:	Boatwright, Locke, Thomas.	ABSTAINED:	
NOES:	Wichert.	RECUSED:	
ABSENT:			

3. **Resolution No. 24-10 Amending Regulation No. 3 of the Regulations Governing Water Service to Adjust Water Rates for 2025 Through 2029**

Mr. Ott presented the staff report.

Director Locke expressed that he was grateful that the District’s rate increases regularly remain low compared to neighboring water purveyors which are facing double digit increases. He commended staff and Mr. Hildebrand for a very thorough presentation and commended staff for continuing the forward thinking and felt they were doing an excellent job protecting the ratepayers.

Director Boatwright commented that rates can always be adjusted lower but not adjusted higher without the Prop 218 process.

Director Wichert expressed that he was originally not in support of the drought surcharge but was also not interested in taking money out of the reserves. He noted that if the customers comply with conservation goals, he recognized that their bills would not increase, therefore he felt the drought surcharge was acceptable.

GM York thanked staff and Mr. Hildebrand for an excellent job, and additionally thanked the Board for continuing to support making these difficult decisions, but still do what is needed to take care of the ratepayers. He noted that by doing their due diligence and raising the rates incrementally, it keeps the system going and the rates reasonable.

Vicki Wood requested clarification on the drought surcharge.

Director Locke moved to approve the staff recommendation; Director Boatwright seconded. The motion passed by 3/1 vote; Director Wichert opposed.

AYES:	Boatwright, Locke, and Thomas.	ABSTAINED:	
NOES:	Wichert.	RECUSED:	
ABSENT:			

Adjournment

President Thomas adjourned the meeting at 7:10 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

DRAFT



Agenda Item: 2

Date: November 18, 2024

Subject: Draft Minutes of the October 21, 2024, Regular Board Meeting

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve the Draft Minutes of the October 21, 2024, Regular Board Meeting.

Attachment:

1 – Draft Minutes of the October 21, 2024, Regular Board Meeting.

Minutes

Sacramento Suburban Water District
Regular Board Meeting
October 21, 2024

Location:

3701 Marconi Avenue, Sacramento, CA 95821, Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting ID #823 5228 1207

Call to Order

President Thomas called the meeting to order at 6:01 p.m.

Pledge of Allegiance

President Thomas led the Pledge of Allegiance.

Roll Call

Directors Present: Jay Boatwright, Craig Locke, Kevin Thomas, and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Matt Underwood, Heather Hernandez-Fort, Jeff Ott, Mitchell McCarthy, Dana Dean, Mike Simi, Julie Nemitz, Susan Schinnerer, Paul White, and Greg Bundesen.

Public Present: Legal Counsel Josh Horowitz, Dave Jones, Diane Jones, Lawrence Murray, and Paul Helliker.

Announcements

None.

Public Comment

None.

Consent Items

1. **Draft Minutes of the September 16, 2024, Regular Board Meeting**
2. **Treasurer's Report**
3. **October 2024 Legislation Update**
4. **Policy Review – Employment Rules and Procedures Policy (PL – HR 001)**

Director Wichert requested to pull Item 3 for discussion and move it to after Item 6 on the Agenda, and moved to approve Items 1, 2, and 4; Director Locke seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

- 5. **Resolution No. 24-11 Honoring Dave Jones for his Service as a Board of Director**
General Manager Dan York (GM York) presented the staff report.

Director Locke moved to approve the staff recommendation; Director Wichert seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

GM York presented a ceremonial resolution to Dave Jones (Mr. Jones).

Mr. Jones expressed his appreciation for the time he spent with the District and stated it was the best time he ever had.

GM York noted that it was a pleasure working alongside Mr. Jones, both as an employee and a Director.

The Board echoed their appreciation for Mr. Jones.

Assistant General Manager Matt Underwood (AGM Underwood) noted that it was great working with Mr. Jones and that he appreciated that he always kept capital upgrades at the forefront and valued employees as the people that made those upgrades happen.

- 6. **State of the District 2024**
GM York presented the staff report and PowerPoint presentation.
- 3. **October 2024 Legislation Update**
Director Wichert asked clarifying questions including what staff could do differently to assist with gaining approval of bills.

Greg Bundesen provided clarification on several bills, and noted that he would discuss additional options with the Regional Water Authority.

7. **Board of Directors to Discuss Filling Vacancy Resulting from Director Jones' Resignation**

GM York presented the staff report.

The Board agreed to the following procedure for filling the vacancy resulting from Director Jones' resignation:

- The first Special Board meeting will be held on November 6, 2024, at 5:00 p.m. At that meeting, each candidate that submitted a Letter of Interest would have 5 minutes to provide a brief introduction of themselves. There would be an additional 5 minutes where the Board would ask questions.
- Each candidate would be requested not to enter the Boardroom until their specific interview time.
- Staff would provide the Board with some sample questions to use at their discretion.
- Following the introductions and questions, each Director on the Board will select their top two candidates to request to return for a second interview.
- The second Special Board meeting will be held on November 12, 2024, at 5:00 p.m.
- If the Board chooses one of the candidates, the person chosen will be sworn in as the Division 1 Director on November 12th.

8. **Business Case Analysis Consultant**

GM York presented the staff report.

Director Locke moved to approve the staff recommendation; Director Wichert seconded.

Director Wichert noted he was not interested in multiple Directors meeting with the consultant individually.

GM York agreed with Director Wichert and additionally noted that if any changes to the scope were requested, those changes would need to be approved by the Joint Boards.

Director Locke expressed he felt confident in the General Manager's ability to work with the consultant on the Business Case Analysis.

GM York reminded the Board that there would be regular updates brought back to the Joint Board meetings.

Director Wichert pointed out that he was interested in there being a rate case analysis included in the report.

Discussion ensued regarding the scope of work.

Director Boatwright pointed out that with two of San Juan Water District’s Directors verbally opposed to the combination of the two District, he was hesitant to continue forward with the Business Case Analysis.

Directors Locke and Wichert both agreed that they were interested in continuing to move forward.

Director Locke pointed out that there would be a Special Board meeting held on November 12, 2024, and to consider placing an item on that agenda to discuss post-election impacts on combination discussions.

Director Boatwright inquired if Director Locke would be open to amending his motion to approve the staff recommendation but not to execute it until after the November 12, 2024, meeting.

Director Locke noted that there were still meetings that needed to take place before they began work on the actual report, and therefore more time to identify if there were any impacts due to the elections.

Director Boatwright expressed he would support the current motion.

The motion passed by unanimous vote.

AYES:	Boatwright, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

9. Calendar Year 2024 Capital Budget Amendment

Jeff Ott (Mr. Ott) presented the staff report

Dana Dean (Mr. Dean) provided additional information.

Mitchell McCarthy (Mr. McCarthy) provided additional information and answered clarifying questions.

Director Wichert moved to approve the staff recommendation; Director Locke seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

10. Mutual Aid and Assistance Agreement Between City of Roseville and Sacramento Suburban Water District

AGM Underwood presented the staff report and answered clarifying questions.

Director Wichert moved to approve the staff recommendation; Director Locke seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

11. **Agreement Between City of Roseville and Sacramento Suburban Water District for Cost Sharing, Ownership, Operation and Maintenance of Interties**
AGM Underwood presented the staff report.

Director Boatwright moved to approve the staff recommendation; Director Wichert seconded. The motion passed by unanimous vote.

AYES:	Boatwright, Locke, Thomas, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

12. **Fleet Asset Management Plans**
Mike Simi (Mr. Simi) presented the staff report and answered clarifying questions.

13. **Committee and Liaison Appointments**
GM York presented the staff report.

President Thomas appointed Director Boatwright to be the Chair of the Facilities and Operations Committee, with Director Locke being the other Director on the Committee.

General Manager’s Report

14. **General Manager’s Report**
GM York presented the staff report.
 - a. *Grant of Easement and Right of Way*
GM York presented the staff report.
 - b. *Women Who SPARK Award*
GM York presented the staff report.

Julie Nemitz (Ms. Nemitz) provided a brief explanation of the Women Who SPARK Award that she received.

Department/Staff Reports

15. **Groundwater Well Status Report**
Mr. Dean presented the staff report.

16. **Engineering Report**

Mr. Dean presented the staff report.

Mr. McCarthy answered clarifying questions.

a. *Major Capital Improvement Program Projects*

A written report was provided.

b. *Planning Documents*

A written report was provided.

c. *Other Projects*

A written report was provided.

17. **Financial Report**

Mr. Ott presented the staff report.

a. *Financial Highlights*

A written report was provided.

b. *Financial Statements*

A written report was provided.

c. *Budgets*

A written report was provided.

18. **Operations Report**

Mr. Simi presented the staff report.

19. **Customer Service Report**

Ms. Nemitz presented the staff report.

Information Items

20. **Upcoming Water Industry Meetings/Conferences**

A written report was provided.

21. **Upcoming Policy Review**

A written report was provided.

a. *Capacity Fee Setting Policy (PL – Fin 010)*

b. *Debt Management Policy (PL – Fin 011)*

c. *Technology Maintenance, Security, Protection and Recovery Policy (PL – IT 004)*

d. *Procurement Policy (PL – Fin 005)*

Director's Reports (Per AB 1234, Directors will report on their meeting activities)

22. a. *Regional Water Authority (Director Wichert)*
None.
- b. *Sacramento Groundwater Authority (Director Boatwright)*
The Agenda from the October 10, 2024, meeting was provided.
- c. *Director Reports – AB 1234*

President Thomas provided an oral report of the DPMWD Board meeting he attended on September 3, 2024; the meeting he had with the General Manager on September 9, 2024; and the AeroJet CAG meeting he attended on September 18, 2024.

Director's Comments/Staff Statements and Requests

None.

Closed Session (Closed Session Items are not opened to the public)

The Board convened in Closed Session at 8:00 p.m. to discuss the following:

23. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); *Sacramento Suburban Water District v. United States*, United States Court of Federal Claims case no. 1:17-cv-00860-RHH, and *Sacramento Suburban Water District v. United States, et al.*, United States District Court for the Eastern District of California, case no. 2:17-cv-01353-TLN-AC. (Hexavalent chromium contamination claims).

Return to Open Session

The Board convened in Open Session at 8:21 p.m.

24. **Report from Closed Session.**
There was no reportable action.

Adjournment

President Thomas adjourned the meeting at 8:22 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 3

Date: November 18, 2024

Subject: Treasurer's Report

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Actions:

Staff requests the Board of Directors to take the following actions on the items included in the Treasurer's Report.

1. Ratify the Sacramento Suburban Water District Warrant Register as submitted for the period October 1, 2024, through October 31, 2024.
2. Accept the credit card expenditures listing for the period October 1, 2024, through October 31, 2024.
3. Ratify the Investment Activity register for the period October 1, 2024, through October 31, 2024.
4. Ratify the Quarterly Directors Compensation and Expense Register for the 3rd Quarter of 2024.

Background:

The Treasurer's Report contains several items required by various Government Code sections and Sacramento Suburban Water District (District) policy that need to be presented to the Board of Directors (Board) periodically for various actions including ratification, acceptance, or approval.

Per District Policy PL – Fin 014, Payment of Demands, the Board will ratify all demands for payment at the first regular Board Meeting following the month of payment. The Board has also requested to receive and file a register of credit card transactions. District policy PL – Fin 003, Investment Policy, Section 800.00, requires the District Treasurer to report to the Board monthly on the investment transactions conducted and regularly on the status of the investment portfolio. Government Code Section 53065.5 requires, at a minimum, the annual reporting of reimbursements to any employee or member of the governing body. This Treasurer's Report satisfies the requirements of the above listed policies and government code sections for the reporting to and ratification of the Board the various financial transactions of the District.

Discussion:

Four (4) registers are included for Board review and acceptance or ratification:

- Cash Expenditures (AP Warrants) Register – October 2024
- Credit Card Expenditures Register – October 2024
- Investment Activity Register – October 2024
- Directors Compensation and Expense Register – 3rd Quarter 2024

Cash Expenditures (AP Warrants) Register– October 2024

During October 2024, the District made cash payments totaling \$10.6 million. The primary expenditures were \$6.0 million for debt services, \$2.2 million for capital improvement projects, \$0.2 million for water costs, \$1.0 million for payroll, \$0.3 million for pension and health benefits, \$0.4 million for engineering, construction, contract & financial services, \$0.2 million for customer accounts expenses, and \$0.3 million for all other O&M expenses. Per District Policy PL – Fin 014, the District Treasurer confirms that the cash expenditures contained in this register conform to the approved 2024 Annual Budget. The Cash Expenditures (AP Warrants) Register is included as Attachment 1.

Credit Card Expenditures Register – October 2024

Per the District's Purchasing Card Policy (PL – FIN 006), a monthly report detailing each purchasing card transaction by cardholder is provided.

During the month, the District spent \$8,209 on various purchases on the six District purchasing cards. Details by vendor and purpose are included in this report as Attachment 2.

Investment Activity Register – October 2024

During the month of October 2024, the District purchased six Asset-Backed Security Obligations for \$0.75 million (par) and one US Treasury Note for \$0.3 million (par). The District received principal pay downs on ten Asset-Backed Security Obligations for \$81,704 (par) and five Federal Agency Commercial Mortgages-Back Securities for \$28,722 (par). One Corporate Note matured for \$0.2 million (par). Details of the investment transactions are included as Attachment 3.

All investments are invested and accounted for in accordance with the District Investment Policy (PL - FIN 003) and Government Code. As required by California Government Code 53646, the District affirms its ability to meet its pool's expenditure requirements for the next six months.

Directors Compensation and Expense Register – 3rd Quarter 2024 and YTD

Director meetings attended for the 1st – 3rd quarters of 2024 (that Directors have reported to staff and have been compensated for attending) and expense reimbursements are attached in accordance with the District's Directors' Compensation and Expense Reimbursement Policy (PL – BOD 003) and Government Code Section 53065.5. Directors who have not reported their meeting attendance to District staff are not included in this report and are expected to make an oral report at the Board meeting. Director's Compensation and Expense Register is included with this report as Attachment 4.

Attachments:

1. Cash Expenditures (AP Warrants) Register – October 2024
2. Credit Card Expenditures Register – October 2024
3. Investment Activity Register – October 2024
4. Directors Compensation and Expense Register – 3rd Quarter

**Cash Expenditures
OCTOBER 2024**

AP Warrant List From: 10/1/2024 To: 10/31/2024

Attachment 1

VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
A.I. ELECTRIC	87128	10/24/2024	\$2,492.24	CONTRACT SERVICES
		TOTAL	\$2,492.24	
A1 FABRICATION & WELDING	86988	10/3/2024	\$300.00	BUILDING MAINTENANCE - OFFICE & YARD
		TOTAL	\$300.00	
ACS CONSTRUCTION	000009016	10/15/2024	\$430.00	BUILDING MAINTENANCE - OFFICE & YARD
		TOTAL	\$430.00	
ACWA	87103	10/24/2024	\$28,285.00	PREPAID MEMBERSHIP & DUES
		TOTAL	\$28,285.00	
ACWA JPIA INSURANCE AUTHORITY	87088	10/23/2024	\$23,025.60	WORKERS' COMPENSATION INSURANCE
		TOTAL	\$23,025.60	
ACWA JPIA INSURANCE EAP	86974	10/3/2024	\$181.84	MISCELLANEOUS EMPLOYEE BENEFITS
		TOTAL	\$181.84	
ADP, INC	ACHS & CHECKS	10/18/2024	\$979,248.44	PAYROLL
		TOTAL	\$979,248.44	
	ACH0087938	10/25/2024	\$408.00	FINANCIAL SERVICES
		TOTAL	\$408.00	
	ACH0087939	10/25/2024	\$2,105.95	FINANCIAL SERVICES
		TOTAL	\$2,105.95	
ALL PRO BACKFLOW	000009002	10/10/2024	\$5,853.00	BACKFLOW SERVICE
		TOTAL	\$5,853.00	
ALLIED UNIVERSAL	87002	10/3/2024	\$922.79	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$922.79	
	87062	10/10/2024	\$44.42	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$44.42	
AM CONSERVATION GROUP INC	000009000	10/10/2024	\$11,195.23	OPERATING SUPPLIES
		TOTAL	\$11,195.23	
AMAZON BUSINESS	000009008	10/10/2024	\$336.72	OPERATING SUPPLIES
		TOTAL	\$336.72	
	000009009	10/10/2024	\$164.61	OFFICE SUPPLIES
			\$906.75	OPERATING SUPPLIES
			TOTAL	\$1,071.36
	000009015	10/15/2024	\$219.50	PROJECT: 2023 SCADA NETWORK
			TOTAL	\$219.50
	000009033	10/24/2024	\$121.70	CONSERVATION REBATES
			\$120.44	OFFICE SUPPLIES
			\$35.56	OPERATING SUPPLIES
			\$142.12	VEHICLE MAINTENANCE SUPPLIES
			TOTAL	\$419.82
AMERITAS (VISION)	87109	10/24/2024	\$2,210.28	OPEB - RETIREE BENEFITS PREMIUM
		TOTAL	\$2,210.28	
ANACONDA NETWORKS INC	87080	10/15/2024	\$82,202.48	PROJECT: 2023 SCADA NETWORK
		TOTAL	\$82,202.48	
	87125	10/24/2024	\$94.80	PROJECT: 2023 SCADA NETWORK
		TOTAL	\$94.80	
ANSWERNET	000009022	10/24/2024	\$711.00	COMMUNICATION
		TOTAL	\$711.00	
AT&T	87061	10/10/2024	\$281.82	COMMUNICATION
		TOTAL	\$281.82	

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VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
	87081	10/15/2024	\$370.77	COMMUNICATION
		TOTAL	\$370.77	
	87127	10/24/2024	\$3,864.60	COMMUNICATION
		TOTAL	\$3,864.60	
ATLAS DISPOSAL	86975	10/3/2024	\$136.09	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$136.09	
	87035	10/10/2024	\$1,106.76	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$1,106.76	
AUBURN CONSTRUCTORS	87016	10/9/2024	\$813,363.07	PROJECT: WELL 84 ANTELOPE/DON JULIO
		TOTAL	\$813,363.07	
	87018	10/9/2024	\$430,244.64	PROJECT: WLS 81/82/83 ANTELOPE N./POKER
		TOTAL	\$430,244.64	
	87038	10/10/2024	\$23,905.22	PROJECT: WELL 80 WALNUT/AUBURN
		TOTAL	\$23,905.22	
AUSTIN HEYWORTH	87087	10/15/2024	\$500.00	CONSERVATION REBATES
		TOTAL	\$500.00	
AUTOMATION DIRECT	86998	10/3/2024	\$1,010.69	PROJECT: 2023 SCADA NETWORK
		TOTAL	\$1,010.69	
BACKFLOW DISTRIBUTORS INC	87107	10/24/2024	\$529.30	OPERATING SUPPLIES
		TOTAL	\$529.30	
BADGER METER INC	000009017	10/24/2024	\$9,258.70	ACCRUED PURCHASES - (RECEIVED NOT
			\$3,507.44	PURCHASE PRICE VARIANCE
		TOTAL	\$12,766.14	
BAY ALARM COMPANY	86976	10/3/2024	\$705.00	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$705.00	
BKS LAW FIRM A PROFESSIONAL CORPORATION	000009034	10/24/2024	\$4,407.37	LEGAL SERVICES
		TOTAL	\$4,407.37	
BRADY WORLDWIDE INC	87053	10/10/2024	\$5,423.57	OPERATING SUPPLIES
		TOTAL	\$5,423.57	
BRIAN PATTERSON	87123	10/24/2024	\$214.98	UNIFORMS
		TOTAL	\$214.98	
BROADRIDGE MAIL LLC	86993	10/3/2024	\$3,881.66	PRINTING
		TOTAL	\$3,881.66	
	ACH0087720	10/10/2024	\$15,706.08	POSTAGE/SHIPPING/UPS/FED EX
		TOTAL	\$15,706.08	
	87115	10/24/2024	\$8,271.25	CUST SEV - CONTRACT SERVICES
			\$97.40	POSTAGE/SHIPPING/UPS/FED EX
		TOTAL	\$8,368.65	
	ACH0087870	10/15/2024	\$16.71	POSTAGE/SHIPPING/UPS/FED EX
		TOTAL	\$16.71	
	ACH0087871	10/15/2024	\$1,943.25	POSTAGE/SHIPPING/UPS/FED EX
		TOTAL	\$1,943.25	
	ACH0087872	10/11/2024	\$381.07	POSTAGE/SHIPPING/UPS/FED EX
		TOTAL	\$381.07	
BROWER MECHANICAL	000009026	10/24/2024	\$636.90	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$636.90	
BROWN & CALDWELL	87041	10/10/2024	\$33,585.40	PROJECT: CIP DELIVERY PERFORMANCE
			\$14,684.46	PROJECT: LEAD COPPER RULE REVI SERV LIN

AP Warrant List From: 10/1/2024 To: 10/31/2024

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VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
		TOTAL	\$48,269.86	
BSK ASSOCIATES	000009001	10/10/2024	\$4,245.00	INSPECTION & TESTING
		TOTAL	\$4,245.00	
BUD'S TRI COUNTY TREE SERVICE	000008994	10/10/2024	\$6,590.00	CONSTRUCTION SERVICES
		TOTAL	\$6,590.00	
BURTON ROBB /BURT'S LAWN & GARDEN SERVICE	000009018	10/24/2024	\$9,240.00	CONTRACT SERVICES
		TOTAL	\$9,240.00	
BZ SERVICE STATION MAINTENANCE	87091	10/24/2024	\$986.12	OPERATING SUPPLIES
		TOTAL	\$986.12	
CALIFORNIA LABORATORY SERVICES	87043	10/10/2024	\$5,433.00	INSPECTION & TESTING
		TOTAL	\$5,433.00	
CAPITAL SWEEPER SERVICE	87060	10/10/2024	\$184.00	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$184.00	
CARMEN HARP	87007	10/3/2024	\$100.00	CONSERVATION REBATES
		TOTAL	\$100.00	
CDWG	000008978	10/3/2024	\$3,316.40	PROJECT: 2024 SERVER REFRESH
		TOTAL	\$3,316.40	
	000009011	10/15/2024	\$9,927.00	PROJECT: 2023 SCADA NETWORK
		TOTAL	\$9,927.00	
CENTRAL VALLEY ENG & ASPHALT	000008986	10/3/2024	\$168,060.00	MISC. REPAIRS
		TOTAL	\$168,060.00	
	000009027	10/24/2024	\$1,800.00	BUILDING MAINTENANCE - OFFICE & YARD
		TOTAL	\$1,800.00	
CHASE PAYMENTECH	ACH0087873	10/2/2024	\$24,738.01	FINANCIAL SERVICES
		TOTAL	\$24,738.01	
CIGNA-DENTAL INS	86990	10/3/2024	\$15,706.66	OPEB - RETIREE BENEFITS PREMIUM
		TOTAL	\$15,706.66	
CINTAS	86977	10/3/2024	\$449.64	BUILDING MAINTENANCE - OFFICE & YARD
			\$1,758.69	UNIFORMS
		TOTAL	\$2,208.33	
	87092	10/24/2024	\$1,016.59	BUILDING MAINTENANCE - OFFICE & YARD
			\$2,006.69	UNIFORMS
		TOTAL	\$3,023.28	
CITY OF SACRAMENTO DEPT OF UTILITIES	86986	10/3/2024	\$24.30	UTILITIES
		TOTAL	\$24.30	
	87102	10/24/2024	\$24.42	UTILITIES
		TOTAL	\$24.42	
CLEAR VISION WINDOW CLEANING	86983	10/3/2024	\$225.00	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$225.00	
COMCAST	87093	10/24/2024	\$100.84	COMMUNICATION
		TOTAL	\$100.84	
CONSOLIDATED COMMUNICATIONS	87066	10/15/2024	\$702.93	COMMUNICATION
		TOTAL	\$702.93	
CORE & MAIN	87045	10/10/2024	\$7,410.32	PURCHASE PRICE VARIANCE
		TOTAL	\$7,410.32	
	87105	10/24/2024	\$3,994.68	ACCRUED PURCHASES - (RECEIVED NOT
		TOTAL	\$3,994.68	
COUGHRAN MECHANICAL SERVICE	87094	10/24/2024	\$40,300.43	CONTRACT SERVICES

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VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
		TOTAL	\$40,300.43	
COUNTY OF SAC ENVIRO MGT DEPT	87044	10/10/2024	\$1,410.00	LICENSES, PERMITS & FEES
		TOTAL	\$1,410.00	
COUNTY OF SAC PUBLIC WORKS	86979	10/3/2024	\$2,020.00	LICENSES, PERMITS & FEES
		TOTAL	\$2,020.00	
	87015	10/9/2024	\$4,499.50	PROJECT: WELL 84 ANTELOPE/DON JULIO
		TOTAL	\$4,499.50	
	87017	10/9/2024	\$445.00	PROJECT: WLS 81/82/83 ANTELOPE N./POKER
		TOTAL	\$445.00	
	87033	10/9/2024	\$69.50	PROJECT: WELL 80 WALNUT/AUBURN
		TOTAL	\$69.50	
	87034	10/9/2024	\$1,874.00	PROJECT: WATT AVE COMPLETE STREETS
			\$625.50	PROJECT: WELL 78 BUTANO - PUMP STATION
		TOTAL	\$2,499.50	
	87064	10/15/2024	\$69.50	PROJECT: WELL 80 WALNUT/AUBURN
		TOTAL	\$69.50	
	87089	10/23/2024	\$181.00	PROJECT: WELL 84 ANTELOPE/DON JULIO
		TOTAL	\$181.00	
	87090	10/23/2024	\$603.90	PROJECT: WLS 81/82/83 ANTELOPE N./POKER
		TOTAL	\$603.90	
CULLIGAN	87048	10/10/2024	\$44.75	OPERATING SUPPLIES
		TOTAL	\$44.75	
CUSTOMER REFUNDS	Multiple Payments	10/9/2024	\$68,475.99	CUSTOMER REFUNDS- 63
		TOTAL	\$68,475.99	
D AND H WATER SYSTEMS INC	87055	10/10/2024	\$7,824.60	PROJECT: WELL N29 - CI ANALYZER (OPS)
		TOTAL	\$7,824.60	
DAVID ARMAND	87063	10/11/2024	\$2,744.46	ACCRUED INSURANCE COBRA
		TOTAL	\$2,744.46	
DEAN PLUMLEY	87011	10/3/2024	\$122.83	CONSERVATION REBATES
		TOTAL	\$122.83	
DEBBIE OROZCO	87005	10/3/2024	\$360.00	CONSERVATION REBATES
		TOTAL	\$360.00	
DEBRA BALAGTAS	87131	10/24/2024	\$357.14	CONSERVATION REBATES
		TOTAL	\$357.14	
DIRECT TV	87072	10/15/2024	\$13.00	COMMUNICATION
		TOTAL	\$13.00	
DMITRY ROSHKO	87110	10/24/2024	\$75.00	OTHER TRAINING
		TOTAL	\$75.00	
ELAINE HILL	87084	10/15/2024	\$2,250.00	CONSERVATION REBATES
		TOTAL	\$2,250.00	
ELEVATOR TECHNOLOGY INC	000008990	10/3/2024	\$234.00	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$234.00	
EMCOR SERVICES	86996	10/3/2024	\$2,547.73	PRODUCTON - CONTRACT SERVICES
		TOTAL	\$2,547.73	
EMIGH ACE HARDWARE	000009019	10/24/2024	\$125.10	OPERATING SUPPLIES
		TOTAL	\$125.10	
ENRIQUE J LOPEZ	87004	10/3/2024	\$1,343.43	CONSERVATION REBATES
		TOTAL	\$1,343.43	

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VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
ERC CONTRACTING	000009014	10/15/2024	\$14,000.00	PROJECT: KPM CONTRACT - 2024 TERM 2
			\$320.00	PROJECT: MBP DUDLEY PEACEKEEPER MAIN
			\$11,350.00	PROJECT: WATT AVE COMPLETE STREETS
			\$2,000.00	PROJECT: WELL 84 ANTELOPE/DON JULIO
			\$2,000.00	PROJECT: WELL N20 - CA & MN MITIGATION
			\$250.00	ENGINEERING - CONSULTING SERVICES
		TOTAL	\$29,920.00	
EUROFINS EATON ANALYTICAL	86989	10/3/2024	\$3,135.00	INSPECTION & TESTING
			TOTAL	\$3,135.00
EVERBRIDGE INC	87122	10/24/2024	\$2,477.28	COMMUNICATION
			TOTAL	\$2,477.28
FLEETWASH INC	000008989	10/3/2024	\$474.72	VEHICLE MAINTENANCE SERVICES
			TOTAL	\$474.72
FLOWLINE CONTRACTORS INC	000008987	10/3/2024	\$13,134.70	PROJECT: AC OVERLAY PRJ 2023 - PHASE F
			\$5,164.60	RETENTION PAYABLE
			TOTAL	\$18,299.30
	000009013	10/15/2024	\$39,673.90	PROJECT: AC OVERLAY 2023 - PHASE D
			TOTAL	\$39,673.90
	000009029	10/24/2024	\$87,551.53	PROJECT: 2024 COMPLETE STREET REHAB PRJ
TOTAL			\$87,551.53	
FRANK BOSLET	87010	10/3/2024	\$259.38	CONSERVATION REBATES
			TOTAL	\$259.38
GEI CONSULTANTS	86994	10/3/2024	\$12,443.00	PROJECT: BSAMP IMPLEMENTATION
			TOTAL	\$12,443.00
	87116	10/24/2024	\$2,826.50	PROJECT: BSAMP IMPLEMENTATION
			TOTAL	\$2,826.50
GLADWELL GOVERNMENTAL SERVICES INC	000008992	10/3/2024	\$950.00	FINANCIAL SERVICES
			TOTAL	\$950.00
GOVERNMENT FINANCE OFFICERS ASSOCIATION	87036	10/10/2024	\$150.00	MEMBERSHIP & DUES
			\$135.00	REQUIRED TRAINING
			TOTAL	\$285.00
GRAINGER	86980	10/3/2024	\$617.18	BUILDING MAINTENANCE - OFFICE & YARD
			\$573.70	OPERATING SUPPLIES
			TOTAL	\$1,190.88
	87095	10/24/2024	\$723.93	OPERATING SUPPLIES
			TOTAL	\$723.93
GREEN MEDIA CREATIONS INC	000009007	10/10/2024	\$9,529.06	CONSERVATION - CONTRACT SERVICES
			TOTAL	\$9,529.06
GREG BUNDESEN	000009003	10/10/2024	\$272.73	TRAVEL CONFERENCES
			TOTAL	\$272.73
	000009030	10/24/2024	\$125.00	REQUIRED TRAINING
			TOTAL	\$125.00
HACH COMPANY	000008979	10/3/2024	\$601.84	OPERATING SUPPLIES
			TOTAL	\$601.84
	000008995	10/10/2024	\$114.07	OPERATING SUPPLIES
			TOTAL	\$114.07
HOLT OF CALIFORNIA	86984	10/3/2024	\$956.77	PRODUCTION - CONTRACT SERVICES
			TOTAL	\$956.77

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VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
	87101	10/24/2024	\$1,704.51	PRODUCTION - CONTRACT SERVICES
		TOTAL	\$1,704.51	
IN COMMUNICATIONS	87069	10/15/2024	\$25,993.14	PUBLIC RELATIONS
		TOTAL	\$25,993.14	
INFOSEND INC	87000	10/3/2024	\$1,598.12	CUST SERV - CONTRACT SERVICES
			\$36,806.77	COMM OUTREACH - PRINTING
		TOTAL	\$38,404.89	
INVOICE CLOUD INC	87078	10/15/2024	\$24,506.00	CUST SERV - CREDIT CARD PROCESSING FEES
		TOTAL	\$24,506.00	
J&J LOCKSMITH	000009020	10/24/2024	\$531.88	BUILDING MAINTENANCE - OFFICE & YARD
			\$97.33	VEHICLE MAINTENANCE SERVICES
		TOTAL	\$629.21	
JEGO SYSTEMS	87079	10/15/2024	\$57,840.00	PROJECT: 2023 SCADA NETWORK
		TOTAL	\$57,840.00	
JEN BURNS	87058	10/10/2024	\$39.86	OPERATING SUPPLIES
		TOTAL	\$39.86	
JENNIFER HAUPERT	87009	10/3/2024	\$500.00	CONSERVATION REBATES
		TOTAL	\$500.00	
JOAN ANN SMITH	87008	10/3/2024	\$279.49	CONSERVATION REBATES
		TOTAL	\$279.49	
JOE CROCKETT	87100	10/24/2024	\$220.83	UNIFORMS
		TOTAL	\$220.83	
JOSH TAYLOR	87050	10/10/2024	\$354.92	TRAVEL CONFERENCES
		TOTAL	\$354.92	
JOSHUA GAGNON	86987	10/3/2024	\$250.00	UNIFORMS
		TOTAL	\$250.00	
KENNEDY JENKS CONSULTANTS	000008999	10/10/2024	\$7,119.83	PROJECT: BUTTERBALL SER LINE REPL-MRA5B
		TOTAL	\$7,119.83	
KEVIN MORISETTE	87085	10/15/2024	\$100.00	CONSERVATION REBATES
		TOTAL	\$100.00	
KIRBY PUMP AND MECHANICAL	87073	10/15/2024	\$214,615.10	PROJECT: KPM CONTRACT - 2024 TERM 2
		TOTAL	\$214,615.10	
	87108	10/24/2024	\$175,952.16	PROJECT: KPM CONTRACT - 2024 TERM 2
		TOTAL	\$175,952.16	
LES SCHWAB TIRE CENTER MADISON	87096	10/24/2024	\$1,162.83	VEHICLE MAINTENANCE SERVICES
		TOTAL	\$1,162.83	
LIFEGUARD FIRST AID	000009031	10/24/2024	\$71.82	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$71.82	
MARY LYON	87086	10/15/2024	\$500.00	CONSERVATION REBATES
		TOTAL	\$500.00	
MICHAEL PHILLIPS LANDSCAPE CORP	000008980	10/3/2024	\$3,730.00	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$3,730.00	
	000009021	10/24/2024	\$3,075.00	BUILDING SERVICE EXPENSE - OFFICE & YARD
			\$3,385.00	CONTRACT SERVICES
		TOTAL	\$6,460.00	
MICHELLE MORALES	87014	10/3/2024	\$150.00	CONSERVATION REBATES
		TOTAL	\$150.00	
MYFLEETCENTER	87119	10/24/2024	\$160.89	VEHICLE MAINTENANCE SERVICES

