

Agenda

Sacramento Suburban Water District Facilities and Operations Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Thursday, September 3, 2015
5:00 p.m.

Public documents relating to any open session item listed on this agenda that are distributed to the Committee members 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 Committee concerning any item of interest. 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 Committee Chair 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

Roll Call

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Consent Items

The committee 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 member of the Committee, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

- 1. Minutes of the July 23, 2015, 2015 Facilities and Operations Committee Meeting**
Recommendation: Approve subject minutes.

Items for Discussion and Action

- 2. Prop 84 O&M Agreement with City of Sacramento for Enterprise Intertie Improvements**
Receive written staff report.
- 3. Fluoridation in the South Service Area**
Receive written staff report.
- 4. Succession Plan Update**
Receive written staff report and direct staff as appropriate.
- 5. Sacramento River Water Reliability Study Update**
Receive written report and direct staff as appropriate.
- 6. District Hiring Practices**
Receive written staff report.
- 7. Water Conservation Update**
Receive written report and direct staff as appropriate.

Adjournment

Upcoming Meetings:

Monday, September 21, 2015, at 6:30p.m., Regular Board Meeting
Monday, October 5, 2015, at 3:00p.m., Board Workshop

I certify that the foregoing agenda for the September 3, 2015, meeting of the Sacramento Suburban Water District Facilities and Operations Committee was posted by August 31, 2015, in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District

Minutes

Sacramento Suburban Water District
Facilities and Operations Committee
Thursday, July 23, 2015

Call to Order

Chair Bob Wichert called the meeting to order at 6:00 p.m.

Roll Call

Directors Present: Chair Bob Wichert and Kevin Thomas.

Directors Absent: None.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, David Espinoza, Heather Hernandez-Fort, Dave Jones, John Valdes,

Public Present: Neil Schild, Paul Selsky, Melanie Holton, William Eubanks

Public Comment

None.

Consent Items

1. Minutes of the May 21, 2015 Facilities and Operations Committee Meeting

Director Kevin Thomas moved to approve the Minutes; Chair Wichert seconded.

AYES:	Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and Action

2. Water Master Plan Update and 2015 Urban Water Management Plan

Chair Wichert expressed his desire on how the meeting would be conducted. He stated that he would first like to hear the staff report, then receive any public comment, then the committee members would deliberate and consider taking any action.

Mr. John Valdes gave a brief description of the 2015 Urban Water Management Plan (UWMP), the District’s Water System Master Plan (WSMP) and the Water Conservation Master Plan (WCMP). Mr. Valdes introduced Brown and Caldwell consultants, Mr. Paul Selsky and Ms. Melanie Holton.

Mr. Selsky and Ms. Holton presented a power point presentation on the WSMP, UWMP, and the WCMP, defining the scope of work and what is involved with these Plans to align with the District’s Strategic Plan. They explained that some of the critical success factors will be to maintain consistency across all three documents, to have a conjunctive use strategy, to look at the McClellan Business Park infrastructure needs as well as the

North Service Area (NSA) water main improvements, to review the well management plan, sustain optimal conservation investment, and review operational refinement.

Director Thomas inquired if the District is required to have a WCMP. Mr. Valdes answered that the District is not required by law to have a WCMP. However, there was a desire to have a WCMP to better define the District's efforts in the area of conservation, as well as demonstrate how the District is meeting the Best Management Practices.

Mr. William Eubanks commented on his disapproval of the District preparing a WCMP. He also commented on the target gallons per day per capita for 2020.

Chair Wichert inquired if this UWMP assessment and plan would be done with any consideration of a potential consolidation with the San Juan Water District. Mr. Selsky answered that the request for proposal didn't include the potential consolidation, so at the present time, they would proceed with assessment as the District is today. General Manager (GM) Robert Roscoe stated that the position of staff is to move ahead as the District is today. Both Chair Wichert and Director Thomas agreed that this would be the best way to proceed.

Chair Wichert inquired about investigating the possibility of adding additional surface water resources for providing assurances of water supply to our customers. Ms. Holton answered that this is already included in their assessment. The consultants will be looking at not only the Sacramento River Water Supply, but a much broader scope and incorporating any alternatives to the District's conjunctive use analysis.

Chair Wichert also inquired if they will look into contamination treatment methods, monitoring plumes, exposure or any risk to the District and any costs associated, he suggested perhaps evaluating experiences that other water districts in similar situations have had, and what methods they have tried. Mr. Selsky responded that all of his suggestions are already included in the proposal along with discussing drinking water standards and other treatment technologies.

Director Thomas asked if this is the first time the District has created a WCMP, and how often it will be updated. GM Roscoe stated that this will be the first WCMP that the District has done. However, he informed the Committee that the Sacramento Region completed a WCMP in 2004. He also noted that that the District is attempting to align the WSMP with the UWMP as it seems more economical to combine the two, as well as incorporate the WCMP. He stated that the UWMP is mandated on a 5 year cycle, with 2016 being the next time it's due. Director Thomas commented that staff has done a great job on master plans, and noted that other districts have looked to us for advice.

Chair Wichert inquired about recommendations on fluoridation use. He was wondering if the analysis could include some discussion on how others have coped with the challenges of fluoridation, and provide any recommendations on how the District might optimize its resources. Ms. Holton indicated they will look at pressure zones, and any potential to bring NSA water to the South Service Area (SSA), specifically looking at fluoridation needs, however, she stated that wasn't included in the initial request for proposal.

GM Roscoe added that part of the District is fluoridated because of the source of conjunctive use water that comes into the District, reminding the Committee that one source is fluoridated and one is not, and that State policy supports fluoridation as beneficial.

Chair Wichert inquired if they will be analyzing the condition of each of the District wells. Ms. Holton replied that included in the Scope of work, will be an analysis of each of the District wells which will include recommendations on which wells should be rehabilitated as well as recommendations on final abandonment/destruction.

Chair Wichert inquired about the database tool and any additional cost associated with it. Ms. Holton replied that at this point the database tool is not included, but can be added at any point. Discussion ensued regarding budgeting for this tool. GM Roscoe stated that it sounds like there is a desire to have this tool as he also believes it would bring value to the District. He further stated that currently all three plans are below the budgeted amount, and that he will explore the options of including this tool in the current budget. Chair Wichert and Director Thomas both supported that recommendation.

Chair Wichert also inquired if there were any optional/voluntary items or tasks in the draft UWMP that have not been included. Ms. Holton explained that there is an additional conservation analysis that is described in the guide book, however, Maddaus Water Management, the consultant company that is preparing the District's WCMP, will be covering that.

Ms. Holton briefly described further detail of what will be included in the WCMP scope and statement of qualifications, as well as what the analysis will provide.

Chair Wichert inquired about the water shortage contingency planning and how possible well failures or contamination may affect the District's ability to provide water, and if they will look at that from a water shortage contingency plan basis. Mr. Selsky replied that this will be covered in the Master Plan.

Chair Wichert inquired about when the documents will be completed, and how frequently they anticipate having Committee meetings. Mr. Selsky answered that the UWMP is due by July 1, 2016 and suggested meeting each 1 to 1 1/2 months.

Mr. Eubanks expressed his displeasure with Chair Wichert's method for running the meeting, allowing public comment after the staff presentation, but not allowing additional public comment after deliberation and discussion by the committee members and before committee action.

The Committee supported moving ahead with the UWMP, WSMP and the WCMP stating that this is in the best interest of the District, as well as the rate payers.

3. Grant of Easement and Right of Way – 737 Treehouse Lane

Mr. David Jones gave the staff report on the acquisition of an easement at 737 Treehouse Lane, and recommended supporting the purchase of the easement for the proposed \$1,200.00.

Mr. Jones clarified that negotiated purchase was not an absolute necessity because the District has eminent domain options, but it is recommended as the preferred, least cost solution.

Chair Wichert recognized that when the District is encumbering an easement, it takes land use away from the customer. Due to this, he believes compensating the customer is justified.

Director Thomas inquired how the customer determined the value of \$1,200.00. Mr. Jones stated that staff was unaware how the customer determined the value; however, staff believes it is less than the easement area property value.

The Committee recommended supporting the purchase of the easement for \$1,200.00 and directed staff to present this to the full Board with a committee recommendation of approval.

4. Grant of Easement and Right of Way – 1020 Jonas Avenue

Mr. David Espinoza gave the staff report on the acquisition of an easement at 1020 Jonas Avenue, and requested support from the Committee. He stated that District staff has negotiated a 15-foot Water Line Easement (WLE) along the western property line and a 10-foot WLE along the southern property line which would add to an existing easement on the adjacent property making a total of 15 feet. This proposed easement would enable the opportunity of a loop system, which improves both fire flow demands and water quality.

The Committee recommended supporting the purposed easement, and directed staff to present this to the full Board with a recommendation of approval.

5. Surface Water Supply of Former Northridge Water District

Assistant General Manager (AGM) Dan York presented the staff report on the 9,023 acre feet (af) of surface water supply of the former Northridge Water District (NWD) to determine if it can be reallocated to SSWD. He informed the Committee that in order to resolve this issue, it is recommended that legal counsel from the District and City of Sacramento determine if the subject water supply can be reallocated to SSWD. AGM York also stated that staff would like to examine the possibility of utilizing the Area D water rights in the District's NSA.

Chair Wichert inquired where the surface water supply would come from. AGM York stated that it should come from the Fairbairn Water Treatment Plant, south of the American River.

Chair Wichert clarified that this water can only be used in Area D. AGM York concurred. Discussion ensued regarding the history of Area D.

The Committee recommended presenting this to the full Board with a recommendation to support a meeting between District staff and City of Sacramento staff, including

respective legal counsel's of the District and the City, to discuss the 9,023 af of surface water supply.

6. Joint Defense and Cost Sharing Agreement to Preserve and Protect American River Water Supplies

GM Roscoe presented the staff report on the Joint Defense and Cost Sharing Agreement. He informed the Committee that a number of local water purveyors have been working cooperatively on adhering to a number of goals to protect the American River. GM Roscoe also informed the Committee that the District has participated in prior Agreements.

The Committee supported staff's recommendation to move forward, and suggested presenting this to the full Board as an information item.

Director Wichert additionally requested for GM Roscoe to have discussions with Carmichael Water District (CWD) regarding resource sharing and perhaps include discussions regarding any cooperative maintenance. He suggested discussing any options where both Districts could reach mutually beneficial agreements. Director Thomas agreed with this suggestion. The Committee requested a staff report back to this F&O Committee regarding the status. GM Roscoe indicated that he will contact the General Manager at CWD to schedule a meeting.

Adjournment

Chair Wichert adjourned the meeting at 7:27 p.m.

Robert S. Roscoe
General Manager/Secretary
Sacramento Suburban Water District



Facilities & Operations Committee

Agenda Item: 2

Date: August 31, 2015

Subject: Prop 84 O&M Agreement with City of Sacramento for Enterprise Intertie Improvements

Staff Contact: John E. Valdes, Engineering Manager

Recommended Committee Action:

Receive report from staff on the status of an Operation and Maintenance (O&M) Agreement with the City of Sacramento ("City") for the proposed Enterprise Intertie Improvements and direct staff as appropriate.

Background:

In July 2014, the Regional Water Authority (RWA) applied for \$9,765,000 in grant funding from a Proposition 84 Drought Grant Implementation Program as administered by the Department of Water Resources (DWR). The District had two projects included in the grant application: the Antelope Pump Back Booster Pump Station Project and the Enterprise Intertie Improvements.

An existing intertie/service connection already exists with the City at the District's Enterprise Reservoir site. However, this intertie was designed only for the District to take delivery of treated surface water from the City. The intertie was never intended to allow the District to supply the City with water. However, by reversing an existing check valve, and manually modulating the flow via a 24-inch butterfly valve, District staff discovered it was possible to deliver water to the City at this existing intertie. Actual flow tests and a hydraulic modeling analysis have been performed to confirm this. From the flow tests, it was determined that a peak instantaneous supply of roughly 20.0 million gallons per day (mgd) or 13,900 gallons per minute (gpm) can be delivered to the City at this intertie. Likewise, over a 90-day summer period, hydraulic modeling has shown that an estimated 5,850 acre-feet (AF) of water could be delivered to the City through the intertie. Note also that the District has already delivered emergency water supplies to the City at this location in both 2013 and 2014.

Although water can be delivered with the current situation (with the existing check valve reversed and manually modulating flow via a 24" butterfly valve), there is no way to remotely control the flow of water or system pressures, leaving both systems at risk. In order to properly control the flow of water through this intertie to ensure adequate pressure is maintained in both

systems, additional above-ground piping, isolation valves, a flow control valve, instrumentation and controls, and Supervisory Control and Data Acquisition integration and programming are needed to make this a permanent, automated intertie. The attached Exhibit 1 includes two drawings that show the proposed improvements at this site. The first drawing is the overall site plan and shows (with arrows) the direction of flow through the pump station and associated piping when water is being supplied from the City to the District and from the District to the City. The second drawing shows the proposed new above-ground piping, isolation valves and flow control valve.

In November 2014, DWR released their funding recommendations and RWA was recommended for full funding. As part of this grant, the District will receive \$710,625 in additional grant funding for the Antelope Pump Back Booster Pump Station Project and \$118,125 in grant funding for the Enterprise Intertie Improvements.

Discussion:

At the July 2015 Board Meeting, the Board of Directors approved entering into an agreement with the City that will document the non-grant funded share of project costs related to the Enterprise Intertie Improvements project will be 100% funded by the City and authorized the General Manager to execute the agreement with the City subject to legal counsel review and approval.

A draft agreement between the District and the City of Sacramento is currently being prepared that will address the cost sharing, ownership, operation and maintenance of the Enterprise Intertie Improvements. See the attached Exhibit 2 for a first draft copy of the cost sharing agreement.

The District conducts daily, weekly, monthly and annual preventative maintenance tasks at the Enterprise Reservoir facility. The infrastructure related to the subject project will be placed on the preventative maintenance program. Work Order procedures will be used in conjunction with the District's computerized maintenance management system (CMMS) "CityWorks" software to allow the District to track any costs associated with the O&M of the intertie improvements.

Fiscal Impact:

There is no fiscal impact to the District for the construction of the Enterprise Intertie Improvements due to the City offering to pay 100% of the non-grant cost share, which totals an estimated \$60,575. The City has also agreed to pay for O&M costs related to the intertie improvements.

Strategic Plan Alignment:

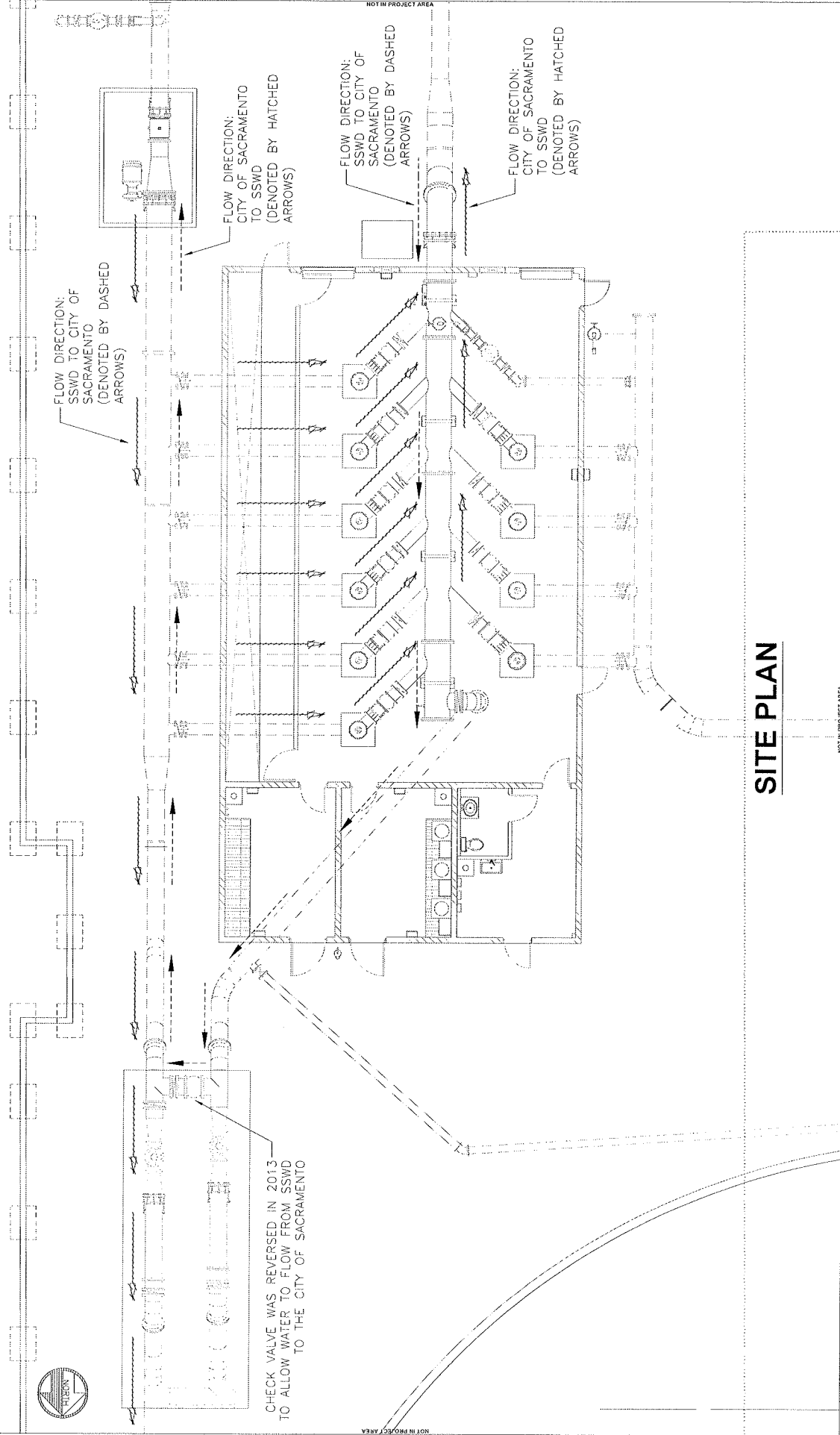
Finance - 4.I. Pursue opportunities for grant funding and cost savings activities with collaborative entities.

Leadership - 5.C. Participate in regional, statewide and national water management partnerships.

This project is in agreement with these goals because this project will provide for more efficient conjunctive use opportunities and groundwater substitution transfers. District customers will benefit as this project will allow SSWD operators more operational flexibility by having control of flows and pressures when moving water into the City to improve water service and reliability for both agencies under emergency or controlled scenarios.