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VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
		TOTAL	\$160.89	
NAVIANT	87059	10/10/2024	\$102.50	CONSULTING SERVICES
		TOTAL	\$102.50	
NDS SOLUTIONS INC	000008981	10/3/2024	\$1,877.40	PUBLIC RELATIONS
		TOTAL	\$1,877.40	
NEW PIG	87039	10/10/2024	\$1,659.60	OPERATING SUPPLIES
		TOTAL	\$1,659.60	
NICHOLAS OLEARY	87121	10/24/2024	\$125.00	OTHER TRAINING
		TOTAL	\$125.00	
OK TIRE AND AUTOMOTIVE	87113	10/24/2024	\$1,133.37	VEHICLE MAINTENANCE SERVICES
		TOTAL	\$1,133.37	
PACE SUPPLY CORP	000008998	10/10/2024	\$201.98	OPERATING SUPPLIES
		TOTAL	\$201.98	
PACIFIC RIVER SUPPLY CO INC	87054	10/10/2024	\$116.44	UNIFORMS
		TOTAL	\$116.44	
PARRA ENVIRONMENTAL TRAINING	86997	10/3/2024	\$4,850.00	REQUIRED TRAINING
		TOTAL	\$4,850.00	
PATRON TRUCKING INC	87117	10/24/2024	\$1,700.72	CONSTRUCTION SERVICES
		TOTAL	\$1,700.72	
PEOPLEREADY	86992	10/3/2024	\$1,414.80	TEMPORARY HELP
		TOTAL	\$1,414.80	
	87051	10/10/2024	\$2,546.64	TEMPORARY HELP
		TOTAL	\$2,546.64	
	87114	10/24/2024	\$1,414.80	TEMPORARY HELP
		TOTAL	\$1,414.80	
PERS 457 PLAN	ACH0087867	10/7/2024	\$1,415.38	ACCRUED DEF COMP, PERS ROTH 457B
		TOTAL	\$1,415.38	
	ACH0087891	10/18/2024	\$1,415.38	ACCRUED DEF COMP, PERS ROTH 457B
		TOTAL	\$1,415.38	
PERS HEALTH	ACH0087721	10/7/2024	\$130,788.46	EMPLOYEE BENEFIT - HEALTH INSURANCE
		TOTAL	\$130,788.46	
	ACH0087722	10/7/2024	\$1,875.16	OPEB - RETIREE BENEFITS PREMIUM
		TOTAL	\$1,875.16	
PERS PENSION	ACH0087893	10/17/2024	\$17,084.31	EMPLOYEE BENEFIT - PERS RETIREMENT
		TOTAL	\$17,084.31	
	ACH0087930	10/7/2024	\$17,084.31	EMPLOYEE BENEFIT - PERS RETIREMENT
		TOTAL	\$17,084.31	
	ACH0087931	10/7/2024	\$11,050.71	EMPLOYEE BENEFIT - PERS RETIREMENT
		TOTAL	\$11,050.71	
	ACH0087932	10/7/2024	\$28,274.04	EMPLOYEE BENEFIT - PERS RETIREMENT
		TOTAL	\$28,274.04	
	ACH0087933	10/17/2024	\$11,050.71	EMPLOYEE BENEFIT - PERS RETIREMENT
		TOTAL	\$11,050.71	
	ACH0087934	10/17/2024	\$28,108.60	EMPLOYEE BENEFIT - PERS RETIREMENT
		TOTAL	\$28,108.60	
PEST PROS PEST SOLUTIONS	87076	10/15/2024	\$288.15	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$288.15	
PETERSON BRUSTAD INC	86991	10/3/2024	\$2,155.93	PROJECT: ENTERPR/NORTHDROP

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VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
			\$7,487.86	PROJECT: MBP DUDLEY DUDLEY MAIN REPL
			\$15,818.58	PROJECT: MBP DUDLEY PEACEKEEPER MAIN
			\$13,478.71	PROJECT: WATT/ELKHORN RESERVOIR
		TOTAL	\$38,941.08	
	87075	10/15/2024	\$1,779.75	PROJECT: WALNUT TANK CONDITION
		TOTAL	\$1,779.75	
87111	10/24/2024	\$24,647.13	PROJECT: WATT/ELKHORN RESERVOIR	
	TOTAL	\$24,647.13		
PG&E	86981	10/3/2024	\$173.35	UTILITIES
		TOTAL	\$173.35	
	87065	10/15/2024	\$35.33	UTILITIES
		TOTAL	\$35.33	
PIP MARKETING SIGNS PRINT	87077	10/15/2024	\$870.40	OPERATING SUPPLIES
		TOTAL	\$870.40	
PSOMAS	000008997	10/10/2024	\$11,342.00	PROJECT: MBP EASEMENTS
		TOTAL	\$11,342.00	
QUADIENT LEASING USA INC	87126	10/24/2024	\$660.81	EQUIPMENT RENTAL/LEASE
		TOTAL	\$660.81	
RAMOS ENVIRONMENTAL SERVICES	87037	10/10/2024	\$2,175.75	HAZARDOUS WASTE DISPOSAL
		TOTAL	\$2,175.75	
REGIONAL WATER AUTHORITY	87097	10/24/2024	\$87,105.00	PREPAID - CIMS/BOSS 2024/2025
		TOTAL	\$87,105.00	
RIVER CITY FIRE EQUIP CO INC	87047	10/10/2024	\$2,730.66	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$2,730.66	
	87071	10/15/2024	\$131.50	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$131.50	
	87106	10/24/2024	\$91.50	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$91.50	
RIVER CITY PAINTING	000008985	10/3/2024	\$2,200.00	BUILDING MAINTENANCE - OFFICE & YARD
		TOTAL	\$2,200.00	
ROBERT ROSCOE	000008982	10/3/2024	\$765.40	OPEB - RETIREE BENEFITS PREMIUM
		TOTAL	\$765.40	
RON TURLEY ASSOCIATES INC	87070	10/15/2024	\$4,200.00	LICENSES, PERMITS & FEES
		TOTAL	\$4,200.00	
RUE EQUIPMENT INC	87098	10/24/2024	\$450.00	EQUIPMENT MAINTENANCE SERVICES
			\$705.93	VEHICLE MAINTENANCE SERVICES
		TOTAL	\$1,155.93	
SAC ICE LLC	87112	10/24/2024	\$6,225.37	PROJECT: MARCONI ICE MACHINE
		TOTAL	\$6,225.37	
SACRAMENTO CO TAX COLLECTOR	87068	10/15/2024	\$2,336.18	PROPERTY & USE TAXES
		TOTAL	\$2,336.18	
SACRAMENTO COUNTY UTILITIES	86978	10/3/2024	\$268.61	UTILITIES
		TOTAL	\$268.61	
SACRAMENTO SUBURBAN WD - PETTY CASH	87049	10/10/2024	\$68.92	OFFICE SUPPLIES
		TOTAL	\$68.92	
SAM ZAREK	87012	10/3/2024	\$41.62	CONSERVATION REBATES
		TOTAL	\$41.62	
SENSUS USA INC	000008991	10/3/2024	\$530.45	IT - CONSULTING SERVICES

AP Warrant List From: 10/1/2024 To: 10/31/2024

Attachment 1

VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
		TOTAL	\$530.45	
SIERRA CHEMICAL COMPANY	000008983	10/3/2024	\$788.77	OPERATING SUPPLIES
		TOTAL	\$788.77	
	000008996	10/10/2024	\$4,571.26	HFA, CHEMICAL & DELIVERY
			\$8,745.00	HYPO, CHEMICAL & DELIVERY
TOTAL	\$13,316.26			
SILICON VALLEY SHELVING AND EQUIP	000008988	10/3/2024	\$698.00	OFFICE SUPPLIES
		TOTAL	\$698.00	
	000009032	10/24/2024	\$698.00	OFFICE SUPPLIES
		TOTAL	\$698.00	
SMUD	86982	10/3/2024	\$92,597.51	ELECTRICAL CHARGES
		TOTAL	\$92,597.51	
	87099	10/24/2024	\$74,702.59	ELECTRICAL CHARGES
		TOTAL	\$74,702.59	
SONIA BURT	87013	10/3/2024	\$150.00	CONSERVATION REBATES
		TOTAL	\$150.00	
SONITROL	000008984	10/3/2024	\$2,032.90	BUILDING SERVICE EXPENSE - OFFICE & YARD
			\$1,414.20	CONTRACT SERVICES
		TOTAL	\$3,447.10	
	000009023	10/24/2024	\$2,032.90	BUILDING SERVICE EXPENSE - OFFICE & YARD
			\$1,414.20	CONTRACT SERVICES
		TOTAL	\$3,447.10	
TAK COMMUNICATIONS CA INC	87001	10/3/2024	\$52,775.72	DISTRIBUTION - CONSTRUCTION SERVICES
		TOTAL	\$52,775.72	
	87082	10/15/2024	\$2,836.42	FIELD SERVICE - CONSTRUCTION SERVICES
		TOTAL	\$2,836.42	
	87129	10/24/2024	\$18,771.25	PROJECT: 2024 VALVE/HYDRANT/SERV REPL
			\$47,370.36	CONSTRUCTION SERVICES
		TOTAL	\$66,141.61	
TECHNICAL SYSTEMS, INC	000009006	10/10/2024	\$5,092.50	PROJECT: SCADA SITE UPGRADE
		TOTAL	\$5,092.50	
TEE JANITORIAL & MAINTENANCE	87052	10/10/2024	\$4,108.00	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$4,108.00	
TESCO	000009024	10/24/2024	\$1,800.00	CONSULTING SERVICES
		TOTAL	\$1,800.00	
THE BACKFLOW DEPOT	87120	10/24/2024	\$335.26	CONSTRUCTION SERVICES
		TOTAL	\$335.26	
TINA LYNN DESIGN	000009028	10/24/2024	\$315.00	CONTRACT SERVICES
		TOTAL	\$315.00	
TRINA L SPIVACK	87006	10/3/2024	\$2,400.00	CONSERVATION REBATES
		TOTAL	\$2,400.00	
TRUE POINT SOLUTIONS LLC	87074	10/15/2024	\$3,700.00	PROJECT: TRUEPOINT
		TOTAL	\$3,700.00	
U.S. BANK NA	WIRE0087886	10/24/2024	\$1,581,375.00	DEBT SERVICE - 2022A RR BONDS
		TOTAL	\$1,581,375.00	
	WIRE0087887	10/24/2024	\$2,986,640.00	DEBT SERVICE - 2022B RR BONDS
		TOTAL	\$2,986,640.00	
	WIRE0087888	10/24/2024	\$1,433,981.00	DEBT SERVICE - 2018A RR BONDS

AP Warrant List From: 10/1/2024 To: 10/31/2024

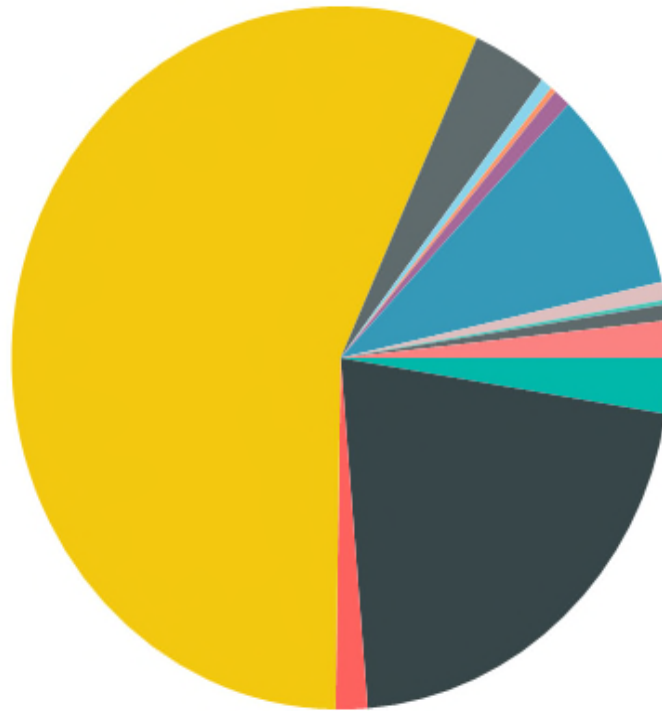
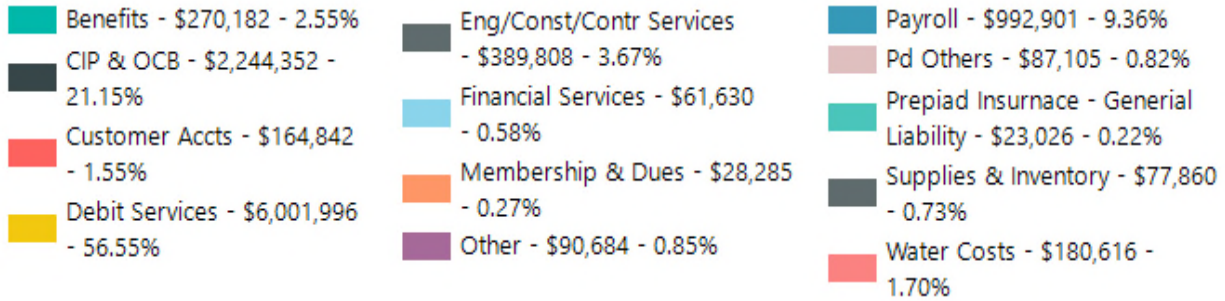
Attachment 1

VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
		TOTAL	\$1,433,981.00	
ULINE SHIPPING SUPPLY SPECIALISTS	87046	10/10/2024	\$2,830.48	OPERATING SUPPLIES
		TOTAL	\$2,830.48	
UNUM	87083	10/15/2024	\$5,897.45	EMPLOYEE BENEFIT - LTD INSURANCE
		TOTAL	\$5,897.45	
US BANK CORPORATE PAYMENT SYSTEM	87042	10/10/2024	\$8,208.84	VEHICLE MAINTENANCE SERVICES
		TOTAL	\$8,208.84	
VALIC AIG	ACH0087868	10/7/2024	\$5,410.94	ACCRUED DEF COMP, VALIC ROTH 457B
		TOTAL	\$5,410.94	
	ACH0087892	10/18/2024	\$5,410.94	ACCRUED DEF COMP, VALIC ROTH 457B
		TOTAL	\$5,410.94	
VALLEY BATTERY	86995	10/3/2024	\$37.66	EQUIPMENT MAINTENANCE SERVICES
			\$163.57	VEHICLE MAINTENANCE SERVICES
		TOTAL	\$201.23	
VERIZON WIRELESS DALLAS TX	86985	10/3/2024	\$498.76	COMMUNICATION
		TOTAL	\$498.76	
	87040	10/10/2024	\$2,394.69	COMMUNICATION
		TOTAL	\$2,394.69	
	87067	10/15/2024	\$3,620.23	COMMUNICATION
		TOTAL	\$3,620.23	
WALNUT INDUSTRIAL CENTER LLC	87003	10/3/2024	\$2,151.80	H&D WALNUT PARKING LOT LEASE
		TOTAL	\$2,151.80	
WASTE MANAGEMENT	000009025	10/24/2024	\$1,221.50	BUILDING SERVICE EXPENSE - OFFICE & YARD
		TOTAL	\$1,221.50	
WATERWISE CONSULTING, INC.	000009004	10/10/2024	\$585.00	CONTRACT SERVICES
		TOTAL	\$585.00	
WECK LABORATORIES INC	86999	10/3/2024	\$6,180.00	INSPECTION & TESTING
		TOTAL	\$6,180.00	
	87057	10/10/2024	\$1,860.00	INSPECTION & TESTING
		TOTAL	\$1,860.00	
WEST YOST & ASSOCIATES	000009010	10/15/2024	\$30,391.54	PROJECT: WLS 81/82/83 ANTELOPE N./POKER
		TOTAL	\$30,391.54	
	000009012	10/15/2024	\$25,413.00	PROJECT: WELL 84 ANTELOPE/DON JULIO
		TOTAL	\$25,413.00	
WESTAMERICA BANK ANALYSIS FEES	ACH0087935	10/16/2024	\$4,515.02	FINANCIAL SERVICES
		TOTAL	\$4,515.02	
WEX	000008993	10/3/2024	\$14,591.59	OPERATING SUPPLIES
		TOTAL	\$14,591.59	
WILLIAM SADLER	87124	10/24/2024	\$60.00	REQUIRED TRAINING
		TOTAL	\$60.00	
WOLF CONSULTING	000009005	10/10/2024	\$2,850.00	IT - CONSULTING SERVICES
		TOTAL	\$2,850.00	
WOOD RODGERS ENGINEERING	87104	10/24/2024	\$3,310.95	PROJECT: WELL 78 BUTANO - PUMP STATION
		TOTAL	\$3,310.95	
YELENA TIMONICHEV	87130	10/24/2024	\$127.15	CONSERVATION REBATES
		TOTAL	\$127.15	
ZORO	87056	10/10/2024	\$318.47	OPERATING SUPPLIES
		TOTAL	\$318.47	

AP Warrant List From: 10/1/2024 To: 10/31/2024

VENDOR	PAYMENT NO.	DATE	AMOUNT	DESCRIPTION
	87118	10/24/2024	\$831.87	OPERATING SUPPLIES
		TOTAL	\$831.87	
GRAND TOTAL			\$10,613,287.18	

AP Warrant List Summary Chart



**Credit Card Expenditures
OCTOBER 2024**

**Sacramento Suburban Water District
US Bank Purchasing Card Program
CalCard Expenditures
October 2024**

Vendor Name	Description	Amount	Proj/GLAcct
RALEY'S	ALL STAFF MEETING REFRESHMENTS	\$24.18	02-51403
NOAH'S BAGELS	ALL STAFF MEETING REFRESHMENTS	\$134.61	02-51403
ROUND TABLE	LUNCH WITH THE GM	\$113.11	02-51403
ROUND TABLE	LUNCH WITH THE GM	\$43.09	02-51403
RALEYS	LUNCH WITH THE GM	\$9.98	02-51403
SAWWA	SAWWA SCHOLARSHIP SPONSOR	\$250.00	02-52501
AWWA	VICKI SPRAGUE REGISTRATION	\$50.00	13-55001
APWA	MITCHELL MCCARTHY REGISTRATION	\$345.00	15-51407
MISAC	MISAC YEARLY MEMBERSHIP DUES IT MANAGER	\$130.00	18-52501
MISAC	MISAC YEARLY MEMEBERSHIP FOR IT TEAM (3 MEMBERS)	\$390.00	18-52501
FS	NETWORK POE SWITCH DEVICE	\$182.10	18-52101
LEARNIT	TRAINING-KYLE JVIDEN	\$290.00	07-51407
SAMS CLUB	KITCHEN SUPPLIES	\$45.16	03-52108
HOME DEPOT	CREDIT- RETURNED PM TOOL	(\$96.94)	07-52101
CA NV AWWA	TRAINING-BEN HENDERSON	\$275.00	14-51407
HOME DEPOT	DISTRIBUTION SUPPLIES	\$32.30	07-52101
HOME DEPOT	PRODUCTION DEPT NEW TOOL	\$289.85	06-52101
SAMS CLUB	ENVIRONMENTAL COMPLIANCE SUPPLIES	\$171.13	14-52101
BEST WERSTERN	TRAINING- ALLEN FURR	\$774.77	06-51407
GME SUPPLY	WAREHOUSE SUPPLIES	\$481.61	05-52101
COSTCO	FALL SAFETY BBQ	\$580.89	02-51403
SAMS CLUB	KITCHEN SUPPLIES-ANTELOPE	\$38.70	03-52108
SMART AND FINAL	FALL SAFETY BBQ	\$24.83	02-51403
RESTAURANT DEPOT	KITCHEN SUPPLIES-ANTELOPE	\$647.93	03-52108
SAMS CLUB	FALL SAFETY BBQ	\$88.40	02-51403
SAMS CLUB	KITCHEN SUPPLIES-ANTELOPE	\$523.19	03-52108
SAMS CLUB	FALL SAFETY BBQ	\$362.31	02-51403
HOME DEPOT	WAREHOUSE SUPPLIES	\$86.11	05-52101
APWA.NET	TRAINING-MARK TAYLOR	\$445.00	08-51407
LEARNIT	TRAINING-WAYNE BELLERT	\$290.00	06-51407
LOWES	WAREHOUSE SUPPLIES	\$328.29	05-52101
SAMS CLUB	KITCHEN SUPPLIES (143.43, 03-52018) & WAREHOUSE SUPPLIES(77.49,05-52101)	\$220.92	SEE NOTE
SAFELITE AUTO GLASS	WINDSHIELD REPLACEMENT TRUCK 77	\$427.32	12-54005
CPS TRAINING CENTER	FUNDAMENTALS OF HR WEB BASED TRAINING	\$210.00	17-51406
	Totals:	\$8,208.84	

Investment Activity
OCTOBER 2024



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2024**

SACRAMENTO SUBURBAN WATER DISTRICT - Combined Portfolio

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
10/08/24	10/16/24	HART 2024-C A3 DTD 10/16/2024 4.410% 05/15/2029	448976AD2	130,000.00	(129,990.48)	0.00	(129,990.48)			
10/08/24	10/16/24	GMCAR 2024-4 A3 DTD 10/16/2024 4.400% 08/16/2029	38014AAD3	105,000.00	(104,979.78)	0.00	(104,979.78)			
10/10/24	10/17/24	TAOT 2024-D A3 DTD 10/17/2024 4.400% 06/15/2029	89239TAD4	75,000.00	(74,995.82)	0.00	(74,995.82)			
10/16/24	10/23/24	NAROT 2024-B A3 DTD 10/23/2024 4.340% 03/15/2029	65479WAD6	80,000.00	(79,992.61)	0.00	(79,992.61)			
10/16/24	10/24/24	HAROT 2024-4 A3 DTD 10/24/2024 4.330% 05/15/2029	43816DAC9	105,000.00	(104,985.14)	0.00	(104,985.14)			
10/17/24	10/24/24	WFCIT 2024-A2 A DTD 10/24/2024 4.290% 10/15/2029	92970OAE5	190,000.00	(189,971.77)	0.00	(189,971.77)			
10/31/24	11/05/24	US TREASURY N/B DTD 01/02/2024 3.750% 12/31/2028	91282CJR3	325,000.00	(320,150.39)	(4,239.13)	(324,389.52)			

Transaction Type Sub-Total				1,010,000.00	(1,005,065.99)	(4,239.13)	(1,009,305.12)			
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INTEREST										
10/01/24	10/01/24	MONEY MARKET FUND DTD 01/01/2010 0.000% --	MONEY0002		0.00	14,142.37	14,142.37			
10/01/24	10/25/24	FHMS K054 A2 DTD 04/01/2016 2.745% 01/01/2026	3137BNGT5		0.00	457.50	457.50			
10/01/24	10/25/24	FHMS K064 A2 DTD 05/01/2017 3.224% 03/01/2027	3137BXOY1		0.00	1,007.50	1,007.50			
10/01/24	10/25/24	FHMS K514 A2 DTD 02/01/2024 4.572% 12/01/2028	3137HBLV4		0.00	819.15	819.15			
10/01/24	10/25/24	FHMS K510 A2 DTD 11/01/2023 5.069% 10/01/2028	3137HB3D4		0.00	570.26	570.26			
10/01/24	10/25/24	FHMS K043 A2 DTD 03/01/2015 3.062% 12/01/2024	3137BGK24		0.00	626.03	626.03			
10/01/24	10/25/24	FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4		0.00	1,131.67	1,131.67			
10/01/24	10/25/24	FHMS K058 A2 DTD 11/01/2016 2.653% 08/01/2026	3137BSP72		0.00	994.88	994.88			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2024**

SACRAMENTO SUBURBAN WATER DISTRICT - Combined Portfolio

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
10/01/24	10/25/24	FHMS K511 A2 DTD 12/01/2023 4.860% 10/01/2028	3137HB3G7		0.00	850.50	850.50			
10/01/24	10/25/24	FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2		0.00	1,500.00	1,500.00			
10/01/24	10/25/24	FHMS K526 A2 DTD 08/01/2024 4.543% 07/01/2029	3137HDXL9		0.00	1,268.25	1,268.25			
10/01/24	10/25/24	FNA 2023-M6 A2 DTD 07/01/2023 4.181% 07/01/2028	3136BODE6		0.00	1,248.55	1,248.55			
10/01/24	10/25/24	FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6		0.00	2,228.13	2,228.13			
10/01/24	10/25/24	FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69		0.00	1,198.15	1,198.15			
10/01/24	10/25/24	FHMS K061 A2 DTD 01/01/2017 3.347% 11/01/2026	3137BTUM1		0.00	711.42	711.42			
10/01/24	10/25/24	FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAO74		0.00	1,481.25	1,481.25			
10/01/24	10/25/24	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45		0.00	1,184.61	1,184.61			
10/01/24	10/25/24	FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2		0.00	1,505.94	1,505.94			
10/01/24	10/25/24	FHMS K065 A2 DTD 07/01/2017 3.243% 04/01/2027	3137F1G44		0.00	1,013.44	1,013.44			
10/04/24	10/04/24	ADOBE INC (CALLABLE) DTD 04/04/2024 4.800% 04/04/2029	00724PAF6		0.00	6,600.00	6,600.00			
10/13/24	10/13/24	AMAZON.COM INC DTD 04/13/2022 3.000% 04/13/2025	023135CE4		0.00	3,000.00	3,000.00			
10/15/24	10/15/24	HART 2021-C A3 DTD 11/17/2021 0.740% 05/15/2026	44935FAD6		0.00	14.50	14.50			
10/15/24	10/15/24	WFCIT 2024-A1 A DTD 03/01/2024 4.940% 02/15/2029	92970QAA3		0.00	1,646.67	1,646.67			
10/15/24	10/15/24	CARMX 2021-2 A3 DTD 04/21/2021 0.520% 02/17/2026	14314OAC8		0.00	4.00	4.00			
10/15/24	10/15/24	AMXCA 2024-1 A DTD 04/23/2024 5.230% 04/16/2029	02582JKH2		0.00	1,372.88	1,372.88			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2024**

SACRAMENTO SUBURBAN WATER DISTRICT - Combined Portfolio

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
10/15/24	10/15/24	COPAR 2021-1 A3 DTD 10/27/2021 0.770% 09/15/2026	14044CAC6		0.00	27.15	27.15			
10/15/24	10/15/24	CARMX 2022-3 A3 DTD 07/20/2022 3.970% 04/15/2027	14318MAD1		0.00	752.30	752.30			
10/15/24	10/15/24	TAOT 2021-B A3 DTD 06/14/2021 0.260% 11/17/2025	89190GAC1		0.00	5.85	5.85			
10/15/24	10/15/24	BACCT 2023-A1 A1 DTD 06/16/2023 4.790% 05/15/2028	05522RDG0		0.00	538.88	538.88			
10/15/24	10/15/24	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4		0.00	30.42	30.42			
10/15/24	10/15/24	BACCT 2024-A1 A DTD 06/13/2024 4.930% 05/15/2029	05522RDJ4		0.00	1,355.75	1,355.75			
10/15/24	10/15/24	CHAIT 2024-A1 A DTD 01/31/2024 4.600% 01/16/2029	161571HV9		0.00	1,341.67	1,341.67			
10/15/24	10/15/24	TAOT 2024-C A3 DTD 07/30/2024 4.880% 03/15/2029	89237OAD2		0.00	650.67	650.67			
10/15/24	10/15/24	AMXCA 2023-1 A DTD 06/14/2023 4.870% 05/15/2028	02582JJZ4		0.00	608.75	608.75			
10/15/24	10/15/24	NAROT 2021-A A3 DTD 06/23/2021 0.330% 10/15/2025	65480BAC1		0.00	8.40	8.40			
10/15/24	10/15/24	HOME DEPOT INC (CALLABLE) DTD 03/28/2022 2.700% 04/15/2025	437076CM2		0.00	472.50	472.50			
10/15/24	10/15/24	WALMART INC (CALLABLE) DTD 04/18/2023 3.900% 04/15/2028	931142FB4		0.00	6,240.00	6,240.00			
10/15/24	10/15/24	AMXCA 2023-3 A DTD 09/19/2023 5.230% 09/15/2028	02582JKD1		0.00	1,438.25	1,438.25			
10/16/24	10/16/24	GMCAR 2021-3 A3 DTD 07/21/2021 0.480% 06/16/2026	380140AC7		0.00	12.66	12.66			
10/16/24	10/16/24	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1		0.00	20.32	20.32			
10/21/24	10/21/24	HAROT 2023-4 A3 DTD 11/08/2023 5.670% 06/21/2028	438123AC5		0.00	330.75	330.75			
10/21/24	10/21/24	HAROT 2024-3 A3 DTD 08/21/2024 4.570% 03/21/2029	43813YAC6		0.00	933.04	933.04			



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2024**

SACRAMENTO SUBURBAN WATER DISTRICT - Combined Portfolio

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	10/21/24	10/21/24	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3		0.00	25.89	25.89			
	10/22/24	10/22/24	FANNIE MAE DTD 04/24/2020 0.625% 04/22/2025	3135G03U5		0.00	1,406.25	1,406.25			
	10/24/24	10/24/24	BANK OF NY MELLON CORP DTD 10/24/2019 2.100% 10/24/2024	06406RAL1		0.00	1,575.00	1,575.00			
	10/31/24	10/31/24	US TREASURY N/B DTD 04/30/2021 0.750% 04/30/2026	91282CBW0		0.00	1,500.00	1,500.00			
	10/31/24	10/31/24	US TREASURY N/B DTD 05/02/2022 2.750% 04/30/2027	91282CEN7		0.00	15,125.00	15,125.00			
Transaction Type Sub-Total						0.00	80,977.15	80,977.15			
MATURITY											
	10/24/24	10/24/24	BANK OF NY MELLON CORP DTD 10/24/2019 2.100% 10/24/2024	06406RAL1	150,000.00	150,000.00	0.00	150,000.00	(660.00)	0.00	
Transaction Type Sub-Total					150,000.00	150,000.00	0.00	150,000.00	(660.00)	0.00	
PAYDOWNS											
	10/01/24	10/25/24	FHMS K061 A2 DTD 01/01/2017 3.347% 11/01/2026	3137BTUM1	527.54	527.54	0.00	527.54	16.24	9.97	
	10/01/24	10/25/24	FHMS KJ48 A1 DTD 12/01/2023 4.858% 05/01/2028	3137HBC69	756.25	756.25	0.00	756.25	0.01	0.01	
	10/01/24	10/25/24	FHMS K043 A2 DTD 03/01/2015 3.062% 12/01/2024	3137BGK24	27,204.25	27,204.25	0.00	27,204.25	(1,347.46)	(66.20)	
	10/01/24	10/25/24	FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	231.94	231.94	0.00	231.94	0.01	0.00	
	10/01/24	10/25/24	FNA 2023-M6 A2 DTD 07/01/2023 4.181% 07/01/2028	3136BODE6	2.27	2.27	0.00	2.27	0.04	0.03	
	10/15/24	10/15/24	CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	8,799.84	8,799.84	0.00	8,799.84	1.44	0.49	
	10/15/24	10/15/24	TAOT 2021-B A3 DTD 06/14/2021 0.260% 11/17/2025	89190GAC1	14,276.16	14,276.16	0.00	14,276.16	1.54	0.38	



Managed Account Security Transactions & Interest

For the Month Ending **October 31, 2024**

SACRAMENTO SUBURBAN WATER DISTRICT - Combined Portfolio

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
10/15/24	10/15/24	CARMX 2021-2 A3 DTD 04/21/2021 0.520% 02/17/2026	14314OAC8	4,567.27	4,567.27	0.00	4,567.27	0.99	0.27	
10/15/24	10/15/24	HART 2021-C A3 DTD 11/17/2021 0.740% 05/15/2026	44935FAD6	4,365.42	4,365.42	0.00	4,365.42	0.98	0.34	
10/15/24	10/15/24	COPAR 2021-1 A3 DTD 10/27/2021 0.770% 09/15/2026	14044CAC6	5,011.62	5,011.62	0.00	5,011.62	0.09	0.03	
10/15/24	10/15/24	NAROT 2021-A A3 DTD 06/23/2021 0.330% 10/15/2025	65480BAC1	14,558.54	14,558.54	0.00	14,558.54	0.25	0.06	
10/15/24	10/15/24	CARMX 2022-3 A3 DTD 07/20/2022 3.970% 04/15/2027	14318MAD1	14,644.44	14,644.44	0.00	14,644.44	0.35	0.18	
10/16/24	10/16/24	GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	4,475.90	4,475.90	0.00	4,475.90	0.11	0.05	
10/16/24	10/16/24	GMCAR 2021-3 A3 DTD 07/21/2021 0.480% 06/16/2026	380140AC7	5,943.25	5,943.25	0.00	5,943.25	0.37	0.12	
10/21/24	10/21/24	HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	5,061.98	5,061.98	0.00	5,061.98	1.06	0.32	
Transaction Type Sub-Total				110,426.67	110,426.67	0.00	110,426.67	(1,323.98)	(53.95)	
Managed Account Sub-Total					(744,639.32)	76,738.02	(667,901.30)	(1,983.98)	(53.95)	
Total Security Transactions					(744,639.32)	\$76,738.02	(\$667,901.30)	(\$1,983.98)	(\$53.95)	

Bolded items are forward settling trades.

**Directors Compensation and Expense Accounting
Third Quarter 2024**

Sacramento Suburban Water District Board of Directors Meeting Attended - Calendar Year 2024 Pay Rate per Diem is \$136.00										
Meeting Date	Meeting	Payroll Date	K. Thomas	Payroll Date	C. Locke	Payroll Date	D. Jones	Payroll Date	J. Boatwright	R. Wichert
3rd Quarter: 7/1/2024 - 9/30/2024										
7/2/2024	DPMWD Board Meeting	8/23/2024	X					8/23/2024	X	
7/3/2024	SWRCB Board Meeting				X					
7/9/2024	Meet with GM, Dan York	8/23/2024	X	8/9/2024	X	8/9/2024	X			
7/10/2024	DPMWD / SSWD Joint Board Meeting	8/23/2024	X	8/9/2024	X			8/23/2024	X	
7/12/2024	Meet with GM, Dan York							8/23/2024	X	
7/13/2024	Meet with President Thomas and Locke	8/23/2024	X	8/9/2024	X					
7/15/2024	SSWD Board Meeting	8/23/2024	X	8/9/2024	X	8/9/2024	X	8/23/2024	X	
7/16/2024	DPM LAFCO Meeting			8/9/2024	X			8/23/2024	X	
7/16/2024	DPMWD Open House					8/9/2024	X			
7/17/2024	Aero Jet CAG	8/23/2024	X							
7/17/2024	Conversation with Jen Quan, Regional administrator for NOAA Fisheries West Coast				X			8/23/2024	X	
7/18/2024	Meet with Director Boatwright DPM Merger Governance			8/9/2024	X					
7/20/2024	Meet with Director Ross			8/9/2024	X					
7/24/2024	Water Forum, 2024 Habitat Project	8/23/2024	X							
7/25/2024	Microgrids and DERs for Water and Wastewater Utilities				X					
7/29/2024	SSWD Strategic Plan Update	8/23/2024	X	8/9/2024	X	8/9/2024	X	8/23/2024	X	
7/30/2024	DPMWD / SSWD Joint Board Meeting	8/23/2024	X	8/9/2024	X	8/9/2024	X	8/23/2024	X	
7/31/2024	SIWD / SSWD Joint Board Meeting	8/23/2024	X	8/9/2024	X	8/9/2024	X	8/23/2024	X	
8/6/2024	DPMWD Board Meeting	9/20/2024	X					9/20/2024	X	
8/7/2024	Meeting with Director Thomas and Director Locke			9/20/2024	X					
8/8/2024	SGA Board Meeting	9/20/2024	X	9/20/2024	X			9/20/2024	X	
8/12/2024	Meet with GM, Dan York					9/6/2024	X	9/20/2024	X	
8/13/2024	Meet with GM, Dan York	9/20/2024	X					9/20/2024	X	
8/13/2024	DPMWD Board Meeting Recording			9/20/2024	X					
8/14/2024	SSWD-DPMWD Board Meeting	9/20/2024	X	9/20/2024	X	9/6/2024	X	9/20/2024	X	
8/15/2024	Treating for PFAS webinar by HDR							9/20/2024	X	
8/15/2024	Meet with GM, Dan York			9/20/2024	X					
8/19/2024	SSWD Board Meeting	9/20/2024	X	9/20/2024	X	9/6/2024	X	9/20/2024	X	
8/20/2024	DPMWD Board Meeting	9/20/2024	X							
8/20/2024	ACWA Making conversation a way of life			9/20/2024	X			9/20/2024	X	
8/22/2024	Meeting with GM Dan York and Director Wichert							9/20/2024	X	
8/27/2024	EPA Water System Regionalization/RWA Executive Committee	9/20/2024	X	9/20/2024	X					
8/28/2024	ACWA August Quarterly Regulatory Committee Meeting	9/20/2024	X	9/20/2024	X			9/20/2024	X	
8/29/2024	Water Forum Habitat Project Tour					9/6/2024	X	9/20/2024	X	
9/3/2024	DPMWD Board Meeting	10/18/2024	X	11/1/2024	X					
9/9/2024	Meet with GM, Dan York	10/18/2024	X	11/1/2024	X					
9/11/2024	SSWD-DPMWD Board Meeting	10/18/2024	X	11/1/2024	X			10/18/2024	X	
9/12/2024	RWA Board Meeting			11/1/2024	X			10/18/2024	X	
9/13/2024	SGA ad Hoc Committee Meeting							10/18/2024	X	
9/16/2024	SSWD Board Meeting	10/18/2024	X	11/1/2024	X	10/18/2024	X	10/18/2024	X	
9/18/2024	Aerojet CAG	10/18/2024	X	11/1/2024	X					
9/24/2024	SSWD-DPMWD Meeting with the public	10/18/2024	X	11/1/2024	X					
3rd Quarter	Total Paid	24	\$ 3,264.00	26	\$ 3,536.00	11	\$ 1,496.00	23	\$ 3,128.00	

No Pay - Verbal Report

**Directors Expense Report
Calendar Year 2024**

Event/Purpose - 1st Quarter	Jones	Locke	Boatwright	Thomas	Wichert	Total
Local Meeting Expenses & Mileage						-
Reimbursed by District			81.07			81.07
Paid Directly by District						-
Conferences						-
Reimbursed by District		3,072.51	3,214.91			6,287.42
Paid Directly by District	3,125.45		840.00			3,965.45
Total	3,125.45	3,072.51	4,135.98	-	-	10,333.94

Event/Purpose - 2nd Quarter	Jones	Locke	Boatwright	Thomas	Wichert	Total
Local Meeting Expenses & Mileage						-
Reimbursed by District		136.01	62.31			198.32
Paid Directly by District						-
Conferences						-
Reimbursed by District	4,792.47	4,476.56	2,129.01			11,398.04
Paid Directly by District	840.00					840.00
Total	5,632.47	4,612.57	2,191.32	-	-	12,436.36

Event/Purpose - 3rd Quarter	Jones	Locke	Boatwright	Thomas	Wichert	Total
Local Meeting Expenses & Mileage						-
Reimbursed by District			59.63			59.63
Paid Directly by District						-
Conferences						-
Reimbursed by District			1,478.65			1,478.65
Paid Directly by District			949.00			949.00
Total	-	-	2,487.28	-	-	2,487.28

Event/Purpose - 4th Quarter	Jones	Locke	Boatwright	Thomas	Wichert	Total
Local Meeting Expenses & Mileage						-
Reimbursed by District						-
Paid Directly by District						-
Conferences						-
Reimbursed by District						-
Paid Directly by District						-
Total	-	-	-	-	-	-

**Directors Expense Report
2024 Year to Date**

Event/Purpose	Jones	Locke	Boatwright	Thomas	Wichert	Total
Local Meeting Expenses & Mileage						-
Reimbursed by District	-	136.01	203.01	-	-	339.02
Paid Directly by District	-	-	-	-	-	-
Conferences						-
Reimbursed by District	4,792.47	7,549.07	6,822.57	-	-	19,164.11
Paid Directly by District	3,965.45	-	1,789.00	-	-	5,754.45
Refunded by Director						-
Refunded Directly by Vendor						-
Total	8,757.92	7,685.08	8,814.58	-	-	25,257.58

This report meets the reporting requirements of Government Code sections 53065.5 and 53232.3 and is in conformance with District Policy. Per section 300.10 of the Director's Compensation and Expense Reimbursement Policy (PL-BOD003), a Director's total annual reimbursable expenses, excluding registration fees, may not exceed \$10,000.00.