EXHIBIT 1

NOT IN PROJECT AREA



SITE PLAN

		<p>3701 MARCONI AVENUE - SUITE 100 SACRAMENTO, CA 95821-5248 (916) 972-7171</p>	<p>PREPARED UNDER CONTRACT DIRECTION BY DESIGN SERVICES</p>	<p>2015 ENTERPRISE INTERTIE IMPROVEMENT PROJECT</p>	<p>SHEET P1</p>
<p>DATE: 8/20/15 DRAWN BY: [Name] CHECKED BY: [Name] SCALE: 1" = 20' FEET PROJECT NO: [Number] DATE: AUGUST 20, 2015</p>		<p>3701 MARCONI AVENUE - SUITE 100 SACRAMENTO, CA 95821-5248 (916) 972-7171</p>	<p>PREPARED UNDER CONTRACT DIRECTION BY DESIGN SERVICES</p>	<p>2015 ENTERPRISE INTERTIE IMPROVEMENT PROJECT</p>	<p>SHEET P1</p>
<p>REVISION: [Number] [Description]</p>		<p>3701 MARCONI AVENUE - SUITE 100 SACRAMENTO, CA 95821-5248 (916) 972-7171</p>	<p>PREPARED UNDER CONTRACT DIRECTION BY DESIGN SERVICES</p>	<p>2015 ENTERPRISE INTERTIE IMPROVEMENT PROJECT</p>	<p>SHEET P1</p>
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PLAN SHEET - SITE PLAN

1 OF 2

PROJECT NUMBER: SC15018



NOT IN PROJECT AREA

TO STORAGE TANK

ENTERPRISE INSTALL:
(1) 16" FLGxFLG 90° BEND
TO THE CITY OF
SACRAMENTO

ENTERPRISE INSTALL:
(1) 16" WELDED OUTLET
FLGxFLG BUTTERFLY VALVE
(1) 16" FLGxFLG 90° BEND

EXISTING 24" BUTTERFLY VALVE
EXISTING 24" CHECK VALVE
(REVERSED IN 2013 TO ALLOW WATER TO FLOW
TO THE CITY OF SACRAMENTO TEMPORARILY)

NOT IN PROJECT AREA

NOT IN PROJECT AREA

ENTERPRISE INSTALL:
(1) HYDRAULIC FLOW
CONTROL VALVE
(2) FLANGED REDUCERS
TO CONTROL VALVE

ENTERPRISE INSTALL:
(1) 16" WELDED OUTLET
FLGxFLG BUTTERFLY VALVE
(1) 16" FLGxFLG 90° BEND

ENTERPRISE INSTALL:
(1) 16" FLGxFLG 90° BEND
TO FIRE HYDRANT

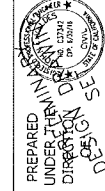
WATER FROM SSWD SYSTEM TO
THE CITY OF SACRAMENTO

PIPING PLAN

NO.	DATE	BY	CHK	REVISION
1	8/20/15	SW	SW	50% PLANS SUBMITTED FOR INITIAL REVIEW
2				
3				
4				
5				
6				



3701 MARCON AVENUE - SUITE 100
SACRAMENTO, CA 95821-5346
(916) 972-1171



PREPARED UNDER CONTRACT BY DIRECTOR OF DESIGN

SHEET P2
2 OF 2
PROJECT NUMBER 15-0018
SC15018

2015 ENTERPRISE INTERTIE IMPROVEMENT PROJECT
PLAN SHEET - PIPING PLAN

**AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT AND
THE CITY OF SACRAMENTO FOR COST SHARING, OWNERSHIP, OPERATION,
AND MAINTENANCE OF THE ENTERPRISE INTERTIE IMPROVEMENTS**

This Agreement is made effective as of the ___th day of _____, 2015, by and between Sacramento Suburban Water District (“SSWD”) and the City of Sacramento (“City”) for cost sharing, ownership, operation, and maintenance of the Enterprise Intertie Improvements (“Intertie”). SSWD and the City are both California public agencies with the authority to carry out the project described herein. SSWD and the City are collectively referred to herein as the “Agencies” and individually as an “Agency.”

RECITALS

- A. SSWD’s existing Enterprise/Northrop Reservoir and Booster Pump Station facility (“Enterprise”) is located at 917 Enterprise Drive, Sacramento, CA. As designed, the Enterprise facility includes an intertie with the City. The intertie was designed to allow SSWD to purchase treated surface water from the City and to take delivery of that water through the intertie. The quantity of water delivered to SSWD is measured at this facility by a flow meter. The Enterprise facility and intertie were not designed for water supplies to be delivered from SSWD to the City.
- B. On a trial basis, an existing check valve at the Enterprise facility was reversed to test the ability for groundwater to be delivered to the City though the existing intertie. The test showed that SSWD groundwater can be delivered to the City at this location under normal operating pressures in SSWD’s and the City’s distribution systems. Hydraulic modeling has also confirmed that groundwater can be delivered to the City at this location under normal operating pressures.
- C. Although water can be delivered with the current situation (with the existing check valve reversed and manually modulating flow via a 24” butterfly valve), there is no way to remotely control the flow of water or system pressures, leaving both systems at risk.
- D. Various improvements are needed to allow the intertie to operate in both directions, to automate the operation of the intertie, and to allow it to be monitored remotely. These improvements will include, but may not be limited to, additional above-ground piping, two isolation valves, a flow control valve, electrical modifications, instrumentation and controls, and Supervisory Control and Data Acquisition (SCADA) integration and programing are needed to make this a permanent, automated intertie.

E. The City will benefit from the intertie improvements by being able to receive emergency groundwater supplies from SSWD. Groundwater substitution transfers would also be possible at the intertie location and the City and SSWD could potentially benefit from such transfers.

F. The Agencies agree that there is a need to construct the Intertie improvements. Groundwater supplies from SSWD to the City will be delivered through the improved intertie facilities.

G. The estimated cost of proposed intertie improvements is approximately \$180,000. This includes outside engineering services for design, bidding and construction management services and all construction costs to complete the proposed intertie improvements. On behalf of SSWD (and the City) the Regional Water Authority (RWA) has obtained a Proposition 84 drought grant for this project in the amount of \$118,125 from the State Department of Water Resources (DWR).

H. Because they will directly benefit from this project, the City has agreed to pay 100 percent of the non-grant share of the total project costs. The non-grant share of project costs is currently estimated at \$61,875.

I. The City has agreed to pay for 50 percent of the operation and maintenance (O&M) costs for the intertie improvements. These costs may include labor, equipment, materials and/or outside services as necessary to properly operate, maintain and/or repair the intertie improvements.

J. SSWD conducts daily, weekly, monthly and annual preventative maintenance tasks at the Enterprise Reservoir facility. The infrastructure related to the subject project will be placed on the preventative maintenance program. Job cost accounting procedures will be used in conjunction with SSWD's computerized maintenance management system (CMMS) "CityWorks" software to allow specific costs associated with the O&M of the intertie improvements to be tracked and invoiced.

In consideration of the promises, terms, conditions and covenants contained herein, SSWD and the City hereby agree as follows:

AGREEMENT

1. Incorporation of Recitals. The Agencies agree that the foregoing recitals are true and that they are incorporated herein by reference.

2. Lead Agency. The Intertie is located on SSWD property at a facility that is owned and operated by SSWD. Therefore, SSWD will act as lead Agency for the planning, design and engineering phases of the Intertie improvements and also acted as lead Agency during the bidding and construction phase of the Intertie Improvements, providing primary direction for construction management and inspection. The City will be invited to participate during the

design phase to ensure the constructed facilities meet the requirements for both Agencies. SSWD will also act as lead Agency for the operation and maintenance of the Intertie.

3. Ownership. SSWD will own, operate, maintain, and control the Intertie in its entirety for the benefit of SSWD and the City.

4. Project Water Supply. The water supply for the Intertie will be provided from groundwater wells within SSWD's South Service Area (SSA). Flow tests and initial engineering studies for the Intertie determined that SSWD currently has sufficient groundwater supplies to deliver approximately 13,900 gallons per minute ("GPM"), or 20.0 million gallons per day ("MGD") to the City through the Intertie. Both Agencies understand that this is a non-firm supply and that the available groundwater supply may change in the future based on increased or decreased SSWD customer demands, changes in groundwater quality or regulations, decommissioning of existing wells, addition of new wells, success of conservation programs, or other foreseen or unforeseen circumstances. SSWD agrees that available SSA groundwater supplies surplus to SSWD's needs will first be made available to the City through the Intertie before they are made available or utilized for other purposes.

5. Operation, Control and Monitoring. Operation and control of the Intertie will be performed exclusively by SSWD in close collaboration with the City. SSWD staff will monitor and operate the Intertie to meet both Agencies' requirements, including supplying up to 13,900 GPM of excess groundwater capacity to the City during dry years, outages, or emergencies when the City's surface water supplies and other water sources are reduced and when sufficient SSWD groundwater supplies are available. Upon request by the City, SSWD personnel will promptly respond to operate the Intertie to provide supply to the City as needed consistent with this Agreement. Separate radio telemetry will be included in the design of the Intertie to allow the City to remotely monitor key information from the Intertie (valve position, flow, pressure, etc.).

6. Intertie Shutdown. If the pressure on SSWD's side of the Intertie drops to 50 psi, the control system will be designed to automatically initiate shutdown of the Intertie. This will be necessary to ensure adequate water supply and pressure to SSWD's customers.

7. Operating Costs. Operating costs include the direct cost of personnel hours and power to operate and monitor the facilities, including routine inspections and incidental costs related to the actual use of the Intertie. All operating costs directly related to the Intertie will be billed to the City in accordance with Section 16 of this Agreement ("Invoicing").

8. Maintenance, Repair and Replacement Costs. SSWD will be responsible for maintaining all Intertie facilities in an operable and ready-to-serve condition in accordance with industry

standards. All maintenance and repair costs directly related to the Intertie will be billed to the City in accordance with Section 16 of this Agreement (“Invoicing”).

9. Capital Replacements and Improvements. SSWD and the City shall jointly determine the need for capital replacements and improvements required to ensure the continued efficient and reliable operation of the Intertie, or to improve the Intertie. Costs for capital replacements and improvements shall include, but not be limited to, construction, administrative and professional services related thereto. All maintenance and repair costs directly related to the Intertie will be billed to the City in accordance with Section 16 of this Agreement (“Invoicing”).

10. Water Supply Quantity and Cost. The quantity of groundwater delivered to the City through the Intertie shall be monitored and recorded using SSWD’s flow meter and Supervisory Control and Data Acquisition (“SCADA”) system. In lieu of the City paying SSWD for groundwater delivered through the Intertie during dry years, outages or emergencies, the City will transfer an equal amount of its treated surface water supplies to SSWD on an agreed upon delivery schedule when the dry year outage or emergency conditions are no longer in effect and City surface water supplies are available after City meets its in-City retail demands. At any time at either SSWD’s or City’s discretion, the City will pay a wholesale rate to SSWD for the amount of groundwater delivered to the City through the Intertie that has not been offset with a surface water transfer. The wholesale rate for groundwater shall be based on the actual cost to pump and deliver groundwater to the Intertie.

11. Insurance. SSWD shall procure and maintain for the duration of this Agreement the following types and limits of insurance or equivalent self-insurance:

<u>Type</u>	<u>Limits</u>	<u>Scope</u>
Commercial general liability	\$2,000,000 per occurrence, and \$5,000,000 aggregate	at least as broad as ISO CG 0001
Automobile liability	\$2,000,000 per accident	at least as broad as ISO CA 0001, code 1 (any auto)
Workers' compensation	statutory limits	
Employers' practices liability	\$1,000,000 per incident	

a. The general and automobile liability policy(ies) shall be endorsed to name SSWD and the City, and their respective directors, officers, employees, volunteers and agents, as additional insured’s regarding liability arising out of SSWD’s performance of work under this Agreement. Insurance shall be placed with the ACWA-Joint Powers Insurance Authority or insurers with a current A.M. Best's rating of A:VII or better.

b. SSWD shall require that all independent contractors and subcontractors retained by it to perform maintenance, repair, or other work associated with the Intertie to furnish insurance that meets the requirements set forth above. The contractor's and subcontractor's general and automobile liability policy(ies) shall be endorsed to name SSWD and the City, and their respective directors, officers, employees, volunteers and agents, as additional insureds regarding liability arising out of the contractor's or subcontractor's work. The contractors' and subcontractors' coverage shall be primary to SSWD's coverage.

c. Upon request by the City, SSWD shall provide the following proof of insurance: (1) certificate(s) of insurance evidencing the required insurance; and (2) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverages.

12. General Indemnity.

a. SSWD and the City shall each indemnify, defend, protect, and hold harmless the other agency, and/or their respective directors, officers, employees, volunteers and agents, from and against any and all liability, losses, claims, damages, expenses, demands, settlements and costs (including, but not limited to, interest, penalties, attorney, expert witness and consultant fees, and litigation costs) of every nature ("Losses") arising out of each agency's performance of work under this Agreement and caused by any negligent act or omission, willful misconduct or violation of law of or by each agency or its employees, agents, contractors and subcontractors.

b. It is the intention of the Agreement that, where comparative fault is determined to have been contributory, principles of comparative fault by an Agency, its officers, directors, employees, volunteers, agents, its respective governing Board and each party's contractors and subcontractors will be used to determine liability of the Agency.

c. SSWD and the City acknowledge that the indemnification obligations of this section shall apply in lieu of the statutory right of contribution in Government Code section 895.6, and that section 895.6 shall have no application to this Agreement.

13. Disputes. If any dispute, controversy or claim arises out of, or relates to, the execution of this Agreement, including, but not limited to, alleged breach of this Agreement, the dispute Agency shall first attempt to resolve the dispute by negotiation, followed by mediation and finally shall be settled by arbitration in accordance with the Rules of the American Arbitration Association. Any court of competent jurisdiction may enter the judgment rendered by the arbitrators as final judgment that is binding on the parties.

14. Notices. Unless indicated otherwise herein, all notices, invoices, payments, statements or other writing authorized or required by this Agreement may be delivered personally, or sent in the United States mail, postage prepaid, or sent by electronic mail if the recipient confirms receipt, and addressed to the respective parties as follows:

SSWD:

General Manager
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821
E-mail: rroscoe@sswd.org

City of Sacramento:

Director, Department of Utilities
City of Sacramento
1395 35th Avenue
Sacramento, CA 95822
E-mail: dsherry@cityofsacramento.org

15. Emergency Contacts. A list of emergency contacts for each agency is provided under Exhibits A and B attached to this Agreement.

16. Invoicing. SSWD shall submit itemized invoices with supporting documentation to the City for costs listed above, other than groundwater supply costs, on a quarterly basis. Invoices may be submitted on a less frequent basis, but at least annually, during periods when the Station is not being utilized to deliver groundwater to the City. The City will pay all invoices received from SSWD for costs as outlined above within 45 days of receipt.

17. Term of Agreement. This Agreement will be effective as the date stated above and will remain in full force and effect for as long as the Intertie continues to be operated, unless this Agreement is terminated early upon mutual agreement of the Agencies.

18. Relationship of Parties. Nothing in this Agreement will be construed to create an association, joint venture, trust or partnership, or to impose a trust or partnership covenant, obligation, or liability on or with regards to either SSWD or the City.

19. No Third Party Beneficiaries. This Agreement shall not be construed to create any third party beneficiaries. This Agreement is for the sole benefit of the Agencies, their respective successors and permitted transferees and assignees, and no other person or entity shall be entitled to rely upon or receive any benefits from this Agreement or any of its terms.

20. Amendment. The terms of this Agreement may be modified or amended only by written amendment approved and executed by both Agencies.

21. Cooperation. SSWD and the City will reasonably cooperate with each other, including the execution of all necessary documents and the provision of information and data required to carry out the purpose and intent of this Agreement.

22. Inspection of Records. SSWD shall keep appropriate accounting and other records of all costs relating to the Station. Records shall be available for inspection by the City at reasonable times upon written request.

23. Counterparts. This Agreement may be executed in two or more counterparts. Each of the Agreements will be deemed as an original, all of which together will constitute as one and the same instrument.

SACRAMENTO SUBURBAN WATER
DISTRICT:

CITY OF SACRAMENTO:

By: _____

Robert S. Roscoe
General Manager

By: _____

EXHIBIT A

SSWD Contact List

The following listing of SSWD contacts and phone numbers is provided in order of contact priority.

- Operations Manager – Jim Arenz (916) 869-7359
- Engineering Manager – John Valdes (916) 869-7348
- Assistant General Manager – Dan York (916) 869-7349
- General Manager – Rob Roscoe (916) 240-2025

DRAFT

EXHIBIT B

City of Sacramento Contact List

The following listing of City of Sacramento contacts and phone numbers is provided in order of contact priority.

- [Title – Name] (916) xxx-xxxx
- [Title – Name] (916) xxx-xxxx
- [Title – Name] (916) xxx-xxxx
- [Title – Name] (916) xxx-xxxx

DRAFT



Facilities & Operations Committee

Agenda Item: 3

Date: August 25, 2015

Subject: Fluoridation in the South Service Area

Staff Contact: John E. Valdes, Engineering Manager

Recommended Committee Action:

Receive report from staff on a request from a District Board Member to determine what the consequences would be of ceasing fluoridation in the South Service Area (SSA) and direct staff as appropriate.

Background:

The District started fluoridating water supplies in the South Service Area (SSA) in March 2007. However, there were many steps that led to this action. Provided below is information on how fluoridation came about.

Water fluoridation in the state of California is largely in response to State law (AB 733, adopted in 1995) which states: "In order to promote the public health through the protection and maintenance of dental health, the department (of Public Health) shall adopt regulations..., requiring the fluoridation of public water systems." (California Health and Safety Code Section 4026.7(a)). With some exceptions, AB 733 directs the state Department of Public Health (DPH) to "adopt regulations that require the fluoridation of all public water systems that have at least 10,000 service connections." The only caveat is that the funding for water fluoridation must come from sources other than ratepayers.

In 2004, the District entered into an agreement with the City of Sacramento to purchase treated surface water from the City's Fairbairn Water Treatment Plant for delivery to our customers. Due to place of use restrictions, this surface water can only be used in the District's SSA. This is part of an overall conjunctive use strategy within the District and the Sacramento region to utilize surface water in wet years when there is plenty of snowpack and surface water available in the American River. This allows the District's groundwater wells to "rest" or recharge with the overall goal of arresting declining groundwater levels. Then in dry years, when surface water is reduced or unavailable, the District goes back to the groundwater supplies.

In 2000, as the result of AB 733, the City of Sacramento began fluoridating their water supplies. Therefore, once the District began providing this water to our customers in the SSA, there would be a mixing of fluoridated surface water with non-fluoridated groundwater. This would have led to some customers receiving varying or “sub-optimum” levels of fluoride depending on the mix of groundwater and surface water at any one time.

SSWD’s move toward conjunctive use required a decision regarding what level of fluoride to maintain. The question facing our Board of Directors was: Do we supply water to our customers with a known concentration of fluoride or an unknown concentration? In 2004, SSWD’s Board of Directors made a decision to provide an optimum level of fluoride (which is a concentration of approximately 1 milligram per liter) in the water supply serving the SSA at all times. It was believed that this would be best for overall health, met the intent of AB733, and be less confusing to customers. The decision to optimally fluoridate the water supply at all times required adding fluoridation equipment to the District’s groundwater wells in the SSA. Funding for the capital improvements necessary to fluoridate was provided by the First 5 Sacramento Commission and was not paid for by the District’s ratepayers.

The District applied for and obtained a grant from the First 5 Sacramento Commission to pay for the initial capital costs of installing fluoridation equipment on 27 wells in the District’s SSA. A copy of the grant funding agreement is attached as Exhibit 1 to this staff report.

The work to install fluoridation equipment on the groundwater wells in the SSA was completed in early-2007. Therefore, the District began delivering optimally fluoridated water to its SSA customers in March 2007. The estimated population in the District’s SSA is approximately 80,000 and this is the population that currently benefits from receiving fluoridated water. There are many controls and fail safes in place to ensure that fluoride is not overdosed. In fact, the distribution system is tested daily (including weekends) to ensure the correct concentration of fluoride in the water.

Discussion:

A District Board Member recently asked what the ramifications would be of ceasing fluoridation in the SSA. The biggest obstacle would appear to be state law and regulations. As stated above, AB 733 directed DPH (now the State Water Resources Control Board, Division of Drinking Water or DDW) to “adopt regulations that require the fluoridation of all public water systems that have at least 10,000 service connections.” The only caveat was that the funding for water fluoridation must come from sources other than ratepayers. The District received 100% of the capital cost funding from the First 5 Sacramento Commission. However, the District, and its ratepayers are paying for annual operation and maintenance (O&M) costs which are in excess of \$300,000 per year. It may be necessary to ask District legal counsel to investigate whether cessation of fluoridation in the SSA would be a violation of state law.

Another definite impact would be a financial responsibility to return a portion of the grant funding received from the First 5 Sacramento Commission to install the systems. The District’s grant funding agreement, dated July 1, 2005, requires that “Contractor (SSWD) shall utilize such systems for the purposes identified in this Agreement for a term of 20-years.” It further states

that “Contractor shall not apply for and/or seek a modification of its water permit to prohibit such fluoridation.” The only potential “outs” for the District were if the State of California adopted legislation prohibiting fluoridation of water; if the State modified the District’s water supply permit to prohibit fluoridation; or if the City of Sacramento terminates fluoridation of its water supply. A copy of the funding agreement is attached as Exhibit 1 to this staff report.

Staff discussed the issue of terminating fluoridation with Ms. Julie Beyers, Administrative Services Officer, with the First 5 Sacramento Commission. Ms. Beyers indicated that no one in Sacramento County has ever started fluoridation after receiving grant money from First 5 Sacramento and then decided to stop. However, she confirmed that the District would be expected to repay a proportionate amount of the fluoridation capital funding grant that was obtained to install the fluoridation equipment. The District received \$2,338,099 in fluoridation grant funding from First 5 Sacramento. At the present time, the District has been using the installed fluoridation equipment in the SSA for 8 years and 6 months (or 102 months). Based on a 20-year grant commitment (240 months), the District would be required to re-pay 57.5 percent of the grant funds or \$1,344,407.

If the District ceased fluoridation in the SSA and continued to purchase treated (and fluoridated) surface water from the City of Sacramento, there would be public notification requirements. The applicable drinking water regulations state the following:

Title 22, Chapter 15, Article 4.1. §64433.7(c) Whenever a water system initiates fluoridation, suspends fluoridation for more than ninety days, or reinitiates fluoridation after a suspension of more than ninety days, the water supplier shall notify the consumers, local health departments, pharmacists, dentists, and physicians in the area served by the water system, regarding the status of the fluoridation treatment.

The State Water Resources Control Board, Division of Drinking Water (DDW) has indicated that the District would be required to notify the entities listed in the excerpt above upon the initial suspension of fluoridation at the wells, and then at each successive initiation and cessation of the use of purchased fluoridated surface water, provided it was greater than 90 days between the last period of use. To estimate the cost of the required notifications, staff has assumed that surface water from the City of Sacramento would be available six out of every 10 years on average, and that the surface water would only be available during the summer months (based on Hodge flow restrictions in the American River). There are approximately 16,000 accounts in the South Service Area. Staff estimates that mailing a postcard to just these customers would cost approximately \$0.20 - \$0.38 per piece and \$0.30 - \$0.44 per piece for postage. Assuming two separate mailings in six out of every ten years, this would result in an average cost of approximately \$16,000 per year.

Fiscal Impact:

At the present time, it is estimated that the District would be required to re-pay the First 5 Sacramento Commission an estimated \$1,344,407 to reimburse fluoridation grant capital funds.

The District would save annual operation and maintenance (O&M) costs related to fluoridation. During the state fiscal year period of 7/1/14 – 6/30/15, the District spent a total of \$343,403 on water fluoridation O&M as shown in the attached worksheet (see Exhibit 2).

DDW would require the District to notify its SSA customers and others upon the initial suspension of fluoridation at the wells, and then at each successive initiation and cessation of the use of purchased fluoridated surface water, provided it was greater than 90 days between the last period of use. Assuming surface water from the City of Sacramento would be available six out of every 10 years, and two separate postcard notifications in each of these six years, these notifications are estimated to cost an average of \$16,000 per year.

Strategic Plan Alignment:

Water Supply – 1.A. Protect public health and the environment through compliance with all applicable federal, state and local regulations.

Facilities and Operations – 2.C. Develop cost-effective strategies utilizing appropriate technology and other available resources to optimize delivery of water and enhance service.

The State of California has adopted regulations that require water fluoridation for any public water system that has at least 10,000 service connections as long as funds sufficient to pay capital and associated costs for the system are made available from any source other than ratepayers, shareholders, local taxpayers, or bondholders of the public water system. If fluoridation is ceased in the SSA, the customers in this service area would lose the dental benefit of fluoridation. However, the District's ratepayers would ultimately save money due to the annual O&M cost savings even with the required repayment of a proportionate amount of grant funds and the required public notification costs.

COPY

AGREEMENT NO. 05/06-FL-021/A1

**FIRST AMENDMENT TO AGREEMENT WITH
SACRAMENTO SUBURBAN WATER DISTRICT**

THIS FIRST AMENDMENT is made and entered into this 26th day of December 2006, by and between the FIRST 5 SACRAMENTO COMMISSION, hereinafter referred to as "COMMISSION", and SACRAMENTO SUBURBAN WATER DISTRICT, hereinafter referred to as "CONTRACTOR".

WITNESSETH:

WHEREAS, the parties hereto entered into an 24-month agreement beginning July 1, 2005, for the purpose of funding the capital and associated cost for the design, purchase and installation of fluoridation systems ("Agreement") to bring the documented benefits of optimally fluoridated water supplies to the thousands of children ages 0 to 5 and their families served in the Town and Country Service Area (also known as the South Service Area); and,

WHEREAS, the CONTRACTOR has advised the COMMISSION that the project has projected cost overruns due to unanticipated construction material cost increases; and,

WHEREAS, the COMMISSION has received and accepted a fluoridation grant in the amount of \$250,000.00 from the Sierra Health Foundation which a specific funding condition that the funds be used for costs associated with the CONTRACTOR'S project; and,

WHEREAS, on November 6, 2006 by Resolution No. FFC-2006-0051, the COMMISSION approved the staff recommendation to amend the existing agreement with the CONTRACTOR to add the additional funding from the Sierra Health Foundation; and,

WHEREAS, the parties hereto desire to amend the Agreement to increase the total funding.

NOW THEREFORE, the Agreement is amended as follows:

1. The Maximum Payment to CONTRACTOR shall be increased from \$2,088,099.00 to \$2,338,099.00 as outlined in Exhibit "C-1", Budget Requirements, which is attached hereto and incorporated herein. Exhibit C-1 replaces in full Exhibit C attached to the Agreement.
2. In all other respects, the above referenced Agreement remains in full force and effect.
3. The Agreement, as amended by this Amendment, and any attachments hereto, constitute the entire understanding between the COMMISSION and CONTRACTOR concerning the subject matter contained herein.

4. This Amendment shall be deemed effective as of the date indicated above.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**FIRST 5 SACRAMENTO
COMMISSION**

**SACRAMENTO SUBURBAN WATER
DISTRICT**

By: *Lin Batten*
LIN BATTEN, Executive Director

By: *Edward H. Forman FR RSR*
ROBERT S. ROSCOE, P.E.,
General Manager

Date: *12/26/06*

Date: *12/21/06*

REVIEWED AND APPROVED BY COUNTY COUNSEL

By: *Michele Bach*
MICHELE BACH

Date: *Dec 26, 2006*

**EXHIBIT C-1 to Agreement
between the
FIRST 5 SACRAMENTO COMMISSION
hereinafter referred to as "COMMISSION," and
SACRAMENTO SUBURBAN WATER DISTRICT,
hereinafter referred to as "CONTRACTOR"**

BUDGET REQUIREMENTS

1. MAXIMUM PAYMENT TO CONTRACTOR

- A. The Maximum Total Payment Amount under this Agreement is **\$2,338,099.00**. This is an increase of \$250,000 from the original amount as a result of a grant awarded to the COMMISSION by Sierra Health Foundation specifically for this project.
- B. Funds received from the COMMISSION shall be used to provide services and capital projects identified in Exhibit A, Scope of Services, of this Agreement. A project budget must be prepared and signed by CONTRACTOR'S General Manager and Director of Finance, and approved by COMMISSION staff prior to any payments being issued for this agreement.
- C. The Maximum Total Payment Amount shall be paid out as two payments as follows:

First Payment (Phase One):

CONTRACTOR shall submit written verification from the Division of Drinking Water and Environmental Management of the California Department of Health Services' (DDWEM) of the approval by DDWEM of the **Fluoridation Plan and Preliminary Project Cost Estimate Report** for the proposed project for the Town and Country (Sacramento Suburban Water District South) Service Area. After delivery of this verification and upon successful contract execution, CONTRACTOR may invoice the amount of \$104,405 (which is five percent (5%) of the original maximum total payment amount of \$2,088,099 for this Agreement). COMMISSION will not be required to pay CONTRACTOR any additional amount as a First Payment because of the increase in agreement funding described herein.

Second Payment (Phase Two):

CONTRACTOR shall submit written proof of a final inspection and approval/ acceptance of the completed project by the Division of Drinking Water and Environmental Management of the California Department of Health Services (DDWEM). Upon receipt of this final approval by the DDWEM and upon COMMISSION staff or other COMMISSION verification that all fluoridation equipment funded under this agreement is in place and functioning, CONTRACTOR may invoice up to a maximum amount of \$2,233,694 (which is ninety-five percent (95%) of the original maximum total payment amount plus the \$250,000 increase added with the First Amendment to this Agreement). Amounts invoiced shall not exceed CONTRACTOR'S actual costs to provide services and capital projects for this Agreement.

- D. Proposition 10 funding *shall not* be utilized for costs associated with ongoing chemical, operation, maintenance and replacement costs of fluoridation systems funded by Proposition 10; those costs shall be the exclusive responsibility of the CONTRACTOR.
- E. If CONTRACTOR fails to use the funding as specified, CONTRACTOR shall be required to return/reimburse the COMMISSION for all payments made to the CONTRACTOR up to the amount of the Maximum Total Payment Amount under this Agreement.

2. **BUDGET REVISIONS**

Revisions to approved fiscal year budgets may be made in accordance with the COMMISSION'S fiscal policies.

3. **ROLL OVER OF UNEXPENDED FUNDS**

The COMMISSION'S roll over policy does not permit roll over of unexpended funds except under a very limited set of circumstances:

- To fund capital projects/assets that were budgeted in one contract year, and because of unforeseen delays in the project, will be purchased in the following contract year.
- To fund encumbrances not invoiced by the end of the fiscal year.

CONTRACTOR may request rollover in accordance with COMMISSION'S fiscal policies.



COMMISSIONERS

Roger Dickinson,
Chair

Marilyn Ratkay,
Vice Chair

Penelope Clarke

Jim Hunt

Linda Lee

Elizabeth Pinkerton

Albert Rivas

ALTERNATES

Illa Collin

Robert Bonar, M.D.

Verne Speirs

Glennah Trochet, M.D.

Jason Sample

Gary Davis

Cynthia Weideman, DDS

EXECUTIVE DIRECTOR

Lin Batten



December 19, 2005

RECEIVED

DEC 19 2005

SSWD

Mr. John Valdes, P.E.
Capital Improvement Program Manager
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346

Re: Sacramento Suburban Water District
Town and Country (SSWD South) Service Area
Agreement #05/06-FL-021

Dear John,

Enclosed find one (1) original and one (1) copy of the signed agreement between First 5 Sacramento and the Sacramento Suburban Water District. If you have any questions, please contact me at (916) 876-5873.

Thank you for your time and the efforts of yourself and your staff in finalizing this agreement. I look to working with you and the Sacramento Suburban Water District on the Town and Country Service Area Fluoridation Project.

Sincerely,

Julie Beyers
Administrative Services Officer
Contracts Unit

Cc: File

Attachments

1111 Howe Avenue, Suite 510 • Sacramento, CA 95825

Phone: (916) 876-5865
876-5877

E-Mail: First5Sac@Saccounty.net
www.sackids.saccounty.net

Fax: (916)

Website:

**SACRAMENTO COUNTY
FIRST 5 SACRAMENTO COMMISSION**

**AGREEMENT
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Attachments:

Exhibit A – Scope of Services

Exhibit B – Insurance Requirements

Exhibit C – Budget

Exhibit D – Proposal/Application and the Final Fluoridation Study for the Town and Country
(SSWD South) Service Area dated March 2005

AGREEMENT

THIS AGREEMENT is made and entered into as of this 1st day of July, 2005, by and between the FIRST FIVE SACRAMENTO COMMISSION, an agency of the County of Sacramento, a political subdivision of the State of California, hereinafter referred to as "COMMISSION," and SACRAMENTO SUBURBAN WATER DISTRICT, a County Water District formed pursuant to Water Code Sections 30000 through 33901, hereinafter referred to as "CONTRACTOR."

RECITALS

WHEREAS, in November 1998 the voters of California passed Proposition 10, the "California Children and Families Act of 1998." Proposition 10 is designed to provide funding for community health care, quality child care, and education programs for young children and families, customized to meet local needs;

WHEREAS, in April 1999 the Sacramento County Board of Supervisors established the Sacramento County Children and Families Commission whose mission is to support the healthy development of children prenatal to age five, the empowerment of families and the strengthening of communities. On January 14, 2003, the Sacramento County Board of Supervisors adopted Ordinance No. SCC-1236 that renamed the Children and Families Commission to First Five Sacramento Commission;

WHEREAS, on January 3, 2005, the COMMISSION released a Request for Applications requesting applications for fluoridation capital projects in Sacramento County;

WHEREAS, CONTRACTOR is the authorized water purveyor for the Sacramento Suburban Water District South Service area in Sacramento, California and is willing to add fluoridations systems to its Town and Country (SSWD South) service area;

WHEREAS, CONTRACTOR submitted a proposal for Proposition 10 funding to pay the capital and associated cost for the design, purchase and installation of fluoridation systems to bring the documented benefits of optimally fluoridated water supplies to the thousands of children ages 0 to 5 and their families served in the Town and Country (SSWD South) service area;

WHEREAS, on June 6, 2005, the COMMISSION authorized its Executive Director to negotiate and execute a contract with the Sacramento Suburban Water District to add fluoridations systems to the Town and Country (SSDW South) area as set forth in Exhibit A;

WHEREAS, CONTRACTOR has signed a written commitment to pay all annual operation and maintenance costs associated with the fluoridation systems designed, purchases and installed under this agreement for a period of not less than twenty (20) years beyond the projects completion;

WHEREAS, COMMISSION AND CONTRACTOR desire to enter into this Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, COMMISSION and CONTRACTOR agree as follows:

1. SCOPE OF SERVICES

CONTRACTOR shall provide services in the amount, type, and manner described in Exhibit A, *Scope of Services*, which is attached hereto and incorporated herein. CONTRACTOR'S Proposal is attached hereto and made a part hereof by this reference as Exhibit D. If there are any discrepancies between Exhibit A, *Scope of Services*, and Exhibit D, CONTRACTOR'S Proposal, the provisions of Exhibit A (*Scope of Services*), shall prevail.

2. TERM

This Agreement shall be effective and commence on the July 1, 2005 and shall end on June 30, 2007.

3. NON-SUPPLANTATION OF FUNDS

Proposition 10 funds shall be used exclusively to develop new projects, expand existing programs and/or services or to enhance existing programs and services. CONTRACTOR shall not utilize Proposition 10 funds to supplant state or local General Fund money for any purpose. If, upon receipt of Proposition 10 funds, CONTRACTOR uses such funds to replace state or federal categorical funds, CONTRACTOR shall demonstrate to the COMMISSION'S satisfaction that such state or federal categorical funds have increased the level of services provided to children 0-5 years of age.

CONTRACTOR shall execute a certification that it has complied with the anti-supplantation requirement stated in Section 30131.4 of the California Tax & Revenue Code. Such certification shall be executed prior to release of Proposition 10 funds and CONTRACTOR shall annually execute such certification as part of the fiscal audit requirement. If COMMISSION determines that supplantation has occurred, CONTRACTOR shall be required to reimburse COMMISSION for all Proposition 10 funds that were used in violation of this Section. Use of Proposition 10 funds in violation of this Section shall be grounds for termination of this Agreement.

4. NOTICE

Any notice, demand, request, consent, or approval that either party hereto may or is required to give the other pursuant to this Agreement shall be in writing and shall be either personally delivered or sent by certified U.S. mail, addressed as follows:

First Five Sacramento Commission
Lin Batten, Executive Director
1111 Howe Avenue, Suite 510
Sacramento, CA 95825

Sacramento Suburban Water District
Robert S. Roscoe P.E., General Manager
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

If personally delivered, notice will be deemed to be given upon receipt by the other party. If mailed, the other party will be deemed to have received notice five days after the party giving notice deposits it with the United States Postal Service. Either party may change the address to which subsequent notice and/or other communications can be sent by giving written notice designating a change of address to the other party, which shall be effective upon receipt.

5. DIRECTOR

As used in this Agreement, "DIRECTOR" shall mean the Executive Director of the First Five Sacramento Commission or his/her designee.

6. COMPLIANCE WITH LAWS

CONTRACTOR shall observe and comply with all applicable Federal, State, and County laws, regulations, and ordinances.

7. GOVERNING LAWS AND JURISDICTION

This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the internal laws of the State of California. Any legal proceedings arising out of or relating to this Agreement shall be brought in Sacramento County, California.

8. LICENSES AND PERMITS

CONTRACTOR shall possess and maintain all necessary licenses, permits, certificates, and credentials required by the laws of the United States, the State of California, County of Sacramento and all other governmental agencies having jurisdiction over or responsibility for regulating CONTRACTOR. Failure to maintain the licenses, permits, certificates, and credentials shall be deemed a breach of this Agreement and constitutes grounds for the termination of this Agreement by COMMISSION.

9. PERFORMANCE STANDARDS

CONTRACTOR shall ensure that the facilities funded under this Agreement are designed and installed by CONTRACTOR'S subcontractors in accordance with the professional standards applicable to such services. The work funded by the COMMISSION pursuant to this Agreement shall be performed in a first-class manner and shall conform to the standards of quality normally observed by persons practicing in such professions. CONTRACTOR shall operate the funded facilities in compliance with the practices prevailing in the public water utility industry and all applicable laws and regulations.

10. PUBLIC STATEMENTS/MATERIALS

CONTRACTOR shall submit to the COMMISSION for review prior to release, all media statements, press release(s), public statements, or printed materials developed to describe and promote COMMISSION funded programs. COMMISSION'S Communications and Media Officer or other authorized staff shall promptly review any CONTRACTOR media statements, press release(s), public statements, or printed materials and return to CONTRACTOR with an approval and/or any comments. CONTRACTOR'S obligations under this paragraph will terminate on the date specified in Section 2 of this Agreement.