Agenda Item: 4

Date: November 18, 2024

Subject: 2024 Audit Engagement Letter and Task Order 5

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Approve 2024 Audit Engagement Letter and Task Order 5, with Maze & Associates Accountancy Corporation and grant authorization for the Audit Committee Chair to execute the Engagement Letter and Task Order 5 as recommended by the Audit Committee at the November 4, 2024, Audit Committee meeting.

Background:

Per the District’s “Engagement of Auditor Policy” (PL – Fin 001), “the Audit Committee is responsible for recommending the District’s independent auditor to the full Board for appointment and compensation, and administering the relationship between the District and independent auditor during the course of the audit...” At the November 4, 2024, Audit Committee (Committee) meeting, the Committee approved the Audit Engagement Letter and Task Order 5, and recommended for full Board approval at the November 18, 2024, regular Board meeting.

Discussion:

The District has received the “Required Communication Letter” and the “Engagement Letter” for the December 31, 2024, Audit from Maze & Associates Accountancy Corporation (Attachment 1 & 2, respectively). Staff have prepared Task Order 5 as the Scope of Work for the Audit (Attachment 3). This is the fifth year of the five-year agreement with Maze & Associates. The Chair of the Committee needs authorization to sign the Engagement Letter and Task Order 5.

Fiscal Impact:

\$43,549 for the complete Audit comprised of \$37,671 for the Financial Statement Audit and \$5,878 for the District requested additional procedures.

Strategic Plan Alignment:

Goal B Optimize Operational and Organizational Efficiencies

Goal C Ensure Fiscal Responsibility and Affordable Rates

Attachments:

- 1) Required Communication Letter
- 2) Engagement Letter
- 3) Task Order 5

Audit Committee
Sacramento Suburban Water District
Sacramento, CA

We are engaged to audit of the Sacramento Suburban Water District (District) financial statements for the year ended December 31, 2024. Professional standards require that we provide you with the following information related to our audit. Topics include audit scope, management representations, fraud risk considerations and audit timing. We have presented an overview of these topics below: We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter provided to the Chair of the Audit Committee on October 18, 2024 (copy enclosed), our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also, in accordance with the Uniform Guidance, we will examine, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the District's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the Required Supplementary Information which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because of the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have not been engaged to report on the Introductory and Statistical Section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Other

The audit scope is included in the engagement letter provided to the Chair of the Audit Committee on October 18, 2024 (copy enclosed). It defines what an audit of the District's financial statements is and discusses internal control, fraud considerations and management responsibilities for data contained in financial statements. It is the standard used when a financial statement audit is to be conducted. This letter is a clarification of the audit process contemplated in the contract we have entered into with the District pursuant to the Board's approval.

Management Representations

We will request representations from management that data and assertions provided are complete and accurate. We rely primarily on our audit verification tests and procedures, however, management assertions and judgments unavoidably affect financial data.

Fraud Risk Considerations

Audit standards require us to have discussions with our clients to discuss both the potential for and any occurrences of fraud and the impact on financial statements. "Fraud" is defined as an intentional act that results in a *material misstatement in financial statements* that are subject to audit. In this case, fraud includes two concepts. The first is fraudulent financial reporting, including misapplication of accounting principles, the omission of data or disclosures, fictitious transactions or sham transactions and concealment of relevant data. The second concept is that of misappropriations of assets, including theft, its concealment and conversion to cash.

In accordance with audit standards, we met with management and asked:

- a. Is management aware of known instances of fraud or allegations of suspected fraud?
- b. Are there areas management believes are "Susceptible to Fraud"?
 - i. Areas presumed susceptible to fraud under audit standards:
 - i. Improper revenue recognition
 - ii. Management override of Internal Control

Audit Timing

We have met with District staff and agreed to the following schedule:

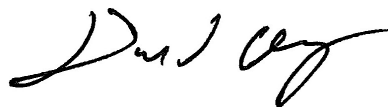
- The interim phase of the audit (internal control review and tests) is in process (January 2025).
- The final phase of the audit (substantive tests and financial report preparation) is scheduled for March 2025
- Our plan is to finalize the reports by the end of April 2025

Communicating the Audit Process

We discussed the above topics with staff and wish to provide you with an opportunity to participate in the audit process prior to its completion. If you could please respond to the following questions related to the District and its component units and if the answer to any question is “yes,” please provide an explanation:

- a. Are you aware of any instances of fraud or allegations of suspected fraud?
- b. Are there any areas you believe are “Susceptible to Fraud”?
- c. Are you aware of any possible or actual noncompliance or waste or abuse of programs and controls?
- d. Are you aware of any related-party transactions? (Transactions between the District or its component units and elected or appointed officials)

Sincerely,



David Alvey
Audit Partner
Maze & Associates



October 18, 2024

Craig M. Locke, Chair
Audit Committee
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Dear Chair Locke,

We are pleased to confirm our understanding of the services we are to provide for the Sacramento Suburban Water District as of and for the year ended December 31, 2024.

Audit Scope and Objectives

The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

1. Audit of the Basic Financial Statements, preparation of the Memorandum on Internal Control and issuance of our reports thereon.
2. Extended audit procedures as outlined in section 3e of the RFP for Professional Auditing Services dated May 2020.
3. Single Audit, if needed.

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the District's 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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.

If the District's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements.

In connection with our audit of the basic financial statements, we will read the other information accompanying the financial statements 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.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. Because the determination of waste and abuse is subjective, *Governmental Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, funding sources, creditors and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill the District for responding to this inquiry.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures - Internal Control

We will obtain an understanding of the District and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and the Board internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the District has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement, identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with GAAP; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers) and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). Management is also responsible for providing us with (1) access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the District will provide us with the Closing Checklist information required for our audit and that the District is responsible for the accuracy and completeness of that information. At the conclusion of our audit, we will require certain written representations from management about responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings must be made available for our review.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Maze & Associates, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent will be a separate engagement. With regard to an exempt offering document with which Maze & Associates is not involved, you agree to clearly indicate in the exempt offering document that Maze & Associates is not involved with the contents of such offering document.

Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that: (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with GAAP. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: (1) management is responsible for presentation of the supplementary information in accordance with GAAP; (2) that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or other studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes in conformity with GAAP and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and the related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management's responsibilities.

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards and related notes and any other nonaudit services we provide and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and related notes and any other nonaudit services we provide prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report to you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for this engagement for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

As an attest client, we cannot retain your documents on your behalf. This is in accordance with ET 1.295.143 of the *AICPA Code of Professional Conduct*. The District is responsible for maintaining its own data and records.

SharePoint/OneDrive are used solely to transmit data or as a method of exchanging information and is not intended to store the District's information. The District is responsible for downloading any deliverables and other records from the SharePoint/OneDrive that it wishes to retain for its own records at the completion of the engagement. For multi-year engagements, such downloading should occur annually.

Upon completion of the engagement, data and other content will either be removed from SharePoint/OneDrive or become unavailable to the District within a reasonable timeframe (generally one week after issuance of our report). For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year.

We expect to begin our audit in February 2025 and to issue our reports no later than May 2025. David Alvey is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

To ensure that Maze & Associates' independence is not impaired under the *AICPA Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are billed based on our contract with the District. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the District's account becomes thirty days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

These fees are based on anticipated cooperation from District personnel, the completion of schedules and data requested on our Checklists by District personnel, preparation of audit confirmations we request by District personnel, location of any documents selected by us for testing, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act major programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with District management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our most recent peer review report accompanies this letter.

Reporting

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return a full copy of this letter to us.

Maze & Associates

Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the District.

By: _____

Title: _____

Date: _____

**Sacramento Suburban Water Engagement Letter
Fees Attachment
December 31, 2024**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below.

Service	Fees
Annual Comprehensive Financial Report	\$37,671
Memorandum on Internal Control	Included above
Other Items:	
Expanded Audit Procedures	5,878
Single Audit (Per tested program), if needed	4,546
	\$48,095

2025 Fees – Our fees have been based on our Proposal with the District dated June 24, 2020.

Our price includes “print to PDF” versions of all reports issued. Due to the significant increase in the cost of paper products, our price also includes up to 10 bound copies of each report, except for the ACFR. If you require additional bound copies, we will provide a cost estimate before proceeding.

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the District require assistance beyond audit services we will provide a cost estimate before proceeding.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year’s adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year’s audit, we will bill for this service at our normal hourly rates.

Single Audit Act - Additional programs will each cost \$4,546 in 2024, unless there are other factors which add to that program’s cost; in that case, we will provide a cost estimate before proceeding.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in District Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.



Report on the Firm's System of Quality Control

MAZE & ASSOCIATES ACCOUNTANCY CORPORATION and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

CPAs ■ Advisors

 4120 Concourse, Suite 100, Ontario, CA 91764
 909.948.9990 / 800.644.0696 / FAX 909.948.9633
 gyl@gylcpa.com
 www.gylcpa.com

CPAmerica
Member  Crowe Global

Peer Review Report
Page 2 of 2

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

GYL LLP

Ontario, California
February 6, 2024

GYL



October 18, 2024

Craig M. Locke, Chair
Audit Committee
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Dear Chair Locke,

We are pleased to confirm our understanding of the services we are to provide for the Sacramento Suburban Water District as of and for the year ended December 31, 2024.

Audit Scope and Objectives

The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

1. Audit of the Basic Financial Statements, preparation of the Memorandum on Internal Control and issuance of our reports thereon.
2. Extended audit procedures as outlined in section 3e of the RFP for Professional Auditing Services dated May 2020.
3. Single Audit, if needed.

Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the District's 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will 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.

If the District's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements.

In connection with our audit of the basic financial statements, we will read the other information accompanying the financial statements 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.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. Because the determination of waste and abuse is subjective, *Governmental Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, funding sources, creditors and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill the District for responding to this inquiry.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures - Internal Control

We will obtain an understanding of the District and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. 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. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and the Board internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the District has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement, identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with GAAP; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers) and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for the 12 months after the financial statement date or shortly thereafter (for example, within an additional three months if currently known). Management is also responsible for providing us with (1) access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements, including identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the District will provide us with the Closing Checklist information required for our audit and that the District is responsible for the accuracy and completeness of that information. At the conclusion of our audit, we will require certain written representations from management about responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the District involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings must be made available for our review.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Maze & Associates, will not be included in any such offering document without our prior permission or consent. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent will be a separate engagement. With regard to an exempt offering document with which Maze & Associates is not involved, you agree to clearly indicate in the exempt offering document that Maze & Associates is not involved with the contents of such offering document.

Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that: (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with GAAP. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: (1) management is responsible for presentation of the supplementary information in accordance with GAAP; (2) that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or other studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes in conformity with GAAP and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and the related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management's responsibilities.

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards and related notes and any other nonaudit services we provide and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards and related notes and any other nonaudit services we provide prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the Federal Audit Clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report to you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for this engagement for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

As an attest client, we cannot retain your documents on your behalf. This is in accordance with ET 1.295.143 of the *AICPA Code of Professional Conduct*. The District is responsible for maintaining its own data and records.

SharePoint/OneDrive are used solely to transmit data or as a method of exchanging information and is not intended to store the District's information. The District is responsible for downloading any deliverables and other records from the SharePoint/OneDrive that it wishes to retain for its own records at the completion of the engagement. For multi-year engagements, such downloading should occur annually.

Upon completion of the engagement, data and other content will either be removed from SharePoint/OneDrive or become unavailable to the District within a reasonable timeframe (generally one week after issuance of our report). For multi-year engagements, completion of the engagement occurs when the deliverables are completed for that year.

We expect to begin our audit in February 2025 and to issue our reports no later than May 2025. David Alvey is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

To ensure that Maze & Associates' independence is not impaired under the *AICPA Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are billed based on our contract with the District. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the District's account becomes thirty days or more overdue and may not be resumed until the District's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

These fees are based on anticipated cooperation from District personnel, the completion of schedules and data requested on our Checklists by District personnel, preparation of audit confirmations we request by District personnel, location of any documents selected by us for testing, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act major programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with District management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our most recent peer review report accompanies this letter.

Reporting

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return a full copy of this letter to us.

Maze & Associates

Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the District.

By: _____

Title: _____

Date: _____

**Sacramento Suburban Water Engagement Letter
Fees Attachment
December 31, 2024**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below.

Service	Fees
Annual Comprehensive Financial Report	\$37,671
Memorandum on Internal Control	Included above
Other Items:	
Expanded Audit Procedures	5,878
Single Audit (Per tested program), if needed	4,546
	\$48,095

2025 Fees – Our fees have been based on our Proposal with the District dated June 24, 2020.

Our price includes “print to PDF” versions of all reports issued. Due to the significant increase in the cost of paper products, our price also includes up to 10 bound copies of each report, except for the ACFR. If you require additional bound copies, we will provide a cost estimate before proceeding.

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the District require assistance beyond audit services we will provide a cost estimate before proceeding.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year’s adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year’s audit, we will bill for this service at our normal hourly rates.

Single Audit Act - Additional programs will each cost \$4,546 in 2024, unless there are other factors which add to that program’s cost; in that case, we will provide a cost estimate before proceeding.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in District Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.



Report on the Firm's System of Quality Control

MAZE & ASSOCIATES ACCOUNTANCY CORPORATION and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

CPAs ■ Advisors

 4120 Concourse, Suite 100, Ontario, CA 91764
 909.948.9990 / 800.644.0696 / FAX 909.948.9633
 gyl@gylcpa.com
 www.gylcpa.com

CPAmerica
Member  Crowe Global

Peer Review Report
Page 2 of 2

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

GYL LLP

Ontario, California
February 6, 2024

GYL

**Task Order 5 to Master Services Agreement (MSA) Between
Sacramento Suburban Water District and Maze & Associates
Dated October 26, 2021**

This Task Order 5 (Task Order) is issued by the Sacramento Suburban Water District (“District”) to the Contractor listed above (“Contractor”), who agrees as follows:

1 General Provisions

- 1.1 Terms and Conditions: This Task Order is governed by all of the terms, conditions, and stipulations as stated in the MSA referenced above.
- 1.2 Order of Precedence: The MSA will take precedence for any conflicts between this Task Order and the MSA.

2 Scope of Work

The following is the agreed to scope of work:

- 2.1 Audit the District's basic financial statements in accordance with Generally Accepted Auditing Standards (GAAS) 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, and the State Controller’s Minimum Audit Requirements for California Special Districts.
- 2.2 Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the District and the changes in financial position and cash flows in conformity with generally accepted accounting principles (GAAP), and issue an independent auditors' report stating this opinion.
- 2.3 Test internal controls over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in accordance with Government Auditing Standards and those issue by the Comptroller General of the United States, and issue an independent auditors’ report on their consideration.
- 2.4 Apply limited procedures related to the Required Supplementary Information (RSI), Management's Discussion and Analysis (MD&A) and the additional Supplementary Information contained in the ACFR, which is prepared by District staff.
- 2.5 Perform additional procedures by expanding the scope of your expense testing to include additional sample sizes for general cash disbursements, payroll disbursements, wire and ACH transfers, petty cash, and purchasing card payments. This testing will include verifying payments to District employees and Board members on a sample basis. Payment verification will include verifying the pay rates for at least one period of senior management, finance staff, anyone involved in the payroll processing function and a sample of 10 other employees.

- 2.6 Prepare a “Single Audit” Report and issue a related audit opinion, if necessary, for federal grant monies received and expenses made.
- 2.7 Prepare a Report to the Board of Directors which identifies significant audit findings, difficulties encountered in performing the audit, identify any corrected and uncorrected misstatements, disagreements with management, management representations, control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.
- 2.8 Present and discuss the results of the audit and the annual financial statements to the Audit Committee of the Board and the full Board of Directors during one of its regularly scheduled meetings before June.
- 2.9 Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which the auditor becomes aware, to the appropriate level of management and/or Directors of the District.
- 2.10 Provide general consultation as required, during the year, on financial accounting and reporting matters.
- 2.11 Present to the Audit Committee a written statement indicating the independence of the Contractor as required by generally accepted auditing standards.

3 Cost

The total compensation for the services provided under in this Task Order shall be on a Fixed Fee basis as follows. Annual Comprehensive Financial Report and Management Letter, \$37,671; Expanded Audit Procedures, \$5,878; and, Single Audit (if necessary), \$4,546. Compensation shall be based on scope of work as stated above. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by District. Contractor’s fee includes all of Contractor’s costs and expenses related to the Scope of Work.

4 Term

This Task Order shall take effect on the date fully executed below, and continue in effect until the earlier of the work being completed or December 31, 2025, unless sooner terminated as provided in the MSA.

Sacramento Suburban Water District:

Maze & Associates:

Dated: _____

Dated: October 21, 2024

By: _____

By:  _____

Name: _____

Name: David Alvey

Title: _____

Title: Audit Partner/Vice President



Agenda Item: 5

Date: November 18, 2024

Subject: Policy Review – Capacity Fee Setting Policy (PL – Fin 010)

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Ratify Capacity Fee Setting Policy (PL – Fin 010) without changes.

Background:

Capacity Fee Setting Policy (PL – Fin 010) (Policy) is scheduled for its periodic review. The Policy was adopted by the Board on September 15, 2014, and was last reviewed by the Board on November 20, 2023, with minor changes.

On October 21, 2024, the Policy was brought to the Board for its scheduled review with no recommended changes. No comments from Directors have been received to date.

This Policy update was reviewed by legal counsel.

Discussion:

The purpose of this Policy is to establish how the District will establish and approve Capacity Fees. Staff have reviewed the Policy and are not recommending any changes.

In addition, at the September 18, 2023, regular Board meeting, the Board approved an updated Policy Review Schedule (Schedule), which provides an opportunity for staff to recommend a different review period for policies when they are brought forward for Board review than what is listed on the Schedule. The Capacity Fee Setting Policy is currently listed for review every year on the Schedule and does require legal review. Staff is recommending that the review period be updated to every five (5) years to coincide with scheduled rate studies that include an update to the capacity fee calculation methodology. As the District does not perform rate studies on an annual basis, reviews would best be performed just prior to a rate or fee and charges study.

If the Board approves of the updated review period of five (5) years, the Policy and the Schedule will be updated to reflect this change.

A clean version of the Policy is attached to this report for reference (Attachment 1).

Fiscal Impact:

Ratifying the Policy does not have a fiscal impact.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Attachment:

- 1) Capacity Fee Setting Policy PL – Fin 010 – clean

Sacramento Suburban Water District

Capacity Fee Setting Policy

Adopted: September 15, 2014

Ratified without Changes: November 18, 2024

100.00 Purpose of the Policy

The purpose of this policy is to establish how the District will establish and approve Capacity Fees. Capacity Fees provide the means of balancing the District's cost requirements for new infrastructure between existing customers and new customers. A portion of the costs of buying into existing infrastructure that will provide service (capacity) to new customers is included in the District's Capacity Fees. In contrast, the District has future capital improvement projects that are related to renewal and replacement of existing infrastructure. These infrastructure costs are typically included within the rates charged to the District's customers, and are not included in the Capacity Fees. By establishing cost-based Capacity Fees, the District will continue its policy of having "growth pay for growth" and existing District customers, for the most part, be sheltered from the financial impacts of growth. The establishment of Capacity Fees will include consideration of the following:

- A. Growth-Related Capital Projects – Within the District's capital improvement plans and rate studies, growth-related capital projects will be clearly identified.
- B. Growth Related Capital – The District's intent is for the cost of growth-related assets to be paid for by the use of Capacity Fees. In other words, growth should pay for growth, and existing customers should be sheltered from the costs of serving growth.
- C. Use of Capacity Fee Proceeds – Capacity Fee revenues will only be used for two purposes – to pay for growth-related debt service or to directly pay for growth-related capital improvements.
- D. Limitation on the Use of Capacity Fees to Pay Debt Service – The use of Capacity Fee revenues to pay for growth-related debt service will be limited in any year, for planning and rate setting purposes, to fifty percent (50%) of the annual Capacity Fee revenue projected to be collected. If growth and the corresponding Capacity Fee revenue is less than projected, the District should still have sufficient Capacity Fee revenue to make the annual debt service payments associated with the growth-related capital projects.

200.00 Policy

Capacity Fees are intended to reflect the cost of growth and capacity expansion to serve new customers and additional capacity requirements. Capacity Fees are a common method of assessing the cost of expansion and its additional capacity requirements. In

establishing Capacity Fees, and in concert with Regulation No. 7, “New or Additional Service Connections”, the following will be considered:

- A. Meeting Legal Requirements – Capacity Fees will be established and administered to comply with applicable legal requirements.
- B. Methodologies – Capacity Fees will be established using “generally accepted” methodologies and will include a debt service credit to fairly account for the method of financing used for growth and expansion projects.
- C. Determination of Cost-Basis – As appropriate, Capacity Fees will be calculated to determine the cost-based levels for new customers seeking connections to the District’s water system.
- D. Establishing Final Capacity Fees – The Board will establish the final Capacity Fees, taking into consideration the cost-based levels of the charges and the Board’s policy as it relates to the sharing of growth-related costs between existing ratepayers and new customers connecting to the water system. At no time will the Board establish or adopt Capacity Fees greater than the calculated cost-based Capacity Fees except as permitted under Government Code section 66013.
- E. Adjustments – In accordance with Regulation No. 7, section H. 5 - Capacity Fees will be adjusted annually utilizing the model used in the most recent capacity fee study. Further, “a comprehensive review and update of the Capacity Fee methodology shall occur at least every five years.”
- F. Master Plan and Capacity Fees – Every three to five years, or whenever the Water System Master Plan is updated, the Capacity Fees will be updated to reflect the changes in planning, infrastructure, and capital financing.

300.00 Capacity Fee Consideration and Approval Process

California Government Code sections 66013 and 66016 require that new or updated Capacity Fees or similar charges be properly noticed. Under section 66016, the District must agendize consideration of the proposed new or increased fees on the agenda of at least one regular Board meeting and permit the public to present oral or written comments on the proposal. In addition, the District must mail written notice of the meeting at which the matter will be heard, including a “general explanation of the matter to be considered, and a statement that the data required by this section is available”, at least 14 days before the meeting to all parties that have filed a written request with the District for mailed notice of meetings at which new or increased fees and charges will be considered (any such request is valid for one year from the date on which it is filed and any renewal request must be filed by April 1 of the following year).

Also, the District must make publicly available the capacity fee study and any related data at least 14 days before the meeting at which a proposal to adjust Capacity Fees will be considered. If the Board proposes to adopt the proposed Capacity Fees, with or without change, the Board may take that action only by ordinance or resolution. A formal public hearing on the issue is not required.

400.00 Authority

The General Manager and District Treasurer are responsible for compliance with this policy and regular reporting of the District's financial status, including the Capacity Fees accounting required under Government Code section 66013, subdivisions (c) through (f). Board oversight will be accomplished through regular reporting of financial status and review of this Policy.

500.00 Policy Review

This Policy will be periodically reviewed by the Board of Directors in accordance with its established policy review schedule.



Agenda Item: 6

Date: November 18, 2024

Subject: Policy Review – Debt Management Policy (PL – Fin 011)

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Ratify Debt Management Policy (PL – Fin 011) without changes.

Background:

Debt Management Policy (PL – Fin 011) (Policy) is scheduled for its periodic review. The Policy was adopted by the Board on September 15, 2014, and was last reviewed by the Board on November 20, 2023, with minor changes.

The Policy is scheduled for Board review and approval at the November 18, 2024, regular Board meeting. On October 21, 2024, the Policy was brought to the Board for its scheduled review with no recommended changes. No comments from Directors have been received to date.

This Policy update was reviewed by legal counsel.

Discussion:

This Policy sets forth comprehensive guidelines for the financing of capital expenditures. Staff have reviewed the Policy and are not recommending any changes.

In addition, at the September 18, 2023, regular Board meeting, the Board approved an updated Policy Review Schedule (Schedule), which provides an opportunity for staff to recommend a different review period for policies when they are brought forward for Board review than what is listed on the Schedule. The Debt Management Policy is currently listed for review every year on the Schedule and does not require legal review. Staff is recommending that the review period be updated to every two (2) years as the rationale for when and how to use debt to finance capital expenditures should not change very frequently.

If the Board approves of the updated review period of two (2) years, the Policy and the Schedule will be updated to reflect this change.

A clean version of the Policy is attached to this report for reference (Attachment 1).

Policy Review – Debt Management Policy (PL – Fin 011)

November 18, 2024

Page 2 of 2

Fiscal Impact:

Ratifying the Policy does not have a fiscal impact.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Attachment:

- 1) Debt Management Policy PL – Fin 011 – clean

Sacramento Suburban Water District

Debt Management Policy

Adopted: September 15, 2014
Ratified without changes: November 18, 2024

100.00 Purpose of the Policy

This policy sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of this policy that – 1) the District obtain financing when necessary, 2) the process for identifying the timing and amount of debt or other financing be as efficient as possible, 3) the most favorable interest rate and issuance costs be obtained, and 4) when appropriate, future financial flexibility be maintained.

200.00 Policy

The issuance of long-term debt is a valuable funding resource for the District. Used appropriately and prudently, long-term debt can minimize the District’s water system charges and rates over time.

To minimize dependency on debt financing for capital projects, annual renewal and replacement capital projects will be adequately funded from rates. Funding levels for capital investments will be sufficient to meet capital improvement projections needed as outlined in the current Asset Management Plans and/or Water System Master Plan. Long-term debt will be considered only for large capital improvement projects or greater than normal capital plans. The District will be managed to at least meet, and potentially exceed, the minimum and target Debt Service Coverage (DSC) requirements as imposed by bond covenants. The District will not issue long-term debt to support operating costs.

- A. Use of Long-Term Debt as a Funding Mechanism – Use of long-term debt will be minimized. The District may consider the use of long-term debt financing when it appears that a capital project, or other expenditures as deemed appropriate by the Board, is of such a magnitude that it will negatively impact the District’s rates in the short-term. The benefit of long-term debt financing is that it will spread the costs of the capital asset over a longer period of time and will, therefore, approximate the useful life of the asset, and over time, charge those customers that benefit from that asset more equitably.
- B. Types of Long-Term Debt – The District will strive to utilize the type of debt that has the lowest costs, while not imposing any burdensome covenants or reporting requirements.
- C. Legal Covenants – The District will manage the water District to meet all bond covenants associated with the long-term debt. Bond covenants are legal obligations of the District.

- D. Debt Service Coverage Covenants – Long-term debt issuances typically contain legal covenants regarding DSC. A DSC ratio is an important financial measure of the District’s ability to repay the outstanding debt obligation, and is reviewed for adequacy by banks and rating agencies. Generically, the DSC ratio is the District’s net operating income divided by the total annual debt service payment. For financial planning purposes, the targeted annual DSC ratio will be greater than or equal to 1.85 on all outstanding debt that carries such a covenant.
- E. Reporting Standards – The District will fully adhere to all applicable Government Accounting Standards Board (GASB) requirements and recognized best practices for the accounting treatment and disclosure of debt obligation transactions in its audited financial statements and other relevant publications.
- F. Revenue-Bonded Debt Capacity – The issuances of debt are supported by the revenues of the District. The ability of the District to fund and support revenue bonded debt will financially establish a debt level and capacity for revenue-bonded debt.

300.00 Conditions for Debt Issuance

When debt issuance is determined necessary, the District will assess the market conditions and timing for debt issuance to include issuing debt – 1) in times of favorable market conditions, 2) when Bond ratings would qualify District issuances to be investment grade, and 3) when revenues are sufficient to adequately cover expected debt service and issuance costs.

Bond credit enhancements will be considered when necessary for market acceptance and when costs are favorable to the District.

400.00 Conditions for Debt Refinancing

Debt refinancing (refunding) is an important debt management tool for the District. There are three key concepts that must be taken into consideration when evaluating a debt for refunding:

1. Financial and Policy Objectives
2. Financial Savings/Results of Financing
3. Bond Structure and Escrow Efficiency

Financial and Policy Objectives – The District may undertake a refinancing for a number of financial and/or policy objectives, including to achieve debt service savings, eliminate restrictive debt/legal covenants, restructure the stream of debt service payments, or to achieve other policy objectives. Although in most circumstances the District may undertake a refunding to obtain economic savings, it may refund an issue to restructure its debt portfolio in order to obtain budgetary/cash flow relief or to address exposure to other costs/liabilities and to extend the maturity.

Financial Savings/Results of Financing - The financial framework regarding the evaluation of refunding opportunities is to be developed and evaluated by the District Treasurer, typically to include the efforts of outside financial advisors. It is important to note that federal tax law typically permits an issuer to conduct one advance refunding over the life of a bond issue². As such, the District must take greater care

(i.e., require a higher savings threshold) when evaluating an advance refunding opportunity.

In certain circumstances, lower savings thresholds may be justified. For example, when an advance refunding is being conducted primarily for policy reasons (other than economic savings), interest rates are at historically low levels or the time remaining to maturity is limited, and as such, future opportunities to achieve greater savings are not likely to occur.

Bond Structure and Escrow Efficiency¹ – The District’s debt management practices should anticipate the potential for future refundings. When debt is issued, careful attention should be paid to the bond structure to address features that may affect flexibility in the future. To that end, upon debt issuance the District shall consider: optional redemption provisions, bond coupon characteristics giving up call rights for certain maturities in exchange for a lower interest rate on the bonds, call provisions that permit the redemption of bonds in any order of maturity or on any date, call provisions that permit the issuer to call bonds at the earliest date without incurring a significant interest-rate penalty, and coupons on callable bonds priced as close to par as possible at the time of original issue.

¹ Escrow Efficiency - The lower the cost of the escrow the more efficient the escrow. Also, in order to be efficient, escrow securities need to mature or pay interest when debt service payments of the refunded escrow are due.

² Current vs. Advance Refunding - There are two types of refundings, as defined by Federal Tax laws; a current refunding in which a refunding takes place (i.e., refunding bonds are sold) within 90 days of the optional call date, and an advance refunding in which refunding bonds are sold more than 90 days prior to the first call date. Federal tax law typically permits an issuer to conduct one advance refunding over the life of a bond issue.

500.00 Internal Controls

To ensure that proceeds of any debt issued in accordance with its governing documents and this Policy no disbursements shall be made without the approval of the General Manager or Assistant General Manager and Director of Finance and Administration. For CIP projects, the draw request shall be provided to the Director of Finance and Administration for budget approval by the project engineer with the consent of the District’s inspector. Draw request approval shall only be provided when the General Manager or Assistant General Manager is in receipt of the Director of Finance and Administration’s budgetary approval and an appropriate certification from the construction project manager with supporting invoices from suppliers and/or contractors evidencing appropriate expenses in connection with the project.

In the case of an issue of bonds, the proceeds of which will be used by a governmental entity other than the District, the District may rely upon a certification

by such other governmental entity that it has adopted the policies described in SB 1029.

600.00 Interest Rate Swaps

The incurring or carrying of variable-rate debt obligations by the District involves a variety of interest rate payments and other risks that interest rate swaps are available to offset, hedge, or reduce. It is the policy of the District to utilize such interest rate swaps to better manage its debt portfolio. The District will consider executing an interest rate swap transaction if it expects the swap transaction will result in any of the following:

- A. Reduce exposure to changes in interest rates on a financial transaction;
- B. Result in a significantly lower net cost of borrowing with respect to the District's debt consistent with an established target; or
- C. Manage variable interest rate exposure consistent with prudent debt practices and guidelines as approved by the Board.

Savings Target

Interest rate swaps will require a significant financial benefit or savings versus traditional fixed-rate debt. For an interest rate swap intended to produce the effect of a synthetic fixed rate transaction, the swap transaction must generate 5% or greater net present value savings compared to standard fixed-rate bonds which have the same optional redemption features.

Restrictions

The District will not enter into any swap transaction

- a) for speculative purposes.
- b) if the swap presents an extraordinary risk to the District's liquidity to terminate the agreement due to unforeseen events.
- c) if there is insufficient price transparency to allow for fair market valuation.

Provider Requirements

The transaction provider will have a credit rating of AA (or equivalent) or better from at least two nationally recognized credit rating agencies (at the time of agreement execution). The transaction provider will have a demonstrated record of successfully executing derivative transactions and have a minimum capitalization of \$2 billion.

Use of Independent Advisor

The District will use a professional advisor or designated swap representative ("Swap Advisor") to assist in the assessment, structuring, and pricing of proposed or existing interest rate swaps. The Swap Advisor will be a firm which:

- i. is a Municipal Advisor registered with the Securities and Exchange Commission;
- ii. has sufficient knowledge to evaluate the swap transaction and risks;
- iii. is not subject to a statutory disqualification;
- iv. is independent of the swap dealer or major swap participant;

- v. undertakes a duty to act in the best interests of the District;
- vi. provides appropriate and timely disclosures to the District; and
- vii. evaluates fair pricing and the appropriateness of the swap.

700.00 Authority

The General Manager and District Treasurer are responsible for adherence to this policy and regular reporting of the District's financial status. Board oversight will be accomplished through regular reporting of financial status and review of this Policy.

800.00 Policy Review

This policy shall be periodically reviewed by the Board of Directors in accordance with its established policy review schedule or before any new or refinance debt issuance is considered.



Agenda Item: 7

Date: November 18, 2024

Subject: Policy Review – Technology Maintenance, Security, Protection and Recovery Policy (PL – IT 004)

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Ratify Technology Maintenance, Security, Protection and Recovery Policy (PL – IT 004) without changes.

Background:

Technology Maintenance, Security, Protection and Recovery Policy (PL – IT 004) (Policy) is scheduled for its periodic review. The Policy was adopted by the Board on April 21, 2008, and was last reviewed by the Board on September 19, 2022, with several changes.