CONTRACTOR shall indicate in any and all press release(s), statements to the public or printed materials (including brochures, newsletters, and promotional materials) developed to describe and promote COMMISSION funded programs that the program is "Funded by First Five Sacramento Commission."

11. STATUS OF CONTRACTOR

- A. It is understood and agreed that CONTRACTOR (including CONTRACTOR'S employees) is an independent CONTRACTOR and that no relationship of employer-employee exists between the parties hereto. CONTRACTOR'S assigned personnel shall not be entitled to any benefits payable to employees of COMMISSION. COMMISSION is not required to make any deductions or withholdings from the compensation payable to CONTRACTOR under the provisions of this agreement; and as an independent CONTRACTOR, CONTRACTOR hereby indemnifies and holds COMMISSION harmless from any and all claims that may be made against COMMISSION based upon any contention by any third party that an employer-employee relationship exists by reason of this agreement.
- B. It is further understood and agreed by the parties hereto that CONTRACTOR in the performance of its obligations hereunder, is subject to the control or direction of COMMISSION as to the designation of tasks to be performed, but otherwise is not subject to the COMMISSION'S control or direction.
- C. If, in the performance of this agreement, any third persons are employed by CONTRACTOR, such person shall be entirely and exclusively under the direction, supervision, and control of CONTRACTOR. All terms of employment, including hours, wages, working conditions, discipline, hiring, and discharging, or any other terms of employment or requirements of law, shall be determined by CONTRACTOR, and the COMMISSION shall have no right or authority over such persons or the terms of such employment.
- D. It is further understood and agreed that as an independent CONTRACTOR and not an employee of COMMISSION, neither the CONTRACTOR nor CONTRACTOR'S assigned personnel shall have any entitlement as a COMMISSION employee, right to act on behalf of COMMISSION in any capacity whatsoever as agent, nor to bind COMMISSION to any obligation whatsoever. CONTRACTOR shall not be covered by worker's compensation; nor shall CONTRACTOR be entitled to compensated sick leave, vacation leave, retirement entitlement, participation in group health, dental, life and other insurance programs, or entitled to other fringe benefits payable by the COMMISSION to employees of the COMMISSION.
- E. It is further understood and agreed that CONTRACTOR must issue W-2 and 941 Forms for income and employment tax purposes, for all of CONTRACTOR'S assigned personnel under the terms and conditions of this agreement.

12. CONTRACTOR IDENTIFICATION

CONTRACTOR shall provide the COMMISSION with the following information for the purpose of compliance with California Unemployment Insurance Code Section 1088.8 and Sacramento County Code Chapter 2.160: CONTRACTOR'S name, business address, telephone number, and Internal Revenue Service Identification Number and whether dependent health insurance coverage is available to CONTRACTOR'S employees.

13. BENEFITS WAIVER

CONTRACTOR acknowledges and agrees that CONTRACTOR is not entitled to receive the following benefits and/or compensation from COMMISSION or the County: medical, dental, vision, and retirement benefits, life and disability insurance, sick leave, bereavement leave, jury duty leave, parental leave, or any other similar benefits or compensation otherwise provided to permanent civil service employees pursuant to the County Charter, the County Code, the Civil Service Rule, the Sacramento County Employees' Retirement System and/or any and all Memoranda of Understanding (MOU) between County and its employee organizations. Should any employee or agent of the CONTRACTOR seek to obtain such benefits from COMMISSION or the County, CONTRACTOR agrees to indemnify and hold harmless COMMISSION or the County from any and all claims that may be made against COMMISSION or County for such benefits.

14. CONFLICT OF INTEREST

CONTRACTOR and CONTRACTOR'S officers and employees shall not have a financial interest, or acquire any financial interest, direct or indirect, in any business, property, or source of income which could be financially affected by or otherwise conflict in any manner or degree with the performance of services required under this Agreement.

15. ANTI-TOBACCO POLICY

CONTRACTOR shall comply with COMMISSION'S Anti-Tobacco Policy that was approved by the COMMISSION on March 3, 2003. CONTRACTOR shall be required to certify compliance with the Anti-Tobacco Policy prior to receipt of COMMISSION funds.

16. USE OF FUNDS

Funds provided by the COMMISSION shall be expended only for the purposes authorized by the "California Children and Families First Act of 1998."

It is understood and agreed that no funds provided by COMMISSION pursuant to this Agreement shall be used by CONTRACTOR for any political activity or political contribution.

17. NONDISCRIMINATION IN EMPLOYMENT, SERVICES, BENEFITS, AND FACILITIES

- A. CONTRACTOR agrees and assures COMMISSION that CONTRACTOR and any subcontractors shall comply with all applicable federal, state, and local anti-discrimination laws, regulations, and ordinances and to not unlawfully discriminate, harass, or allow harassment against any employee, applicant for employment, employee or agent of COMMISSION, or recipient of services contemplated to be provided or provided under this Agreement, because of race, ancestry, marital status, color, religious creed, political belief, national origin, ethnic group identification, sex, sexual orientation, age (over 40), medical condition (including HIV and AIDS), or physical or mental disability. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment, the treatment of COMMISSION employees and agents, and recipients of services are free from such discrimination and harassment.
- B. CONTRACTOR represents that it is in compliance with and agrees that it will continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 et seq.) and regulations and guidelines issued pursuant thereto.
- C. CONTRACTOR shall compile such data, maintain such records, and submit such reports to any federal or state agency as may be required for enforcement of all applicable anti-discrimination laws.
- D. CONTRACTOR shall include this nondiscrimination provision in all subcontracts related to this Agreement.

18. COMPLIANCE WITH CHILD, FAMILY, AND SPOUSAL SUPPORT REPORTING

- A. CONTRACTOR'S failure to comply with state and federal child, family, and spousal support requirements regarding a CONTRACTOR'S employees or failure to implement lawfully served wage and earnings assignment orders or notices of assignment relating to child, family, and spousal support obligations shall constitute a default under this Agreement.
- B. CONTRACTOR'S failure to cure such default within 90 days of notice by COMMISSION shall be grounds for termination of this Agreement.

19. INDEMNIFICATION

CONTRACTOR shall defend, indemnify and hold harmless the COMMISSION, its elected representatives, officers, directors, agents, employees and volunteers from and against all demands, claims, actions, liabilities, losses, damages, and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the performance of the Agreement, caused in whole or in part by the negligent or intentional acts or omissions of CONTRACTOR'S officers, directors, agents employees, or subcontractors.

COMMISSION shall defend, indemnify and hold harmless CONTRACTOR, its officers, directors, agents, employees, and subcontractors from and against all demands, claims, actions, liabilities, losses, damages and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the performance of the Agreement, caused in whole or in part by the negligent or intentional acts or omissions of COMMISSION, its elected representatives, officers, directors, agents, employees, and volunteers.

It is the intention of the COMMISSION and CONTRACTOR that the provisions of this paragraph be interpreted to impose on each party responsibility to the other for the acts and omissions of their respective officers, directors, agents, employees, volunteers, COMMISSION, and CONTRACTOR'S subcontractors. It is also the intention of the COMMISSION and CONTRACTOR that, where comparative fault is determined to have been contributory, principles of comparative fault will be followed and each party shall bear the proportionate cost of any damage attributable to the fault of that party, its officers, directors, agents, employees, volunteers, COMMISSION, its elected representatives and CONTRACTOR'S subcontractors.

20. INSURANCE

Without limiting CONTRACTOR'S indemnification, CONTRACTOR shall maintain in force at all times during the term of this Agreement and any extensions or modifications thereto, insurance as specified in Exhibit B. It is understood and agreed that COMMISSION shall not pay any sum to CONTRACTOR under this Agreement unless and until COMMISSION is satisfied that all insurance required by this Agreement is in force at the time services hereunder are rendered.

21. COMPENSATION AND PAYMENT OF INVOICES LIMITATIONS

- A. Compensation under this Agreement shall be limited to the Maximum Total Payment Amount and payment terms set forth in Exhibit C, or Exhibit C as modified by COMMISSION in accordance with express provisions in this Agreement.
- B. CONTRACTOR shall maintain for four years following termination of this agreement full and complete documentation of all services and expenditures associated with performing the services covered under this Agreement. Expense documentation shall include: time sheets or payroll records for each employee; receipts for supplies; applicable subcontract expenditures; applicable overhead and indirect expenditures.
- C. In the event CONTRACTOR fails to comply with any provisions of this Agreement, COMMISSION may withhold payment until such non-compliance has been corrected.

22. SUBCONTRACTS, ASSIGNMENT

- A. CONTRACTOR shall obtain prior written approval from COMMISSION before subcontracting any of the services delivered under this Agreement. COMMISSION shall provide CONTRACTOR its written approval of any subcontractor within 15 days of CONTRACTOR'S submittal of an approval

request. CONTRACTOR shall obtain prior written approval from the COMMISSION if it becomes necessary to change the Subcontractor(s) identified in subsection C of this section. CONTRACTOR remains legally responsible for the performance of all Agreement terms including work performed by third parties under subcontracts. Any subcontracting will be subject to all applicable provisions of this Agreement. CONTRACTOR shall be held responsible by COMMISSION for the performance of any Subcontractor whether approved by COMMISSION or not. CONTRACTOR shall require its Subcontractors listed below in Subsection C of this section to comply with the provisions of this Agreement.

- B. This Agreement is not assignable by CONTRACTOR in whole or in part, without the prior written consent of COMMISSION.
- C. Notwithstanding Subsection A, CONTRACTOR is authorized to subcontract with: *to be determined*

23. AMENDMENT AND WAIVER

Except as provided herein, no alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by both parties. Waiver by either party of any default, breach, or condition precedent shall not be construed as a waiver of any other default, breach, or condition precedent, or any other right hereunder. No interpretation of any provision of this Agreement shall be binding upon COMMISSION unless agreed in writing by DIRECTOR and Counsel for COMMISSION.

24. ENTIRE AGREEMENT

This Agreement, together with all exhibits attached hereto, constitutes the entire Agreement between the parties hereto, all other representation or statements heretofore made, verbal or written, are merged herein.

25. SUCCESSORS

This Agreement shall bind the successors of COMMISSION and CONTRACTOR in the same manner as if they were expressly named.

26. TIME

Time is of the essence of this Agreement.

27. INTERPRETATION

This Agreement shall be deemed to have been prepared equally by both of the parties, and the Agreement and its individual provisions shall not be construed or interpreted more favorably for one party on the basis that the other party prepared it.

28. DISPUTES

Whenever COMMISSION and CONTRACTOR disagree as to any matter covered under this Agreement, this dispute resolution process shall govern. Until the dispute is resolved, CONTRACTOR shall continue to diligently perform under the Agreement and COMMISSION shall continue to make payments required by this Agreement. When a dispute occurs, either party may give the other party a written request for a meeting between CONTRACTOR and the COMMISSION'S Executive Director. The purpose of this meeting shall be to ascertain whether a resolution of the disagreement is possible without third party intervention.

If such a meeting is timely requested, the meeting shall be held within 30 days of the receipt of the request. If the parties reach a mutually acceptable resolution of the dispute, the Executive Director shall promptly make any required amendment to this Agreement that is within his or her authority or submit any amendment outside his or her authority for approval by the COMMISSION at its next scheduled meeting. If the meeting fails to resolve the disagreement, then the matter shall be submitted to arbitration in accordance with Code of Civil Procedure Sections 1280 *et seq.* Within 15 days of a party filing a demand for arbitration, the parties shall choose a single mutually agreeable arbitrator. The parties may engage in discovery consisting of interrogatories, depositions and production of documents on matters relevant to the resolution of the dispute, which is subject to arbitration. The decision of the arbitrator shall be controlling between CONTRACTOR and the COMMISSION and shall be final. Except as provided in Code of Civil Procedure Sections 1286.2 and 1286.4, neither party shall be entitled to judicial review of the arbitrator's decision. The parties shall share equally in the costs and fees associated with the arbitrator's fees and expenses. At the conclusion of the arbitration, the prevailing party as determined or appointed by the arbitrator, shall be entitled to reimbursement by the other party for the arbitrator's fees and the arbitrator's expenses incurred in connection with the arbitration. Unless otherwise allowed by statute, no party shall be awarded its own costs, expenses or attorney's fees.

29. TERMINATION

- A. COMMISSION may terminate this Agreement for cause immediately upon giving written notice to CONTRACTOR should CONTRACTOR materially fail to perform any of the covenants contained in this Agreement in the time and/or manner specified. In the event of such termination, COMMISSION may proceed with the work in any manner deemed proper by COMMISSION.
- B. COMMISSION may terminate or amend this Agreement immediately upon giving written notice to CONTRACTOR if advised that funds are not available from external sources for this Agreement or for any portion hereof.
- C. If this Agreement is terminated under paragraph B above, CONTRACTOR shall only be paid for any services completed and provided prior to notice of termination.
- D. CONTRACTOR shall not incur any expenses under this Agreement after notice of termination and shall cancel any outstanding expenses obligations

to a third party that CONTRACTOR can legally cancel without penalty or default to CONTRACTOR.

- E. Except as otherwise provided, the parties obligations under this Agreement will terminate not later than the expiration date set forth in Section 2 hereof.

30. EVALUATION

To the extent applicable to the capital facilities being undertaken by CONTRACTOR, it shall participate and comply with results-based and community impact evaluation activities including training and technical assistance, sponsored by the COMMISSION as defined by COMMISSION'S evaluation consultant and described in the Project Evaluation Plan prepared by the evaluation consultant in conjunction with the CONTRACTOR, and which is further described in Section 5 of Exhibit A, incorporated by this reference. During the term of this Agreement, CONTRACTOR shall conduct all evaluation activities required under the Project Evaluation Plan; provided, however, that CONTRACTOR shall be required to participate in statewide efforts to evaluate activities funded by Proposition 10 funds as requested by COMMISSION, whether such request occurs during the term of the Agreement or after.

31. REPORTS

CONTRACTOR shall, without additional compensation therefore, make fiscal, program evaluation, progress, and such other reports as may be reasonably required by COMMISSION concerning CONTRACTOR'S activities as they affect the contract duties and purposes herein. COMMISSION shall explain procedures for reporting the required information.

32. RECORDS AND AUDIT

- A. CONTRACTOR shall maintain separate accounting books and records for Proposition 10 Funds. Records shall be maintained in accordance with generally accepted accounting principles.
- B. For a period of four years following termination of the Agreement, CONTRACTOR shall make records available for copying upon COMMISSION'S request and at COMMISSION'S expense.
- C. Upon COMMISSION'S request, COMMISSION or its designee shall have the right at reasonable times and intervals to audit, at CONTRACTOR'S premises, CONTRACTOR'S financial and program records as COMMISSION deems necessary to determine CONTRACTOR'S compliance with legal and contractual requirements and the correctness of claims submitted by CONTRACTOR.
- D. At regular times during normal business hours, COMMISSION shall have the right to inspect or evaluate CONTRACTOR'S records that pertain to services performed and amounts payable under this Agreement.

- E. CONTRACTOR shall submit to the COMMISSION an annual financial and compliance audit conducted by an independent auditor. CONTRACTOR may use its organizational audit provided that the audit report shows Proposition 10 revenues and expenses separately.
1. The audit shall be conducted in accordance with generally accepted accounting and auditing standards.
 2. COMMISSION staff shall review the audit for completeness and findings and then submit the audit to the COMMISSION'S Auditor-Controller for technical review. COMMISSION shall be allowed access to all financial and program records, as COMMISSION deems necessary, to determine that funding was spent in compliance with applicable guidelines and this Agreement.
 3. If the Agreement is terminated for any reason during the Term stated in section 2, the independent audit shall cover the entire period of the Agreement for which services were provided and shall be submitted within six (6) months of the end of the Agreement period.
 4. The audit shall be submitted to the COMMISSION no later than thirty (30) days after the CONTRACTOR'S organizational audit is completed but no later than seven months after the end of CONTRACTOR'S fiscal year. Should there be any delay, CONTRACTOR shall immediately inform COMMISSION staff. Under no circumstances shall the audit be submitted later than nine (9) months after the Agreement period ended.
 5. Should any material findings be noted in the audit report, CONTRACTOR must submit an action plan with the audit report detailing how the deficiency will be addressed. Findings shall be corrected within six (6) months after the audit report. CONTRACTOR shall submit a report documenting corrections of identified audit deficiencies. If CONTRACTOR refuses or fails to cooperate or fails to submit an annual audit as required by this Agreement, COMMISSION may, in its sole discretion, withhold amounts payable under this Agreement until CONTRACTOR has complied with the requirements of this Section to the satisfaction of COMMISSION.
 6. CONTRACTOR shall comply with First Five California Commission audit requirements.

33. PRIOR AGREEMENTS

This Agreement constitutes the entire contract between COMMISSION and CONTRACTOR regarding the subject matter of this Agreement. Any prior agreements, whether oral or written, between COMMISSION and CONTRACTOR regarding the subject matter of this Agreement are hereby terminated effective immediately upon full execution of this Agreement.

34. DUPLICATE COUNTERPARTS

This Agreement may be executed in duplicate counterparts. The Agreement shall be deemed executed when it has been signed by both parties.

35. PREVAILING WAGES

CONTRACTOR shall comply with the provisions of Senate Bill 972 (effective January 1, 2002, amends Labor Code Section 1720 definition of "public works") which requires CONTRACTOR to pay prevailing wages for public works projects paid for in whole or in part out of public funds. For purposes of Senate Bill 972, public works includes construction, alteration, demolition, installation or repair work done under contract and paid for in whole or in part with COMMISSION funds.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

**FIRST FIVE SACRAMENTO
COMMISSION**

**SACRAMENTO SUBURBAN WATER
DISTRICT**

By *Lin Batten*
LIN BATTEN,
Executive Director

By *Robert S. Roscoe*
ROBERT S. ROSCOE, P.E.,
General Manager

Date: *12/19/05*

Date: *December 16, 2005*

REVIEWED AND APPROVED BY COUNTY COUNSEL

By: *Michele Bach*
MICHELE BACH

Date: *Dec 16 2005*

EXHIBIT A
to Agreement between the
FIRST 5 SACRAMENTO COMMISSION,
hereinafter referred to as "COMMISSION," and
SACRAMENTO SUBURBAN WATER DISTRICT,
hereinafter referred to as "CONTRACTOR"

SCOPE OF SERVICES

1. Service Location

Agency Name: Sacramento Suburban Water District (SSWD)
Street Address: 3701 Marconi Avenue, Suite 100
City and Zip Code: Sacramento, CA 95821

Project area: Town and Country (SSWD South) Service Area

Well Number	Site Location/Name
2A	El Prado / Park Estates Well
4B	Bell / Marconi Well
9	Ravenwood / Eastern Well
18	Riding Club / Ladino Well
19	Balmoral / Yorktown Well
20A	Watt / Arden Well
22	West / Becerra Well
24	Becerra / Woodcrest Well
25	Thor / Mercury Well
26	Greenwood / Marconi Well
28	Red Robin / Darwin Well
30	Rockbridge / Bowling Green Well
32A	Eden / Root Well
33A	Auburn / Norris Well
35	Ulysses / Mercury Well
40A	Auburn / Yard Well
41	Albatross / Iris Well
47	Copenhagen / Arden Well
55A	Stewart / Lynndale Well
60	Whitney / Concetta Well
65	Merrily / Annadale Well
66	Eastern / Woodside Church Well
71	Rodney T. Franz Well
72	River Walk / NETP Well
73	River Walk / NETP East Well
74	River Walk / NETP South Well
75	Enterprise / Northrop Well

2. **Project Description**

CONTRACTOR shall install hydrofluosilicic acid injection fluoridators at twenty-seven groundwater well sites in the Town and Country (SSWD South) service area to provide children ages 0 to 5 and their parents with an optimal concentration of fluoridation at all times. The project shall include engineering and design, installation of appropriate enclosures and safety equipment at each site in conjunction with the pumps, piping, scales and monitoring devices required for each fluoridation system installed. The project shall also include one portable fluoridation trailer with a functioning system for on-demand emergency usage at any of the wells. Additionally the project will include appropriate training, protective safety equipment for personnel, and public awareness/outreach for the project. CONTRACTOR shall secure all appropriate permits and/or permit amendments as needed for the scope of the project and shall prepare and/or update required hazardous materials plans. CONTRACTOR shall advise and educate SSWD South service area customers and stakeholders, through a variety of public outreach activities, regarding the change to fluoridated water and the documented benefits of fluoridated community drinking water. Upon completion, the project will provide fluoridated water to 100 percent of the Town and County (SSWD South) service area of the water system.

3. **Number of Service Connections and Population of Service Area**

This water fluoridation project for the Town and Country (SSWD South) service area has an estimated 15,000 service connections and an estimated total population of 68,000. The service area is generally bounded by the American River on the south, Interstate (Business) 80 on the west and north, and Walnut Avenue on the east.

4. **Project Goals and Results**

Goal:

- ✓ To optimally fluoridate the community drinking water in the Town and Country (SSWD South) service area at all times, no matter the combination of surface water and groundwater at any one time and, as a result, to fully bring the documented benefits of fluoridated community drinking water to children age 0 to 5 and their families who live in this service area.

Desired Results:

- ✓ Increased access to fluoridated community drinking water for all children affected by the funded project at all times.
- ✓ Improved dental health for children 0 to 5 and families that reside in the Town and Country (SSWD South) service area.
- ✓ Fluoridation of the Town and Country (SSWD South) service area within the control range for optimal fluoride levels at all times.

5. **Evaluation Plan and Activities**

- A. Upon execution of Agreement, CONTRACTOR shall be required to develop the Project's Evaluation Plan in conjunction with the COMMISSION'S evaluation consultant.

- B. Upon execution of the Agreement, CONTRACTOR shall participate in data collection tool training and input data relevant to the CONTRACTOR'S project into an Internet-based data collection system (currently OCERS.net) as required by the COMMISSION.
- C. CONTRACTOR shall submit quarterly and annual reports related to evaluation and in a form required by the COMMISSION.
- D. CONTRACTOR shall utilize evaluation questionnaires or such other tools as required by COMMISSION for purposes of evaluating CONTRACTOR'S project funded by the COMMISSION.
- E. If deemed necessary during the term of the Agreement, CONTRACTOR shall be required to revise the project's evaluation plan in conjunction with the COMMISSION'S evaluation consultant.

6. Compliance with Commission Strategic Plan

- A. CONTRACTOR shall ensure that projects funded by the COMMISSION reflect the following core components identified in the COMMISSION'S Strategic Plan:
 - 1) *Affordable and Accessible* – children (0 to 5) have the opportunities and resources to grow up healthy and happy.
 - 2) *Culturally Competent* – embrace diversity and respond in culturally appropriate ways.
 - 3) *Community-Driven* – Community members have an opportunity to be actively involved in decision making and planning for their children's lives.
 - 4) *Responsive to Special Needs* – people with special needs will be accepted, treated with respect and dignity and have equal access to places, services, and opportunities.
- B. CONTRACTOR shall ensure participation in cooperative and collaborative efforts sponsored by the COMMISSION, its Contractors and community partners.

7. Capital Expenditures

CONTRACTOR shall utilize the Capital Expenditures component of the funding in the amount of not more than \$2,071,555.00 for design, capital costs and construction of twenty-seven fluoridation systems, a portable fluoridation unit, and related expenses in the Town and Country (SSWD South) service area; provided, however, that CONTRACTOR shall utilize such systems for the purposes identified in this Agreement for a term of 20 years. CONTRACTOR shall not apply for and/or seek a modification of its water permit to prohibit such fluoridation. Should the State seek to modify CONTRACTOR'S water permit to prohibit fluoridation during the 20-year use term, CONTRACTOR shall notify the State regarding its contractual commitments under this Agreement. In the event that its water permit is modified by the California Department of Health Services (DHS) to prohibit fluoridation or the California Legislature enacts a law prohibiting fluoridation of water, CONTRACTOR shall immediately notify the COMMISSION of such changed conditions(s) and shall be relieved of its obligation to fluoridate its water supplies as provided in this Agreement. In the event that the City of Sacramento terminates the fluoridation of surface water supplied to CONTRACTOR, CONTRACTOR shall immediately notify the COMMISSION of such changed conditions and CONTRACTOR shall be relieved of its obligation to fluoridate its water supplies as provided in this Agreement unless the CONTRACTOR is able to obtain

outside funding and has installed any additional capital equipment needed to fluoridate the surface water supplied by the City of Sacramento. In the event of such changed conditions, CONTRACTOR will actively pursue all alternatives for maintaining and providing optimal fluoridation for the SSWD South service area. During the use term, with the foregoing exceptions no change in use shall be made without first obtaining the written consent of the COMMISSION.

8. Plan Review and Approval

If review and approval or acceptance of the applicant's Fluoridation Plan and Preliminary Project Cost Estimate Report from the Division of Drinking Water and Environmental Management of the California Department of Health Services (DDWEM) is not obtained, this Agreement shall be terminated, and any funds paid to the CONTRACTOR shall be returned to the COMMISSION.

9. Minimum Services

A. CONTRACTOR shall perform the following services utilizing Proposition 10 funding:

- Obtain State of California of Division of Drinking Water and Environmental Management (DDWEM) letter of approval of the Fluoridation Plan and Preliminary Project Cost Estimate Report "Fluoridation Study for Town and Country (SSWD South) Service Area" for the SSWD South project.
- CONTRACTOR shall secure all appropriate permits and/or permit amendments as needed for the scope of the project and shall prepare and/or update required hazardous materials plans.
- Subcontract with an engineering consultant to complete the design of the fluoridation equipment and to prepare plans and specification for construction at each of the 27 well sites listed above. The consultant will also assist the CONTRACTOR with obtaining bids for construction and will provide construction management services, including inspection services.
- Construct, as needed, an enclosure at each well site with a built-in spill containment base, and wired for electrical outlets, lights and an exhaust fan. A pre-fabricated fiberglass enclosure (either approximately 4' x 3' or approximately 8' x 3') may be utilized at various well sites.
- Install fluoridation equipment (hydrofluosilicic acid injection fluoridators) at each of the 27 well sites listed above. Equipment shall include: Acid feed/metering pumps including an interlock safety device; injector piping; scales; and, appropriate electrical connections at all well sites; and, instrumentation, controls and remoter terminal units (RTU) for connection to the CONTRACTOR'S Supervisory Control and Data Acquisition (SCADA) system at those identified well sites that do not currently have a SCADA connection (14 wells).
- Install an emergency shower/eyewash station at any of the identified well sites that do not currently have this safety equipment (18 wells).
- Design and construct one (1) portable fluoridation trailer with a functioning system for on-demand emergency usage at any well site.

- Ensure that all facilities, equipment, process and procedures meet all requirements of the Sacramento Metropolitan Fire Department.
 - Obtain an amended DDWEM Water Supply Permit prior to the startup and testing of the fluoridation equipment at the 27 well sites involved with this project.
 - After the installation of the fluoridation equipment, conduct startup and testing at each of the 27 well sites and the portable fluoridation trailer to ensure that the installed fluoridation equipment is functioning properly and is adjusted to consistently deliver water with the optimal fluoride content.
 - Conduct appropriate training, including safety training, for all staff who will be directly accessing or servicing the fluoridation equipment. Provide appropriate protective safety equipment for these personnel.
 - Advise and educate SSWD South service area customers and stakeholders, through a variety of public outreach activities, regarding the change to fluoridated water and the documented benefits of fluoridated community drinking water.
- C. CONTRACTOR shall complete all services identified in Section 10, Work Plan and Timeline Form.
- D. Proposition 10 funding *shall not* be utilized for costs associated with ongoing chemical, operation, maintenance and replacement costs of fluoridation systems funded by Proposition 10, those cost shall be the exclusive responsibility of the CONTRACTOR.

10. Work Plan and Timeline Form

Contractor shall perform the following services and adhere to the timeline indicate:

Implementation Activities	FY 04/05	FY 05/06	FY 06/07	Deliverables to Commission
Contract Management				
Execute project contract		▲		Executed contract.
Monitor and submit deliverables		■		None.
Submit quarterly reports to First 5 Sacramento Commission		▲ ▲	▲ ▲ ▲	Quarterly reports.
Project Management				
Obtain DDWEM approval of Fluoridation Plan Report	▲			Letter of approval.
Confirm CEQA compliance		▲		Board resolution adopting categorical exemption.
Select and retain professional subcontractors		■		Contract with consultant for design, bidding services, and construction management.
Manage design and preparation of construction documents (drawings, specs, etc.)		■		Plans and specifications for bidding.
Accept completed project and make final payments		▲		None.
Obtain amended DDWEM Water Supply Permit			▲	Amended water supply permit.
Construction Management				
Bidding and award of construction contract(s)		■		Copy of executed contract with construction contractor.
Inspection of construction			■	None.
Construction documentation and progress payments			■	Copies of approved progress pay estimates.
Testing and start up of project			■	None.
Community Outreach/Notification				
Customer outreach/education		■		Copies of public outreach materials.

**EXHIBIT B to Agreement
between the
FIRST FIVE SACRAMENTO COMMISSION,
hereinafter referred to as "COMMISSION," and
SACRAMENTO SUBURBAN WATER DISTRICT,
hereinafter referred to as "CONTRACTOR"**

INSURANCE REQUIREMENTS FOR CONTRACTOR

Without limiting CONTRACTOR'S indemnification, CONTRACTOR shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Agreement by the CONTRACTOR, its agents, representatives or employees. COMMISSION shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If in the opinion of the COMMISSION Risk Manager, insurance provisions in these requirements do not provide adequate protection for COMMISSION and for members of the public, COMMISSION may require CONTRACTOR to obtain insurance sufficient in coverage, form and amount to provide adequate protection. The COMMISSION'S requirements shall be reasonable but shall be imposed to assure protection from and against the kind and extent of risks that exist at the time a change in insurance is required.

Verification of Coverage

CONTRACTOR shall furnish the COMMISSION with certificates evidencing coverage required below. **Copies of required endorsements must be attached to provided certificates.** The COMMISSION Risk Manager may approve self-insurance programs in lieu of required policies of insurance if, in the opinion of the Risk Manager, the interests of the COMMISSION and the general public are adequately protected. All certificates, evidences of self-insurance, and additional insured endorsements are to be received and approved by the COMMISSION before performance commences. The COMMISSION reserves the right to require that CONTRACTOR provide complete, certified copies of any policy of insurance including endorsements offered in compliance with these specifications.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. **GENERAL LIABILITY:** Insurance Services Office's Commercial General Liability occurrence coverage form CG 0001. Including, but not limited to Premises/Operations, Products/Completed Operations, Contractual, and Personal & Advertising Injury, without additional exclusions or limitations, unless approved by the COMMISSION Risk Manager.

2. **AUTOMOBILE LIABILITY:** Insurance Services Office's Commercial Automobile Liability coverage form CA 0001.
 - a. Commercial Automobile Liability: auto coverage symbol "1" (any auto) for corporate/business owned vehicles. If there are no owned or leased vehicles, symbols 8 and 9 for non-owned and hired autos shall apply.
 - b. Personal Lines automobile insurance shall apply if vehicles are individually owned.
3. **WORKERS' COMPENSATION:** Statutory requirements of the State of California and Employer's Liability Insurance.
4. **PROFESSIONAL LIABILITY** or Errors and Omissions Liability insurance appropriate to the CONTRACTOR'S profession.
5. **UMBRELLA** or Excess Liability policies are acceptable where the need for higher liability limits is noted in the Minimum Limits of Insurance and shall provide liability coverages that at least follow form over the underlying insurance requirements where necessary for Commercial General Liability, Commercial Automobile Liability, Employers' Liability, and any other liability coverage (other than Professional Liability) designated under the Minimum Scope of Insurance.

Minimum Limits of Insurance

CONTRACTOR shall maintain limits no less than:

1. **GENERAL LIABILITY:**

General Liability shall be on an Occurrence basis (as opposed to Claims Made basis). Minimum limits and structure shall be:

General Aggregate:	\$5,000,000
Products Comp/Op Aggregate:	\$5,000,000
Personal & Adv. Injury:	\$5,000,000
Each Occurrence:	\$5,000,000

Building Trades Contractors and Contractors engaged in other projects of construction shall have their general liability Aggregate Limit of Insurance endorsed to apply separately to each job site or project, as provided for by Insurance Services Office form CG-2503 Amendment-Aggregate Limits of Insurance (Per Project) or its equivalent.

2. **AUTOMOBILE LIABILITY:**

- a. Commercial Automobile Liability for Corporate/business owned vehicles including non-owned and hired, \$2,000,000 Combined Single Limit.
- b. Personal Lines Automobile Liability for Individually owned vehicles, \$250,000 per person, \$500,000 each accident, \$100,000 property damage.

3. **WORKERS' COMPENSATION:** Statutory.

4. **EMPLOYER'S LIABILITY:** \$1,000,000 per accident for bodily injury or disease.

5. PROFESSIONAL LIABILITY or Errors and Omissions Liability: \$1,000,000 per claim and aggregate.

Deductibles and Self-Insured Retention

Any deductibles or self-insured retention that apply to any insurance required by this Agreement must be declared and approved by the COMMISSION.

Claims Made Professional Liability Insurance

If professional liability coverage is written on a Claims Made form:

1. The "Retro Date" must be shown, and must be on or before the date of the Agreement or the beginning of Agreement performance by CONTRACTOR.
2. Insurance must be maintained and evidence of insurance must be provided for at least one (1) year after completion of the Agreement.
3. If coverage is cancelled or non-renewed, and not replaced with another claims made policy form with a "Retro Date" prior to the contract effective date, the CONTRACTOR must purchase "extended reporting" coverage for a minimum of one (1) year after completion of the Agreement.

Other Insurance Provisions

The insurance policies required in this Agreement are to contain, or be endorsed to contain, as applicable, the following provisions:

All Policies:

1. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with insurers with a current A.M. Best's rating of no less than **A-VII**. The COMMISSION Risk Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the COMMISSION and the general public are adequately protected.
2. **MAINTENANCE OF INSURANCE COVERAGE:** The CONTRACTOR shall maintain all insurance coverages in place at all times and provide the COMMISSION with evidence of each policy's renewal ten (10) days in advance of its anniversary date. Each insurance policy required by this Agreement shall state that coverage shall not be canceled by either party except after thirty (30) days' written notice for cancellation or non-renewal has been given to the COMMISSION. For non-payment of premium 10 days prior written notice of cancellation is required.

Commercial General Liability and/or Commercial Automobile Liability:

1. **ADDITIONAL INSURED STATUS:** The COMMISSION, its officers, directors, officials, employees, and volunteers are to be included as additional insured's as respects: liability arising out of activities performed by or on behalf of the CONTRACTOR; products and completed operations of the CONTRACTOR; premises owned, occupied or used by the CONTRACTOR; or automobiles owned, leased, hired or borrowed by

the CONTRACTOR. The coverage shall contain no endorsed limitations on the scope of protection afforded to the COMMISSION, its officers, directors, officials, employees, or volunteers.

2. **CIVIL CODE PROVISION:** Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.
3. **PRIMARY INSURANCE:** For any claims related to this agreement, the CONTRACTOR'S insurance coverage shall be primary insurance as respects the COMMISSION, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the COMMISSION, its officers, directors, officials, employees, or volunteers shall be excess of the CONTRACTOR'S insurance and shall not contribute with it.
4. **SEVERABILITY OF INTEREST:** The CONTRACTOR'S insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
5. **SUBCONTRACTORS:** CONTRACTOR shall be responsible for the acts and omissions of all subcontractors and shall require all its subcontractors to maintain adequate insurance.

Workers' Compensation:

WORKERS' COMPENSATION WAIVER OF SUBROGATION: The workers' compensation policy required hereunder shall be endorsed to state that the workers' compensation carrier waives its right of subrogation against the COMMISSION, its officers, directors, officials, employees, agents or volunteers, which might arise by reason of payment under such policy in connection with performance under this Agreement by the CONTRACTOR.

Professional Liability:

PROFESSIONAL LIABILITY PROVISION: Any professional liability or errors and omissions policy required hereunder shall apply to any claims, losses, liabilities, or damages, demands and actions arising out of or resulting from professional services provided under this Agreement.

Notification of Claim

If any claim for damages is filed with CONTRACTOR or if any lawsuit is instituted against CONTRACTOR, that arise out of or are in any way connected with CONTRACTOR'S performance under this Agreement and that in any way, directly or indirectly, contingently or otherwise, affect or might reasonably affect COMMISSION, CONTRACTOR shall give prompt and timely notice thereof to COMMISSION. Notice shall be deemed prompt and timely if given within thirty (30) days following the date of receipt of a claim or ten (10) days following the date of service of process of a lawsuit.

**EXHIBIT C to Agreement
between the
FIRST FIVE SACRAMENTO COMMISSION
hereinafter referred to as "COMMISSION," and
SACRAMENTO SUBURBAN WATER DISTRICT,
hereinafter referred to as "CONTRACTOR"**

BUDGET REQUIREMENTS

1. MAXIMUM PAYMENT TO CONTRACTOR

- A. The Maximum Total Payment Amount under this Agreement is **\$2,088,099.00**.
- B. Funds received from the COMMISSION shall be used to provide services and capital projects identified in Exhibit A, Scope of Services, of this Agreement. A project budget must be prepared and signed by CONTRACTOR'S General Manager and Director of Finance, and approved by COMMISSION staff prior to any payments being issued for this agreement.
- C. The Maximum Total Payment Amount shall be paid out as two payments as follows:

First Payment (Phase One):

CONTRACTOR shall submit written verification from the Division of Drinking Water and Environmental Management of the California Department of Health Services' (DDWEM) of the approval by DDWEM of the **Fluoridation Plan and Preliminary Project Cost Estimate Report** for the proposed project for the Town and Country (Sacramento Suburban Water District South) Service Area. After delivery of this verification and upon successful contract execution, CONTRACTOR may invoice the amount of \$104,405.00 (which is five percent (5%) of the maximum total payment amount for this Agreement).