The Policy is scheduled for Board review and approval at the November 18, 2024, regular Board meeting. On October 21, 2024, the Policy was brought to the Board for its scheduled review with no recommended changes. No comments from Directors have been received to date.

This Policy update was reviewed by legal counsel.

Discussion:

The purpose of this Policy is to establish and ensure appropriate guidance for the maintenance, security, protection, and recovery of District electronic facilities including computers, servers, printers, scanners, software, Internet, Intranet, phones, copier/fax machines and all other technology-related devices and data. Staff have reviewed the Policy and are not recommending any changes.

A clean version of the Policy is attached to this report for reference (Attachment 1).

Fiscal Impact:

Ratifying the Policy does not have a fiscal impact.

Strategic Plan Alignment:

Goal B: Optimize Operational and Organizational Efficiencies

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Policy Review – Technology Maintenance, Security, Protection and Recovery Policy
(PL – IT 004)
November 18, 2024
Page 2 of 2

Attachment:

- 1) Technology Maintenance, Security, Protection and Recovery Policy PL – IT 004 – clean

Sacramento Suburban Water District

Technology Maintenance, Security, Protection and Recovery Policy

Adopted: April 21, 2008
Ratified without Changes: November 18, 2024

100.00 Purpose of the Policy

The purpose of this policy is to establish and ensure appropriate guidance for the maintenance, security, protection, and recovery of District electronic facilities including computers, servers, printers, scanners, software, Internet, Intranet, phones, copier/fax machines and all other technology-related devices and data.

100.10 General

The District's goal is to conform to the "Best Practices" as contained in the "15 Cybersecurity Fundamentals for Water and Wastewater Utilities" as published by the Water Information Sharing and Analysis Center (WaterISAC). This policy contains several of the Best Practices recommended by WaterISAC. Additional Best Practices are contained in other various District Policies and Procedures. (WaterISAC #9)

200.00 Electronic Facilities Maintenance and Support

Prudent management practices dictate that the District will facilitate its maintenance and support of District electronic facilities through such means as the following:

1. Maintaining an electronic facilities inventory. (WaterISAC #1)
2. Investing in both staff and technology resources to ensure adequate support and maintenance of all District electronic facilities.
3. Maximizing system uniformity with standard configurations.
4. Sustaining District electronic facilities by periodic upgrades and replacements on a regular cycle.
5. Ensuring that District electronic facilities and their support resources are allocated to meet the needs of the District's strategic plans.

200.10 District Property

All District electronic facilities are the sole property of the District. All messages sent and received, including any personal messages, and all data and information stored on District electronic facilities are the District's property regardless of content.

All software acquired for or on behalf of the District or developed by District employees or contract personnel on behalf of the District is and shall be deemed District property.

200.20 Authorized Usage

Only authorized District staff or contract personnel, pre-approved by the General Manager (GM) or the Information Technology Manager (IT Manager), are to use District electronic facilities. All usage of District electronic facilities is to be conducted solely in accordance with the District's Technology Use Policy (PL – IT 005). (WaterISAC #13)

200.30 Technology Procurement

All District hardware and software purchased or developed shall be coordinated with the IT Department to ensure that all hardware and software conform to District standards, are compatible with District systems, and are purchased or developed at the best possible price.

200.40 Electronic Facilities and Data Security

Appropriate hardware and software monitoring shall be in place to ensure the protection of District data as well as all District electronic facilities. Appropriate security measures will include, at a minimum, the following:

1. Maintaining protected backups of District servers and data both on and off-site.
2. Educating District staff on basic security, personal cybersecurity and methods of malicious actors and attacks. Develop a culture of cybersecurity awareness amongst staff. (WaterISAC #8)
3. The use of strong passwords and multi-factor authentication. (WaterISAC #4)
4. Utilization of tools and external resources to monitor, track, report and respond to suspicious activity within District electronic facilities. (WaterISAC #10)
5. Stay aware of current vulnerabilities. Perform timely updates to software and firmware. (WaterISAC #7)
6. Maintain security trained IT staff and/or partnerships with 3rd party security experts.
7. For security and network maintenance purposes, authorized individuals, with IT Manager, Director of Finance and Administration, Assistant General Manager or GM approval, may monitor equipment, systems and network traffic/activity at any time.

It is the responsibility of each employee to protect District electronic facilities and data. All employees, by their use of electronic facilities, are part of the District's cybersecurity program. Each employee plays a vital role in protecting the District from cyberattacks. Cyberattacks include all methods of gaining access to District electronic facilities and data for the purpose of causing damage, harm, extortion or the stealing of District information by means of malware, viruses, hacking, social engineering or actual physical access. The following guidelines are for all employees:

1. All District electronic facilities and data must be secured at all times by District staff and contract personnel. (WaterISAC #5)
2. Any loss, theft, or suspicious activity of District electronic facilities or data must be reported to the IT Department immediately.
3. Employees are to use extreme care when opening links or attachments to ensure

they are free from viruses or malicious code that could infect District electronic facilities and data. Files that are downloaded from the internet or received via electronic communications must be checked with virus detection software before being opened and used.

4. Passwords are to be kept secure and employees should never share passwords with another individual. Passwords should be appropriately complex to eliminate easy guessing or deciphering. Passwords should be periodically changed.
(WaterISAC #4)
5. All District employees will participate in cybersecurity awareness training.
(WaterISAC #8)

200.50 Disaster Recovery

The District will maintain procedures and plans that will address disaster recovery from various disaster types. The District maintains an Emergency Response Plan which includes particular electronic facilities disaster response scenarios. The District will maintain additional disaster response plans to cover scenarios not part of the Emergency Response Plan. Refer to Procedure PR – IT 003 Technology Maintenance, Security, Protection and Recovery Procedure, section 700, for specific disaster recovery procedures. (WaterISAC #11)

The District will maintain electronic facilities disaster preparedness at all times. The District will regularly test its electronic facilities disaster preparedness. Disaster preparedness will address, at a minimum, the following situations:

1. Electrical outages
2. Loss of communications:
 - a. Network communications
 - b. Internet communications
 - c. Telephony communications
 - d. Cellular communications
 - e. Radio communications
 - f. Satellite communications
3. Data backup and recovery
 - a. On premise
 - b. Cloud based
4. Cyberattacks and data breaches
5. Virus and malware attacks
6. Data corruption
7. Hardware failures
8. Software and firmware update failures

In the event of a critical disaster to District electronic facilities or data at one of the District's primary facility locations (Marconi or Walnut office), the District will have in place the necessary District electronic facilities at both facility locations such that critical functions can be operational as soon as possible.

For critical disasters at both District primary facilities simultaneously, the District will keep an off-site backup of District data such that recovery can occur as expeditiously as possible. The District will maintain partnerships with 3rd party electronic facilities providers to assist in system recovery in the event of a critical disaster at both primary facilities.

Specific steps for how District electronic facilities will be protected and how and when the District's critical systems will be back online will be kept as part of IT Procedure PR – IT 003 and updated as necessary.

300.00 Policy Review

This policy shall be periodically reviewed by the Board of Directors in accordance with its established policy review schedule.



Agenda Item: 8

Date: November 18, 2024

Subject: Policy Review – Procurement Policy (PL – Fin 005)

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Ratify Procurement Policy (PL – Fin 005) without changes.

Background:

Procurement Policy (PL – Fin 005) (Policy) is scheduled for its periodic review. The Policy was adopted by the Board on September 20, 2004, and was last reviewed by the Board on October 17, 2022, without changes.

The Policy is scheduled for Board review and approval at the November 18, 2024, regular Board meeting. On October 21, 2024, the Policy was brought to the Board for its scheduled review with no recommended changes. No comments from Directors have been received to date.

This Policy was reviewed by legal counsel for this update.

Discussion:

This Policy is intended to provide guidance for the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at a competitive price, consistent with the anticipated needs of the District. Staff have reviewed the Policy and are not recommending any changes.

A clean version of the Policy is attached to this report for reference (Attachment 1).

Fiscal Impact:

Ratifying the Policy does not have a fiscal impact.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Attachments:

- 1) Procurement Policy PL – Fin 005 – clean

Sacramento Suburban Water District

Procurement Policy

Adopted: September 20, 2004
Ratified without changes on November 18, 2024

100.00 Purpose of the Policy

This document sets forth the policy of the Sacramento Suburban Water District concerning its purchases or procurement of materials (including supplies, inventory and equipment) and trade services. This Policy is adopted in accordance with the provisions of Article 7, Chapter 5, Part 1, Division 2 of Title 5 of the California Government Code (commencing with Section 54201).

The primary purpose of this Policy is to provide guidance for the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at a competitive price, consistent with the anticipated needs of the District.

When used in this Policy, the term “procurement,” “purchase,” or “purchases” includes the purchase, lease or rental of materials and/or trade services.

When used in this Policy, the term “trade services” means services provided to the District other than those provided by licensed contractors performing construction of public works. Public works construction services are covered under District Policy PL – Eng. 002, “Public Works Contracting Policy.”

200.00 Policy

200.10 Authority

The General Manager of the District has the authority to make purchases, sign contracts and otherwise encumber the District for the acquisition of materials (including supplies, inventory and equipment) or trade services, within the limitations of the adopted annual Budget in accordance with the District’s Budget Policy (PL – Fin 012). Board approval of expenditures is required when amounts exceed the purchasing authority of the General Manager. The General Manager has the authority to appoint one or more designees to act as the District’s purchasing agent and may delegate his/her authority to District staff within established procedures and controls.

All District material or trade services purchases, excepting those made under District Policy PL – Eng. 002, “Public Works Contracting Policy,” will be made in accordance with this Policy.

Purchases from loan and/or grant funds will be approved in accordance with the sponsoring agency's contract or grant procedures, in addition to the requirements of this Policy to the extent they do not conflict with the loaning or granting agency's requirements.

200.20 Purchases of Materials and Trade Services Up To \$100,000

For non-emergency purchases or other encumbrances up to \$100,000 per annum per vendor the General Manager or designee will have the authority to make the purchase without the prior authorization of the Board of Directors and without following the procedures described in Section 200.30 of this Policy. Purchases under this section may be made by negotiation, requests for proposal/qualifications or competitive bid at the General Manager's discretion, provided that the method chosen is reasonable and ensures that the goods or services are procured from a responsible vendor at a price that is fair to the District and its ratepayers. The General Manager has the authority to determine which purchasing process is appropriate.

For emergency purchasing guidance, see Section 200.50.

Irrespective of monetary or other limitations specified in this section, the Board of Directors may, at its discretion, direct the manner in which a specific purchase will be made.

200.30 Purchases of Materials and Trade Services in Excess of \$100,000

Except as otherwise specified herein, all purchases of materials and trade services where the estimated contractual amount is in excess of \$100,000, or the estimated cumulative amount per annum per vendor will exceed \$100,000, will be made by a competitive process in the following manner.

An RFQ or RFP inviting bids for such purchases or trade services will be sent to at least three qualified bidders as determined by the District, at least 10 days prior to the date designated for receipt of responses to the RFQ or RFP. If there are not three qualified bidders, then staff shall prepare a memorandum to the General Manager (and retained in the project file) describing the nature of the work and reason that fewer than three qualified bidders were solicited to provide the materials or services.

For trade services, selection criteria will be established by the District, which may be based solely on qualifications of the candidate(s). The bidder with the highest score in accordance with the scoring criteria stated in the RFP/RFQ shall be selected.

For material purchases, the responsible and responsive bidder providing the lowest cost bid shall be selected.

A written contract will be executed for all such purchases, preferably a contract prepared by the District.

The General Manager may determine and declare a bidder not to be a responsible bidder

upon consideration of the following factors:

- (a) The bidder's record of performance on previous contract(s) or service(s), including the number and dollar amount of change orders;
- (b) The bidder's previous and existing compliance with laws and ordinances relating to the contract or service;
- (c) The bidder's ability, capacity, and skill to perform the work or provide the service required;
- (d) Whether the bidder has the facilities to perform the work or provide the service promptly, or within the time specified, without delay or interference;
- (e) The sufficiency of the financial resources of the bidder to perform the work or provide the service;
- (f) The ability of the bidder to provide future maintenance and service (if required) of the commodity purchased; and
- (g) The character, integrity, reputation, judgment, experience, and efficiency of the bidder.

Upon determination that a bidder is not a responsible bidder, the General Manager will transmit to the bidder a statement of the basis for such determination, and the bidder will be given a reasonable opportunity to refute the basis for such determination, prior to awarding the contract to a responsible bidder.

Once notified, a non-responsible bidder may appeal the District's proposed determination of disqualification. The District will provide a two-tiered appeal process, consisting of an initial appeal to (1) the General Manager, and (2) if dissatisfied with the General Manager's decision, to the Board of Directors or a committee of Directors assigned by the Board President. The Board of Directors' ruling on a disqualification appeal is final.

200.40 General Purchasing Guidelines

- (a) Purchases made with the District's Purchasing Card (Cal Card) shall conform to this Policy and Policy PL Fin 006 "Purchasing Card Policy."
- (b) Purchases made under this Policy shall be pre-authorized in accordance with District Procedures.
- (c) Employees not designated under a signed authorization issued by the General Manager or his/her designee shall not encumber the District for materials or trade services without prior, written authorization from the General Manager or his/her designee.

- (d) Sales, Use, and other excise taxes shall be paid when required by State or Federal law.
- (e) Once materials or trade services received by the District have been confirmed to be acceptable and an appropriate invoice has been received, the District shall process the invoice, obtain the necessary approvals and pay for the materials or trade services within 30 days of receipt of invoice. If the invoice received is not approved, the District will provide notification of the deficiencies to the vendor within two weeks of receipt of invoice.
- (f) All orders and invoices received by the District must be approved within the terms and conditions set forth by the General Manager in appropriately established purchasing procedures and controls before payment is made.
- (g) The General Manager may establish one or more imprest (cash) accounts for the purposes of paying vendors or reimbursing employees for District expenditures of materials or trade services costing less than \$500. Appropriate controls and procedures will be established by the General Manager or his/her designee.
- (h) All District purchases shall be made for District purposes only. Staff are prohibited from using District resources of any kind for personal purchases.

200.50 Emergency Purchases

In case of emergency, where a purchase has not been authorized by the Board of Directors or this Policy requires such purchase to be made by competitive process or RFQ or RFP, and the General Manager has determined that the best interests of the District require that such purchase be made before the Board of Directors can meet to authorize such purchase, the General Manager or designee is authorized to make such purchase by negotiation after first obtaining the written or verbal consent of **two members** of the Board of Directors, one of who should be the Board President unless he or she is unavailable. The General Manager will thereafter promptly report in writing to the Board of Directors at the next regularly scheduled meeting of the Board of Directors the nature and amount of the purchase and the emergency circumstances justifying such purchase.

200.60 Direct Award Approval

Competitive bidding in accordance with section 200.30 generally is required for purchases of materials or trade services greater than \$100,000. However, in certain situations, the District may benefit from waiving required competitive bidding and negotiating a materials or trade services agreement directly with a single service provider or vendor. Examples of such situations include:

- a) Selecting a consultant or service provider based on unique experience, ability and/or knowledge.
- b) Purchasing replacement equipment parts where doing so from other than the original equipment manufacturer or other select manufacturer could adversely impact a warranty or ongoing maintenance.

- c) Purchasing new or replacement equipment or work which must integrate with existing assets and where it is not reasonably available from a source other than the service provider or vendor who supplied the existing asset or where equipment or operations compatibility concerns compel a purchase from a particular manufacturer.

In these situations, and before a contract is issued by the District, the General Manager must approve the waiver. To make a waiver request, a justification shall be prepared by the employee with authority to make the purchase or enter into the contract to explain the reasons for waiving competitive bidding and sent to the General Manager. At minimum, the justification shall address the economics, operating efficiencies, and any legal considerations of using a Direct Award approach.

The General Manager shall review the justification and prepare a written reply to the requesting employee indicating approval or disapproval of the request.

The employee responsible for issuing a contract under an approved Direct Award request should ensure that a copy of the request/justification and General Manager's reply is retained in the respective project file.

200.70 Acquisitions of Real Property Interests

When the acquisition of a real property interest is being considered, the General Manager must comply with the following process:

- (a) The Board of Directors must be informed in writing, in advance of the intended acquisition, of its estimated cost (including purchase price, transaction costs, and required or prudent site assessments and studies), known or suspected environmental concerns, the District purpose and public necessity for purchasing the real property interest, and the need for any budget augmentation for the purchase. This may be done at annual Budget time or at any point throughout the year.
- (b) After Board approval in principle of the proposed purchase of the real property interest, staff is authorized to expend District resources on site studies, professional assistance and other studies/consultation.
- (c) If staff proposes to move forward with a purchase of an interest in real property after performing appropriate due diligence, the Board of Directors must first provide final approval of the acquisition.
- (d) After such Board approval, the General Manager may proceed to close on the purchase.
- (e) Nothing in this section is intended to limit the General Manager's authority to accept easements and other interests in real property that are necessary for a District public works project and that are donated or granted as a condition of accepting the work or project.

300.00 Policy Review

This policy shall be periodically reviewed by the Board of Directors in accordance with its established policy review schedule.



Agenda Item: 9

Date: November 18, 2024

Subject: Calendar Year 2025 Budget

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Staff are recommending the Board to take the following actions:

1. Adopt the Calendar Year 2025 Budget as presented. (Attachment 1)
2. Adopt the multi-year project budgets and spending schedule as presented. (Attachment 1)
3. Adopt implementation of the planned 5.0% rate increase, as approved by the Board at the October 7, 2024, Rate Hearing, effective January 1, 2025.
4. Approve the attached salary band schedule for 2025. (Attachment 2)

Background:

Staff presented to the Board at the November 11, 2024, Special Board Workshop its proposed draft of the Calendar Year 2025 (CY2025) Budget for review and comment. The Board reviewed and discussed the proposed CY2025 Budget and had no recommended changes as presented.

Discussion:

Staff are presenting for Board consideration the following proposed CY2025 Budget. The following is a summary of the proposed CY2025 Budget (the actual budget is included as Attachment 1):

Source Budgets:	<u>2025 Proposed Budget</u>
Income From Customers	\$ 56,966,000
Total Other Income	1,386,000
Grant Income	3,392,000
Reserve Use	7,034,000
Total Sources	<hr/> \$ 68,788,000
Use Budgets:	
Operations	\$ 29,347,000
Capital – Current Spending	30,233,000
Capital – Committed Funds	2,205,000
Debt Service	6,993,000
Reserve Funding	-
Total Uses	<hr/> \$ 68,788,000

Reserve Balance:

Change in Reserve Balance	\$ (7,034,000)
Reserve Balance, Beginning of Year	52,768,343
Reserve Balance, End of Year	\$ 45,734,343

For the third year, staff are presenting for Board approval Multi-Year Capital Improvement Projects. These are projects that extend beyond two years and require Board approval to enable the General Manager to sign contracts for amounts greater than the current year’s authorized spending (budget amount). Per District policy PL – Eng 002 – Public Works Contracting Policy, Section 200.00, the General Manager is authorized to sign contracts up to the approved budget amount. By approving these multi-year projects, the Board is authorizing the General Manager to enter into contracts up to the total budget amount for each project.

YEAR	Wells 81, 82, 83	Well 84	Well 85	Well 86	Butterball MRA 5B	Total Costs
2021	190,630	-	-	-	-	190,630
2022	5,192,646	1,131,690	-	-	-	6,324,336
2023	7,196,500	6,110,300	-	-	-	13,306,800
2024	6,798,000	6,124,000	220,000	-	250,000	13,392,000
2025*	6,400,000	500,000	3,260,000	200,000	100,000	10,460,000
2026	200,000	-	325,000	3,358,000	350,000	4,233,000
2027	-	-	2,373,000	350,000	-	2,723,000
2028	-	-	2,372,000	2,400,000	150,000	4,922,000
2029	-	-	450,000	2,400,000	-	2,850,000
2030	-	-	-	450,000	-	450,000
	25,977,776	13,865,990	9,000,000	9,158,000	850,000	

*Calendar Year 2025 approved spending limit and included in total 2025 Capital Budget.

Fiscal Impact:

If adopted as presented, the 2025 Operating Budget would be approximately \$29.3 million; the 2025 Capital Budget would be approximately \$32.4 million, and the 2024 Debt Service Budget would be approximately \$7.0 million. The total of all three budgets would be approximately \$68.8 million. Revenues are projected to be approximately \$61.7 million (if customer rate increases per the 2024 Rate Study are implemented) with approximately \$7.0 million in reserve usage to balance the budget. Reserves are projected to be approximately \$45.7 million at the end of 2025.

Strategic Plan Alignment:

Goal C – Ensure Fiscal Responsibility and Affordable Rates.

Attachments:

- 1 – Proposed Calendar Year 2025 Budget
- 2 – Proposed Calendar Year 2025 Salary Bands

2025 BUDGET

Revenues and Sources of Funds Budget	2025 Budget
Revenue from Customers	\$ 56,966,000
Other Revenue	1,386,000
Grant Revenue	3,392,000
Total 2025 Revenue	\$ 61,744,000

Reserve Use	\$ 7,034,000
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Total 2025 Revenues and Sources	\$ 68,778,000
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Operating Budget	2025 Budget
Board of Directors Total	\$ 115,000
Administrative Total	3,503,000
Finance Total	1,381,000
Customer Services Total	1,595,000
Field Operation Total	639,000
Production Total	9,417,000
Distribution Total	3,476,000
Field Services Total	1,744,000
Maintenance Total	829,000
Conservation Total	856,000
Environmental Compliance Total	1,206,000
Engineering Total	1,891,000
GIS/CAD Total	569,000
Human Resource Total	532,000
Information Technology Services Total	1,314,000
Community Outreach Total	280,000
Total Operating Budget	\$ 29,347,000

Capital Budget	2025 Budget
Capital Improvement Program (CIP)	
Dist. Main Replacement	\$ 6,572,000
Well Replacement	10,360,000
Well Rehab. And Related Capital Costs	4,404,000
Other Re-occurring Annual Capital Costs	2,489,000
Reservoir and Booster P.S.	3,270,000
Well Development Funding	2,205,000
CIP Subtotal	\$ 29,300,000
Operating Capital Program (OCP)	
Operations	\$ 1,542,000
Vehicles/Fleet/Equipment	214,000
Information Technology	791,000
Property Acquisition	120,000
Maintenance	471,000
OCP Subtotal	\$ 3,138,000
Total Capital Budget	\$ 32,438,000

Debt Service Budget	\$ 6,993,000
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Total 2025 Costs	\$ 68,778,000
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Reserve Funding	\$ -
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Capital Improvement Program (CIP) - Multi-Year Project Budget

	YEAR	Wells 81, 82, 83	Well 84	Well 85	Well 86	Butterball MRA 5B	Total Costs
Actual	2021	190,630	-	-	-	-	190,630
Actual	2022	5,192,646	1,131,690	-	-	-	6,324,336
Actual	2023	7,196,500	6,110,300	-	-	-	13,306,800
Projected	2024	6,798,000	6,124,000	220,000	-	250,000	13,392,000
Budget	2025*	6,400,000	500,000	3,260,000	200,000	100,000	10,460,000
Forecast	2026	200,000	-	325,000	3,358,000	350,000	4,233,000
Forecast	2027	-	-	2,373,000	350,000	-	2,723,000
Forecast	2028	-	-	2,372,000	2,400,000	150,000	4,922,000
Forecast	2029	-	-	450,000	2,400,000	-	2,850,000
Forecast	2030	-	-	-	450,000	-	450,000
		25,977,776	13,865,990	9,000,000	9,158,000	850,000	

* Calendar Year 2025 approved spending limit and included in total 2025 Capital Budget

Non-Exempt Classifications

TITLE	2025 HOURLY RANGE		2025 ANNUAL RANGE	
Accountant I	\$ 37.47	\$ 46.83	\$ 77,937.60	\$ 97,406.40
Accounting Technician I	\$ 26.93	\$ 33.65	\$ 56,014.40	\$ 69,992.00
Accounting Technician II	\$ 29.62	\$ 37.02	\$ 61,609.60	\$ 77,001.60
Administrative Assistant I	\$ 26.44	\$ 33.05	\$ 54,995.20	\$ 68,744.00
Administrative Assistant II	\$ 29.38	\$ 36.72	\$ 61,110.40	\$ 76,377.60
Assistant Engineer	\$ 47.29	\$ 59.12	\$ 98,363.20	\$ 122,969.60
Cross Connection Control Specialist	\$ 39.20	\$ 49.00	\$ 81,536.00	\$ 101,920.00
Customer Service Representative I	\$ 26.23	\$ 32.78	\$ 54,558.40	\$ 68,182.40
Customer Service Representative II	\$ 28.84	\$ 36.06	\$ 59,987.20	\$ 75,004.80
Distribution Operator I	\$ 31.98	\$ 39.98	\$ 66,518.40	\$ 83,158.40
Distribution Operator II	\$ 35.19	\$ 43.98	\$ 73,195.20	\$ 91,478.40
Distribution Operator III	\$ 36.94	\$ 46.18	\$ 76,841.86	\$ 96,052.32
Engineering Drafter	\$ 33.03	\$ 41.30	\$ 68,702.40	\$ 85,904.00
Engineering Project Coordinator	\$ 38.77	\$ 48.46	\$ 80,641.60	\$ 100,796.80
Environmental Compliance Technician	\$ 34.89	\$ 43.62	\$ 72,571.20	\$ 90,729.60
Facilities & Fleet Specialist	\$ 35.19	\$ 43.98	\$ 73,195.20	\$ 91,478.40
Field Operations Coordinator	\$ 36.94	\$ 46.18	\$ 76,835.20	\$ 96,054.40
Foreman (Distribution, Production)	\$ 45.23	\$ 56.54	\$ 94,078.40	\$ 117,603.20
GIS Coordinator	\$ 46.43	\$ 58.03	\$ 96,574.40	\$ 120,702.40
GIS Technician I	\$ 34.75	\$ 43.45	\$ 72,280.00	\$ 90,376.00
GIS Technician II	\$ 38.23	\$ 47.79	\$ 79,518.40	\$ 99,403.20
Human Resources Technician	\$ 35.80	\$ 44.75	\$ 74,464.00	\$ 93,080.00
Information Technology Technician I	\$ 35.24	\$ 44.05	\$ 73,299.20	\$ 91,624.00
Information Technology Technician II	\$ 38.77	\$ 48.46	\$ 80,641.60	\$ 100,796.80
Instrumentation Technician	\$ 42.79	\$ 53.48	\$ 89,003.20	\$ 111,238.40
Production Operator I	\$ 31.98	\$ 39.98	\$ 66,518.40	\$ 83,158.40
Production Operator II	\$ 35.19	\$ 43.98	\$ 73,195.20	\$ 91,478.40
Production Operator III	\$ 36.94	\$ 46.18	\$ 76,841.86	\$ 96,052.32
Purchasing Specialist	\$ 35.69	\$ 44.61	\$ 74,235.20	\$ 92,788.80
SCADA Analyst	\$ 51.84	\$ 64.79	\$ 107,827.20	\$ 134,763.20
SCADA Technician I	\$ 40.57	\$ 50.71	\$ 84,385.60	\$ 105,476.80
SCADA Technician II	\$ 45.07	\$ 56.34	\$ 93,745.60	\$ 117,187.20
Senior Accounting Technician	\$ 32.57	\$ 40.72	\$ 67,745.60	\$ 84,697.60
Senior Customer Service Representative	\$ 31.73	\$ 39.66	\$ 65,998.40	\$ 82,492.80
Senior Environmental Compliance Technician	\$ 38.38	\$ 47.98	\$ 79,830.40	\$ 99,798.40
Senior Inspector	\$ 40.21	\$ 50.27	\$ 83,636.80	\$ 104,561.60
Water Conservation Technician I	\$ 30.38	\$ 37.96	\$ 63,190.40	\$ 78,956.80
Water Conservation Technician II	\$ 33.41	\$ 41.76	\$ 69,492.80	\$ 86,860.80

Exempt Classifications

TITLE	2025 HOURLY RANGE		2025 ANNUAL RANGE	
Accountant II	\$ 36.06	\$ 51.52	\$ 75,004.80	\$ 107,161.60
Assistant General Manager	\$ 66.74	\$ 95.34	\$ 138,819.20	\$ 198,307.20
Associate Engineer	\$ 47.59	\$ 67.99	\$ 98,987.20	\$ 141,419.20
Conservation and Communications Supervisor	\$ 44.47	\$ 63.53	\$ 92,497.60	\$ 132,142.40
Controller	\$ 53.35	\$ 76.21	\$ 110,968.00	\$ 158,516.80
Customer Services Manager	\$ 52.71	\$ 75.31	\$ 109,636.80	\$ 156,644.80
Distribution Superintendent	\$ 47.49	\$ 67.84	\$ 98,779.20	\$ 141,107.20
Engineering Manager	\$ 62.64	\$ 89.48	\$ 130,291.20	\$ 186,118.40
Environmental Compliance Supervisor	\$ 48.43	\$ 69.18	\$ 100,734.40	\$ 143,894.40
Executive Assistant to the General Manager	\$ 36.70	\$ 52.44	\$ 76,336.00	\$ 109,075.20
Director of Finance and Administration	\$ 65.03	\$ 92.90	\$ 135,262.40	\$ 193,224.00
Human Resources Manager	\$ 46.17	\$ 65.96	\$ 96,033.60	\$ 137,196.80
Information Technology Analyst	\$ 39.40	\$ 56.29	\$ 81,952.00	\$ 117,083.20
Information Technology Manager	\$ 54.98	\$ 78.54	\$ 114,358.40	\$ 163,363.20
Operations Manager	\$ 60.97	\$ 87.10	\$ 126,817.60	\$ 181,168.00
Production Superintendent	\$ 52.24	\$ 74.63	\$ 108,659.20	\$ 155,230.40
Project Manager	\$ 45.33	\$ 64.74	\$ 94,286.40	\$ 134,659.20
Safety/Risk Officer	\$ 46.99	\$ 67.12	\$ 97,739.20	\$ 139,609.60
Senior Engineer	\$ 54.72	\$ 78.18	\$ 113,817.60	\$ 162,614.40
Senior Project Manager	\$ 52.12	\$ 74.46	\$ 108,409.60	\$ 154,876.80



Agenda Item: 10

Date: November 18, 2024

Subject: Alternative to Merit Matrix Compensation System

Staff Contact: Dan York, General Manager

Recommended Board Action:

Discuss alternatives to Sacramento Suburban Water District’s current merit matrix compensation system as indicated in District’s 2024 Goals and the Employee Performance Evaluation, Merit and COLA Policy and direct staff as appropriate.

Background:

Staff presented this subject to the Board at the September regular Board meeting and the Board directed staff to bring the item back when all the Directors were present and able to discuss the options.

On October 20, 2003, Sacramento Suburban Water District (District) adopted the Employee Performance Evaluation, Merit and COLA Policy (Policy), which has been revised over the years with the last revision being accepted on October 19, 2020.

The purpose of the Policy is to “establish guidelines to evaluate and assess employee job performance to assist (employees) in improving their job performance...to provide the basis for annual merit increases...It is the District’s policy to provide a program for advancement of its employees within the pay/salary bands for their classification using a merit-based system based on performance and goal achievement documented through an evaluation process.”

Merit increases are recommended for individual employees based on their performance during a rating period. They are used as an incentive to motivate employees by recognizing performance at and beyond expectations or requirements for a position. In addition, merit increases serve as a retention, productivity, and performance management tool. Merit increases at the District move the employee’s salary to a higher level within their designated salary band, but do not adjust the salary band.

Per the District’s Employee Performance Evaluation, Merit and COLA Procedure, “merit increases are not automatic; they are given based on performance and in accord with...the budget allocation approved by the Board of Directors.”

After the annual merit increase budget is approved by the Board, merit increases are calculated based on final performance evaluation scores and approved by the General Manager. The evaluations currently provide ratings from 1-5 (1 low, 5 high). The ratings are totaled and then

converted into a merit increase percentage. Of note is that not all employees receive the maximum merit percent in any year since merit increases are awarded based on scores in individual performance evaluations. In addition, employees who have performance that is rated “Below Expectations” are not eligible for and do not receive a merit increase.

For 2023, the maximum merit percentage approved by the Board of Directors as part of the labor budget was 5%, so the maximum merit percentage award for District employees was 5%:

Performance Rating	Unsatisfactory (1)	Below Expectations (2)	Meets Expectations (3)	Exceeds Expectations (4)	Exceptional (5)
Merit Increase	0%	0%	3%	4%	5%

Total scores may result in merit increases ranging from 3.0% to 5.0% in ½% increments.

Discussion:

As a part of the District’s goals for 2024, the Board directed the General Manager to develop alternatives to the current merit matrix compensation system “with the intent to identify top performers, mid performers and under performers to allow potential for up to a 10% merit increase to as low as a 0% merit increase.”

The District’s current merit process disqualifies underperforming employees (those with ratings of “Below Expectations”) from receiving a merit increase (0% merit increase). In 2024, merit percentages awarded for the 2023 review period, ranged from 0.0% to 5.0%.

However, to address the option for a higher merit percentage, staff researched the merit systems of comparable agencies, many of which employ a “step” range of salaries, and is providing an alternative for the Board’s discussion and review, as well as the option to maintain the District’s current Merit process.

Below are some options that staff is providing to the Board for consideration:

Top Performer Award Program

This addition would maintain the current merit award system’s standard 3-5% merit increase for satisfactory performers and those at a higher-than-standard performance level and continue with no merit increase for those employees who are not meeting expectations. However, there would be an additional opportunity for up to an additional 5% merit to be awarded to the District’s highest tier, or exceptional, performers. This one-time “Top Performer” merit award would be granted by the General Manager to applicable employees, would be funded with the remaining merit budget after regular merit was awarded, and would require specific guidelines to be met:

Top Performer merit awards would be granted only when performance clearly exceeds even exceptional performance levels. Examples of “Top Performer” job performance could include: 1) developing and/or implementing new programs which result in significant financial savings or operational improvement in District services; 2) development of and/or active participation in operational, technical or management programs which may be utilized by departments other than the one in which the employee works; 4) willingness to accept management or special

assignment responsibilities; 5) significantly exceeding performance standards for the District as defined by the General Manager.

In this alternative, the District's top performer(s) could be eligible for a maximum of 10% in merit increase percentages: Up to 5% of the merit would be provided via the standard merit increase, either via movement through the salary band, or, for employees at the top of their position/salary band, in the form of a one-time payment and/or a one-time allocation of additional vacation hours. Up to an additional 5% would be paid out as a one-time "Top Performance" award. This one-time award would not affect the employee's placement in their salary band or affect PERS compensation.

Department managers would have the opportunity to present the General Manager with nominations, but the final award(s) would be at the discretion of the General Manager.

As part of the District's values to attract and retain a qualified and skilled workforce, the Board has continually voted to maintain the District as a competitive agency within the labor market. Part of remaining competitive is to provide clear incentives for employees to not only want to perform at the highest level, but to perform at a high level on a sustained basis.

Fiscal Impact:

Future applicable increases to salaries will be presented to the Board as part of the CY2025 Labor Budget, including Merit and COLA costs. No increase to the existing merit budget is being requested.

Strategic Plan Alignment:

Goal B - Optimize Operations and Organizational Efficiencies

Goal C - Ensure Fiscal Responsibility and Affordable Rates

Goal D - Maintain Excellent Customer Service

Goal E - Retain and Recruit a Qualified and Stable Workforce



Agenda Item: 11

Date: November 18, 2024

Subject: Regular Board Meeting Time

Staff Contact: Dan York, General Manager

Recommended Board Action:

Either:

1. Direct staff to bring back a Resolution to amend Policy PL-BOD 002, Rules for Proceedings of the Board of Directors with specific desired changes or;
2. Take no action.

Discussion:

It has been suggested to move the start time of the District's regular Board meetings from 6:00 p.m. to earlier in the evening to help alleviate late adjournments.

The location, times and dates of the regular Board meetings are embedded in Rule 3 of the Policy PL-BOD 002, Rules for Proceedings of the Board of Directors. In order to make changes to that section of the policy, an adopted Resolution by the Board of Directors is required.