Second Payment (Phase Two):

CONTRACTOR shall submit written proof of a final inspection and approval/ acceptance of the completed project by the Division of Drinking Water and Environmental Management of the California Department of Health Services (DDWEM). Upon receipt of this final approval by the DDWEM and upon COMMISSION staff or other COMMISSION verification that all fluoridation equipment funded under this agreement is in place and functioning, CONTRACTOR may invoice up to a maximum amount of \$1,983,694.00 (which is ninety-five percent (95%) of the maximum total payment amount for this Agreement). Amounts invoiced shall not exceed CONTRACTOR'S actual costs to provide services and capital projects for this Agreement.

- D. Proposition 10 funding *shall not* be utilized for costs associated with ongoing chemical, operation, maintenance and replacement costs of fluoridation systems funded by Proposition 10; those costs shall be the exclusive responsibility of the CONTRACTOR.

- E. If CONTRACTOR fails to use the funding as specified, CONTRACTOR shall be required to return/reimburse the COMMISSION for all payments made to the CONTRACTOR up to the amount of the Maximum Total Payment Amount under this Agreement.

2. **BUDGET REVISIONS**

Revisions to approved fiscal year budgets may be made in accordance with the COMMISSION'S fiscal policies.

3. **ROLL OVER OF UNEXPENDED FUNDS**

The COMMISSION'S roll over policy does not permit roll over of unexpended funds except under a very limited set of circumstances:

- To fund capital projects/assets that were budgeted in one contract year, and because of unforeseen delays in the project, will be purchased in the following contract year.
- To fund encumbrances not invoiced by the end of the fiscal year.

CONTRACTOR may request rollover in accordance with COMMISSION'S fiscal policies.

EXHIBIT A

DESCRIPTION OF 2004 PROJECT

The 2004 Project consisting of Component A and Component B which consist of the following described improvements to the District's Water System. The estimated cost of each component of the 2004 Project is listed opposite its name.

COMPONENT A

Description	Estimated Contract Cost
Purchase 20 MGD of firm capacity in the City of Sacramento E.A. Fairbairn Water Treatment Plant	\$14,723,000
Purchase capacity in the City of Sacramento 54-inch Transmission Main under the American River	2,187,000
5-million gallon Reservoir and Pump Station to store surface water received from the City of Sacramento's E.A. Fairbairn Water Treatment Plant	3,007,000
Verner Avenue Monitoring Well and Pump Station	900,000
Well Site/Reservoir Site and Treatment Improvements: for groundwater treatment rule, arsenic removal, volatile organic remediation, iron/manganese removal	2,000,000 ✱
New 18-inch diameter pipeline on Flaming Arrow Road from Verner Avenue to Auburn Boulevard	1,580,000
Extension of 16-inch pipeline on Elverta Road to Antelope Road	796,000
Replacement of certain distribution mains	12,800,000

COMPONENT B

Description	Estimated Contract Cost
Rockbridge/Bowling Green Well # 30	\$ 26,137
Bainbridge/Homes Well #59A	16,670
Fulton Avenue Pipeline	295,000
Various Well Sites	20,000
Club Lane 8 Inch Main Extension	17,955
Howe Avenue 12 Inch Pipeline Crossing	73,160
Hernando Way 12 Inch Pipeline Crossing	59,226
Keith Way 8 Inch Main Extension	79,535
Pipeline Replacement – Becker Heights	127,500
Pipeline Replacement – Western Heights	129,494
Whitney/Mission Avenue Intertie	59,226
Pipeline Replacement – Kirkby & Walerga	83,400
SCADA Panels	161,322
2003 Meter Retrofit Project (excludes meter costs)	652,281
2003 Meter Retrofit Project Meters	199,094

FIRST FIVE SACRAMENTO COMMISSION
ANNUAL NON-SUPPLANTATION CERTIFICATION

CONTRACT NUMBER: 05/06-FL-021

Sacramento Suburban Water District

CERTIFICATION for FY 05/06

CONTRACTOR hereby certifies that:

- (a) Any and all funds received from the First Five Sacramento Commission will be used exclusively to develop new projects, expand existing programs and/or services or to enhance existing programs and services for children who are 0-5 years of age.
- (b) CONTRACTOR has not, and will not in the future, utilize such funds to supplant state or local General Fund money for any purpose.
- (c) To the extent that CONTRACTOR utilizes funds received from the First Five Sacramento Commission to replace state or federal categorical funds, CONTRACTOR can demonstrate, upon request by the Commission, that such state or federal categorical funds have been used to increase the level of services provided to children 0-5 years of age.
- (d) Any funds received by CONTRACTOR under its agreement with the Commission for prior years have been used consistent with subsections (a)-(c) of this Certification.

NOTE: Failure to comply with the anti-supplantation requirements stated in this Certification, the Agreement with the Commission and/or Revenue and Taxation Code Section 30131.4 shall constitute breach of any agreement with COMMISSION which shall result in termination of such agreement. If the COMMISSION determines that supplantation has occurred, CONTRACTOR shall also be required in accordance with the terms of the Agreement with the COMMISSION to reimburse the COMMISSION for all funds that were used in violation of this Certification, the Agreement with the Commission and/or Revenue and Taxation Code Section 30131.4.

CONTRACTOR

DATE

Robert S. Roscoe, P.E.

Printed Name

General Manager

General Manager

Robert S. Roscoe, P. E.



Board of Directors

President - Neil W. Schild
Vice President - Kevin M. Thomas
Frederick A. Gayle
Craig M. Locke
Robert P. Wichert

July 31, 2015

Exhibit 2

Bruce Berger
Sanitary Engineer
Division of Drinking Water
Sacramento District Office
1001 I Street, 13th Floor
Sacramento, CA 95814

SUBJECT: Sacramento Suburban Water District (PWS 3410001) –
Fluoridation Operation and Maintenance Costs (FY 2014 – 2015)

Dear Mr. Berger:

In accordance with CCR Title 22, Section 64433.7(b), Sacramento Suburban Water District (SSWD) has prepared a report summarizing the operations and maintenance costs of fluoridation for the previous fiscal year (July 1, 2014 to June 30, 2015). The attached cost sheet is associated with fluoridation of SSWD's South Service Area.

If you have any questions, or need any further information, please feel free to contact me at (916) 679-2880, or via email at jarenz@sswd.org.

Sincerely,

A handwritten signature in black ink, appearing to read "James Arenz", is written over a light blue horizontal line.

James Arenz
Operations Manager

Enclosed: Fluoridation Operation and Maintenance Costs (FY 2014 – 2015)

cc (via email): Fluoridation@waterboards.ca.gov
Mark.barton@waterboards.ca.gov

FY2014-2015 Operation and Maintenance Costs of Fluoridation
7/1/14 - 6/30/15

<p>Regular Well Run 2 days per week 0.3 hours per site 27 sites</p> <hr/> <p>16.2 hours</p>	<p>Additional Well Run 1 day per week 6 hours per operator per day 3 operators per day</p> <hr/> <p>18 hours</p>
<p>Weekday Distribution System Monitoring 5 days per week 0.3 hours per sample 1 sample per day</p> <hr/> <p>1.5 hours</p>	<p>Weekend Distribution System Monitoring 2 days per week 2 hours per day</p> <hr/> <p>4 hours</p>
<p>Preventative Maintenance/Repairs 0.3 hours per week per site 27 sites</p> <hr/> <p>8.1 hours</p>	

Total:	48 hours per week
Total:	2486 hours per year

Equipment Estimate:	\$500 per site annually 27 sites
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\$52.50 per hour for Production Operator II
 \$21.78 per hour for vehicle

Annual Labor Cost	\$130,494
Annual Vehicle Cost	\$54,136
Annual Equipment Cost	\$13,500
Annual Chemical Cost ¹	\$145,272
Total Operating Cost	\$343,403

¹ Including delivery and service fees



Facilities & Operations Committee

Agenda Item: 4

Date: August 28, 2015

Subject: Succession Plan Update

Staff Contact: Robert S. Roscoe, P.E., General Manager
Lynne Yost, Human Resources Coordinator

Recommended Committee Action:
Receive progress report and provide comments.

Discussion:
Introduction

The District continually looks ahead to proactively address opportunities and challenges that arise in meeting its mission to deliver high quality, reliable water and superior customer service to the public. One identified challenge is to plan for a smooth transition in the District’s workforce given anticipated turnover levels driven by an industry-wide retirement wave in the labor market. Members of the “Baby Boomer” generation are leaving the workforce in increasing numbers as retirement ages are reached. Since the younger demographic groups, “Generation X/Gen X” and “Generation Y/Gen Y or Millennials” are smaller than the older groups, special districts face intense competition to recruit and retain replacement talent (see chart below for the demographics of the District’s current workforce). As is both expected and common in the water industry, “Baby Boomers” are typically the most experienced, seasoned employees with the most institutional knowledge and represent a large percentage of the supervisory and management staff. In the District’s case, Baby Boomers represent 75% of all supervisors and managers.

Demographic Identifier	Birth Year	% of District Workforce
Baby Boomer	1946-65	47%
Generation X	1966-76	24%
Generation Y/Millennials	1977-94	28%

Due to the critical nature of this issue, the Board of Directors recently included succession planning in the General Manager’s target goals for 2015. In fact, the General Manager and Human Resources Coordinator have been working on this issue since early 2012 and have been

engaged in more focused discussions on succession management planning and strategies since April of this year.

Alignment with District Mission Statement and Values

The General Manager is developing a succession management plan for replacing key positions in the next few years, guided by the following sections of the District's Strategic Plan:

Mission Statement: To deliver a high quality, reliable supply of water and superior customer service at a reasonable price.

Values:

- Respect customers and conduct District business through open and transparent governance and communications.
- Ensure public health and safety by conducting operations in strict accordance with all statutory and regulatory requirements.
- Achieve high levels of staff professionalism through career development, including training opportunities, and retention of skilled staff with competitive compensation.

Current Organizational Structure

Attachment 1 is a copy of the District's current organization chart with medical, retirement and service year information added for each full-time position. It is color-coded to show positions eligible for retirement in 2015 (red) and eligible for retirement within the next 5 years (yellow). Attachment 2 is the same chart showing present retirement "guesstimates" for positions identified in Attachment 1. It is color-coded to show possible retirements within the next 3 years (red), 4-5 years (orange), 6-10 years (yellow) and 11 or more years (green). In both charts, positions with no color coding are not eligible to retire within the next 5 years. The positions identified from these charts as the most critical for succession planning efforts are: Executive (General Manager and Assistant General Manager) and Engineering (Manager and Associate Engineer). These four positions represent an aggregate total of 124 years of water industry experience and 64 years specifically with the District.

Next Steps

The General Manager will continue to work with Human Resources and other management staff to develop options and refine succession planning elements. Staff anticipates additional presentations at future Facilities and Operations Committee meetings before presentation to the Board of Directors for concurrence.

Conclusion

The General Manager, Assistant General Manager, Engineering Manager and Associate Engineer positions have been identified as key positions upon which to focus succession planning efforts. The General Manager will continue to develop options and refine succession elements for key staff positions. For the General Manager position, commonly used succession plan options for review and consideration will include:

1. Executive-level recruitment after the current General Manager leaves the District with a gap pending the new hire;

Succession Plan Update

August 28, 2015

Page 3 of 3

2. Executive-level recruitment in time to seat the new General Manager by the time the current General Manager leaves the District;
3. Identify internal staff to fill the General Manager position in advance of when the current General Manager leaves the District; and
4. Executive-level recruitment as soon as an announcement is made by the current General Manager to seat the new General Manager in time for a transitional overlap.

Fiscal Impact:

Not defined; will depend upon the succession plan option the Board wishes to utilize for the General Manager position.

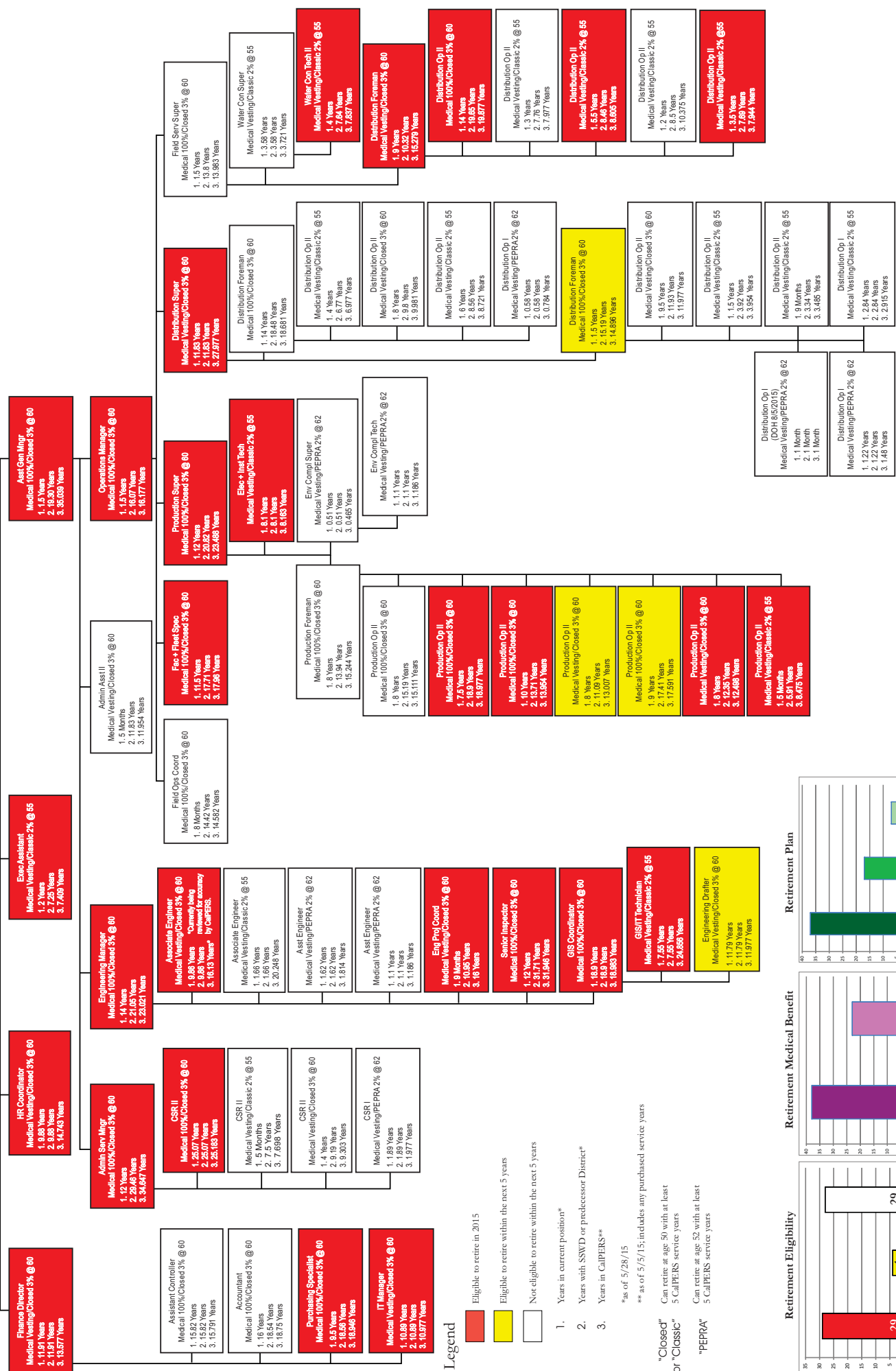
Strategic Plan Alignment:

As discussed above in “Alignment with District Mission Statement and Values.”

Attachment 1



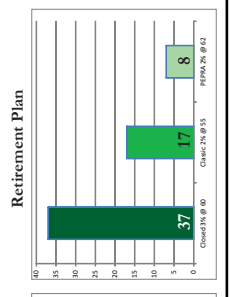
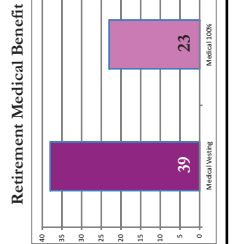
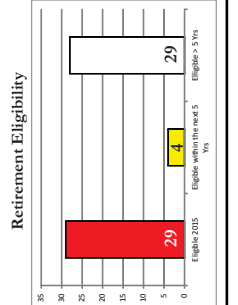
Succession Planning Organization Chart #1



- Legend**
- Eligible to retire in 2015
 - Eligible to retire within the next 5 years
 - Not eligible to retire within the next 5 years
1. Years in current position*
 2. Years with SSWD or predecessor District*
 3. Years in CalPERS**
- *as of 5/28/15
**as of 5/15/15; includes any purchased service years

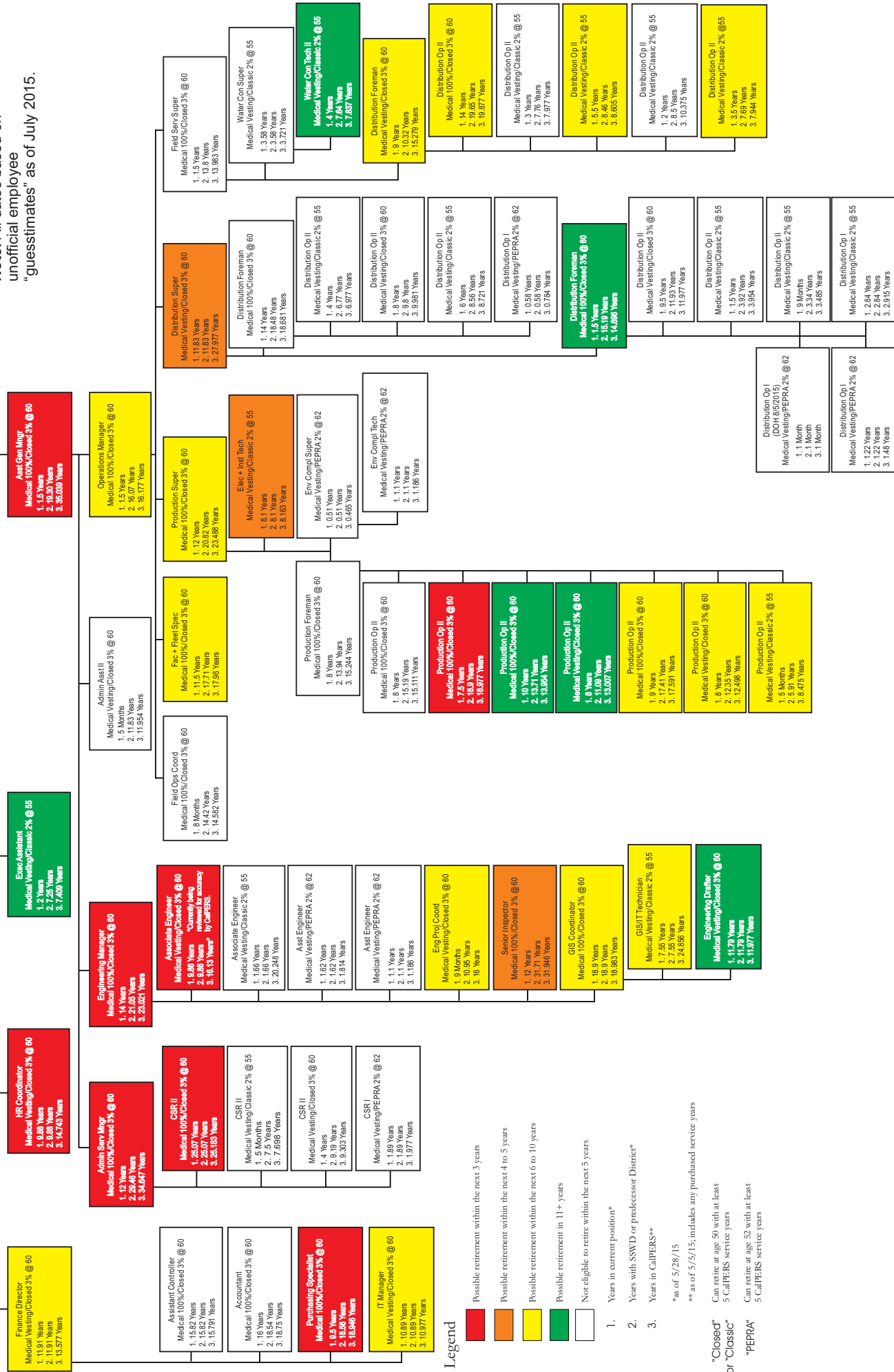
"Closed"
or "Classic"
Can retire at age 50 with at least 5 CalPERS service years

"PEPRA"
Can retire at age 52 with at least 5 CalPERS service years



Attachment 2

Note: All dates based on unofficial employee "guesstimates" as of July 2015.