Attachment:

1. Rules for Proceedings of the Board of Directors (PL – BOD 002)

Sacramento Suburban Water District

**Rules for Proceedings of the
Board of Directors**

Adopted: February 20, 2002
Approved with Changes: March 21, 2022

Introduction

These are the rules for proceedings of the Board of Directors of Sacramento Suburban Water District. (See Water Code section 30530.) The purposes of these rules are to facilitate public participation during meetings of the Board, protect the rights of all Directors, and to provide a process for conducting Board meetings in an orderly and efficient manner. The provisions of the County Water District Law (see Water Code sections 30000, *et seq.*), Brown Act (Government Code section 54950, *et seq.*) and any other applicable law will control over any inconsistent provision contained in these rules.

Rule 1 – Selection of Officers

The President and Vice-President of the Board will be elected by the members of the Board for a one-year term. The election will be held at the first regular meeting in December of each year or at any earlier special meeting called for the purpose of swearing in new members and organizing the Board. (See Water Code section 30520 and Elections Code section 10554.) The remaining provisions of this paragraph will be considered discretionary guidelines for the Board to follow in selecting its President and Vice-President, and will not be binding on the Board. The Board will normally follow a rotation for the election of President and Vice-President under which the Vice President will normally be elected President at the conclusion of the President's one-year term. If the membership on the Board of the President is terminated before the expiration of his or her one-year term of office, the Vice-President will automatically become the President for the balance of that term.

In the event of a contested election, the following is the recommended procedure for nominating and selecting the Board President or Vice President: (1) the then-presiding President should open nominations and ask if there are there any nominations for the contested office; (2) any Director then may make a nomination -- e.g., "I nominate Director X" -- no second is required for a nomination, although sometimes one or more Directors will second a nomination to indicate endorsement (a Director may nominate himself or herself, but nominations cannot be accepted from members of the public); (3) a Director may decline a nomination; (4) when it appears that no one else wishes to make a nomination, the President should ask if there are additional nominations -- if there is no response, the President then should declare that the nominations for the office are closed and state the names of the nominees (it is unnecessary to have a motion to close the nominations); (5) after nominations have been closed, nominations may be reopened only by a motion, second and majority vote to reopen them; (6) after nominations have been closed and

before the vote, the public should be provided an opportunity to comment on the agenda item; (7) the President then should call for votes on the nominees by a roll call vote on each nominee, and each Director should cast his or her ye or nay vote on each nominee, e.g., “For the first nominee for President, Director X, please state your vote by ye or nay;” (8) nominees should be voted on in the order in which they are nominated and the process should continue until there is a majority approval of one of the nominees; and (9) as soon as one of the nominees receives a majority vote, the President should declare that person elected to the office and no vote is taken on any remaining nominees.

The Board will by majority vote appoint a Secretary and Treasurer, who will serve at the pleasure of the Board. (See Water Code sections 30540-30543.)

Rule 2 – Duties of President of the Board

The President of the Board of Directors will be its presiding officer. (See Water Code section 30520.) The President's duties will include, but not be limited to, the following: acting as the liaison between the General Manager and the Board, calling special meetings of the Board, presiding over meetings of the Board, establishing and appointing committees of the Board, and appointing representatives of the District to associations of which the District is a member or in which it has a significant interest. The Board will appoint representatives of the District to joint powers authorities of which the District is a member. In the President's absence, the Vice-President of the Board will perform such duties. If both the President and Vice-President are absent from a noticed public meeting, the remaining three Board members will choose one of their number to preside.

Rule 3 – Time and Place for Regular Meetings

The regular monthly meeting of the Board of Directors will be held in the Boardroom at the District's administrative office (3701 Marconi Avenue, Suite 100, Sacramento, California) on the third Monday of each month, commencing at 6:00 p.m., except that the January regular Board meeting will be held on the fourth Monday of that month due to the Martin Luther King, Jr. Holiday, and the February meeting will be held on the Monday following the President's Day Holiday. The location, day and time for holding regular meetings may be changed by the Board of Directors from time to time by resolution. If a regular meeting falls on a different holiday (as listed in Government Code section 6700), the meeting will be held on the day designated by the Board by minute order. (See Government Code section 54954(a).)

Rule 4 – Quorum Requirements

The Board of Directors consists of five members. Three members of the Board will constitute a quorum for the transaction of business. (See Water Code section 30524 and Resolution 04-09, adopted April 19, 2004).

Rule 5 – Majority Vote

Three members of the Board will be required to vote “yes” to approve any ordinance, resolution or motion, unless a super-majority vote is required to approve a particular action is specified under State law. (See Water Code section 30525.)

Rule 6 – What Constitutes an Affirmative Vote

Unless a Director is not voting because of a conflict of interest, a Director who is present for a vote on a matter before the Board will be deemed to have voted in the affirmative on a matter unless the Director votes against the measure by casting a “no” or an “abstain” vote. When calling for the vote on a motion, the President of the Board may (a) call for “aye”, “no”, and “abstain” votes, or (b) ask if there are any “no” or “abstain” votes, since the remaining Directors present will be deemed to have voted in the affirmative unless they are not voting due to a conflict of interest.

Rule 7 – Conflicts of Interest

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

If a member of the Board believes he or she may be disqualified from participating in the discussion, deliberations or vote on a particular matter due to a conflict of interest, the following procedure will be used: (a) if the Director becomes aware of the potential conflict of interest before the Board meeting at which the matter will be discussed or acted on, the Director will notify the General Manager of the potential conflict of interest, so that a determination can be made whether it is a disqualifying conflict of interest; (b) if it is not possible for the Director to discuss the potential conflict with the General Manager before the meeting, or if the Director does not become aware of the potential conflict until during the meeting, the Director will immediately disclose the potential conflict during the Board meeting, so that there can be a determination whether it is a disqualifying conflict of interest; and (c) upon a determination that there is a disqualifying conflict of interest, the Director will (1) announce that he or she has a conflict of interest and provide an explanation of what constitutes the conflict; (2) not participate in the discussion, deliberation or

vote on the matter for which a conflict of interest exists; and (3) leave the Board room until after the discussion, vote and any other disposition of the matter has been concluded, unless the matter has been placed on the consent agenda. However, the Director may return to the boardroom and speak as a member of the public on the matter during the time that the general public speaks on the matter. In such a case, the Board minutes will state: "Due to a potential conflict of interest, Director _____ did not participate in the discussion, deliberation or vote on this matter."

A Board member also is prohibited from having a financial interest in a contract with the District, or be purchaser at a sale by the District or a vendor at a purchase made by the District, unless the Board member's participation is authorized under Government Code section 1090, 1091 or 1091.5, or other provisions of law. Any Director who has a prohibited interest in a contract proposed to be made by the District should declare the conflict as soon as it becomes known and the Board will not consider or take any further action in regard to such contract.

Rule 8 – Motions

The three steps for bringing a motion before the Board are: (a) a Director makes a motion, (b) another Director seconds the motion, and (c) the President states the motion. Once the motion has been stated by the President, it is open to formal discussion. A motion which does not receive a second dies and is not further considered. While only one motion can be considered at a time, and a motion must be disposed of before any other question is considered, (a) a motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded, or by a new motion and second, which is then approved by the Board, or (b) a motion may be tabled before it is voted on by motion made to table, which is then seconded and approved by the Board, or (c) a motion may be rejected without further discussion of or action on the motion by a motion of "objection to consideration," which is then seconded and approved by the Board, or (d) further discussion of a motion can be terminated by a motion "to call the question," which is then seconded and approved by the Board. Any Director, including the President, may make or second a motion.

Rule 9 – Protection of Rights of Directors

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

Rule 10 – Record of Vote

Except where action is taken by the unanimous vote of all Board members present and voting, the ayes and noes taken upon the passage of all ordinances, resolutions or motions will be entered upon the minutes. (See Water Code section 30526.)

Rule 11 – Ordinances

The enacting clause of all ordinances passed by the Board will be: “Be it ordained by the Board of Directors of Sacramento Suburban Water District as follows:” (See Water Code section 30527.) All ordinances will be signed by the President and attested by the Secretary. (See Water Code section 30528.)

Rule 12 – Agenda and Agenda Materials

In consultation with the Board President, the General Manager will be responsible for preparing the agenda for regular Board meetings and meetings of standing committees (see Government Code section 54952 and Rule 22), and having the agenda for regular Board meetings and standing committee meetings posted at the District office in a location freely accessible to the public no later than seventy-two hours before a regular meeting and on the District’s website. The agenda will specify the time and location of the meeting and contain a brief, general description of each item of business to be transacted or discussed at the meeting, including closed session items. (See Government Code section 54954.2.) Any member of the Board may request the General Manager to place an item for discussion or action on the agenda. In order to allow sufficient time to prepare the agenda and back-up materials, the deadline for adding items to the agenda for a regular meeting will be at 4 p.m., ten working days before the meeting. Any member of the public may make a request to the Board at any regular meeting to place an item for discussion on a future agenda, but such a request will be honored only if a majority of the Board approves by motion or consensus.

An agenda for a regular or special Board meeting will contain the following statements: (a) “The public may address the Board concerning an agenda item either before or during the Board’s consideration of that agenda item.” (See Government Code section 54954.3(a).); (b) “Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.” (See Government Code section 54957.5(b)(2).); and (c) “In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact [insert the name and telephone number of the person designated by the General Manager]. Requests must be made as early as possible, and at least one-full business day before the start of the meeting.” (See Government Code section 54954.2(a).).

Agendas for all regular and special board meetings and all standing committee meetings will be posted on a freely accessible place on the outside of the District’s administrative office and on the District’s website at least 72 hours in advance of a regular board meeting and 24 hours in advance of a special board meeting. (See Government Code section 54954.2.)

Rule 13 – Requests for Copies of Agendas and Agenda Materials

Any person may request the District to mail or electronically mail him or her a copy of the agenda or agenda packet for any meeting of the Board. When the District receives such a request,

the General Manager or his/her designee will distribute copies of the requested materials (except for documents that are exempt from disclosure under the Public Records Act) to the requesting party at the time that the agenda is posted or when the agenda packets are distributed to a majority of the Board members, whichever occurs first. Any request for copies of agendas or agenda packets for all Board meetings in a given year will be valid for the calendar year in which the request is submitted, and the request must be renewed after January 1 of each year in which it is to remain in effect. (Government Code section 54954.1.)

Documents that are distributed to all or a majority of the members of the Board by any person in connection with a matter subject to discussion or consideration at a regular or special meeting of the Board will be disclosable public records under the California Public Records Act (commencing with Government Code section 6250), and will be made available upon request by a member of public without delay, except as to documents that are exempt from disclosure under the Public Records Act. Any public documents related to an open session agenda item that are distributed to all or a majority of Board members by staff or any third party less than 72 hours before a regular Board meeting will be made available for public inspection at the same time. Such documents will be available for public inspection in the customer service area of the District's Administrative Office. Documents that are distributed during a regular or special Board meeting that are subject to disclosure under the Public Records Act will be made available for public inspection at the meeting, if prepared by the District or a member of the Board, or after the meeting, if prepared by some other person. The District may charge a fee for responding to requests for copies of agendas, agenda packets or other documents, which fee will be limited to the District's copying and postage costs as provided in the District's Records Inspection, Retention, and Disposal Policy (PL - Adm 002). (See Government Code section 54957.5(a) and (b).)

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

If the District records the meeting, it will retain the recording in accordance with the District's Records Inspection, Retention, and Disposal Policy (PL - Adm 002), after which it will be erased or destroyed. The public may inspect the recording on a computer made available by the District, without charge. (See Government Code section 54953.5(b).)

Rule 14 – Authority to Act on Matters Not on the Agenda

The Board will not take action on or discuss any item not appearing on the posted agenda, except under the following conditions, in which cases the item will be publicly identified before discussion begins: (a) upon a determination by a majority of the Board that an emergency situation exists, as further described in Rule 25 hereof; (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; or (c) the item was posted for a prior meeting of the Board occurring not more than five calendar days prior to the date action is taken on the item, and at the prior meeting the item was continued to the meeting at which action is being taken. (See Government Code sections 54954.2 and 54956.5.)

Rule 15 – Consent Agenda

The General Manager may list on the agenda a “consent agenda,” which will consist of routine matters on which there is generally no opposition or need for discussion. Examples of consent agenda items might include approval of minutes, financial reports, and routine resolutions. Any matter may be removed from the consent agenda and placed on the regular agenda at the request of any member of the Board. The entire consent agenda may be approved by a single motion made, seconded and approved by the Board.

Rule 16 – Oral Informational Reports

Any member of the Board may make an oral report at a regular meeting for the purpose of informing the Board of any matter of interest to the District. Regular meeting agendas will include specific items for Directors’ reports and comments. The Board also may call on the General Manager, District staff or consultants, or District legal counsel for oral informational reports on matters not on the agenda. Unless the Board makes the determinations required under Rule 14, there will be no more than limited discussion, and no action, on matters covered in such oral reports. (See Government Code section 54954.2(a).)

Rule 17 – Public Participation

Every agenda for a regular meeting will provide an opportunity for members of the public to directly address the Board on items of interest that are within the subject matter jurisdiction of the Board and that do not appear on the agenda. This agenda item will be described substantially as follows: “Opportunity for public comment on non-agenda items within the Board’s jurisdiction.” During the Public Forum, the Board may, at its discretion, not respond, briefly respond to statements made or questions posed by the public or ask a member of the public for a brief clarification of their comments, or ask District staff or District consultants for clarification, refer the matter to District staff or ask District staff or District consultants to report back at a future meeting. (See Government Code sections 54954.2 and 54954.3.) If the Board believes that a member of the public has useful information or input on a matter being considered by the Board or relevant to the District’s business, the Board may direct the General Manager or other appropriate staff member to meet with or contact that member of the public to obtain additional input or information. The Board will not take action on any matter raised during the Public Forum, unless the Board first makes the determinations set forth in Rule 14. In order to facilitate public participation during the Public Forum session of the meeting, the Board may limit the total amount of time allocated for public comment on a particular issue (ten minutes or less normally will be standard), and may limit the time allocated for public comment by an individual speaker (three minutes or less normally will be standard). The President may declare any comment as out of order, irrelevant, repetitious or disruptive. (See Government Code section 54954.3.)

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

The public may address the Board concerning an agenda item during a regular or special Board meeting, including commenting on the closed session agenda prior to the Board adjourning into closed session, either before or during the Board's consideration of that agenda item. (See Government Code section 54954.3(a).) All public comments will be addressed to the Board. Members of the public will not respond directly to comments made by other members of the public, or ask questions of other commenters, or answer questions posed by other commenters. If a Director wishes to follow up on any comments or questions made by a member of the public, that Director will request leave of the Board President to do so.

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

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

Rule 18 – Public Hearings

The procedure for conducting public hearings during a meeting of the Board will be as follows: (a) no earlier than the time set for the public hearing, the President of the Board will declare the public hearing open; (b) the President will ask the General Manager whether notice of the public hearing has been given in the manner required by law; (c) the President will ask the General Manager whether written comments on the subject matter of the public hearing have been received; (d) the President will ask whether any member of the public wishes to present written or oral comments on the subject of the public hearing; (e) in its discretion, the Board may set time limits on the amount of time an individual speaker is allowed to comment orally during the public hearing; and (f) following the close of presentation of comments and before any Board discussion and action on the subject matter, the President will declare the public hearing closed. The Board may continue a public hearing from time to time in accordance with the procedures described in Rule 19. (See Government Code section 54955.1.)

Rule 19 – Adjournment

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

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

Rule 20 – Special Meetings

A special meeting may be called at any time by the President or by a majority of the members of the Board, by delivering personally or by any other means, including mail, facsimile and electronic mail, written notice to each member and to each newspaper, radio or television station requesting notice in writing. Such notice must be received at least twenty-four hours before the time of such meeting as specified in the notice to constitute notice of the special meeting (except as to emergency meetings, in which case, the notice requirements specified in Rule 25 will be followed). Electronic mail will constitute notice of a special meeting only if the recipient confirms receipt, and it will be deemed to be received at the time of such confirmation. The call and notice for a special meeting must specify the time and place of the special meeting and the business to be transacted, and must include the statements specified in Rule 12. No other business will be considered at such meeting. The written notice may be dispensed with as to any member who at or prior to the time the meeting convenes files with the District Secretary a written waiver of notice. Waiver may be given in person or by mail, facsimile, electronic mail or telegram. Such written notice may also be dispensed with as to any member who was actually present at the meeting at the time it convenes. Notice of a special meeting must also be posted at least twenty-four hours before the meeting in a location freely accessible to the public and on the District's website. (See Government Code sections 54954.3(a) and 54956.)

Rule 21 – Board Workshop Meetings

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

Rule 22 – Board Committees

Board committees will be composed of less than three Directors. It is the Board's policy that it will conduct its business with a minimum of committees and that any committees formed will be standing committees. It is further the policy of the Board that the President will not form or appoint any ad hoc committees. A Board standing committee has continuing subject matter jurisdiction. (See Government Code section 54952.) In accordance with Rule 12, standing committee meetings will be open to the public (except for authorized closed sessions), and the agenda for those meetings will be posted in the same manner as the agenda for regular Board

meetings.

Directors who are not members of a standing committee may attend a standing committee meeting only as observers, and they may not participate in the committee meeting, ask questions or sit with the committee members at the Board table. (See subsection (c)(6) of Government Code section 54952.2.)

Rule 23 – Closed Sessions

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

a. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); _____ v. _____ [insert name of case, e.g., *Jones v. District*].

b. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); case name unspecified because _____ [insert either “disclosure would jeopardize service of process” or “disclosure would jeopardize existing settlement negotiations”].

c. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(2) and (3); significant exposure to litigation involving _____ [describe].

d. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiation of litigation involving _____ [describe or specify only number of cases if confidentiality is required or deemed necessary].

e. Public employee appointment involving _____ [insert position(s) to be filled]; Government Code sections 54954.5(e) and 54957(b)(1).

f. Public employee performance evaluation involving _____ [insert position(s) being reviewed]; Government Code sections 54954.5(e) and 54957(b)(1).

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

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

i. Conference with labor negotiator involving _____ [insert name of District negotiator] and unrepresented employee(s) in position(s) of _____

[insert position(s) of unrepresented employee(s) involved in negotiation]; Government Code sections 54954.5(f) and 54957.6.

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

k. Closed session consultation [insert the name, if applicable, of a law enforcement agency, and the title of the officer, or the name of an applicable agency representative (legal counsel or security officer) and title] concerning a threat to public services or facilities, or for the assessment of the security vulnerability of public facilities. (See Government Code sections 54954.5(e) and 54957(a).)

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

Before holding a closed session to consider complaints or charges against a particular employee (as distinguished from evaluation of performance unrelated to any specific complaint or charge), the District will provide twenty-four hours' advance written notice to the employee of his or her right to have the matter heard in open session. If the employee requests, the complaint or charges must be heard in open session. (See Government Code section 54957(b)(2).)

A closed session may be held to meet with the District's negotiator regarding the salary and benefits of District officers and employees, but not including elected officials, but the District's available funds, funding priorities or budget will not be discussed during the closed session except to the extent necessary to permit the Board to provide instructions to its designated labor negotiator(s). (See Government Code section 54957.6.)

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

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

b. Approval given to legal counsel to defend or initiate a lawsuit, or seek appellate review will be reported in open session at the public meeting during which the closed session was held. In the case of initiating or intervening in an action, the District may withhold the specifics of the action until later if early disclosure would disadvantage the District's ability to effectuate service or complete settlement negotiations. (See Government Code section 54957.1(a)(2).)

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

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

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

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

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

A Director is not prohibited from taking the following actions in regard to a closed session of the Board: (1) making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the alleged illegality of an action taken by the Board, (2) expressing an opinion concerning the propriety or legality of actions taken by the Board in closed session, including disclosure of the nature and extent of the allegedly illegal action, or (3) disclosing information acquired by being present in a closed session that is not confidential information. Prior to disclosing confidential information pursuant to (1) or (2), above, however, a Board member will first bring the matter to the attention of either the President of the Board or the full Board, to provide the Board an opportunity to cure an alleged violation.

A Director's violation of the duty to protect closed session confidences may be remedied as provided in Government Code section 54963(c). A Director who willfully and knowingly discloses for pecuniary gain confidential information received by him or her in the course of his or her official duties may be guilty of a misdemeanor under Government Code section 1098.

(See Government Code section 54963, and 76 Ops.Cal.Atty.Gen. 289, 290 (1993) and 80 Ops.Cal.Atty.Gen. 231 (1997).)

Rule 24 – Meetings by Teleconference

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

a. At least a quorum of the Board must participate in the teleconference meeting from locations within the District’s boundaries and each teleconference location (i.e., the location from which one or more Board members attends and participates in a meeting by teleconference) will be accessible to the public.

b. When meetings by teleconference are held by telephone, speaker phones that allow all persons attending the meeting to hear and be heard will be used at the main meeting location and at any teleconference location where there are members of the public in attendance.

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

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

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

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

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

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

h. Special rules for holding teleconference meetings during state-declared emergencies that modify certain of the above requirements have been temporarily enacted through January 1, 2024. If such an emergency is declared, the Board may determine to use the modified rules by making the required findings. (See AB 361, Stats. 2021, Ch. 165, Sec. 3, codified in the version of Government Code section 54953, which sunsets on January 1, 2024.)

Rule 25 – Emergency Meetings

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

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

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

With the exception of the 24-hour notice and posting requirements and any other exceptions provided in herein, all special meeting requirements described in Rule 20 shall be applicable to an emergency meeting called pursuant to this Rule.

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

Rule 26 – Amendment of Rules

By motion made, seconded and approved, the Board in its discretion may at any meeting (a) temporarily suspend these rules in whole or in part, (b) amend these rules in whole or in part, or (c) both, as long as any amendment or suspension is otherwise consistent with the Brown Act and other applicable laws. Unless amended earlier, District staff will review these Rules for Proceedings biennially and recommend changes for Board consideration and action.



Agenda Item: 11.5

Date: November 18, 2024

Subject: Resolution No. 24-12 Making Application to the Sacramento Local Agency Formation Commission for Reorganization with the Del Paso Manor Water District

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve Resolution No. 24-12 Making Application to the Sacramento Local Agency Formation Commission for Reorganization with Del Paso Manor Water District.

Background:

As directed at the July 30, 2024, Joint Board meeting, staff developed a draft Resolution of Application (Resolution) to the Sacramento Local Agency Formation Commission (LAFCo). For Del Paso Manor Water District (DPMWD) and Sacramento Suburban Water District (SSWD) to move forward in combining the two districts, it is necessary to submit a Resolution of Application to LAFCo. The adopted resolutions should be substantially similar for each district.

Staff and legal counsel made the appropriate edits to the draft Resolution and presented the second draft at the September 11, 2024, Joint Board meeting. The Boards thoroughly reviewed the draft Resolution at the meeting and provided edits. The Boards directed staff to update the draft Resolution and present it at a future Joint Board meeting.

Staff and legal counsel made the appropriate edits to the draft Resolution and presented the third draft at the November 13, 2024, Joint Board meeting. The Boards thoroughly reviewed the draft Resolution at the meeting and provided edits. The Boards directed staff to update the draft Resolution, have DPMWD and SSWD legal counsels conduct a final review, and present to each Board at a scheduled Board meeting for final approval.

Discussion:

Staff have made the appropriate edits to the draft Resolution, DPMWD and SSWD legal counsels have conducted a final review, and a redline and a clean version final draft are attached (Attachment 1 and Attachment 2, respectively).

Planwest Partners (Planwest) is under contract and working on a Plan for Services and additional materials needed to support an application to LAFCo. Planwest has provided a LAFCo Application Timeline, which identifies February 5, 2025, for a LAFCo Hearing. Planwest has indicated that the greatest challenge they foresee in being prepared for a LAFCo Hearing is getting the

Resolutions adopted by the DPMWD and SSWD Boards in a timely manner. The current project timeline indicates adoption of the Resolutions by the end of November 2024.

Fiscal Impact:

Approving the Resolution to Sacramento Local Agency Formation Commission does not have a fiscal impact.

Strategic Plan Alignment:

- Goal A Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean, and Safe
- Goal B Optimize Operational and Organizational Efficiencies
- Goal C Ensure Fiscal Responsibility and Affordable Rates
- Goal D Maintain Excellent Customer Service
- Goal E Retain and Recruit a Qualified and Stable Workforce

Attachment:

- 1 – Draft Resolution to Sacramento Local Agency Formation Commission – redline
- 2 – Draft Resolution to Sacramento Local Agency Formation Commission – clean

DRAFT

RESOLUTION NO. 24-12

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SACRAMENTO SUBURBAN WATER DISTRICT MAKING APPLICATION TO THE
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION FOR
REORGANIZATION WITH DEL PASO MANOR WATER DISTRICT**

WHEREAS, the Sacramento Suburban Water District (“SSWD”) was formed and is operating under the County Water District Law (Water Code sections 30000 and following), and supports the consideration of reorganization with another water district, provided that both districts consent to the reorganization, and the reorganization would be in the best interests of the customers of each district;

WHEREAS, SSWD and Del Paso Manor Water District (“DPMWD”) have conducted an evaluation of the feasibility of combining SSWD and DPMWD through a process that has involved Joint Board meetings that have been open to the public, mailing of information on the proposed combination to each customer of SSWD and DPMWD to present information on the reorganization and receive public comment on it, responding in writing to written questions received from the public concerning the reorganization, and meetings with interested parties and the respective employees of SSWD and DPMWD to discuss the potential reorganization;

WHEREAS, on May 2, 2024, the Sacramento County Local Agency Formation Commission (“LAFCo”) approved a resolution of intent to initiate dissolution of DPMWD with a remediation period of twelve-months to allow the district time to address the deficiencies that were highlighted in the Sacramento Grand Jury and Municipal Service Review – Addendum reports, or to develop other plans; and

WHEREAS, SSWD has negotiated and reached a decision with the DPMWD, which was formed and is operating under the County Water District Law (Water Code sections 30000 and following), to reorganize the two districts as provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code sections 56000 and following; the “LAFCo Law”) by dissolving DPMWD and transferring its assets, liabilities, and obligations to SSWD on terms and conditions agreed to by the Boards of Directors of the two districts.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of SSWD as follows:

1. The foregoing recitals are true, represent the findings and independent judgment of the SSWD Board of Directors, and are hereby incorporated by reference.

2. Application is hereby made under the LAFCo Law to LAFCo for a reorganization encompassing the annexation by SSWD of DPMWD and its service area and the dissolution of DPMWD and transfer of its assets, liabilities, rights, and obligations to SSWD.
3. The President of the SSWD Board of Directors and the General Manager/Secretary of the District are hereby authorized and directed to complete and execute all documents required in connection with this application, and to do and perform every action necessary to carry out the purposes of this resolution.
4. This application is expressly made subject to the following special terms and conditions, which SSWD requests that LAFCo include within the order approving this reorganization application, the terms and conditions specified in subsections (c) and (d) being made under subdivisions (c), (h), (i), (k), (l), (m), (p), (s)(1), (t), and (v) of Government Code section 56886:
 - a. The effective date of the reorganization shall be following official certification by LAFCo and recording of a Certificate of Completion, or as soon as possible thereafter upon SSWD and DPMWD satisfying any conditions of approval.
 - b. Upon and after the reorganization, the following conditions shall apply to and bind the Board of Directors of the reorganized district:
 - (1) the following contracts, debts and contingent liabilities of the respective districts, although to be assigned and transferred to SSWD shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the ~~respective~~-service areas of SSWD and DPMWD, respectively, until paid in full; provided, however, that such debts and liabilities to DPMWD ratepayers shall only consist of financial obligations and not extend to performance of contractual obligations:-
 - (A) all bonds, certificates of participation and similar indebtedness, including any refunding thereof;
 - (B) any other debt respecting real estate (including office buildings and other structures, pump stations and well sites), exclusive of such other debt respecting transmission and distribution system facilities, easements and rights-of-way;
 - (C) liability respecting any claims that have not been asserted in writing as of the effective date of the reorganization; and
 - (D) any contracts, debts, or liabilities, contingent or otherwise, specified in essentially parallel resolutions adopted by the Boards of Directors of both districts prior to the effective date of the reorganization.
 - (2) the following assets of the respective districts, although to be assigned and transferred to SSWD shall, nonetheless to be used for the exclusive benefit of the ratepayers within the respective service areas of SSWD and DPMWD

until the time that the SSWD Board terminates the collection of the assessment:

(A) the equity in real estate (including office buildings and other structures, pump stations and well sites), ~~exclusive of transmission and distribution system facilities;~~

(B) easements and rights-of-way held by the respective districts as of the effective date of the reorganization; and

(C) all cash and investments, water sales receivable, grant and loan funds receivable, and accrued interest receivable attributed to each respective district-;

~~(C)~~(D) Transmission and distribution piping and facilities.

c. Upon the reorganization and for the period during which the assessment is collected and service area of DPMWD is operated as a separate water system following the effective date of the reorganization, the following conditions shall apply to and bind the Board of Directors of SSWD:

- (1) all contracts, debts, and liabilities of the respective districts, including contingent liabilities, other than those identified in or pursuant to section 4(b), although to be assigned and transferred to the SSWD shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of SSWD and DPMWD;
- (2) previously authorized charges, fees, assessments and taxes of SSWD and DPMWD, which have been determined by the Boards of Directors of each respective district to properly allocate the costs incurred among its ratepayers, shall continue to be applied within the affected service area of each district, and any changes made to such charges, fees, assessments and taxes shall be governed by the same principles previously determined by the Board of Directors of each respective district, unless the Board of Directors of the SSWD specifically determines that different principles shall apply;
- (3) the funds derived from the SSWD and the DPMWD service areas shall be accounted for separately, so that the ratepayers benefitting from the respective water system bear the cost of replacement, improvement, and bond debt service of that water system, provided that, the SSWD Board may continue imposing and collecting a separate and different debt service charge in DPMWD's service area ~~for the time required it is within a separate assessment district after it is consolidated into the unified SSWD water system if necessary~~ to collect sufficient funds for repayment of any assessment or other indebtedness incurred for capital improvements in service area of DPMWD;

(4) the territory within DPMWD as of the effective date of the consolidation shall be designated the “Del Paso Manor Service Area” following the reorganization and shall be operated as a separate water system for rate-setting, billing, and collection, and all financial accounting purposes until such time as the SSWD Board determines to terminate the collection of the assessment and to consolidate the Del Paso Manor Service Area into the SSWD water system. Under no circumstances will Del Paso Manor Service Area ratepayers pay for water service rates, fees, or charges in excess of the proportionate cost of such water service and water provided to them inclusive of the cost of necessary capital improvements and accrual of prudent reserves, in compliance with Proposition 218 and other applicable law.

(5) the territory within SSWD as of the effective date of the reorganization, which is operated as a unified water system, shall be designated the “Sacramento Suburban Service Area” following the reorganization and shall continue to be operated in the same manner as prior to completion of the reorganization; and

(6) the Board of Directors of SSWD shall determine from time-to-time which funds derived from the operation of the Del Paso Manor Service Area water system and the Sacramento Suburban Service Area water system shall be used to pay the common administrative costs of operating the entire district.

~~(6)(7)~~ The DPMWD service area shall be operated as a separate water system and will not receive fluoridated water from SSWD except in the event of an emergency due to not being able to meet peak water demands or fire flows. Unless required by law, the DPMWD Del Paso Manor Service Area wells will not be fluoridated.

d. Subject to the foregoing, all assets, revenues, funds on deposit, rights and liabilities under contracts, liabilities for payment of principal and interest on contractual obligations for real property, furnishings and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation shall be assigned and transferred, and accrue to SSWD.

e. To ensure the transfer of the institutional knowledge of DPMWD retained by its existing staff, as of the effective date of the reorganization, existing non-contract DPMWD staff shall become employees of the combined district and be retained by SSWD. during the transition period to facilitate the smooth transfer of all DPMWD operations to SSWD.—The salaries of these employees shall remain the same as a result of the reorganization or paid at the rate the then salary of the comparable SSWD position, whichever is greater. ~~and~~ they shall be eligible for cost of living and merit increases the same as all other SSWD employees. These employees will

also be entitled to SSWD's existing benefit programs. As of the effective date of the reorganization, the General Manager of DPMWD will may be retained by the SSWD Board as a transition employee or contractor, to a minimum term of 6 months minimum not to exceed six months.

- f. As of the effective date of the reorganization, the current Board of Directors of the DPMWD will resign their positions as Board Members and become the Del Paso Manor Advisory Committee ("Committee") to the SSWD Board of Directors. The Committee ~~shall~~ may consist of five members, and shall be responsible for reviewing proposals and making recommendations to the SSWD Board for capital improvement projects within the Del Paso Manor Service Area. The Committee also shall be responsible for outreach to ratepayers within the Del Paso Manor Service Area and for communicating that community input to the SSWD Board. To facilitate its functions, the Committee shall adopt Bylaws and comply with all applicable provisions of the Ralph M. Brown Act. The Committee shall have the authority to appoint its members when vacancies occur according to the Bylaws. The Committee will have a limited duration of not less than three years and shall be terminated at a time determined in the SSWD Boards discretion in consultation with the Committee.
- g. The reorganized district shall retain the name Sacramento Suburban Water District and be governed by a five-member Board of Directors comprised of the incumbent Directors of SSWD sitting at the time that the reorganization is completed. The Board of the reorganized district shall maintain the same rotation of election to office by and from the voting divisions existing at completion of the reorganization. Notwithstanding the foregoing, the Board of the reorganized district shall, in consultation with the Committee, redistrict the reorganized District prior to the 2026 District Election to ensure that the five voting divisions comply with the requirements of the California Voting Rights Act while providing the greatest possible voice to the ratepayers of the Del Paso Manor Service Area.
- h. It is the intention of SSWD and DPMWD that a special the Del Paso Manor Service Area be operated as a separate service area such that be formed for these DPMWD ratepayers such that these ratepayers. An assessment district shall be formed within the Del Paso Manor Service Area in accordance with the requirements of Proposition 218 (Art. XIII D, section 6 of the California Constitution) and the Proposition 218 Omnibus Implementation Act (Gov't Code sections 53750 and following) to fund any portion of improvements required within the Del Paso Manor Service Area that are required to address the deficiencies identified in DPMWD's water system and are not funded through grants. Any fees, assessments, or other charges imposed shall be in conformance with all applicable laws, including but not limited to, Proposition 218. The formation of the assessment district and annual levy of the proposed assessment is subject to approval by a mail ballot vote by a majority of owners of all parcels proposed to be assessed. The approval of the assessment district's formation and levy of the annual assessment is necessary to ensure a funding stream for

necessary improvements to the DPMWD water system. The SSWD Board therefore requests that LAFCo make approval of the assessment district and levy of the annual assessment by the property owners of assessed parcels within the Del Paso Manor Service Area a condition of completing the reorganization. If the assessment is approved and the reorganization completed, the annual assessment will be levied until it is determined by the SSWD Board of Directors that the Del Paso Manor Service Area water system has been sufficiently rehabilitated and replaced to the same standard as SSWD's water system, at which time the Board of Directors shall terminate the levying of the annual assessment and instead collect funds for ongoing operations, maintenance, and capital improvement costs through regular water service rates and charges.

- i. Develop a Plan for Services approved by the SSWD and DPMWD Boards for submittal and approval by LAFCo that will govern how SSWD will operate the Del Paso Manor Service Area to ensure that existing SSWD ratepayers will not be required to in any way subsidize the capital improvement and operations and maintenance costs of the Del Paso Manor Service Area and to avoid any reduction in the level of service afforded existing SSWD ratepayers resulting from the addition of the Del Paso Manor Service Area.
- j. Adoption of this resolution of application shall be subject to the adoption of a resolution in substantially the same form by the Board of Directors of DPMWD.
- k. This Resolution shall take effect as of TBD.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 18th day of November, 2024, by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Name
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 18th day of November, 2024.

(SEAL)

By: _____
Dan York
General Manager/Secretary
Sacramento Suburban Water District

RESOLUTION NO. 24-12

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SACRAMENTO SUBURBAN WATER DISTRICT MAKING APPLICATION TO THE
SACRAMENTO LOCAL AGENCY FORMATION COMMISSION FOR
REORGANIZATION WITH DEL PASO MANOR WATER DISTRICT**

WHEREAS, the Sacramento Suburban Water District (“SSWD”) was formed and is operating under the County Water District Law (Water Code sections 30000 and following), and supports the consideration of reorganization with another water district, provided that both districts consent to the reorganization, and the reorganization would be in the best interests of the customers of each district;

WHEREAS, SSWD and Del Paso Manor Water District (“DPMWD”) have conducted an evaluation of the feasibility of combining SSWD and DPMWD through a process that has involved Joint Board meetings that have been open to the public, mailing of information on the proposed combination to each customer of SSWD and DPMWD to present information on the reorganization and receive public comment on it, responding in writing to written questions received from the public concerning the reorganization, and meetings with interested parties and the respective employees of SSWD and DPMWD to discuss the potential reorganization;

WHEREAS, on May 2, 2024, the Sacramento County Local Agency Formation Commission (“LAFCo”) approved a resolution of intent to initiate dissolution of DPMWD with a remediation period of twelve-months to allow the district time to address the deficiencies that were highlighted in the Sacramento Grand Jury and Municipal Service Review – Addendum reports, or to develop other plans; and

WHEREAS, SSWD has negotiated and reached a decision with the DPMWD, which was formed and is operating under the County Water District Law (Water Code sections 30000 and following), to reorganize the two districts as provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code sections 56000 and following; the “LAFCo Law”) by dissolving DPMWD and transferring its assets, liabilities, and obligations to SSWD on terms and conditions agreed to by the Boards of Directors of the two districts.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of SSWD as follows:

1. The foregoing recitals are true, represent the findings and independent judgment of the SSWD Board of Directors, and are hereby incorporated by reference.
2. Application is hereby made under the LAFCo Law to LAFCo for a reorganization encompassing the annexation by SSWD of DPMWD and its service area and the dissolution of DPMWD and transfer of its assets, liabilities, rights, and obligations to SSWD.

3. The President of the SSWD Board of Directors and the General Manager/Secretary of the District are hereby authorized and directed to complete and execute all documents required in connection with this application, and to do and perform every action necessary to carry out the purposes of this resolution.

4. This application is expressly made subject to the following special terms and conditions, which SSWD requests that LAFCo include within the order approving this reorganization application, the terms and conditions specified in subsections (c) and (d) being made under subdivisions (c), (h), (i), (k), (l), (m), (p), (s)(1), (t), and (v) of Government Code section 56886:
 - a. The effective date of the reorganization shall be following official certification by LAFCo and recording of a Certificate of Completion, or as soon as possible thereafter upon SSWD and DPMWD satisfying any conditions of approval.

 - b. Upon and after the reorganization, the following conditions shall apply to and bind the Board of Directors of the reorganized district:
 - (1) the following contracts, debts and contingent liabilities of the respective districts, although to be assigned and transferred to SSWD shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the service areas of SSWD and DPMWD, respectively, until paid in full; provided, however, that such debts and liabilities to DPMWD ratepayers shall only consist of financial obligations and not extend to performance of contractual obligations:
 - (A) all bonds, certificates of participation and similar indebtedness, including any refunding thereof;
 - (B) any other debt respecting real estate (including office buildings and other structures, pump stations and well sites), exclusive of such other debt respecting transmission and distribution system facilities, easements and rights-of-way;
 - (C) liability respecting any claims that have not been asserted in writing as of the effective date of the reorganization; and
 - (D) any contracts, debts, or liabilities, contingent or otherwise, specified in essentially parallel resolutions adopted by the Boards of Directors of both districts prior to the effective date of the reorganization.
 - (2) the following assets of the respective districts, although to be assigned and transferred to SSWD shall, nonetheless, to be used for the exclusive benefit of the ratepayers within the respective service areas of SSWD and DPMWD until the time that the SSWD Board terminates the collection of the assessment:
 - (A) the equity in real estate (including office buildings and other structures, pump stations and well sites);

- (B) easements and rights-of-way held by the respective districts as of the effective date of the reorganization; and
 - (C) all cash and investments, water sales receivable, grant and loan funds receivable, and accrued interest receivable attributed to each respective district;
 - (D) Transmission and distribution piping and facilities.
- c. Upon the reorganization and for the period during which the assessment is collected and service area of DPMWD is operated as a separate water system following the effective date of the reorganization, the following conditions shall apply to and bind the Board of Directors of SSWD:
- (1) all contracts, debts, and liabilities of the respective districts, including contingent liabilities, other than those identified in or pursuant to section 4(b), although to be assigned and transferred to the SSWD shall, nonetheless, continue to be the exclusive responsibility of the ratepayers within the respective service areas of SSWD and DPMWD;
 - (2) previously authorized charges, fees, assessments and taxes of SSWD and DPMWD, which have been determined by the Boards of Directors of each respective district to properly allocate the costs incurred among its ratepayers, shall continue to be applied within the affected service area of each district, and any changes made to such charges, fees, assessments and taxes shall be governed by the same principles previously determined by the Board of Directors of each respective district, unless the Board of Directors of the SSWD specifically determines that different principles shall apply;
 - (3) the funds derived from the SSWD and the DPMWD service areas shall be accounted for separately, so that the ratepayers benefitting from the respective water system bear the cost of replacement, improvement, and bond debt service of that water system, provided that, the SSWD Board may continue imposing and collecting a separate and different debt service charge in DPMWD's service area for the time required to collect sufficient funds for repayment of any assessment or other indebtedness incurred for capital improvements in service area of DPMWD;
 - (4) the territory within DPMWD as of the effective date of the consolidation shall be designated the "Del Paso Manor Service Area" following the reorganization and shall be operated as a separate water system for rate-setting, billing, and collection, and all financial accounting purposes until such time as the SSWD Board determines to terminate the collection of the assessment and to consolidate the Del Paso Manor Service Area into the SSWD water system. Under no circumstances will Del Paso Manor Service Area ratepayers pay rates, fees, or charges in excess of the proportionate cost

of water service provided to them inclusive of the cost of necessary capital improvements and accrual of prudent reserves, in compliance with Proposition 218 and other applicable law.

- (5) the territory within SSWD as of the effective date of the reorganization, which is operated as a unified water system, shall be designated the “Sacramento Suburban Service Area” following the reorganization and shall continue to be operated in the same manner as prior to completion of the reorganization; and
 - (6) the Board of Directors of SSWD shall determine from time-to-time which funds derived from the operation of the Del Paso Manor Service Area water system and the Sacramento Suburban Service Area water system shall be used to pay the common administrative costs of operating the entire district.
 - (7) Unless required by law, the Del Paso Manor Service Area wells will not be fluoridated.
- d. Subject to the foregoing, all assets, revenues, funds on deposit, rights and liabilities under contracts, liabilities for payment of principal and interest on contractual obligations for real property, furnishings and equipment, operating expenses, supplies, licenses and permits, and any contingent liabilities for existing civil litigation shall be assigned and transferred, and accrue to SSWD.
- e. To ensure the transfer of the institutional knowledge of DPMWD retained by its existing staff, as of the effective date of the reorganization, existing non-contract DPMWD staff shall become employees of the combined district and be retained by SSWD. The salaries of these employees shall remain the same as a result of the reorganization or paid at the rate of the comparable SSWD position, whichever is greater. They shall be eligible for cost of living and merit increases the same as all other SSWD employees. These employees will also be entitled to SSWD’s existing benefit programs. As of the effective date of the reorganization, the General Manager of DPMWD will be retained by the SSWD Board as a transition employee or contractor, to a minimum term of 6 months .
- f. As of the effective date of the reorganization, the current Board of Directors of the DPMWD will resign their positions as Board Members and become the Del Paso Manor Advisory Committee (“Committee”) to the SSWD Board of Directors. The Committee may consist of five members, and shall be responsible for reviewing proposals and making recommendations to the SSWD Board for capital improvement projects within the Del Paso Manor Service Area. The Committee also shall be responsible for outreach to ratepayers within the Del Paso Manor Service Area and for communicating that community input to the SSWD Board. To facilitate its functions, the Committee shall adopt Bylaws and comply with all applicable provisions of the

Ralph M. Brown Act. The Committee shall have the authority to appoint its members when vacancies occur according to the Bylaws. The Committee will have a limited duration of not less than three years and shall be terminated at a time determined in the SSWD Boards discretion in consultation with the Committee.

- g. The reorganized district shall retain the name Sacramento Suburban Water District and be governed by a five-member Board of Directors comprised of the incumbent Directors of SSWD sitting at the time that the reorganization is completed. The Board of the reorganized district shall maintain the same rotation of election to office by and from the voting divisions existing at completion of the reorganization. Notwithstanding the foregoing, the Board of the reorganized district shall, in consultation with the Committee, redistrict the reorganized District prior to the 2026 District Election to ensure that the five voting divisions comply with the requirements of the California Voting Rights Act while providing the greatest possible voice to the ratepayers of the Del Paso Manor Service Area.
- h. It is the intention of SSWD and DPMWD that the Del Paso Manor Service Area be operated as a separate service area such that these ratepayers fund any portion of improvements required within the Del Paso Manor Service Area to address the deficiencies identified in DPMWD's water system and are not funded through grants. Any fees, assessments, or other charges imposed shall be in conformance with all applicable laws, including but not limited to, Proposition 218. The formation of the assessment district and annual levy of the proposed assessment is subject to approval by a mail ballot vote by a majority of owners of all parcels proposed to be assessed. The approval of the assessment district's formation and levy of the annual assessment is necessary to ensure a funding stream for necessary improvements to the DPMWD water system. The SSWD Board therefore requests that LAFCo make approval of the assessment district and levy of the annual assessment by the property owners of assessed parcels within the Del Paso Manor Service Area a condition of completing the reorganization. If the assessment is approved and the reorganization completed, the annual assessment will be levied until it is determined by the SSWD Board of Directors that the Del Paso Manor Service Area water system has been sufficiently rehabilitated and replaced to the same standard as SSWD's water system, at which time the Board of Directors shall terminate the levying of the annual assessment and instead collect funds for ongoing operations, maintenance, and capital improvement costs through regular water service rates and charges.
- i. Develop a Plan for Services approved by the SSWD and DPMWD Boards for submittal and approval by LAFCo that will govern how SSWD will operate the Del Paso Manor Service Area to ensure that existing SSWD ratepayers will not be required to in any way subsidize the capital improvement and operations and maintenance costs of the Del Paso Manor Service Area and to avoid any reduction in the level of service afforded existing SSWD ratepayers resulting from the addition of the Del Paso Manor Service Area.

- j. Adoption of this resolution of application shall be subject to the adoption of a resolution in substantially the same form by the Board of Directors of DPMWD.
- k. This Resolution shall take effect as of TBD.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 18th day of November, 2024, by the following vote:

AYES:
 NOES:
 ABSENT:

By: _____
 Name
 President, Board of Directors
 Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 18th day of November, 2024.

(SEAL)

By: _____
 Dan York
 General Manager/Secretary
 Sacramento Suburban Water District



Agenda Item: 12

Date: November 18, 2024

Subject: General Manager’s Report

Staff Contact: Dan York, General Manager

a. Grant of Easement and Right of Way

Pursuant to Resolution 16-21, the General Manager has accepted a Grant of Easement and Right of Way for the below listed property for the purposes of operation and maintenance of new distribution main pipeline and related appurtenances:

- 5000 Patrol Rd (Lot 167D) and (Lot 175A), McClellan, California

b. CalWEP Advocacy Committee Chair

On October 24, 2024, Conservation and Communications Supervisor, Greg Bundesen, was elected as the Chairperson of the California Water Efficiency Partnership’s Advocacy Committee (Committee). Greg was part of the Committee’s creation in 2023, and has been serving as Vice Chair since. The Committee’s goal is to: *“Help water supplier partners meet legislative and regulatory requirements, as well as municipal or utility-adopted water-use goals.”* The Committee has worked with various members of the legislature to ensure water conservation and/or efficiency bills are reasonable for water utilities to implement. They also work with the State Water Resources Control Board and the Department of Water Resources.

c. Water Forum 2.0 Successor Effort Funding

The Water Forum 1.0 budgets have been paid by the Sacramento County (County) and City of Sacramento for 20+ years. Sacramento County has been funding both the Water Forum and Water Forum 2.0 through their Zone 13 funding account. The County informed the Water Forum in 2022 that Zone 13 will be reduced and advised the Water Forum to seek alternative funding for the Water Forum 2.0 Successor Effort. The County informed Water Forum that they will contribute funding to Water Forum in FY 2024/25, and future funding would be through the County’s Zone 40 and 41 funding programs.

The alternative is to have Water Forum signatories directly fund their participation on behalf of their customers who benefit from the Water Forum. The region has been working on a plan to fund the Water Forum 2.0 Successor Effort once the County discontinues funding Water Forum. The funding mechanism being discussed is based on a calculation of weighted factors that are comprised of service connections, surface water production, American River surface water diversions, and groundwater production. Based on these factors, the District’s annual Water Forum fees could potentially range from \$146,000 to \$199,000. Staff will provide more details as the process moves forward.



Agenda Item: 13

Date: November 18, 2024

Subject: Groundwater Well Status Report

Staff Contact: Tommy Moulton, Senior Project Manager

This report summarizes off-line Active sources, their project status, and when they are expected to be operational (on-line). Additionally, the report includes a list of on-line sources that have been identified for future proactive projects. This information is categorized by the following sections: A) Capacity Status Summary; B) Off-Line Capacity Detail; and C) Proactive Projects.

Note: Work has been initiated on numerous facilities and steady progress is underway as indicated below in Section B. Unless specified differently, Kirby's Pump and Mechanical, Inc. (KPM) is the contractor for a project.

Definitions

Active – A well is defined as an Active source within the District's Drinking Water Permit.

On-line – A well is considered on-line when it is Active and available for operation into the distribution system.

Off-line – A well is considered off-line when it is Active and locked-out and tagged-out. As a result, it cannot and will not be used as a source of supply. There are various reasons why a well may be off-line, such as maintenance, power supply, water quality, among others.

A. CAPACITY STATUS SUMMARY

Table 1 below lists the District's groundwater supply capacity for Active wells. It includes the *On-Line* capacity (amount and percentage), and the *Historical Demand* (amount): the *Average Day* demand (the current month's daily demand based on the last three full years of data), and the *Highest Day* demand (the highest day's demand over the same period, with a factor of 1.5 applied).

Table 1. Status Summary of Groundwater Supply Capacity by Service Area

Area	Groundwater Supply Capacity			Historical Demand (MGD)	
	Active (MGD)	On-Line (MGD)	On-Line (%)	Average Day (Month)	Highest Day (Year)
NSA	58.7	44.3	75%	12.7	37.6
SSA	57.0	40.6	71%	10.3	30.4
Total	115.7	84.9	73%	23.0	66.6

MGD = Million Gallons per Day

Figure 1 below presents the Table 1 data graphically.

Figure 1. Capacity vs. Demand by Service Area

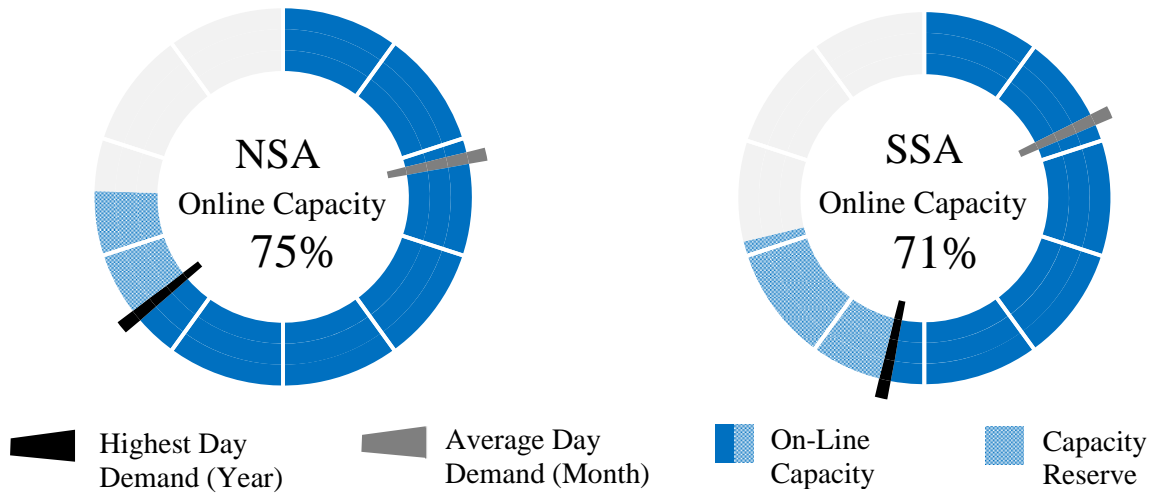
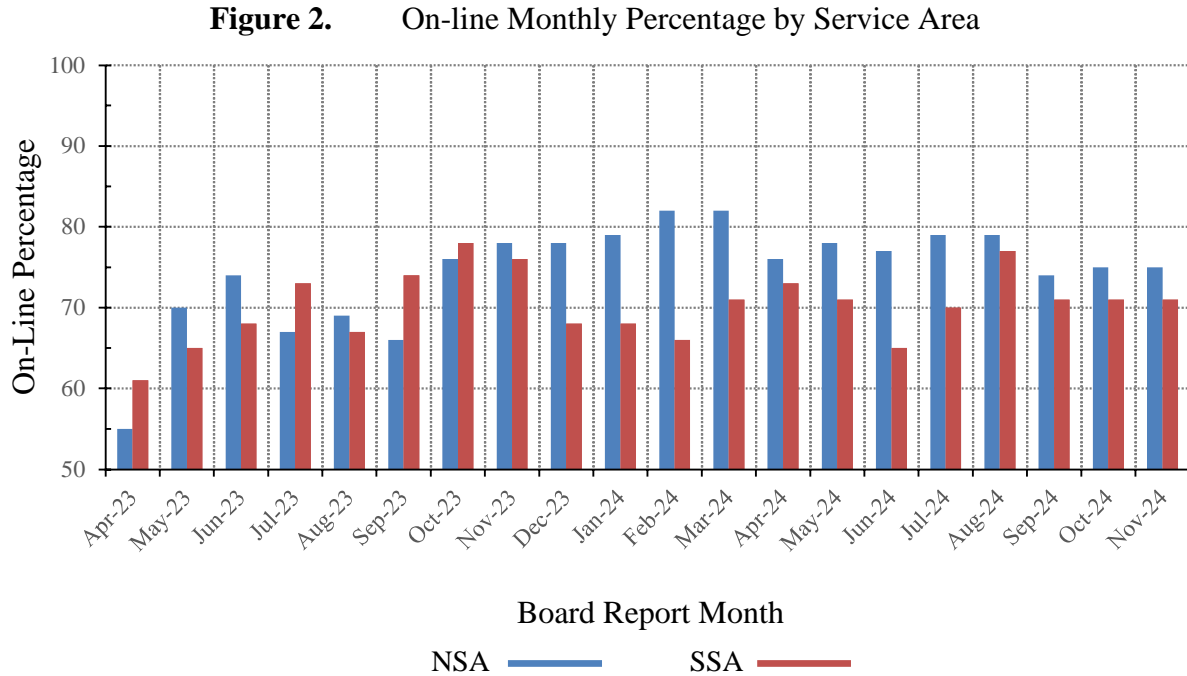


Figure 2 below shows the online capacity monthly value by service area since the commencement of the KPM contract.



B. OFF-LINE CAPACITY DETAIL

The District generally has numerous wells undergoing some type of typical lifecycle activity – from preventive maintenance to component repair/replacement. Current off-line wells are listed below:

NORTH SERVICE AREA

Total Active capacity off-line for listed projects: 10,000 gpm / 14.4 MGD
 (10,000 gpm last report)

Summary of Change in Well Status		
<u>Well</u>	<u>Status</u>	<u>Capacity (gpm)</u>
None	N/A	N/A
Net Change in Capacity:		0

CONDITION ASSESSMENT AND INVESTIGATIVE PROJECTS

Listed below are Condition Assessment (CA) and preliminary investigative projects for off-line sources. A CA is the initial step in assessing a well's physical condition necessary to monitor the well's health and is used in planning any further work efforts.

Projects in this category frequently move to the *Repair and Rehabilitation Projects* or the *Water Quality* category following completion of the CA and/or investigative project before moving to the *Completed* category.

In-Progress Projects: 400 gpm

N38 Coyle

Capacity / Status: 400 gpm / Off-line 3/28/2024

Reason: Pump breaking suction

Project Phase: Well cleaning and CA in progress.

Expected Completion: February 2025. Depending on the outcome of the CA, a decision will be made on the future course of action needed to return the well to service.

Planned Projects: 0 gpm

None. See Section C for proactive projects.

REPAIR AND REHABILITATION PROJECTS

Listed below are current projects of well casing repair / rehabilitation, pump repair / replacement, and other significant activities.

In-Progress Projects: 2,900 gpm

N9 Cameron

Capacity / Status: 1,200 gpm / Off-line 4/4/2024

Reason: Submersible motor failure

Project Phase: Replacement equipment in hand. Scheduling pump and motor installation.

Expected Completion: November 2024

59A Bainbridge/Holmes

Capacity / Status: 1,700 gpm / Off-line 9/23/2024

Reason: A/C failure

Contractor: Emcor Services

Project Phase: Replacement A/C on order

Expected Completion: November 2024

Planned Projects: 0 gpm

None. See Section C for proactive projects.

WATER QUALITY PROJECTS

Listed below are current water quality investigation and remediation projects.

- Wells in this category have significant uncertainty as to successful outcome. As such, the probability of inactivation is higher for wells in this category.
- Wells in this category tend to require significant downhole modifications, chemical rehabilitation, and/or treatment plants. As a result, in almost all cases these projects have a much greater duration.

In-Progress Projects: 1,600 gpm

64 Galbrath/Antelope Woods

Capacity / Status: 900 gpm / Off-line 5/13/2024

Reason: Bacteriological

Project Phase: Pump equipment procurement, pump pre-lube plumbing, and electrical modifications.

Expected Completion: February 2025

N32C Poker

Capacity / Status: 700 gpm / Off-line 8/23/2024

Reason: Water system permit amendment now required

Contractor: N/A. In design (Peterson Brustad, Inc.)

Project Phase: Bacteriological issue resolved. The recently adopted hexavalent chromium (Cr+6) Maximum Contaminant Level (MCL) came into effect in October 2024. Operational improvements and a permit amendment for treatment (blending) are now required before the well can be returned to service.

Expected Completion: June 2025

Planned Projects: 5,100 gpm

N1 Evergreen

Capacity / Status: 1,100 gpm / Off-line 6/1/2021

Reason: PFAS

Contractor: Roadrunner

Project Phase: Project is well modification in an attempt to mitigate PFAS contamination. Ready for construction; waiting for well contractor availability.

Tentative Start: February 2025

Groundwater Well Status Report

November 18, 2024

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N6A Palm

Capacity / Status: 1,700 gpm / Off-line 6/24/2024
Reason: Bacteriological
Project Phase: Rehabilitation plan and scoping
Tentative Start: January 2025
Expected Completion: March 2025

N8 Field

Capacity / Status: 1,200 gpm / Off-line 5/2/2023
Reason: Bacteriological (initially), Manganese and PFAS (recently)
Project Phase: Bacteriological issue resolved. Additional water quality testing being scheduled.
Tentative Start: December 2024
Expected Completion: January 2025 (for additional water quality testing)

N20 Cypress

Capacity / Status: 1,100 gpm / Off-line 8/23/2018
Reason: Manganese
Project Phase: Additional water quality and packer testing.
Tentative Start: March 2025
Expected Completion: April 2025 (for well rehabilitation). Depending on the outcome of the rehabilitation, a decision will be made on the future course of action needed to return the well to service.

COMPLETED PROJECTS

Restored Capacity: 0 gpm

None.

SOUTH SERVICE AREA

Total Active capacity off-line for listed projects: 11,400 gpm / 16.5 MGD
(11,400 gpm last report)

Summary of Change in Well Status

<u>Well</u>	<u>Status</u>	<u>Capacity (gpm)</u>
None	N/A	N/A
Net Change in Capacity:		0

CONDITION ASSESSMENT AND INVESTIGATIVE PROJECTS

In-Progress Projects: 4,300 gpm

9 Ravenwood/Eastern

Capacity / Status: 700 gpm / Off-line 9/23/2024

Reason: Pump noise and vibration

Project Phase: Pump removal and condition assessment

Expected Completion: February 2025

32A Eden/Root

Capacity / Status: 1,400 gpm / Off-line 12/21/2023

Reason: Failed treatment plant valve

Project Phase: MOV testing. Treatment vessel re-conditioning will be required after the parts are replaced.

Expected Completion: December 2024 (for MOV testing).

40A Auburn/Yard

Capacity / Status: 2,200 gpm/ Off-line 9/30/2024

Reason: Proactive well maintenance and CA.

Since this is the same site as the future Well 85 Auburn/Fulton (Well 85), additional water quality testing is scheduled and will be used to aid in the design of Well 85

Project Phase: CA and water quality testing complete. Replacement pump column pipe on order.

Expected Completion: December 2024

Planned Projects: 0 gpm

None. See Section C for proactive projects.

REPAIR AND REHABILITATION PROJECTS

In-Progress Projects: 2,600 gpm

13 Calderwood/Marconi

Capacity / Status: 700 gpm / Off-line 7/16/2020

Reason: Capacity loss (pump breaking suction)

Project Phase: Well cleaning complete. Test pumping being scheduled. Depending on the outcome of the test pumping, a decision will be made on the future course of action needed to return the well to service.

Expected Completion: November 2024 (for test pumping)

20A Watt/Arden

Capacity / Status: 1,100 gpm / Off-line 3/1/2022

Reason: Electrical service failure. Upgrading service from 3- to 4-wire. HP tank off-line due to safety concerns.

Project Phase: Waiting for SMUD to install new meter.

Expected Completion: November 2024 (for electrical service based on anticipated SMUD schedule). The well will remain off until the HP tank is replaced, which is expected to be early next year.
April 2025 (pending delivery of new HP tank)

35 Ulysses/Mercury

Capacity / Status: 800 gpm / Off-line 6/7/2023

Reason: Electrical service failure

Project Phase: Coordinating necessary repairs with SMUD for reactivation of service, and with SMUD and adjacent property owners for pole access. This site will be converted from 3- to 4-wire.

Expected Completion: March 2025

Planned Projects: 600 gpm

70 Sierra/Blackmer

Capacity / Status: 600 gpm / Off-line 5/10/2019

Reason: Capacity loss (total)

Additionally, HP tank has structural deficiencies (off-line due to safety concerns)

Project Status: Well CA completed. Casing is intact but screens are totally plugged. In work queue for well cleaning. Depending on the outcome of the cleaning, a decision will be made on the future course of action needed to return the well to service.

Tentative Start: February 2025

Expected Completion: April 2025 (for cleaning)

HYDRO-PNEUMATIC TANK PROJECTS

Background

In 2012, the District's insurance carrier, ACWA/JPIA, alerted its member agencies of the hazards concerning aging hydro-pneumatic (HP) tanks and the potential for catastrophic failure (with potential for major damage, injury, and death). They recommended regular preventive maintenance and inspections be conducted.

The process of performing HP tank inspections involves the following. The well and tank are isolated from the distribution system and the tank is drained. The tank is then cleaned and an inspection is performed which consists of visual inspection and metal thickness measurements. If needed, appurtenances like safety relief valves are replaced and coating repairs are completed.

Tanks are returned to service if the inspection shows that it is in serviceable condition. However, a tank may need to be recoated and/or repaired, or even replaced.

In-Progress Projects: 0 gpm

None

Planned Projects: 1,100 gpm

18 Riding Club/Ladino

Capacity / Status: 900 gpm / Off-line 4/8/2022

Reason: HP tank inspection (off-line due to safety concerns).
Additionally, fluoride injection system is malfunctioning.

Project Phase: Work activity/schedule coordination with adjacent homeowner for site access via easement. New HP tank on order.

Tentative Start: March 2025

Expected Completion: April 2025 (pending delivery of new HP tank).

77 Larch/Northrop

Capacity / Status: 200 gpm / Off-line 12/21/2022

Reason: HP tank inspection (off-line due to safety concerns).

Project Phase: Pump testing to assess well condition. Depending on the outcome of the CA, a decision will be made on the future course of action needed to return the well to service.

Tentative Start: March 2025 (for CA)

Expected Completion: June 2025

WATER QUALITY PROJECTS

In-Progress Projects: 0 gpm

None

<u>Planned Projects:</u>	2,800 gpm
<u>46 Jonas/Sierra</u>	
<i>Capacity / Status:</i>	700 gpm / Off-line 7/16/2018
<i>Reason:</i>	PFAS
<i>Contractor:</i>	N/A. District Environmental Compliance staff is conducting the evaluation.
<i>Project Phase:</i>	Evaluation for inactivation
<i>Tentative Start:</i>	N/A
<i>Expected Completion:</i>	December 2024
<u>68 Northrop/Dornajo</u>	
<i>Capacity / Status:</i>	1,600 gpm / Off-line 11/3/2021
<i>Reason:</i>	Entrained gas; manganese
<i>Project Phase:</i>	CA completed. In work queue for well cleaning.
<i>Tentative Start:</i>	June 2025
<i>Expected Completion:</i>	September 2025
<u>69 Hilldale/Cooper</u>	
<i>Capacity / Status:</i>	500 gpm / Off-line 1/25/2017
<i>Reason:</i>	Bacteriological
<i>Contractor:</i>	N/A. District Environmental Compliance staff is conducting the evaluation.
<i>Project Phase:</i>	Evaluation for inactivation
<i>Tentative Start:</i>	N/A
<i>Expected Completion:</i>	December 2024

COMPLETED PROJECTS

Restored Capacity: 0 gpm

None.

C. PROACTIVE PROJECTS

Listed below are on-line groundwater facilities selected for proactive work. Wells in this category are showing signs of declining health and/or have not been evaluated in a significant amount of time. When the project begins, it is moved to the CA or Investigative Projects in Section B.

NORTH SERVICE AREA

<i>Planned Projects:</i>	3,500 gpm
<u>56A Fairbairn/Karl</u>	
<i>Capacity</i>	2,000 gpm
<i>Reason:</i>	Well maintenance/assessment
<u>N5 Hillsdale</u>	
<i>Capacity</i>	700 gpm
<i>Reason:</i>	Well maintenance/assessment
<u>N22 River College</u>	
<i>Capacity</i>	800 gpm
<i>Reason:</i>	Well maintenance/assessment

SOUTH SERVICE AREA

<i>Planned Projects:</i>	4,800 gpm
<u>25 Thor/Mercury</u>	
<i>Capacity</i>	400 gpm
<i>Reason:</i>	Well maintenance/assessment
<u>33A Auburn/Norris</u>	
<i>Capacity</i>	2,100 gpm
<i>Reason:</i>	Well maintenance/assessment
<u>74 Riverwalk/NETP South</u>	
<i>Capacity</i>	2,300 gpm
<i>Reason:</i>	Well maintenance/assessment



Agenda Item: 14

Date: November 18, 2024
Subject: Engineering Report
Staff Contact: Dana Dean, P.E., Engineering Manager

Summarized below are Engineering Department activities. The report is separated into the following sections: A) Major Capital Improvement Program (CIP) Projects; B) Planning Documents; and C) Other Projects.

A. MAJOR CAPITAL IMPROVEMENT PROGRAM PROJECTS

Below are major CIP projects consistent with the Board’s approved funding program.

SUPPLY – NEW WELLS

The table below shows the stages of the current projects.

Wells 81, 82, and 83 Antelope North / Poker	DESIGN AND CONSTRUCTION		
	Approximate Completion		Change in Completion Status Since Last Report
	Design	Construction	
	<i>Pump Station</i>		
	Complete	October 2025	Note 1
	FACILITY COMMISSIONING		
	Start	End	Notes
	October 2025	December 2025	No Change

Well 84 Antelope / Don Julio	DESIGN AND CONSTRUCTION		
	Approximate Completion		Change in Completion Status Since Last Report
	Design	Construction	
	<i>Pump Station</i>		
	Complete	July 2025	No Change
	FACILITY COMMISSIONING		
	Start	End	Notes
	August 2025	October 2025	Note 1

Note 1. Start and End dates have been updated to be consistent with the *Milestones Progress* chart presented on page 3 below (Start/End of July/September changed to August/October).

Milestone Status

Wells 81, 82, and 83

- Foundation Completed ahead of schedule.
- Underground On-track – Waiting on SIPs approval for some right-of-way work (water main tie-in, and storm drain tie-in).
- Paving On-track – Graded 2/3 of site for early paving - scheduled for first part of November (weather permitting).
- Building On-track.

Well 84

- Foundation Completed ahead of schedule.
- Underground Complete – Waterlines that were contracted in the original GMP were installed on schedule. District-requested second waterline to provide connection with the transmission main located in Antelope Road is now scheduled to be completed in November due to material delay for tapping valve.
- Paving On-track – Site grading underway. Paving scheduled for mid-November (weather permitting).
- Building Completed ahead of schedule.

DISTRIBUTION

MAIN REPLACEMENT PROGRAM

The table below shows stages of the current major main replacement/improvement projects.

Project	Approximate Completion		Change in Completion Status Since Last Report
	Design	Construction	
MBP Dudley Dudley Main Replacement	December 2024	2025	No Change
MBP Dudley Peacekeeper Main Replacement	2025	2026	No Change

B. PLANNING DOCUMENTS

The District has planning documents (e.g., Asset Management Plans (AMPs) and Master Plans (MPs)) for all of its infrastructure categories. AMPs are generally updated on a staggered schedule and the update frequencies range from 4 to 6 years.

The table below lists all of the District’s AMPs and MPs and their update status.

Plan	Last Update	Next Update	Comment
Buildings and Structures AMP	2020	2026	
Distribution Main AMP	2019	2025	In progress
Fleet AMP	2020	2025	
Groundwater Well AMP	2020	2026	
Meter AMP	2023	2028	
Reservoir and Booster Pump Station AMP	2011	2025	Note 1
SCADA AMP	2021	2026	
Transmission Main AMP	2020	2026	Note 2
Water System MP	2017	2025	Note 3
Urban Water Management Plan	2021	2026	Note 4

Note 1. Update planned to be initiated in CY2025.

Note 2. Update planned to be initiated in CY2026 as recommended in AMP.

Note 3. Update planned to be initiated in CY2025.

Note 4. Update planned to be initiated in CY2025 to meet 2026 State deadline.

C. OTHER PROJECTS

None.



Agenda Item: 15

Date: November 18, 2024

Subject: Financial Report

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Summary:

This staff report contains summarized information on the Sacramento Suburban Water District’s (District) financial condition for the period ended September 30, 2024.

- Financial Statements – September 2024
- Budget to Actual Reports – September 2024

Financial Statements

Financial Statement Highlights – September 2024

Financial Highlights from the Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are presented in the following tables. They are gleaned from the financial statements attached to this report.

Statement of Net Position

	Year-To-Date	Year-To-Date	Variance
	9/30/2024	9/30/2023	
LIQUIDITY	\$19,793,566.44	\$16,363,647.00	\$3,429,919.44
CUSTOMER RECEIVABLES	8,106,846.04	4,536,420.86	3,570,425.18
INVESTMENT	36,699,469.83	36,950,012.07	(250,542.24)
CAPITAL ASSETS	340,187,945.59	330,872,543.11	9,315,402.48
DEBT	48,626,545.10	54,324,527.98	(5,697,982.88)
NET POSITION	344,517,593.46	313,252,385.69	31,265,207.77

Key information from this table indicates that combined the District’s cash balance is \$3.4 million more, customer receivables are \$3.6 million more, and investments are \$0.3 million less than on September 31, 2023; long-term debt has decreased by \$5.7 million; and net position has increased by \$31.3 million in the last 12 months as the District continues to invest in capital infrastructure replacements while decreasing its outstanding debt. Starting January 1, 2024, all accounts are billed on or around the 5th day of the month for the previous month instead of billing four billing cycles throughout the month. Previously, one billing cycle was billed in the following month. The increase in receivables is mostly related to the new monthly billing method (\$5.2 million), increase

in delinquent balances related to not locking off customer accounts and the outstanding direct levy balance (\$0.9 million). Investments are lower because of not reinvesting matured securities and holding in cash reserves (approximately \$3.5 million).