Legend

- Color-coded boxes: Possible retirement within the next 3 years, 4 to 5 years, 6 to 10 years, 11+ years, Not eligible to retire within the next 5 years, Years in current position*, Years with SWWD or predecessor District**, Years in CALPERS**

*Closed

or "Classic"

"PEPRA"

Can retire at age 50 with at least 5 CALPERS service years
Can retire at age 52 with at least 5 CALPERS service years



Facilities & Operations Committee

Agenda Item: 5

Date: August 31, 2015

Subject: Sacramento River Water Reliability Study Update

Staff Contact: Dan York, Assistant General Manager
John E. Valdes, Engineering Manager

Recommended Committee Action:

Receive report from staff on the status of the Sacramento River Water Reliability Study and direct staff as appropriate.

Discussion:

West Yost Associates (WYA) has now completed a draft Sacramento River Regional Water Reliability Project Planning Phase I Report (Road Map). See the attached Exhibit 1 for a copy of the draft report. The report covers the key work tasks performed by WYA: Review and summary of previous work; interviews with potential project partners; assessment of current conditions, issues, and scoping impacts; identification of potential feasible alternatives; and development of a preliminary project road map. The report is not written in a typical technical report format but is instead written in such a way that it can be discussed with a broader audience including Board or Council members and members of the general public.

A final Phase I project coordination meeting was held on August 19, 2015, to receive feedback on the draft report. Assistant General Manager Dan York attended on behalf of the District. At this workshop, the following items were discussed: 1) Status of West Yost's Final Report; 2) Update on WaterSMART Drought Contingency Planning Grant; 3) Update on Placer County Water Agency (PCWA)/United States Bureau of Reclamation (USBR) Basin Study Partnership; 4) Update on Project Name, Branding and Messaging; and 5) Discussion Regarding Scope and Cost for Next Phase of Work. Some review comments on the draft report were provided to WYA. They will incorporate these comments and prepare a final report.

As proposed, the next phase of the work would include environmental review, modeling, incorporation of pending USBR WaterSMART drought contingency planning work, and the framework for potential partners and potential funding obligations. This next phase could potentially cost up to \$500,000 to be split among the project participants. The initial project participants are the Cities of Roseville and Sacramento, California American Water, Placer

County Water Agency, Rio Linda/Elverta Community Water District, and Sacramento County Water Agency. These agencies are anticipated Annual Users, whereas the remaining agencies are Dry-Year-Only Users, which consist of Carmichael Water District, Citrus Heights Water District, City of Folsom, El Dorado County Water Agency, San Juan Water District and SSWD.

If the District chooses to participate in Phase 2 of the study, staff would need to include the funds in the CY2016 Budget. The contracted consultant working on the District's Water System Master Plan Update has been directed to analyze the project and submit a recommendation on whether or not it would benefit the District to participate in the Phase 2 study.

Fiscal Impact:

The estimated cost of Phase 2 of the study could be as much as \$500,000. A total of twelve (12) agencies participated in Phase 1. Six (6) agencies are expected to receive water from the proposed regional treatment plant in all water years and these six agencies are expected to participate in Phase 2 of the study. Other agencies, including SSWD, are only expected to receive dry year water supplies from the proposed facility. If six agencies participate, the cost for each agency is estimated at approximately \$83,000. If the District chose to participate the estimate cost would be reduced to approximately \$71,000 per participant.

Strategic Plan Alignment:

Water Supply – 1.B. Provide for the long-term future needs of the District through prudent planning that will ensure sufficient capacity to serve all customers.

Leadership – 5.C. Participate in regional, statewide and national water management partnerships.

This project aligns with the above two goals in that a separate Sacramento River water supply would provide a long term water supply for District customers and it is part of a regional partnership among interested parties.



SACRAMENTO RIVER
REGIONAL WATER
RELIABILITY PROJECT
PLANNING PHASE I

AUGUST 2015



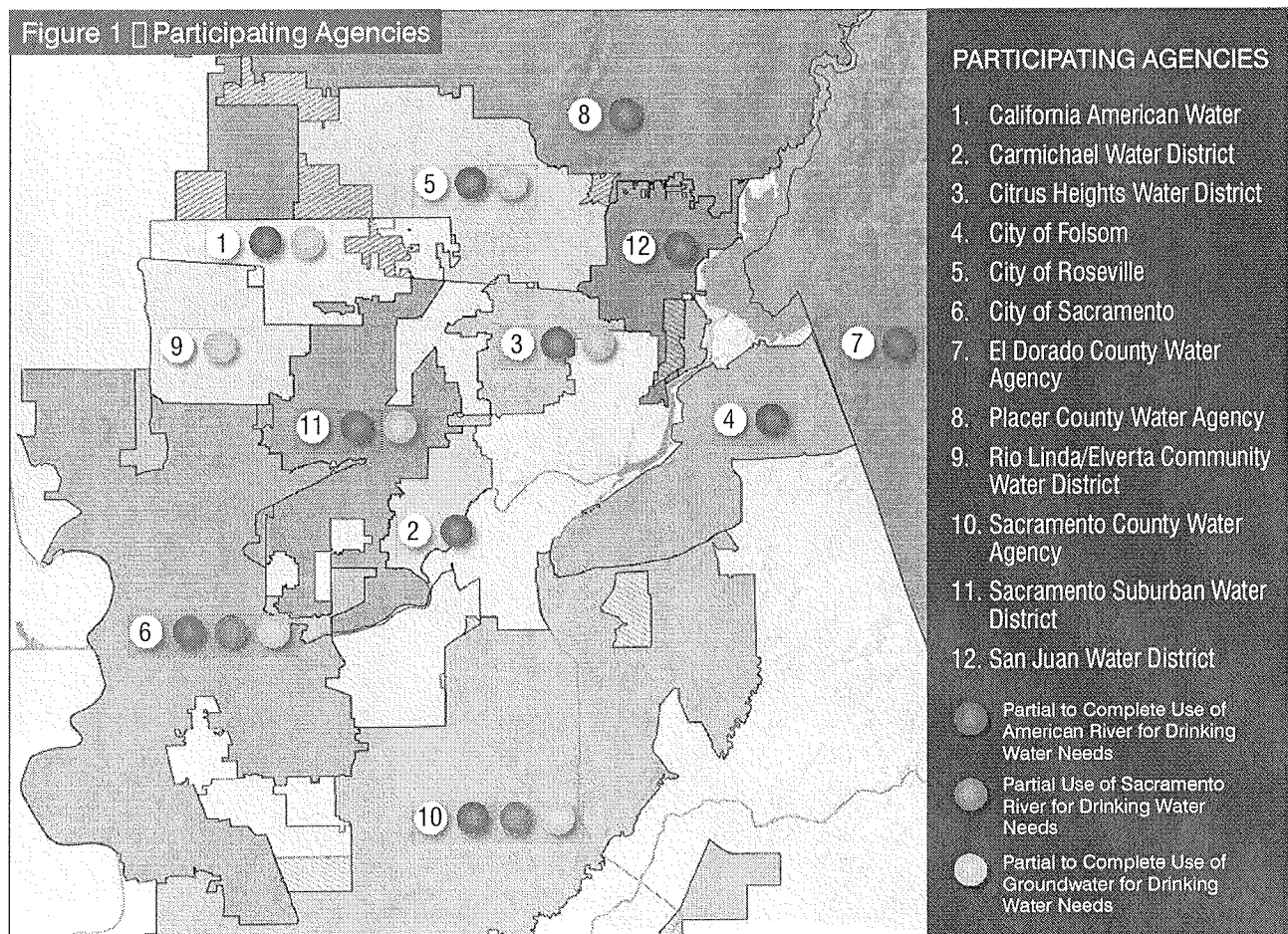
Regional Water Reliability Project

The ongoing drought in northern California spotlights the growing need for water supply agencies to work together to address their current and future water supply needs. The existence of reliable water supplies is fundamental to the future prosperity of the Sacramento region.

The Sacramento River Regional Water Reliability Project (Project) is a multi-agency undertaking, involving key stakeholders throughout the greater Sacramento area. The Project, which will enhance water supply diversity and reliability on a regional scale, will benefit regional water suppliers, increase the sustainability of regional groundwater supplies, and provide additional

environmental protection in the American River watershed. Figure 1 shows the agencies currently considering participation in the Project and their current water supply sources.

The Project will divert water through existing intakes from the Sacramento River to offset water currently diverted from the American River, deliver that water via raw water pipelines to a new regional water treatment plant (WTP), and distribute the treated surface water through new and existing pipelines to local water agencies. The Project will also recharge depleted groundwater storage in wet years for recovery in years when surface water supplies are insufficient to meet the needs of the region.



The risk of losing surface water supply is real for regional water agencies that use American River water, and many of these agencies rely on the American River for nearly all of their water supply needs. Most agencies plan to pump additional groundwater to meet drought demands.

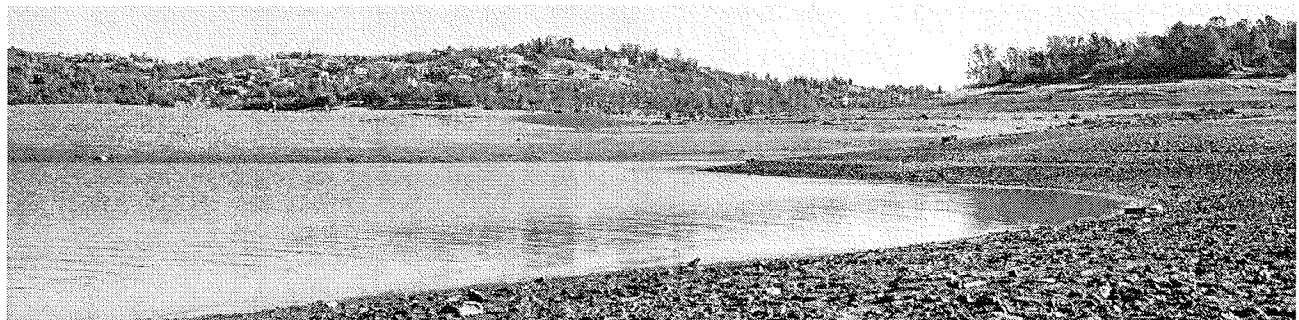
This Planning Phase I report (Phase I Report) lays out a conceptual plan for implementation of the Project. Background information is presented in this report to provide context for the Project, followed by a discussion of the benefits of the Project to the region and to the Participating Agencies (Agencies). Funding and financing opportunities are also discussed. Thereafter, a detailed implementation plan is included that describes how the Project will be phased, the Project alternatives under consideration, what the planning-level Project costs are expected to be, and what the next steps are to move the Project forward.

Background

Water supply in the western United States, and especially in California, is an important and complex issue. Current water supply and management practices are inadequate for the growing California population, and changing climate conditions are expected to exacerbate the reliability and water quality problems facing many communities. Reservoirs are at historic lows, and multiple years of above average precipitation will be needed to refill them. The entire state is currently under mandatory conservation measures, and fines for violating those requirements are at record highs. Many climate change studies predict that areas that have historically experienced drought conditions will have more frequent and severe droughts.

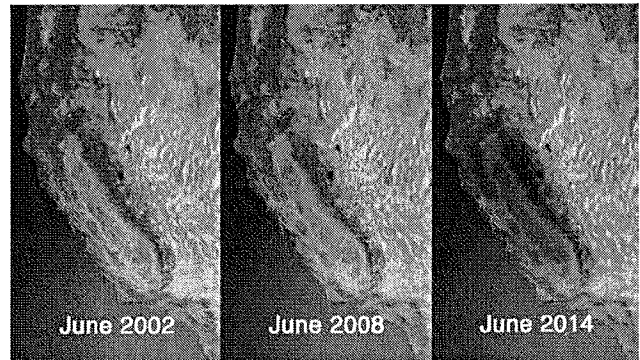
During the recent drought, levels in Folsom Lake have fallen to historic lows, which has reduced the amount of cold water storage available to be released into the lower American River (Figure 2). Average temperatures in the lower American River have risen significantly and flow

Figure 2 □ Historically Low Levels in Folsom Lake (February 2014)



Extended drought conditions can significantly reduce the amount of cold water stored in Folsom Lake for discharge into the Lower American River to support native species.

Figure 3 □ Groundwater Depletion of California: 2002□2014



Measurements from the Gravity Recovery and Climate Experiment (a joint NASA-DLR mission) have shown groundwater depletion rates of over 4 trillion gallons (12 million acre-feet) per year in California.

Image Credit: NASA/JPL-Caltech/UC Irvine

volumes have been sharply reduced, both of which have created difficulties for local aquatic species. Reducing dependence on the American River for water supply purposes will allow flow and temperature conditions to remain more uniform during dry and normal years.

In addition to reduced surface water availability, accelerated pumping of groundwater sources has greatly depleted the volume of water remaining in existing aquifers (as indicated in Figure 3), and has increased the concentrations of minerals and contaminants in water withdrawn from these aquifers. Reliable groundwater sources will be an important part of water supply

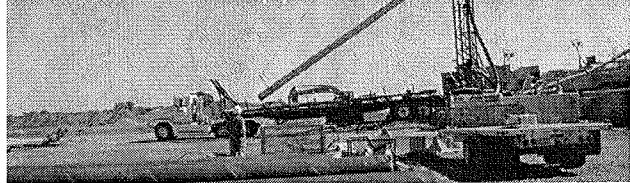
portfolios in the future. The California legislature enacted the Sustainable Groundwater Management Act (SGMA) in 2014 to encourage long-term, managed groundwater usage. As mandated by SGMA for the state's medium- and high-priority groundwater basins, the Agencies will each be part of one or more of the newly formed Groundwater Sustainability Agencies (GSAs). Increased implementation of conjunctive use and aquifer storage and recovery (ASR) programs will strengthen groundwater resources (Figure 4).

The existing surface water and groundwater supply concerns need to be considered in light of increasing population throughout the region. By 2060, the total population in Sacramento, Placer, and El Dorado counties is expected to grow by approximately 50 percent, from roughly two million people to approximately three million (California Department of Finance, December 2014). The additional population will need reliable supplies of high-quality water.

The activities completed to date on the Project lay the groundwork for the steps that follow. As shown in the Summary of Key Work Elements, significant background work has already been completed, which has culminated in the issuance of this Phase I Report.

Figure 4 □ The Project and Sustainable Groundwater Management

The GSAs will be looking for ways to responsibly manage and ensure long-term sustainability of their groundwater basin(s). The conjunctive use opportunities that this Project offers will put the region's GSAs on the road to sustainable groundwater management. The Project will provide in-lieu groundwater recharge in wet years when less groundwater pumping is needed to meet customer demands. In dry years, the banked groundwater can be used to meet customer demands, which will leave more water in Folsom Lake and the Lower American River. If an ASR program is developed, additional water from the Project can be injected in the ground for storage in wet years and later extracted when needed in dry years.



Summary of Key Work Elements

Reviewed and Summarized Previous Work

West Yost Associates (West Yost) compiled and reviewed previous Sacramento River Water Reliability Study planning documents and determined the applicability of the documents to the current regional needs. This task culminated in the Technical Memorandum □Review and Summary of Previous Work Related to the Sacramento River Water Reliability Study.□

Interviewed Potential Project Partners

West Yost interviewed the 12 Agencies, the Natomas Mutual Water Company (NMWC)□ the owner of the proposed raw water intakes, the environmental caucus (comprised of representatives of Save the American River Association, Friends of the River, and the Sacramento Regional Water Forum), and US Bureau of Reclamation (USBR) in December 2014 and January 2015. West Yost conducted four stakeholder workshops between January 2015 and June 2015.

Assessed Current Conditions, Issues, and Scoping Impacts

West Yost assessed current conditions and identified major factors that will likely impact project feasibility through Agency engagement at workshops. The collaborative decisions at the workshops resulted in developing solutions to current issues and identifying issues to be vetted in subsequent planning phases.

Identified Potential Feasible Alternatives

West Yost identified four initial alternatives and through collaborative decisions with the Agencies, refined them to three alternatives.

Developed Preliminary Project Road Map

West Yost prepared this final report which includes a Project road map, including project benefit statements, an implementation schedule, preliminary project costs, a cost sharing concept, and recommended next steps, completed in August 2015.

Regional Needs & Benefits

Because predictions indicate increasing frequency of California drought conditions, there is a growing need for a reliable regional water supply. The increased usage of groundwater during the drought, along with other factors, has led to declining quality of the groundwater.

The two overarching water supply-related needs of the region include reliable water supply and quality drinking water. The Project offers many opportunities to meet these needs. Using Sacramento River water will diversify the supplies of the region's water purveyors, leave more water in the American River, and increase the opportunities for conjunctive use. The new treated surface water made available through this Project will improve drinking water quality for Agencies that rely heavily on groundwater. As an added benefit, the Project will also improve environmental protections by reducing water demands on the American River and Folsom Lake.

There are plentiful opportunities to implement this Project. One is that local Agencies with excess water rights on the Sacramento River are willing to provide long-term leases of some of their rights to Agencies with needs. Many of the key Project elements are aligned with funding allocations from the Water Quality, Supply, and Infrastructure Improvement Act Water Bond that was passed as Proposition 1 in November 2014. Many organizations, including environmental groups and companies, have expressed support for a project that will offset American River water with water from the Sacramento River. There is also local Agency support as the Project will support planned development in western Placer County and the Natomas Vision Area.

Figure 5 summarizes the key needs, opportunities, and benefits for implementing the Project for the residents in Sacramento, Placer, and El Dorado Counties.