Statements of Revenues, Expenses and Changes in Net Position

	<u>Year-To-Date</u>	<u>Year-To-Date</u>	<u>Variance</u>
	<u>9/30/2024</u>	<u>9/30/2023</u>	
Operating Revenue	\$42,640,133.81	\$39,196,345.04	\$3,443,788.77
Operating Expense	(19,306,030.42)	(18,581,894.50)	(724,135.92)
Other, Net	(3,034,665.86)	(9,818,410.73)	6,783,744.87
NET INCOME	20,299,437.53	10,796,039.81	9,503,397.72

Operating revenues increased \$3.4 million, operating expenses increased \$0.7 million and other, net expenses decreased \$6.9 million, year to date compared to the same period a year ago. Increase in operating revenues primarily due to 6.1% increase in water consumption as of September, the 3% rate increase that occurred on January 1 of this year, and the change in monthly billing method. The year-over-year operating expense increase of \$0.7 million is primarily due to the following: 1) increased PCWA surface water purchases (units and cost) over last year (\$0.4 million), 2) increase in pumping costs from last year (\$0.1 million), 3) increase in insurance costs (\$0.2 million). Other, net expenses decreased \$6.7 million net from 2023 primarily related to an increase of 4.2 million in capital grant revenues, \$1.8 million capacity fees, \$0.7 million investment income, and \$0.5 million decrease from developer contributions from the previous year.

Budgets:

Budget Item	Actual Amount YTD	Adjusted Budget Amount YTD	Variance YTD
Revenues and Sources of Funds	50,205,162	48,188,050	2,017,112
Operations and Maintenance	19,306,030	20,313,075	(1,007,045)
Capital Expenditures *	12,060,604	19,882,500	(7,821,896)
Debt Service - Principal	-	5,010,000	(5,010,000)
Debt Service - Interest	1,487,994	1,488,750	(756)

*Capital budget includes rollover budget from previous years.

The District’s revenues through September 2024 are more than the approved budget by \$2.0 million primarily related to a combination of change in monthly billing method as explained above, increases in water consumption and capacity fees year-to-date over what was budgeted, higher investment interest income due to returns being higher than budgeted, and a small increase in other miscellaneous income.

The District’s operating expenditures as of September 30, 2024, came in less than the approved budget by \$1.0 million. Most of this positive variance is due to timing differences and is forecasted to decrease by years’ end.

The District's Adjusted Capital Improvement Program budget for 2024 is \$23.4 million plus \$3.5 million in rollover funds from previous years' budgets for a total of \$26.9 million. As of September 30, 2024, \$11.4 million has been spent while an additional \$11.0 million is under commitment. Expenditures continue to be primarily in new well construction, well rehabilitation, and distribution system replacements.

The District's Operating Capital Program budget for 2024 is \$3.1 million plus \$0.7 million in rollover funds from previous years' budgets for a total of \$3.8 million. As of September 30, 2024, \$0.7 million has been spent while an additional \$1.1 million is under commitment.

Scheduled 2024 principal payments of \$5.0 million are not due until the end of October 2024. Total outstanding debt as of September 30, 2024, is \$48.9 million. The District's debt service budget for 2024 is \$7.0 million consisting of \$5.0 million for principal and \$2.0 for interest payments. Interest payments are in line with the 2024 Budget.

Attachments:

1. Financial Statements – September 30, 2024
2. Budget to Actual Reports – September 30, 2024

**Financial Statements
September 2024**

**Sacramento Suburban Water District
Statements of Net Position**

	As Of	Month End <u>9/30/2024</u>	Month End <u>9/30/2023</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$19,778,145.33	\$16,363,620.18
Restricted Cash and cash equivalents		15,421.11	26.82
Accounts receivable, net of allowance for uncollectible accounts		8,106,846.04	4,536,420.86
Interest receivable		231,400.71	137,761.73
Grants receivables		8,244,993.47	
Inventory		969,935.69	901,464.37
Prepaid expenses and other assets		1,500,886.93	1,814,345.07
TOTAL CURRENT ASSETS		<u>38,847,629.28</u>	<u>23,753,639.03</u>
NONCURRENT ASSETS			
Investments		36,699,469.83	36,950,012.07
TOTAL NONCURRENT ASSETS		<u>36,699,469.83</u>	<u>36,950,012.07</u>
Property, plant and equipment		587,437,820.19	565,264,680.28
Accumulated depreciation		(247,249,874.60)	(234,392,137.17)
TOTAL CAPITAL ASSETS		<u>340,187,945.59</u>	<u>330,872,543.11</u>
TOTAL ASSETS		<u>415,735,044.70</u>	<u>391,576,194.21</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on long-term debt refunding		2,452,081.47	3,410,559.87
Pension contribution subsequent to measurement date		4,833,965.00	4,842,834.00
Other post-employment benefits		1,124,093.00	1,300,500.00
Deferred outflow of Asset Obligation		1,258,538.87	981,339.87
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>425,403,723.04</u>	<u>402,111,427.95</u>
LIABILITIES			
CURRENT LIABILITIES			
Current portion of long-term debt and capital leases		5,010,000.00	4,910,000.00
Current portion of Compensated Absences		1,200,000.00	1,000,000.00
Accounts payable		1,821,006.18	1,755,765.69
Accrued interest		826,663.37	868,705.03
Deferred revenue and other liabilities		1,610,095.86	4,140,995.41
Accrued expenses		1,663,630.13	2,053,911.54
TOTAL CURRENT LIABILITIES		<u>12,131,395.54</u>	<u>14,729,377.67</u>
NONCURRENT LIABILITIES			
Long-term debt		43,616,545.10	49,414,527.98
Compensated absences		69,234.94	288,931.61
Net pension liability		13,884,790.00	12,721,219.00
Net other post-employment benefits liability		3,077,711.00	3,139,340.00
Asset Retirement Obligation		5,454,858.00	5,133,984.00
TOTAL NONCURRENT LIABILITIES		<u>66,103,139.04</u>	<u>70,698,002.59</u>
TOTAL LIABILITIES		<u>78,234,534.58</u>	<u>85,427,380.26</u>
DEFERRED INFLOWS OF RESOURCES			
Employee pensions		409,458.00	705,650.00
Other post-employment benefits		2,242,137.00	2,726,012.00
NET POSITION			
Invested in capital assets, net of related debt		289,215,352.54	270,541,612.06
Restricted		15,624.14	2,358.84
Unrestricted		55,286,616.78	42,708,414.79
TOTAL NET POSITION		<u>344,517,593.46</u>	<u>313,252,385.69</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION		<u>425,403,723.04</u>	<u>402,111,427.95</u>

Sacramento Suburban Water District
Statements of Revenues, Expenses and Changes in Net Position
Period Ended

	<u>Year-To-Date</u> <u>9/30/2024</u>	<u>Year-To-Date</u> <u>9/30/2023</u>
OPERATING REVENUES		
Water consumption sales	\$ 12,966,335.08	\$ 11,699,393.81
Water service charge	27,953,440.56	26,466,496.79
Wheeling water charge	796,018.12	284,080.59
Other charges for services	924,340.05	746,373.85
TOTAL OPERATING REVENUES	42,640,133.81	39,196,345.04
OPERATING EXPENSES		
Source of supply	3,380,573.97	2,999,936.19
Pumping	4,135,608.11	3,935,198.06
Transmission and distribution	3,456,683.13	3,764,152.78
Water conservation	522,328.54	537,290.41
Customer accounts	1,380,555.37	1,261,776.70
Administrative and general	6,430,281.30	6,083,540.36
TOTAL OPERATING EXPENSES	19,306,030.42	18,581,894.50
Operating income before depreciation	23,334,103.39	20,614,450.54
Depreciation and amortization	(10,144,828.48)	(10,302,598.12)
OPERATING INCOME	13,189,274.91	10,311,852.42
NON-OPERATING REV. (EXP.)		
Rental income	229,994.47	244,458.79
Interest and investment income	1,893,923.07	820,349.45
Interest expense and debt related costs	(1,615,865.67)	(1,691,540.64)
Other non-operating revenues	114,910.51	195,324.01
Other non-operating expenses	(109.91)	(20,746.80)
Gain(loss) on disposal of capital assets	111,244.85	
NON-OPERATING REV. (EXP.)	734,097.32	(452,155.19)
NET INCOME (LOSS) BEFORE CAPITAL	13,923,372.23	9,859,697.23
CAPITAL CONTRIBUTIONS		
Capacity fees	2,168,259.00	390,388.00
Developer contributions		545,954.58
Federal, state and local capital grants	4,207,806.30	
TOTAL CAPITAL CONTRIBUTIONS	6,376,065.30	936,342.58
CHANGE IN NET POSITION	20,299,437.53	10,796,039.81
Net position at beginning of year	324,218,155.93	302,456,345.88
NET POSITION AT END OF PERIOD	\$ 344,517,593.46	\$ 313,252,385.69

**Budget to Actual Reports
September 2024**

**Sacramento Suburban Water District
Budget to Actual As Of
Period Ended**

	9/30/2024 - YTD			2024
	Actual	Budget	Variance	Annual Budget
REVENUES				
Water consumption sales	\$12,966,335.08	\$12,555,000.00	\$411,335.08	\$16,582,000.00
Water service charge	27,953,440.56	27,848,999.97	104,440.59	37,132,000.00
Wheeling water charge	796,018.12	281,250.00	514,768.12	375,000.00
Other charges for services	924,340.05	706,500.00	217,840.05	993,000.00
Capacity fees	2,168,259.00	250,000.00	1,918,259.00	1,000,000.00
Interest and investment income	846,621.62	396,000.00	450,621.62	530,000.00
Rental & other income	342,341.28	150,300.00	192,041.28	200,000.00
Grant income	4,207,806.30	6,000,000.00	(1,792,193.70)	14,710,000.00
TOTAL REVENUES	50,205,162.01	48,188,049.97	2,017,112.04	71,522,000.00
EXPENSES				
Board of Directors	65,948.26	108,624.51	42,676.25	150,832.68
Administrative	2,111,571.06	2,143,380.47	31,809.41	2,803,219.96
Finance	936,811.91	1,022,160.02	85,348.11	1,361,285.19
Customer Services	1,122,214.85	1,160,869.95	38,655.10	1,512,226.60
Field Operations	369,182.33	456,153.53	86,971.20	608,206.16
Production	6,857,061.62	6,705,754.78	(151,306.84)	8,914,861.08
Environmental Compliance	659,120.46	762,243.61	103,123.15	1,100,784.96
Distribution	2,163,278.96	2,090,381.43	(72,897.53)	2,949,182.48
Field Services	924,221.84	1,188,261.05	264,039.21	1,697,285.01
Maintenance	594,686.88	590,489.73	(4,197.15)	802,319.64
Water Conservation	522,328.54	667,345.88	145,017.34	865,822.84
Engineering	1,138,080.00	1,256,803.15	118,723.15	1,770,855.32
GIS/CAD	338,320.24	375,433.60	37,113.36	499,532.80
Human Resources	294,804.22	359,669.34	64,865.12	479,574.12
Information Technology	950,058.73	1,135,170.90	185,112.17	1,513,561.16
Community Outreach	258,340.52	290,333.00	31,992.48	476,450.00
TOTAL OPERATING EXPENSES	19,306,030.42	20,313,074.95	1,007,044.53	27,506,000.00

**Sacramento Suburban Water District
Capital Budget
9/30/2024**

Attachment 2

Project Name	Original Budget	Adjusted Budget	Roll-Over From Prior Year Budget	Total Budget Available	Current Month Expenditures	Expenditures Year-To-Date	Committed Year- To-Date	Remaining Balance
CIP-Well Rehad/Pump St Improv	\$4,723,000.00	\$4,539,000.00	\$414,274.29	\$4,953,274.29	\$339,831.32	\$2,175,416.88	\$1,068,348.26	\$1,709,509.15
CIP-SCADA/Communication Improv	-	\$360,000.00	\$156,976.56	\$516,976.56	\$1,109.89	\$113,344.07	\$112,832.23	\$290,800.26
CIP-Well New Construction	\$15,302,000.00	\$13,397,000.00	\$2,577,587.09	\$17,974,587.09	\$1,123,105.24	\$6,984,038.68	\$8,466,532.88	\$2,524,015.53
CIP-Trans & Dist Improvements	\$1,650,000.00	\$1,255,000.00	\$203,431.02	\$1,458,431.02	\$39,294.07	\$405,273.15	\$441,537.31	\$611,620.56
CIP-Reservoir/Tank Improv	\$980,000.00	\$980,000.00	\$101,983.63	\$1,081,983.63	\$85,851.52	\$387,323.28	\$177,198.53	\$517,461.82
CIP-Corrosion Control	\$120,000.00	\$120,000.00	-	\$120,000.00	-	-	\$9,500.00	\$110,500.00
CIP-Valve/Hydrant/Service Repl	\$700,000.00	\$670,650.00	-	\$670,650.00	\$45,944.00	\$363,543.99	\$56,343.06	\$250,762.95
CIP-Large Meter Replacement	\$85,000.00	\$162,000.00	-	\$162,000.00	-	\$49,396.00	\$111,193.00	\$1,411.00
CIP-Meter Replacement PM	\$300,000.00	\$300,000.00	-	\$300,000.00	\$47,217.36	\$249,328.66	\$2,049.35	\$48,621.99
CIP-Special Projects	\$95,000.00	\$123,000.00	\$778.81	\$123,778.81	-	\$34,812.00	\$54,839.57	\$34,127.24
CIP-Water Related Street Imprv	\$1,500,000.00	\$1,500,000.00	-	\$1,500,000.00	\$374,228.77	\$629,443.17	\$509,236.13	\$361,320.70
CIP Subtotal	\$25,455,000.00	\$23,406,650.00	\$3,455,031.40	\$26,861,681.40	\$2,056,582.17	\$11,391,919.88	\$11,009,610.32	\$4,460,151.20
OCP - Equipment	-	\$7,700.00	-	\$7,700.00	-	\$7,652.13	-	\$47.87
OCP - Fleet & Facilities	\$60,000.00	\$75,000.00	\$17,000.00	\$92,000.00	-	\$67,102.37	\$0.05	\$24,897.58
OCP - Information Technology	\$1,487,000.00	\$1,127,000.00	\$7,910.50	\$1,134,910.50	\$53,474.96	\$85,297.51	\$56,150.46	\$993,462.53
OCP - Maintenance	\$606,000.00	\$563,075.00	\$130,000.00	\$693,075.00	-	\$115,493.50	\$240,342.73	\$337,238.77
OCP - Operations	\$902,000.00	\$1,218,575.00	\$217,731.33	\$1,436,306.33	\$112,378.98	\$371,548.84	\$394,117.57	\$670,639.92
OCP - Property Acquisition	-	\$112,000.00	\$339,771.03	\$451,771.03	\$1,675.50	\$21,589.94	\$385,750.09	\$44,431.00
OCB Subtotal	\$3,055,000.00	\$3,103,350.00	\$712,412.86	\$3,815,762.86	\$167,529.44	\$668,684.29	\$1,076,360.90	\$2,070,717.67
Total	\$28,510,000.00	\$26,510,000.00	\$4,167,444.26	\$30,677,444.26	\$2,224,111.61	\$12,060,604.17	\$12,085,971.22	\$6,530,868.87



Agenda Item: 16

Date: November 18, 2024

Subject: Operations Report

Staff Contact: Michael Simi, Operations Manager

This report describes significant District activities and milestones over the past month. Included in this report are:

1. Water Operations Monthly Activity and Exceptions Report

This shows the various types and number of activities that are in the Operations Department. In addition, this report shows the hours of work performed in the Del Paso Manor Water District service area.

2. District Claims Update Report

This summarizes claims received by the District. Under the District's Claims Processing Policy, the Board of Directors grants the General Manager, or his or her designee, the authority to review and to approve or reject a claim. The processing of all claims will be conducted in accordance with the Government Claims Act and Ordinance 02-02, including the time limits on claims processing and requirements for presenting claims. All claims will be presented as information to the Board of Directors at a regularly scheduled Board Meeting.

1. Water Operations Monthly Activity Report

	October 2024	Monthly Average CY 2024	Total CY 2024	Total # in System	Goal CY 2024	% of Goal Completed in CY 2024
Preventive Maintenance Program - Distribution						
Fire Hydrants Inspected	150	142	1415	6490	1298	109%
Fire Hydrant Valves Inspected	138	127	1270	5869	1174	108%
Mainline Valves Inspected	185	198	1978	11255	2251	88%
Blow Off Valves Inspected	21	18	181	1049	210	86%
ARV/CARV Inspected	-	7	65	283	57	115%
Preventive Maintenance Program - Meters						
Meters Tested (3 - 10 inch)	-	12	123	450	120	103%
Meters Replaced (⁵ / ₈ - 1 inch)	142	110	1102	41167	1125	98%
Meter Re-Builds (1 ¹ / ₂ - 2 inch)	1	25	245	2449	245	100%
AMI Collectors Inspected	-	1	9	9	9	100%
Preventive Maintenance Program - Production						
Air Release Valves	-	3	32	96	32	100%
Chemical Systems - Sodium Hypochlorite	4	7	69	71	71	97%
Chemical Systems - Hydrofluorosilicic Acid	3	3	25	30	30	83%
Generator Inspection & Maintenance	5	2	24	23	23	104%
Generator Load Bank Testing	6	1	6	23	10	60%
Generator Battery Replacement	-	1	6	23	6	100%
Hydraulic Control Valves	-	5	49	49	49	100%
Level Transducers	14	3	32	35	35	91%
Motors (Vertical Turbine)	-	8	82	82	82	100%
Pressure Transducers	-	10	95	95	95	100%
Sumps and Associated Pumps	-	2	19	19	19	100%
	October 2024	Monthly Average	YTD Completed	Total With GPS	Total Assets	Percentage Completed
Global Positioning System						
GPS Coordinates Marked	358	939	9390	25945	84541	31%
	October 2024	Monthly Average CY 2024	Total CY 2024			
Service Requests						
Main Leaks	8	3	33			
Service Line Leaks	5	5	45			
Customer Pressure Inquiries	15	11	114			
Water Main Shutdown						
-- Unscheduled	4	3	28			
-- Scheduled	8	5	54			
After Hours Activity (On-Call Technician)						
Calls Received Distribution	35	45	445			
Calls Responded Distribution	19	30	300			
Calls Received Production	39	45	450			
Calls Responded Production	2	3	26			
Water Quality						
Complaints	2	1	14			
Taste & Odor Complaints	1	0	4			
Del Paso Manor Water District						
Normal Business Hours	126	106	319			
After Hours Calls (On-Call Technician)	8	6	17			
Overtime Hours	21	13	38			

2. District Claims Update Report

This summarizes claims received by the District. Under the District's Claims Processing Policy, the Board of Directors grants the General Manager, or his/her designee, the authority to review and to approve or reject a claim. The processing of all claims will be conducted in accordance with the Government Claims Act and Ordinance 02-02, including the time limits on claims processing and requirements for presenting claims. All claims will be presented as information to the Board of Directors at a regularly scheduled Board Meeting.

CLAIMS UNDER REVIEW/INVESTIGATION

No new claims filed in October.



Agenda Item: 17

Date: November 18, 2024

Subject: Customer Service Report

Staff Contact: Julie Nemitz, Customer Services Manager

This report describes Customer Service Activities and milestones over the past month. Included in this report are:

1. Print and Mail Vendor Change Information

This provides information on a planned vendor change for the print and mail services for the District's monthly bills.

2. Customer Service Monthly Activity Report

This shows the total number of Customer Service phone calls received.

3. Community Outreach Report

This provides a copy of the monthly bill insert.

1. Print and Mail Vendor Change Information

The District has been using the same print and mail vendor since 2005. After reviewing the current agreement and researching other options, a new vendor has been selected to provide print and mail services for customers’ monthly bills. The targeted go-live date is March 1, 2025, and staff will provide updates during the transition, to include a mock bill once the design step is completed, and updates on customer outreach regarding the change.

2. Customer Service Monthly Activity Report

Customer Service Phone calls:

	Total Calls	Calls Abandoned	% of Calls Abandoned	Avg. Wait on Queue	Max. Wait on Queue	Avg. Talk Time
October	1866	27	1.45%	21s	6m, 46s	2m, 44s
September	1506	18	1.20%	19s	6m, 52s	2m, 35s
August	1761	27	1.53%	18s	6m, 37s	2m, 48s
July	1906	15	0.79%	23s	6m, 59s	2m, 47s
June	1614	19	1.18%	18s	6m, 29s	2m, 47s
May	1710	17	0.99%	13s	6m, 43s	2m, 57s

3. Community Outreach Report

Bill Insert

A sample of the December 2024 Bill Insert is shown below.

****DEC 2024 INSERT IS UNDER FINAL REVIEW AS OF 11/7****



Agenda Item: 18

Date: November 18, 2024

Subject: Public Relations Society of America Influencer Award

Staff Contact: Greg Bundesen, Conservation and Communications Supervisor

On October 17, 2024, Conservation and Communications Supervisor, Greg Bundesen and Water Conservation Technician II, Josh Taylor, accepted a Public Relations Society of America (PRSA), California Capital Chapter, Audiovisual Influencer Award for the “Leak Busters” video released in March this year. The video is a parody of the commercial seen in the original 1984 *Ghostbusters* movie and was released the same week that *Ghostbusters 4: Frozen Empire* was released in theaters. As part of the WaterSense Fix-A-Leak Week Campaign, the video calls on customers to check their homes for leaks and to contact the District for assistance in identifying leaks.

Since the video aired, the District has seen a 39% increase in requests for Leak Investigations compared to the average number of requests for the same period in previous years. As a result, staff has identified 30 million gallons of water lost to leaks—enough to supply 600 U.S. homes for a year. Additionally, 22 Leak Repair Rebates were issued, saving 18 million gallons of water annually, which is sufficient to supply water to 360 U.S. homes for a year.



Agenda Item: 19

Date: November 18, 2024

Subject: Sacramento Regional Water Bank Update

Staff Contact: Matt Underwood, Assistant General Manager

To enhance the long-term viability of the Sacramento Region's communities, businesses, and families, certain water purveyors have committed to a collaborative effort to start up a program to assess the need to better adapt the regional water supply system to climate change and drought. The focus at this time is on expanding conjunctive use to increase the resilience of the region's water supplies to meet needs – in short by creating a 21st-century water system. This program is known as the Regional Water Authority (RWA) Sacramento Regional Water Bank (Water Bank).

The Water Bank is a multi-agency partnership that allows participating local water agencies to expand their conjunctive use by making greater use of the expansive natural reservoir (the aquifer) under the Sacramento region for storing water during wet times for use during dry times.

By enhancing the Sacramento region's utilization of conjunctive use through the Water Bank program, the predicted health of the aquifer is improved with the benefit to Sacramento Suburban Water District (District) of its groundwater supply becoming more resilient and therefore more reliable.

To provide the District's Board consistent updates, staff presented the Water Bank at the October 30, 2023, Water Bank Program Committee (Program Committee) meeting, the November 20, 2023, regular Board meeting, the March 27, 2024, Program Committee, the April 22, 2024, regular Board meeting, the August 19, 2024, regular Board meeting, and the September 16, 2024, regular Board meeting.

Since the last update to the Board at the September regular Board meeting, the Program Committee met on September 18, 2024, and October 16, 2024. The two primary items on the agenda for both meetings pertained to (1) Water Bank starting balance using Previously Banked Water (PBW) associated with the Sacramento Groundwater Authority Water Accounting Framework, and (2) budget and funding.

Water Bank Starting Balance

- At the August 21, 2024, Program Committee meeting, all participating agencies in attendance unanimously supported the recognition of a previously banked volume of water with a caveat to also consider water banked by other participating agencies that was not accounted for in the Sacramento Groundwater Authority Water Accounting Framework.
 - Previously banked volumes of water must be defensible and credible.

- At the October 16, 2024, Program Committee meeting, RWA staff were directed to obtain a scope, schedule, and budget estimate to utilize groundwater modeling to evaluate the potential amount of PBW that could be transferred to the Water Bank as a starting balance.
 - All participating agencies in attendance unanimously agreed that the cost to conduct groundwater modeling shall be paid by the agencies that elect to participate, on a pro rata basis according to the volume of previously banked water that is recognized.

Budget and Funding

- RWA confirmed the need for Phase 3 funding.
 - Not-to-exceed total of \$629,000.
 - The Phase 3 agreement includes a 20% contingency amount of \$125,800 on top of the not-to-exceed amount of \$629,000 that can be voted on by the PC for the purpose of providing emergency funds in the case the scope of work is expanded on the project.
 - The District's portion of Phase 3 funding is \$77,900.

All participating agencies continue to agree that if any PBW is acknowledged, the effect of its recovery on the subbasins and compliance with Groundwater Sustainability Plans must be accounted for.

Upcoming Scheduled Meetings

- A Water Bank Ad Hoc Meeting is scheduled for November 12, 2024.
 - Anticipated agenda is to discuss modeling efforts related to PBW, essentially the scope and costs in more detail and obtain additional direction.
- The next Program Committee meeting is scheduled for November 20, 2024.
 - Agenda has yet to be determined at this time.

Staff will continue to update the Board as appropriate.



Agenda Item: 20

Date: November 18, 2024

Subject: Upcoming Water Industry Meetings/Conferences

Staff Contact: Heather Hernandez-Fort, Executive Assistant to the General Manager

The Sacramento Suburban Water District Board of Directors adopted Policy PL – BOD 003 governing Director compensation and expense reimbursement. Section 200.20(g) states that Directors may receive a meeting stipend for “meetings, water industry events or office visits of a substantial duration concerning substantive District business as requested and approved for payment by the General Manager or the Board President...” Information provided on upcoming water industry events, or regularly scheduled meetings of other water districts, does not imply that approval for a compensable meeting or reimbursement of expenses are triggered.

Below is a list of upcoming water industry meetings/conferences:

Upcoming Meetings:

1. SGA Board Meeting
December 12, 2024
In-Person for voting Board of Directors, virtual option for all public
<https://www.sgah2o.org/meetings/board-meetings/>

Upcoming Conferences:

2. ACWA 2024 Fall Conference & Exhibition
December 3-5, 2024
Palm Desert, CA
<https://www.acwa.com/events/page/3/>
3. ACWA 2025 Spring Conference & Exhibition
May 13-15, 2025
Monterey, CA
<https://www.acwa.com/events/page/2/>
4. ACWA 2025 Fall Conference & Exhibition
December 2-4, 2025
San Diego, CA
<https://www.acwa.com/events/page/2/>

Below is a partial list of local Water Purveyors Regular Board Meeting information and websites:

- Carmichael Water District: <http://carmichaelwd.org/> - Every 3rd Tuesday of the month at 6:00 p.m.
- Citrus Heights Water District: <http://chwd.org/> - Every 3rd Wednesday of the month at 6:30 p.m.
- Del Paso Manor Water District: <https://www.delpasomanorwd.org/> - Every 1st Tuesday of the month at 6:00 p.m.
- El Dorado County Water Agency - <http://www.edlafco.us/> - Every 2nd Wednesday of the month at 10:00 a.m.
- El Dorado Irrigation District - <http://www.eid.org/> - Every 2nd and 4th Mondays of the month at 9:00 a.m.
- Fair Oaks Water District: <http://www.fowd.com/> - Every 3rd Monday of the month at 6:30 p.m.
- Natomas Mutual Water Company - <http://natomaswater.com/> - Every 2nd Tuesday of the month at 9:00 a.m.
- Orange Vale Water Company - <https://orangevalewater.com/> - Every 1st Tuesday of the month at 4:00 p.m.
- Placer County Water Agency: <https://pcwa.net/> - Every 1st and 3rd Thursdays of the month at 2:00 p.m.
- Rio Linda/Elverta Community Water District: <http://www.rlecwd.com/> - Every 3rd Monday of the month at 6:30 p.m.
- San Juan Water District: <http://www.sjwd.org/> - Every 4th Wednesday of the month at 6:00 p.m.



Agenda Item: 21 a.

Date: November 18, 2024

Subject: Upcoming Policy Review – Investment Policy (PL – Fin 003)

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Investment Policy (PL – Fin 003) (Policy) is scheduled for its annual review. The Policy was adopted by the Board on December 16, 2002, and was last reviewed by the Board on December 18, 2023, with changes.

The Policy is scheduled for Board review and approval at the December 16, 2024, regular Board meeting. If a Director desires to comment on the Policy, staff requests that they do so by November 25, 2024. If no comment is received, this Policy will be placed as a Consent Item on December 2024 regular Board meeting agenda.

Government Code section 53646(a)(2) states: “the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting”. In addition, Government Code section 53607 states: “The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period by the legislative body to the treasurer of the local agency... Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year”.

Staff is recommending certain Policy updates based upon recommendations provided by the District’s investment advisor PFM Asset Management, LLC and from staff review. The Policy is in compliance with the California Government Code (Code) that governs the investment of public funds.

This Policy update was reviewed by legal counsel.

The suggested Policy changes are summarized below:

1. **APPENDIX A – State Authorized Investments vs. District’s Statement of Investment Policy:** Staff recommends updating the table to reflect the Board’s decision to not invest in supranationals and to add a footnote indicating the effective date of such decision.

Upcoming Policy Review – Investment Policy (PL – Fin 003)

November 18, 2024

Page 2 of 2

Both a redlined version (Attachment 1) and a clean version (Attachment 2) of the updated Policy are attached for reference.

Attachments:

- 1) Investment Policy (PL – Fin 003) – redlined
- 2) Investment Policy (PL – Fin 003) – clean

Sacramento Suburban Water District

Investment Policy

Adopted: December 16, 2002

Approved with changes on: December ~~18~~16, 202~~4~~3

100.00 Investment Authority

In accordance with section 53600 et. seq. of the Government Code of the State of California (Government Code), the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the Director of Finance and Administration/District Treasurer. Investments by the Director of Finance and Administration/District Treasurer, or his/her designee, pursuant to the delegation made by this Investment Policy are limited to those instruments described herein (the “Policy”). The District may delegate investment authority to an investment advisor. The advisor will follow the Investment Policy and such other written instructions as are provided.

200.00 Scope

This investment policy applies to all investment activities and financial assets of the District. The funds covered by this policy are accounted for and incorporated in the District’s Annual Comprehensive Financial Report (ACFR). This policy specifically exempts any bond proceed funds. Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in the bond documents. Also exempt are pension or other post-employment benefit funds held in a trust.

300.00 Statement of Objectives

In order of importance, four fundamental criteria will be followed in the investment program:

310.00 Safety of Principal

Investments will be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio. Each investment transaction will be entered into seeking quality in issuer and in underlying security or collateral. Market risk will be reduced by diversifying the portfolio, by limiting the average maturity of the portfolio, by limiting the maximum maturity of any one security, and by performing cash flow analyses to avoid the need to sell securities prior to maturity.

320.00 Liquidity

Investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without a significant loss in value.

330.00 Interest Rate Risk Hedging

The District's investment portfolio will be designed with the objective of mitigating interest rate risk that arises due to adjustable-rate debt financing or other contractual arrangements, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

340.00 Return on Investment

The District's investment portfolio will be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

400.00 Prudent Investor Standard

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing the District's funds, the Board and those to whom investment authority has been delegated 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 District, that a prudent person acting 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 District. This standard will be applied in all investment decisions, including those related to hedging interest rate risks associated with debt financing.

500.00 Authorized Financial Dealers and Institutions

The Director of Finance and Administration/District Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California. A determination should be made to ensure that all approved broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy. In addition, the broker/dealer firms should have the ability to meet all of their financial obligations in dealing with the District. The firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved. No public deposit shall be made except in a qualified public depository as established by the established state laws. An annual review of the financial condition and registrations of the qualified institutions utilized by the District will be conducted by the Director of Finance and Administration/District Treasurer. A current audited financial statement is required to be on file for each

financial institution and broker/dealer that the District utilizes as part of its portfolio management.

600.00 Portfolio Management

Any reference to the District's portfolio will mean the total of the cash and securities under management by the Director of Finance and Administration/District Treasurer, excluding cash and securities held in escrow or in trust on behalf of the District. Any reference to the Director of Finance and Administration/District Treasurer herein will include his/her designee or designees (such as a professional portfolio manager or financial advisor). The Director of Finance and Administration/District Treasurer may invest in any security authorized for investment under this Policy, subject to the limitations described below:

610.00 Maturity Limitations

- a. With the exception of securities underlying repurchase agreements, the Director of Finance and Administration/District Treasurer is authorized to invest the District's fund balances to a maximum term of five years, unless a longer maturity would be warranted and has been approved by the Board at least 90 days in advance of the investment. For purposes of compliance with this Policy section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. Investment of bond proceeds held by the bond Trustee such as bond reserve funds, construction funds or funds established for the refunding and defeasance of bonds shall be subject to the applicable provisions set forth in the bond agreements, rather than the provisions of the Government Code.
- b. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein.

620.00 Diversification

The District will diversify its investments by security type and institution. With the exception of U.S. Government, Agencies, and Government Sponsored Enterprises, and authorized pools, limitations will be placed the amount invested in a single security type or with a single financial institution. Limitations are described in Section 700.00 Authorized Investments.

630.00 Purchase and Sale of Securities

- a. Information concerning investment opportunities and market developments will be gained by maintaining contact with the financial community together with information provided by financial advisors to the District.
- b. The purchase of any investment other than those purchased directly from the issuer

will be, to the extent possible, purchases from a firm designated as a Primary Dealer (dealers) by the Federal Reserve Bank of New York.

- c. All dealers will be required to provide confirmations of all purchases or sales directly to the Director of Finance and Administration/District Treasurer.
- d. Initially and when there are material changes to this Policy, the Director of Finance and Administration/District Treasurer will transmit a copy of the current Policy to its professional portfolio manager or financial advisor, requiring them to return a signed statement indicating receipt and understanding of the Policy.
- e. When practicable, the Director of Finance and Administration/District Treasurer will solicit more than one quotation on each trade. Investment trades will be awarded on a competitive bid basis.
- f. Prohibited investments include inverse floaters, range notes, interest-only strips derived from a pool of mortgages (Collateralized Mortgage Obligations), and any security that could result in zero interest accrual if held to maturity. (Zero interest accrual means the security has the potential to realize zero earnings through its maturity.)

Notwithstanding the prohibition in the above paragraph, the District may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The District may hold these instruments until their maturity dates. This paragraph shall remain in effect only until January 1, 2026, and as of that date is repealed.

- g. If the District uses a professional portfolio manager, the portfolio manager may use its own list of approved brokers, dealers, and financial institutions to conduct security transactions on behalf of the District subject to the provisions of Government Code section 53601.5.
- h. A security purchased in accordance with this Policy shall not have a forward settlement date exceeding 45 days from the time of investment.

640.00 Exchange of Securities

An exchange of securities is a shift of assets from one instrument to another and may be done for a variety of reasons, such as for interest rate risk hedging purposes, to increase yield, to lengthen or shorten maturities, to realize a profit, or to increase investment quality. In no instance will an exchange be undertaken for speculative purposes. Exchanges, to the extent practicable, will be simultaneous (same day execution of sale and purchase).

650.00 Portfolio Adjustments

- a. District portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity, if deemed necessary, to avoid losses.
- b. In the event a security held by the District is subject to a ratings change that brings it below the minimum ratings specified in this Policy, the Director of Finance and Administration/District Treasurer shall notify the Board of the change. The course of action to be followed will be decided on a case-by-case basis, subject to Board approval, considering such factors as the reason for the ratings drop, prognosis for recovery or further ratings drops, and the market price of the security.
- c. The Director of Finance and Administration/District Treasurer may at any time further restrict the securities approved for investment as deemed appropriate.

660.00 Safekeeping

- a. All securities transactions, including collateral, for repurchase agreements entered into by the District will be conducted on a delivery versus payment (DVP) basis.
- b. Securities will be held in safekeeping pursuant to a safekeeping agreement by an independent custodian, which does not act as a principal or secondary broker-dealer.
- c. All financial institutions which provide safekeeping services for the District will be required to provide reports or safekeeping receipts directly to the Director of Finance and Administration/District Treasurer to verify securities taken into their possession.
- d. A counterparty bank's trust department or separate safekeeping department may be used for physical delivery of a security. The security must be held in the District's name.

670.00 Review of Investment Portfolio

The securities held by the District must be in compliance with Section 700.00 Authorized Investments at the time of purchase. Because some securities may not comply with Section 700.00 Authorized Investments subsequent to the date of purchase, the Director of Finance and Administration/District Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The Director of Finance and Administration/District Treasurer shall establish procedures to

report to the Board major and critical incidences of noncompliance identified through the review of the portfolio.

Any investment held by the District at the time this Policy is adopted or amended will not be sold to conform to any part of this Policy unless its sale is judged to be prudent by the Director of Finance and Administration/District Treasurer.

680.00 Investment Pools/Mutual Funds

A thorough investigation of pool/fund's used by the District is required prior to investing, and on an annual basis. The review may address the following questions:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. A fee schedule, and when and how is it assessed.

690.00 Collateralization

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for Certificate of Deposits and 102% for reverse repurchase agreements of principal and accrued interest.

700.00 Authorized Investments

The following are types of securities that may be purchased subject to the limitations specified. A summary of these security types and the limitations on the percentage of portfolio is shown in Appendix A.

701.00 U.S. Government, Agencies, and Government Sponsored Enterprises

- a. Investments in U.S. Treasury obligations will not be subject to any limitations. Purchases may be affected through the Federal Book Entry System which includes acceptance of a Federal Reserve receipt on behalf of the District.
- b. Investments in direct obligations of federal agencies guaranteed by the U.S. Government will not be subject to any limitations.

- c. Investments in federal agency obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations.
- d. Investments in government sponsored enterprise obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations.

702.00 Municipal Obligations

- a. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
- b. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United, in addition to California.

703.00 Bankers' Acceptances

Restrictions are as follows:

- a. Investments in prime bankers' acceptances will not exceed 40 percent of the portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the total portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. Eligible bankers' acceptances will be rated in the highest short-term ratings category by a Nationally Recognized Statistical Rating Organization (NRSRO).
- d. The maximum maturity will be limited to 180 days.

704.00 Negotiable Certificates of Deposit

Restrictions are as follows:

- a. Investments in negotiable certificates of deposit will not exceed 30 percent of the total portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. To be eligible, a certificate of deposit must be issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal

credit union, or a federally- or state-licensed branch of a foreign bank.

- d. Eligible negotiable certificates of deposits will be rated in a rating category of “A” long-term or “A-1” short-term, or its equivalent, or better by at least one NRSRO.
- e. The District’s Board and the Director of Finance and Administration/District Treasurer or other official of the District having legal custody of the moneys are prohibited from investing District funds, or funds in the custody of the District, in negotiable certificates of deposit issued by a state or federal credit union if a member of the District’s Board, or a person with investment decision making authority at the District also serves on the board of directors of the credit union, or any committee appointed by the credit union board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.
- f. The maximum maturity will be limited to five years.

705.00 Commercial Paper

Restrictions are as follows:

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by an NRSRO, may be purchased.
- b. Investment of the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
 - (1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated in a rating category of “A”, its equivalent, or higher by an NRSRO.
 - (2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - b. Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
 - c. Has commercial paper that is rated in a rating category of “A-1”, its equivalent, or higher, by an NRSRO.

- c. Investments in commercial paper will not exceed 25 percent of the District's portfolio.
- d. Each investment will not exceed 270 days maturity.
- e. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.

706.00 Repurchase Agreements

A repurchase agreement is a purchase of authorized securities with terms including a written agreement by the seller to repurchase the securities on a later specified date for a specified amount. Restrictions are as follows:

- a. The percentage limit for investment in repurchase agreements will be 50 percent of the total portfolio.
- b. Repurchase agreements will be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally- or state-chartered bank that has had a significant banking relationship with the District. The bank must be rated in the highest short-term ratings category by an NRSRO.
- c. Such investments will provide for purchased securities with a market value of at least 102 percent of the amount of the invested funds. The value will be adjusted not less than quarterly.
- d. Purchased securities are limited to those protected by United States Bankruptcy Code, Treasury bills, bonds and notes, or other investments that are direct obligations of or fully guaranteed as to principal and interest by the United States or any agency thereof. Zero coupon and stripped coupon instruments are not acceptable.
- e. Such investments will provide for transfer of ownership and possession of the purchased securities either to the District directly or to a custodian depository institution which will take record title and will establish and maintain a sub-account in its financial records for the securities in the District's name, and such custodian will not be the dealer from which the securities were purchased.
- f. Each repurchase agreement will have a valid and perfected first security interest therein under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. Part 306 and/or 31 C.F.R. Part 357.
- g. The term of a repurchase agreement may not exceed one year.

707.00 Time Deposits

For purposes of this policy, collateralized time deposits will be considered investments. The following criteria will be used in evaluating financial institutions and form of collateral to determine eligibility for deposits:

- a. Must have been in existence for at least five years.
- b. Must have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities. Eligibility for deposits will be limited to those financial institutions that have a branch in the State of California and maintain a rating equivalent to Thompson BankWatch Service of “B” or better. Credit requirements may be waived for a time deposit that is federally insured.
- c. The deposit will not exceed the shareholders’ equity of any depository bank. For the purpose of this constraint, shareholders’ equity will be deemed to include capital notes and debentures.
- d. The deposit will not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.
- e. Deposits must be insured up to the FDIC’s current limit. For uninsured deposits, the financial institution will maintain in the collateral pool securities having a market value of at least 10 percent in excess of the total amount deposited. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds. Promissory notes secured by real estate mortgages or deeds of trust are not acceptable as collateral.
- f. When other factors are equal, appropriate consideration will be given to a financial institution that either individually or as a member of a syndicate bids on or makes a substantial investment in the District’s securities, contributes service to the District, and offers significant assistance to the District, so as to provide for distribution of total deposits among eligible financial institutions.
- g. Purchased time deposits will be limited to a maximum maturity of one year.
- h. Purchases of securities authorized by this subdivision may not exceed 50% of the District’s portfolio.

708.00 Medium-Term Notes

Restrictions are as follows:

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- b. Notes eligible for investment under this subdivision will be rated in the rating category of “A”, its equivalent, or better by at least one NRSRO.
- c. Purchases of medium-term notes may not exceed 30 percent of the District’s portfolio.
- d. No more than 5 percent of the District’s portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- e. Purchases of medium-term notes will be limited to a maximum maturity of five years.

709.00 Mortgage Obligations and Asset Backed Securities

The District may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision 701.00, restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Securities eligible for investment must be rated in a rating category of “AA”, its equivalent, or better by an NRSRO.
- c. Purchase of securities authorized by this subdivision may not exceed 20 percent of the District’s portfolio.
- d. No more than 5 percent of the District’s portfolio may be invested in the securities of any one non-government issuer regardless of security type.

710.00 Local Agency Investment Fund Deposits

Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted from time to time by State Treasury policy.

711.00 Shares of Beneficial Interest (Money Market Funds)

The Director of Finance and Administration/District Treasurer may invest, for temporary periods pending disbursement or reinvestment, in shares of beneficial interest issued by eligible diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. These companies must meet the following criteria:

- a. Attain the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating agencies, or retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of \$500 million.
- b. The purchase price of the shares will not include any commission that the companies may charge and will not exceed 20 percent of the District's portfolio.

712.00 Shares of Beneficial Interest Issued by a Joint Powers Authority (Local Government Investment Pools)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) Government Code Section 53601, inclusive. (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

713.00 Supranationals

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Must be eligible for purchase and sale within the United States.

- c. Notes eligible for investment under this subdivision will be rated in a rating category of “AA”, its equivalent, or better by at least one NRSRO.
- d. Purchases of these securities may not exceed 30 percent of the District’s portfolio.
- e. No more than 10 percent of the District’s portfolio may be invested in the securities of any one supranational issuer.
- f. As of December 18, 2023, the District will refrain from purchasing any supranational securities. Any currently held securities will be allowed to remain in the portfolio until maturity.

800.00 Reporting

On a regular basis, the Director of Finance and Administration/District Treasurer will provide a report to the public and Board of Directors showing the holdings and investment transactions, issuers, maturity dates, par and dollar amounts invested, cash balances, amounts held by the Local Agency Investment Fund and any other amounts under the management of contracted parties. On a monthly basis, in accordance with Government Code 53607, the Director of Finance and Administration/District Treasurer shall make a monthly report of investment transactions to the legislative body.

900.00 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The District will establish an appropriate performance benchmark to compare the performance of its portfolio to the performance of the benchmark.

1000.00 Internal Controls

The Director of Finance and Administration/District Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, fraud or misuse. Accordingly, the Finance Director/District Treasurer shall establish an independent review process. This review process will provide internal control by assuring compliance with policies and procedures.

1100.00 Conflicts of Interest

The Director of Finance and Administration /District Treasurer and his or hers designees will perform duties under this Policy in accordance with sections 1090 and 1126 of the Government Code as well as any other state law referred to in this policy.

1200.00 Conflicts

In the event any provision of this Policy is in conflict with any of the statutes referred to herein or any other state or federal statute, the provision of such statutes will govern.

1300.00 Policy Review

This policy shall be periodically reviewed by the Board of Directors in accordance with its established policy review schedule.

APPENDIX A

State Authorized Investments vs. District's Statement of Investment Policy

Investment Type	Maximum Maturity ⁽¹⁾	Maximum Percentage of Portfolio	Percentage By Any Issuer or Bank
U.S. Treasury Obligations:			
State Code	5 years	100	--
District Policy		100	--
Federal Agencies and Government Sponsored Enterprises:			
State Code	5 years	100	--
District Policy		100	--
Municipal Obligations:			
State Code	5 years	100	--
District Policy		100	--
Repurchase Agreements:			
State Code	1 year	100	--
District Policy	1 year	50	--
Bankers Acceptances:			
State Code	180 days	40	30
District Policy	180 days	40	5
Commercial Paper:			
State Code	270 days	25	--
District Policy	270 days	25	5
Negotiable Certificates of Deposit:			
State Code	5 years	30	--
District Policy		30	5
Medium Term Notes:			
State Code	5 years	30	--
District Policy	5 years	30	5
Time Deposits:			
State Code	--	100	--
District Policy	1 year	50	--
Mortgage Backed and Asset Backed Obligations:			
State Code	5 years	20	--
District Policy	5 years	20	5
Local Agency Investment Fund:			
State Code	N/A	⁽²⁾	--
District Policy	N/A	⁽²⁾	--

Shares of Beneficial Interest (Money Market Fund):			
State Code	N/A	20	--
District Policy	N/A	20	10
Shares of Beneficial Interest (Local Government Investment Pools):			
State Code	N/A	100	--
District Policy	N/A	100	--
Supranationals:			
State Code	5 years	30	--
District Policy ⁽³⁾	5 years N/A	30	10 --

Note: For funds established by Indentures of Trust, the provisions of such Indentures will govern investments.

- (1) California Government Code provides authority to the Board to permit maturities beyond five years with certain restrictions. The current Policy provides for maturities longer than five years for funds established by Indentures of Trust.
- (2) District will allow up to the amount allowed by Local Agency Investment Fund.
- (3) [Effective December 18, 2023, the Policy prohibits investment in supranationals.](#)

APPENDIX B

Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report of the District. It includes the required financial statements prepared in conformity with GAAP. It also includes the audit opinion, supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material including management's discussion and analysis (MDA), required supplemental information (RSI), and a detailed statistical section.

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

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

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

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

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 and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

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

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

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, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve’s most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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 the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in

exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers 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: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Sacramento Suburban Water District

Investment Policy

Adopted: December 16, 2002
Approved with changes on: December 16, 2024

100.00 Investment Authority

In accordance with section 53600 et. seq. of the Government Code of the State of California (Government Code), the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the Director of Finance and Administration/District Treasurer. Investments by the Director of Finance and Administration/District Treasurer, or his/her designee, pursuant to the delegation made by this Investment Policy are limited to those instruments described herein (the “Policy”). The District may delegate investment authority to an investment advisor. The advisor will follow the Investment Policy and such other written instructions as are provided.

200.00 Scope

This investment policy applies to all investment activities and financial assets of the District. The funds covered by this policy are accounted for and incorporated in the District’s Annual Comprehensive Financial Report (ACFR). This policy specifically exempts any bond proceed funds. Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in the bond documents. Also exempt are pension or other post-employment benefit funds held in a trust.

300.00 Statement of Objectives

In order of importance, four fundamental criteria will be followed in the investment program:

310.00 Safety of Principal

Investments will be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio. Each investment transaction will be entered into seeking quality in issuer and in underlying security or collateral. Market risk will be reduced by diversifying the portfolio, by limiting the average maturity of the portfolio, by limiting the maximum maturity of any one security, and by performing cash flow analyses to avoid the need to sell securities prior to maturity.

320.00 Liquidity

Investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without a significant loss in value.

330.00 Interest Rate Risk Hedging

The District's investment portfolio will be designed with the objective of mitigating interest rate risk that arises due to adjustable-rate debt financing or other contractual arrangements, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

340.00 Return on Investment

The District's investment portfolio will be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

400.00 Prudent Investor Standard

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing the District's funds, the Board and those to whom investment authority has been delegated 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 District, that a prudent person acting 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 District. This standard will be applied in all investment decisions, including those related to hedging interest rate risks associated with debt financing.

500.00 Authorized Financial Dealers and Institutions

The Director of Finance and Administration/District Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California. A determination should be made to ensure that all approved broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy. In addition, the broker/dealer firms should have the ability to meet all of their financial obligations in dealing with the District. The firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved. No public deposit shall be made except in a qualified public depository as established by the established state laws. An annual review of the financial condition and registrations of the qualified institutions utilized by the District will be conducted by the Director of Finance and Administration/District Treasurer. A current audited financial statement is required to be on file for each

financial institution and broker/dealer that the District utilizes as part of its portfolio management.

600.00 Portfolio Management

Any reference to the District's portfolio will mean the total of the cash and securities under management by the Director of Finance and Administration/District Treasurer, excluding cash and securities held in escrow or in trust on behalf of the District. Any reference to the Director of Finance and Administration/District Treasurer herein will include his/her designee or designees (such as a professional portfolio manager or financial advisor). The Director of Finance and Administration/District Treasurer may invest in any security authorized for investment under this Policy, subject to the limitations described below:

610.00 Maturity Limitations

- a. With the exception of securities underlying repurchase agreements, the Director of Finance and Administration/District Treasurer is authorized to invest the District's fund balances to a maximum term of five years, unless a longer maturity would be warranted and has been approved by the Board at least 90 days in advance of the investment. For purposes of compliance with this Policy section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. Investment of bond proceeds held by the bond Trustee such as bond reserve funds, construction funds or funds established for the refunding and defeasance of bonds shall be subject to the applicable provisions set forth in the bond agreements, rather than the provisions of the Government Code.
- b. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein.

620.00 Diversification

The District will diversify its investments by security type and institution. With the exception of U.S. Government, Agencies, and Government Sponsored Enterprises, and authorized pools, limitations will be placed the amount invested in a single security type or with a single financial institution. Limitations are described in Section 700.00 Authorized Investments.

630.00 Purchase and Sale of Securities

- a. Information concerning investment opportunities and market developments will be gained by maintaining contact with the financial community together with information provided by financial advisors to the District.
- b. The purchase of any investment other than those purchased directly from the issuer

will be, to the extent possible, purchases from a firm designated as a Primary Dealer (dealers) by the Federal Reserve Bank of New York.

- c. All dealers will be required to provide confirmations of all purchases or sales directly to the Director of Finance and Administration/District Treasurer.
- d. Initially and when there are material changes to this Policy, the Director of Finance and Administration/District Treasurer will transmit a copy of the current Policy to its professional portfolio manager or financial advisor, requiring them to return a signed statement indicating receipt and understanding of the Policy.
- e. When practicable, the Director of Finance and Administration/District Treasurer will solicit more than one quotation on each trade. Investment trades will be awarded on a competitive bid basis.
- f. Prohibited investments include inverse floaters, range notes, interest-only strips derived from a pool of mortgages (Collateralized Mortgage Obligations), and any security that could result in zero interest accrual if held to maturity. (Zero interest accrual means the security has the potential to realize zero earnings through its maturity.)

Notwithstanding the prohibition in the above paragraph, the District may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The District may hold these instruments until their maturity dates. This paragraph shall remain in effect only until January 1, 2026, and as of that date is repealed.

- g. If the District uses a professional portfolio manager, the portfolio manager may use its own list of approved brokers, dealers, and financial institutions to conduct security transactions on behalf of the District subject to the provisions of Government Code section 53601.5.
- h. A security purchased in accordance with this Policy shall not have a forward settlement date exceeding 45 days from the time of investment.

640.00 Exchange of Securities

An exchange of securities is a shift of assets from one instrument to another and may be done for a variety of reasons, such as for interest rate risk hedging purposes, to increase yield, to lengthen or shorten maturities, to realize a profit, or to increase investment quality. In no instance will an exchange be undertaken for speculative purposes. Exchanges, to the extent practicable, will be simultaneous (same day execution of sale and purchase).

650.00 Portfolio Adjustments

- a. District portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity, if deemed necessary, to avoid losses.
- b. In the event a security held by the District is subject to a ratings change that brings it below the minimum ratings specified in this Policy, the Director of Finance and Administration/District Treasurer shall notify the Board of the change. The course of action to be followed will be decided on a case-by-case basis, subject to Board approval, considering such factors as the reason for the ratings drop, prognosis for recovery or further ratings drops, and the market price of the security.
- c. The Director of Finance and Administration/District Treasurer may at any time further restrict the securities approved for investment as deemed appropriate.

660.00 Safekeeping

- a. All securities transactions, including collateral, for repurchase agreements entered into by the District will be conducted on a delivery versus payment (DVP) basis.
- b. Securities will be held in safekeeping pursuant to a safekeeping agreement by an independent custodian, which does not act as a principal or secondary broker-dealer.
- c. All financial institutions which provide safekeeping services for the District will be required to provide reports or safekeeping receipts directly to the Director of Finance and Administration/District Treasurer to verify securities taken into their possession.
- d. A counterparty bank's trust department or separate safekeeping department may be used for physical delivery of a security. The security must be held in the District's name.

670.00 Review of Investment Portfolio

The securities held by the District must be in compliance with Section 700.00 Authorized Investments at the time of purchase. Because some securities may not comply with Section 700.00 Authorized Investments subsequent to the date of purchase, the Director of Finance and Administration/District Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The Director of Finance and Administration/District Treasurer shall establish procedures to

report to the Board major and critical incidences of noncompliance identified through the review of the portfolio.

Any investment held by the District at the time this Policy is adopted or amended will not be sold to conform to any part of this Policy unless its sale is judged to be prudent by the Director of Finance and Administration/District Treasurer.

680.00 Investment Pools/Mutual Funds

A thorough investigation of pool/fund's used by the District is required prior to investing, and on an annual basis. The review may address the following questions:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. A fee schedule, and when and how is it assessed.

690.00 Collateralization

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for Certificate of Deposits and 102% for reverse repurchase agreements of principal and accrued interest.

700.00 Authorized Investments

The following are types of securities that may be purchased subject to the limitations specified. A summary of these security types and the limitations on the percentage of portfolio is shown in Appendix A.

701.00 U.S. Government, Agencies, and Government Sponsored Enterprises

- a. Investments in U.S. Treasury obligations will not be subject to any limitations. Purchases may be affected through the Federal Book Entry System which includes acceptance of a Federal Reserve receipt on behalf of the District.
- b. Investments in direct obligations of federal agencies guaranteed by the U.S. Government will not be subject to any limitations.

- c. Investments in federal agency obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations.
- d. Investments in government sponsored enterprise obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations.

702.00 Municipal Obligations

- a. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
- b. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United, in addition to California.

703.00 Bankers' Acceptances

Restrictions are as follows:

- a. Investments in prime bankers' acceptances will not exceed 40 percent of the portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the total portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. Eligible bankers' acceptances will be rated in the highest short-term ratings category by a Nationally Recognized Statistical Rating Organization (NRSRO).
- d. The maximum maturity will be limited to 180 days.

704.00 Negotiable Certificates of Deposit

Restrictions are as follows:

- a. Investments in negotiable certificates of deposit will not exceed 30 percent of the total portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. To be eligible, a certificate of deposit must be issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal

credit union, or a federally- or state-licensed branch of a foreign bank.

- d. Eligible negotiable certificates of deposits will be rated in a rating category of “A” long-term or “A-1” short-term, or its equivalent, or better by at least one NRSRO.
- e. The District’s Board and the Director of Finance and Administration/District Treasurer or other official of the District having legal custody of the moneys are prohibited from investing District funds, or funds in the custody of the District, in negotiable certificates of deposit issued by a state or federal credit union if a member of the District’s Board, or a person with investment decision making authority at the District also serves on the board of directors of the credit union, or any committee appointed by the credit union board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.
- f. The maximum maturity will be limited to five years.

705.00 Commercial Paper

Restrictions are as follows:

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by an NRSRO, may be purchased.
- b. Investment of the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
 - (1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated in a rating category of “A”, its equivalent, or higher by an NRSRO.
 - (2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - b. Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
 - c. Has commercial paper that is rated in a rating category of “A-1”, its equivalent, or higher, by an NRSRO.

- c. Investments in commercial paper will not exceed 25 percent of the District's portfolio.
- d. Each investment will not exceed 270 days maturity.
- e. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.

706.00 Repurchase Agreements

A repurchase agreement is a purchase of authorized securities with terms including a written agreement by the seller to repurchase the securities on a later specified date for a specified amount. Restrictions are as follows:

- a. The percentage limit for investment in repurchase agreements will be 50 percent of the total portfolio.
- b. Repurchase agreements will be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally- or state-chartered bank that has had a significant banking relationship with the District. The bank must be rated in the highest short-term ratings category by an NRSRO.
- c. Such investments will provide for purchased securities with a market value of at least 102 percent of the amount of the invested funds. The value will be adjusted not less than quarterly.
- d. Purchased securities are limited to those protected by United States Bankruptcy Code, Treasury bills, bonds and notes, or other investments that are direct obligations of or fully guaranteed as to principal and interest by the United States or any agency thereof. Zero coupon and stripped coupon instruments are not acceptable.
- e. Such investments will provide for transfer of ownership and possession of the purchased securities either to the District directly or to a custodian depository institution which will take record title and will establish and maintain a sub-account in its financial records for the securities in the District's name, and such custodian will not be the dealer from which the securities were purchased.
- f. Each repurchase agreement will have a valid and perfected first security interest therein under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. Part 306 and/or 31 C.F.R. Part 357.
- g. The term of a repurchase agreement may not exceed one year.

707.00 Time Deposits

For purposes of this policy, collateralized time deposits will be considered investments. The following criteria will be used in evaluating financial institutions and form of collateral to determine eligibility for deposits:

- a. Must have been in existence for at least five years.
- b. Must have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities. Eligibility for deposits will be limited to those financial institutions that have a branch in the State of California and maintain a rating equivalent to Thompson BankWatch Service of “B” or better. Credit requirements may be waived for a time deposit that is federally insured.
- c. The deposit will not exceed the shareholders’ equity of any depository bank. For the purpose of this constraint, shareholders’ equity will be deemed to include capital notes and debentures.
- d. The deposit will not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.
- e. Deposits must be insured up to the FDIC’s current limit. For uninsured deposits, the financial institution will maintain in the collateral pool securities having a market value of at least 10 percent in excess of the total amount deposited. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds. Promissory notes secured by real estate mortgages or deeds of trust are not acceptable as collateral.
- f. When other factors are equal, appropriate consideration will be given to a financial institution that either individually or as a member of a syndicate bids on or makes a substantial investment in the District’s securities, contributes service to the District, and offers significant assistance to the District, so as to provide for distribution of total deposits among eligible financial institutions.
- g. Purchased time deposits will be limited to a maximum maturity of one year.
- h. Purchases of securities authorized by this subdivision may not exceed 50% of the District’s portfolio.

708.00 Medium-Term Notes

Restrictions are as follows:

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- b. Notes eligible for investment under this subdivision will be rated in the rating category of “A”, its equivalent, or better by at least one NRSRO.
- c. Purchases of medium-term notes may not exceed 30 percent of the District’s portfolio.
- d. No more than 5 percent of the District’s portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- e. Purchases of medium-term notes will be limited to a maximum maturity of five years.

709.00 Mortgage Obligations and Asset Backed Securities

The District may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision 701.00, restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Securities eligible for investment must be rated in a rating category of “AA”, its equivalent, or better by an NRSRO.
- c. Purchase of securities authorized by this subdivision may not exceed 20 percent of the District’s portfolio.
- d. No more than 5 percent of the District’s portfolio may be invested in the securities of any one non-government issuer regardless of security type.

710.00 Local Agency Investment Fund Deposits

Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted from time to time by State Treasury policy.

711.00 Shares of Beneficial Interest (Money Market Funds)

The Director of Finance and Administration/District Treasurer may invest, for temporary periods pending disbursement or reinvestment, in shares of beneficial interest issued by eligible diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. These companies must meet the following criteria:

- a. Attain the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating agencies, or retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of \$500 million.
- b. The purchase price of the shares will not include any commission that the companies may charge and will not exceed 20 percent of the District's portfolio.

712.00 Shares of Beneficial Interest Issued by a Joint Powers Authority (Local Government Investment Pools)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (q) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) Government Code Section 53601, inclusive. (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

713.00 Supranationals

United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Must be eligible for purchase and sale within the United States.

- c. Notes eligible for investment under this subdivision will be rated in a rating category of “AA”, its equivalent, or better by at least one NRSRO.
- d. Purchases of these securities may not exceed 30 percent of the District’s portfolio.
- e. No more than 10 percent of the District’s portfolio may be invested in the securities of any one supranational issuer.
- f. As of December 18, 2023, the District will refrain from purchasing any supranational securities. Any currently held securities will be allowed to remain in the portfolio until maturity.

800.00 Reporting

On a regular basis, the Director of Finance and Administration/District Treasurer will provide a report to the public and Board of Directors showing the holdings and investment transactions, issuers, maturity dates, par and dollar amounts invested, cash balances, amounts held by the Local Agency Investment Fund and any other amounts under the management of contracted parties. On a monthly basis, in accordance with Government Code 53607, the Director of Finance and Administration/District Treasurer shall make a monthly report of investment transactions to the legislative body.

900.00 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The District will establish an appropriate performance benchmark to compare the performance of its portfolio to the performance of the benchmark.

1000.00 Internal Controls

The Director of Finance and Administration/District Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, fraud or misuse. Accordingly, the Finance Director/District Treasurer shall establish an independent review process. This review process will provide internal control by assuring compliance with policies and procedures.

1100.00 Conflicts of Interest

The Director of Finance and Administration /District Treasurer and his or hers designees will perform duties under this Policy in accordance with sections 1090 and 1126 of the Government Code as well as any other state law referred to in this policy.

1200.00 Conflicts

In the event any provision of this Policy is in conflict with any of the statutes referred to herein or any other state or federal statute, the provision of such statutes will govern.

1300.00 Policy Review

This policy shall be periodically reviewed by the Board of Directors in accordance with its established policy review schedule.

APPENDIX A

State Authorized Investments vs. District's Statement of Investment Policy

Investment Type	Maximum Maturity ⁽¹⁾	Maximum Percentage of Portfolio	Percentage By Any Issuer or Bank
U.S. Treasury Obligations:			
State Code	5 years	100	--
District Policy		100	--
Federal Agencies and Government Sponsored Enterprises:			
State Code	5 years	100	--
District Policy		100	--
Municipal Obligations:			
State Code	5 years	100	--
District Policy		100	--
Repurchase Agreements:			
State Code	1 year	100	--
District Policy	1 year	50	--
Bankers Acceptances:			
State Code	180 days	40	30
District Policy	180 days	40	5
Commercial Paper:			
State Code	270 days	25	--
District Policy	270 days	25	5
Negotiable Certificates of Deposit:			
State Code	5 years	30	--
District Policy		30	5
Medium Term Notes:			
State Code	5 years	30	--
District Policy	5 years	30	5
Time Deposits:			
State Code	--	100	--
District Policy	1 year	50	--
Mortgage Backed and Asset Backed Obligations:			
State Code	5 years	20	--
District Policy	5 years	20	5
Local Agency Investment Fund:			
State Code	N/A	⁽²⁾	--
District Policy	N/A	⁽²⁾	--

Shares of Beneficial Interest (Money Market Fund):			
State Code	N/A	20	--
District Policy	N/A	20	10
Shares of Beneficial Interest (Local Government Investment Pools):			
State Code	N/A	100	--
District Policy	N/A	100	--
Supranationals:			
State Code	5 years	30	--
District Policy ⁽³⁾	N/A	0	--

Note: For funds established by Indentures of Trust, the provisions of such Indentures will govern investments.

- (1) California Government Code provides authority to the Board to permit maturities beyond five years with certain restrictions. The current Policy provides for maturities longer than five years for funds established by Indentures of Trust.
- (2) District will allow up to the amount allowed by Local Agency Investment Fund.
- (3) Effective December 18, 2023, the Policy prohibits investment in supranationals.

APPENDIX B

Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report of the District. It includes the required financial statements prepared in conformity with GAAP. It also includes the audit opinion, supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material including management's discussion and analysis (MDA), required supplemental information (RSI), and a detailed statistical section.

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

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

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

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

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 and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

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

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

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, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve’s most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

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 the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in

exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers 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: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Minutes

Sacramento Suburban Water District
Audit Committee Meeting
 Monday, November 4, 2024

Location:

3701 Marconi Avenue, Sacramento, CA 95821, Audio Conference at 1-669-900-6833, and Video Conference using Zoom at Meeting ID #817 3672 2959

Call to Order – Videoconference/Audioconference Meeting

Chair Locke called the meeting to order at 5:00 p.m.

Pledge of Allegiance

Chair Locke led the Pledge of Allegiance.

Roll Call

Directors Present: Jay Boatwright and Craig Locke.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Matt Underwood, Heather Hernandez-Fort, Lynn Pham, and Jeff Ott.

Public Present: David Alvey, Lawrence Murray, and Jennifer Harris.

Public Comment

None.

Consent Items

1. Draft Minutes of April 24, 2024, Audit Committee Meeting

Director Boatwright moved to approve the staff recommendation; Chair Locke seconded. The motion passed by unanimous vote.

AYES:	Boatwright and Locke.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

2. 2024 Audit Engagement Letter and Task Order 5

Jeff Ott presented the staff report and introduced David Alvey, with Maze and Associates Accountancy Corporation, who reviewed the audit process, the Engagement Letter, and Task Order 5.

Director Boatwright moved to approve the staff recommendation; Chair Locke seconded. The motion passed by unanimous vote.

AYES:	Boatwright and Locke.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Adjournment

Chair Locke adjourned the meeting at 5:09 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

DRAFT



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

Thursday, November 14, 2024 at 9:00 a.m.

**The Sacramento Association of Realtors
2003 Howe Avenue, Sacramento, CA 95825
(916) 967-7692**

IMPORTANT NOTICE REGARDING VIRTUAL PUBLIC PARTICIPATION:

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

Join Zoom Meeting

<https://us06web.zoom.us/j/89073814270>

Meeting ID: 890 7381 4270

Dial by your location

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

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

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

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

AGENDA

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.
- 3. CONSENT CALENDAR:** All items listed under the Consent Calendar are considered and acted upon by one motion. Board Members may request an item be removed for separate consideration.
 - 3.1** Approve the draft meeting minutes of September 12, 2024 RWA Board Meeting
 - 3.2** Approve updates to RWA Policy 300.4 (Record Retention) and adopt Resolution 2024-06
 - 3.3** Approve the 2025 Board of Directors and Executive Committee meeting schedule
 - 3.4** Adopt Resolution 2024-07 United States Bureau of Reclamation WaterSMART Water and Energy Efficiency Grants FY 2025 application
 - 3.5** Approve Amendment #1 to Professional Services Agreement with Richardson & Company, LLP. for an additional amount of \$13,050
 - 3.6** Approve Task Order #3 with Khadam Consulting Inc. for an additional amount not to exceed \$88,000

Recommended Action: Approve Consent Calendar items as presented

- 4. 2025 RWA BOARD ELECTIONS OFFICERS AND EXECUTIVE COMMITTEE**
Presenter: Jim Peifer, Executive Director and Ashley Flores, Clerk of the Board
Action: (1) Elect 2025 Chair; and (2) Interested members to state their candidacy for the 2025 Vice Chair and the 2025 Executive Committee
- 5. WATER FORUM AGREEMENT UPDATE**
Presenter: Jim Peifer, Executive Director
Action: Authorize the Regional Water Authority and its Executive Director to formally participate in the Water Forum Agreement Update process consistent with Policy 100.1.
- 6. INFORMATION: HEALTHY RIVERS AND LANDSCAPES PROGRAM UPDATE**
Presenter: Michelle Banonis, Manager of Strategic Affairs
- 7. INFORMATION: UPDATE ON ENDANGERED SPECIES ACT CONSULTATION FOR STATE AND FEDERAL WATER PROJECTS**
Presenter: Michelle Banonis, Manager of Strategic Affairs

8. INFORMATION: WATERSHED RESILIENCE PILOT PROJECT UPDATE

Presenter: Ryan Ojakian, Manager of Government Relations

9. WATERSHED RESILIENCE PILOT PROJECT: MEMORANDUM OF UNDERSTANDING WITH PLACER COUNTY WATER AGENCY

Presenter: Trevor Joseph, Manager of Technical Services

Action: Approve Memorandum of Understanding between RWA and Placer County Water Agency

10. EXECUTIVE DIRECTOR'S REPORT

11. DIRECTORS' COMMENTS

ADJOURNMENT

Next RWA Board of Director's Meeting:

January 9, 2025, 9:00 a.m. at the City of Roseville – Corp Yard, 2005 Hilltop Circle, Roseville, CA 95747. The location is subject to change.

Next RWA Executive Committee Meeting:

December 17, 2024, 1:30 p.m. at the RWA Office, 2295 Gateway Oaks, Suite 100 Sacramento, CA 95833.

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

Posted on November 7, 2024

Ashley Flores

Ashley Flores, CMC

Clerk of the Board

Agenda Item 23 c.

Craig Locke
AB1234 Report

September 24th
RWA Executive Committee

September 18th
SGA Water Bank Meeting

September 17th
DPMWD Board Meeting

September 16th
SSWD Board Meeting

September 12th
RWA Meeting

September 11th
Joint SSWD and DPM Board Meeting

September 9th
Meet with GM to review agenda

September 3rd
DPMWD Meeting

Craig Locke
AB1234 Report

October 31st
Water Forum Plenary Meeting

October 30th
DPMWD Special Board Meeting

October 23rd
SSWD – DPM Joint Board Meeting

October 22st
DPMWD Board Meeting/ RWA Exec Meeting

October 21st
SSWD Board Meeting

October 16th
SJWD Board Meeting

October 15th
Meet with GM to review agenda

October 14th
SSWD 218 Meeting

Jay Boatwright
Attended meetings.
October 2024

10/02/2024: Met with GM York. Discussed SSWD/DPMWD combination talks. Obtained update on recent closed session. Watched the "Talking PFAS" ACWA seminar.

10/03/2024: SSWD/SJWD joint board meeting

10/09/2024: Attended SSWD progressive design/build discussion with GM York, engineering, and Director Wichert. Update on the process used by engineering.

10/10/2024: Attended the Sacramento Groundwater Authority regular meeting. Participated in the ACWA Groundwater Quality Committee meeting.

10/14/2024: SSWD Rate Study Special Board meeting. Public meeting to discuss the proposed rate increase, which was approved.

10/17/2024: Project tours with GM York. Visited well sites 78, 79, 80, 81-83, 84 and the old Arcade office site. Met with several SSWD employees who provided information on the various projects. Met with GM York to review the agenda for the upcoming board meeting.

10/21/2024: SSWD Regular Board Meeting

10/22/2024: Production ad hoc committee meeting

10/23/2024: SSWD/DPMWD Joint Board Meeting re combination. Watched the recording of the previous DPMWD board meeting in advance of the joint meeting.



Agenda Item: 25

Date: November 18, 2024
Subject: Report from Closed Session
Staff Contact: Dan York, General Manager

This is a placeholder in the event there is a report back from Closed Session.