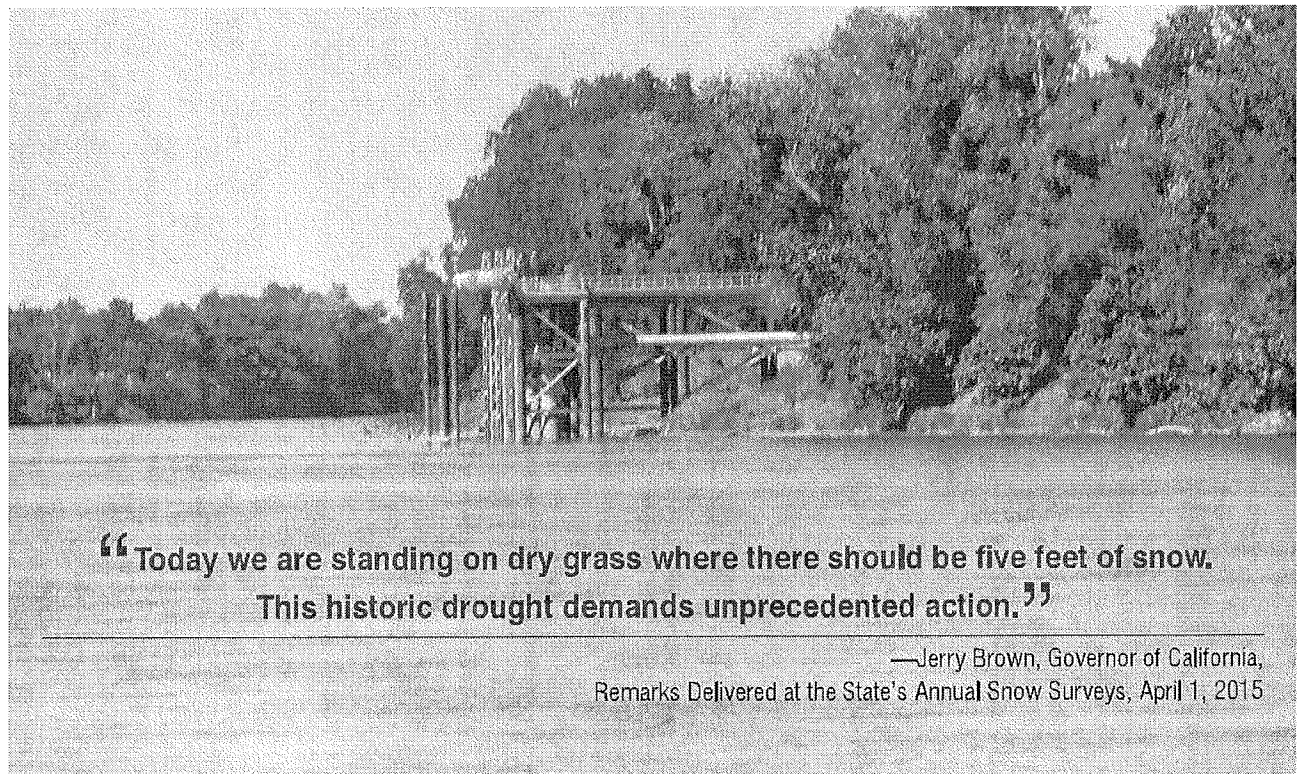
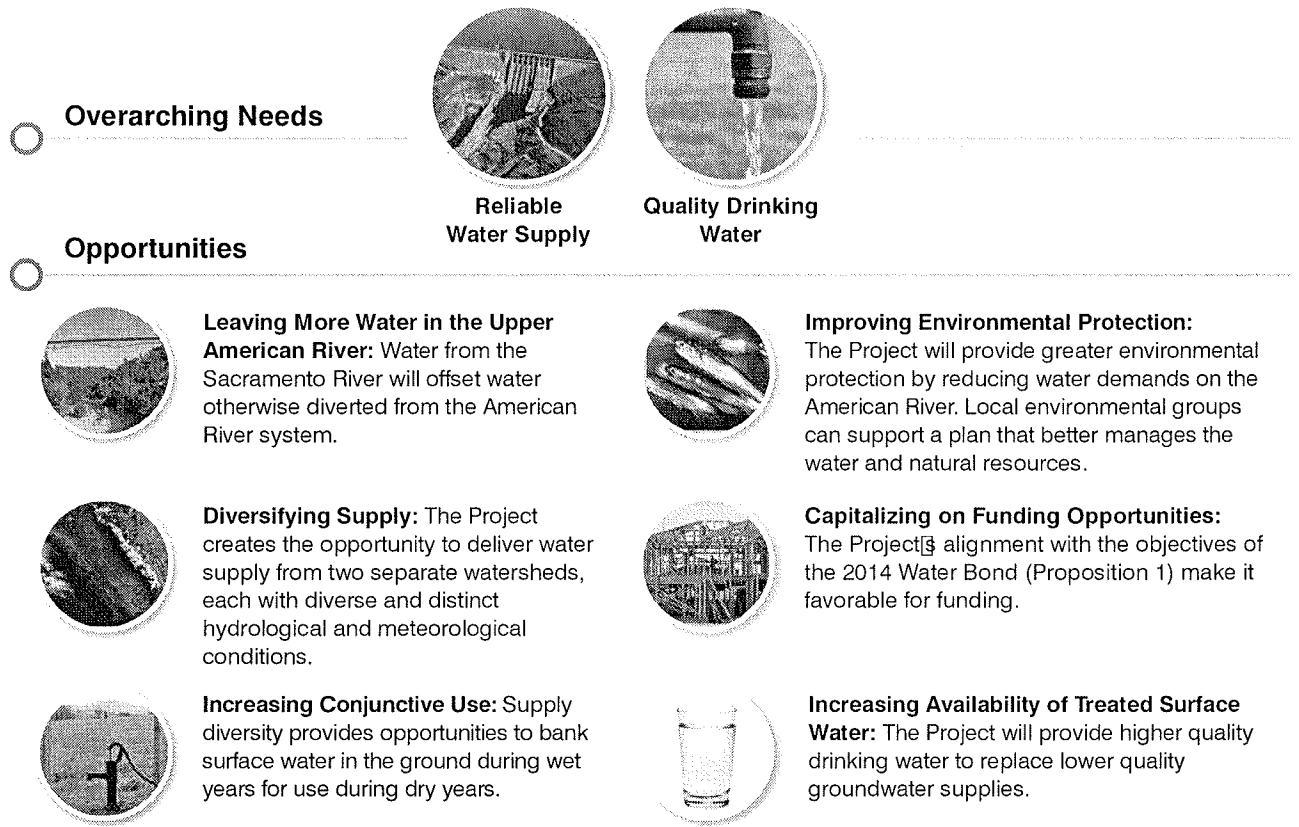


Figure 5 □ Project Needs, Opportunities, and Benefits



Regional Benefits

Supply Reliability & Diversity
Strengthen the region's supply reliability and drought preparedness.

Environmental Protection
Reduced demands on the American River and Folsom Lake will lower temperatures and increase flow in the Lower American River and lead to a healthier river environment.

Groundwater Sustainability
Facilitates the sustainable management of groundwater through in-lieu banking and recharge opportunities, and supports compliance with SGMA.

Operational Flexibility
Increases operational flexibility for the USBR through the use of either the Sacramento River or American River to satisfy Central Valley Project (CVP) contractor demands as well as temperature, water quality, and other environmental needs in the Delta.

Water Quality
Use treated surface water from the Sacramento River to replenish poor-quality groundwater supply.

The opportunities that the Project brings to address the region's growing needs are undeniable. However, to move this Project from a concept to an implemented, real project, requires a great deal of political support along with viable avenues of funding. With the worsening drought, developing funding opportunities, and improving local economies, the Project has momentum and support now that may not resurface again for quite a while. Therefore, the time to move this Project from concept to reality is now. While the needs for the Project likely won't subside, the opportunities for funding and gaining political support for this large-scale project may fade.

Regional Participation

Twelve water agencies in the greater Sacramento area are engaged in this Project (see Figure 1) and are interested in the benefits to the region and their individual agencies. This alliance of regional water agencies has met throughout the last year and demonstrated a willingness to cooperate in further defining the Project.

Benefits to Participating Agencies

This Project will benefit the more than 2 million residents in Sacramento, Placer and El Dorado Counties.

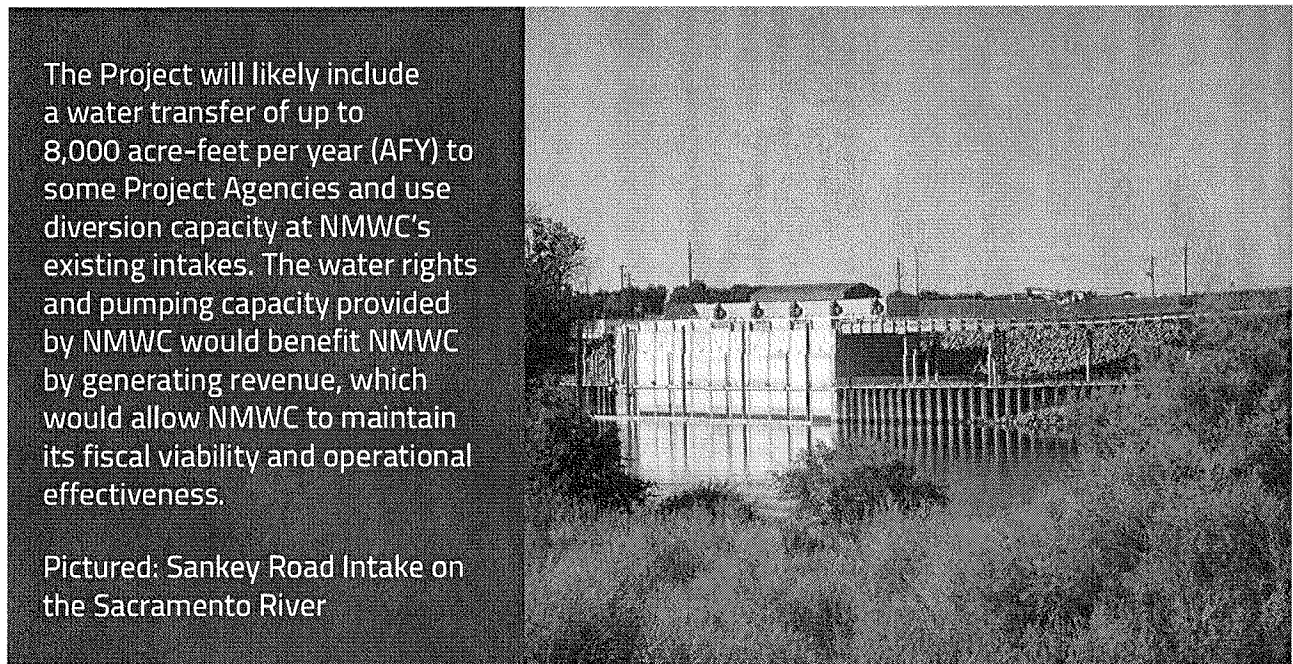
Each Participating Agency, as well as NMWC, will enjoy specific benefits which are explained on the following pages, and summarized in Figures 6 and 7.

California American Water

This Project will meet current and projected supply needs for California American Water (Cal Am). The proximity of this project to Cal Am's future service areas and the cost sharing associated with this regional Project could make this a more attractive supply alternative to Cal Am than receiving additional treated wholesale water from Placer County Water Agency (PCWA). Due to Cal Am's participation as a stakeholder and participant in this Project, this may elevate Cal Am as a regional player in the Placer County water supply arena, which could precipitate a discussion with Placer County concerning the current groundwater policy of not allowing groundwater to serve as supply to new development within the County.

The Project will add a new, reliable surface water supply to Cal Am's portfolio. Cal Am's participation in this Project might lead to a discussion with Placer County for the use of groundwater within the County.

Figure 6 □ Additional Benefit □ Natomas Mutual Water Company



Carmichael Water District

This Project will create a diversified (new source), reliable long-term supply for the Carmichael Water District (CWD). The project will decrease water diversion from the American River by others in the region that could result in CWD's primary water supply being available more often from the American River in dry years.

The Project could result in greater reliability for CWD on American River supplies and provide an emergency supply for times when American River supplies are insufficient.

Citrus Heights Water District

This Project will create a firm, long-term, reliable water supply for the Citrus Heights Water District (CHWD). CHWD's water supply needs cannot be met in dry years with current groundwater supplies, and this Project will provide the reliability needed when Folsom Lake supplies are curtailed. This project could improve pumping reliability from Folsom Lake (via San Juan Water District) in a dry year.

The project will create a backup supply when groundwater supplies are insufficient and Folsom Lake supplies are curtailed.

City of Folsom

This Project will improve long-term, dry year reliability for the City of Folsom by reducing diversions from Folsom Lake by other Agencies who will divert water from the Sacramento River instead of the American River.

The project will increase reliability of American River supplies for the City of Folsom and could generate a reserve for times when American River supplies are insufficient.

City of Roseville

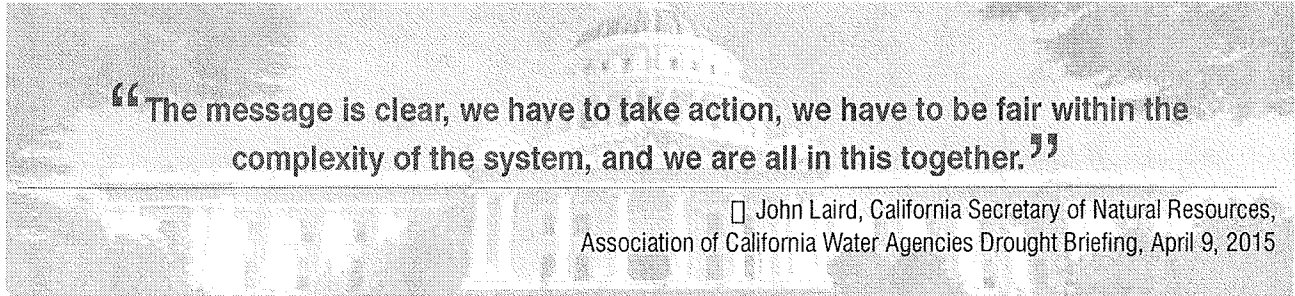
Water from this Project will diversify the City of Roseville's water supply portfolio and potentially could recover 7,100 AFY that was offered as part of the Water Forum Agreement to benefit the environmental needs of the Lower American River. The City will increase their reliable groundwater storage and enhance further their ongoing ASR program. ASR will provide western Roseville with groundwater storage and City customers with higher quality water.

The Project will allow the City of Roseville to recoup water supply that is restricted through the Water Forum Agreement (7,100 AFY).

City of Sacramento

This Project will increase water supply reliability and system-wide operational flexibility for the City of Sacramento. The design of the NMWC intakes allow for diversion from the river at lower water levels than the City's existing intake at the Sacramento Water Treatment Plant (WTP). An additional diversion on the Sacramento River will allow the City to continue to divert surface water when water restrictions are in effect on the American River. A new WTP located north of the City's current service area could be used as a peaking plant for the north Natomas service area.

The project will include an intake that allows pumping at lower river levels for the City of Sacramento and a new plant that could be used for peaking to increase water supply reliability.



“The message is clear, we have to take action, we have to be fair within the complexity of the system, and we are all in this together.”

□ John Laird, California Secretary of Natural Resources,
Association of California Water Agencies Drought Briefing, April 9, 2015

El Dorado County Water Agency

This Project will create additional options for water deliveries off the Lower American River for other stakeholder agencies, which may allow the El Dorado County Water Agency (EDCWA) to work with Lower American River purveyors to maximize the use of EDCWA's American River water rights. This Project could also provide a mechanism for a larger regional groundwater banking program where EDCWA could provide water for banking, under their water rights, to other entities in the Lower American River watershed for interim and extended periods.

The project will increase the amount of water in the Lower American River which could benefit EDCWA's water rights.

Placer County Water Agency

This Project will provide the Placer County Water Agency (PCWA) and its wholesale customers (City of Lincoln, Cal Am, and potentially others) with more reliable and diverse water supplies to meet the needs of existing customers and expected development, to develop a sustainable conjunctive use program, and the possibility to establish a reliable groundwater use program in Placer County.

This Project will reduce dependence on the Yuba/Bear and American Rivers, allow the full use of PCWA's water rights in wet years, and allow PCWA to reduce curtailments in dry years. The new proposed supply source is located close to planned development in western Placer County for efficient delivery of treated surface water.

This Project will allow PCWA to sustainably manage the groundwater basin by, at a minimum, using the treated surface water conjunctively with groundwater under a regional in-lieu recharge program, or by injecting and storing Sacramento River water in the groundwater basin.

The project will allow PCWA to fully use its water rights in wet years and, in conjunction with conservation and groundwater, will help PCWA reduce curtailments in dry years.

Rio Linda/Elverta Community Water District

The current water supply for the Rio Linda/Elverta Community Water District (RLECWD) is obtained entirely from groundwater. Changing water quality regulations will require additional treatment of the low-quality groundwater, well replacement, or abandonment. The Water Forum buildout demand for RLECWD is 17,500 AFY. RLECWD plans to increase supplies from the existing 3,000 AFY up to 17,500 AFY as part of a long-term conjunctive use strategy to maximize supply reliability. The high-quality supplemental surface water supply that will be provided by this Project will also allow groundwater banking (in-lieu and direct recharge).

The project will introduce treated surface water into RLECWD's service area to augment and largely replace low-quality groundwater supplies.

Sacramento County Water Agency

This Project will provide surface water to the proposed Natomas Vision Project development, which will be serviced by the Sacramento County Water Agency (SCWA); provide water supply reliability to SCWA's Zone 40; and address groundwater quality concerns, including hexavalent chromium, iron, manganese and arsenic in northern Sacramento County. Approximately 25 percent of the demands in Zone 40 are met using treated surface water from the Vineyard Treatment Plant. This Project will provide SCWA a new treated water source north of the Sacramento and American River confluence and closer to the area of use.

The project will bring surface water to the Natomas Vision Project and provide more reliability to Zone 40.

Sacramento Suburban Water District

This Project will create a long-term water supply at a stable, reasonable cost to Sacramento Suburban Water District (SSWD) consumers. The project will provide flexibility among the region's water agencies by allowing water to move between the Sacramento River and San Juan Water District's Cooperative Transmission Pipeline. Increased reliability of the 29,000 AFY water supply from PCWA will allow SSWD to continue to maintain a sustainable groundwater basin. This Project will be the basis of a regional conjunctive use program necessary for realizing regional groundwater sustainability and allow SSWD to continue as a leader in regional groundwater banking and storage.





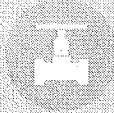
The Project will provide a more reliable water supply to SSWD from PCWA to continue with the development of a more sustainable groundwater basin.

San Juan Water District

This Project will increase water supply reliability in dry years for retail and wholesale customers of the San Juan Water District (SJWD). This project could improve pumping reliability from Folsom Lake in dry years and will provide more flexibility when handling potential emergency conditions related to existing surface water supply (spills, treatment issues, etc.). This Project will create a link between the Sacramento River and the SJWD's Cooperative Transmission Pipeline to create opportunities for flexible distribution to wholesale customers during dry years.

The Project provides an opportunity for SJWD to offer a diversity of supply options for its customers and family agencies in dry years.

Figure 7 □ Key Benefits to Participating Agencies

AGENCIES	KEY BENEFITS				
	 Supply Reliability & Diversity	 Groundwater Sustainability	 Development/Economic	 Water Quality	 Operational Flexibility
California American Water	■	■	■	■	
Carmichael Water District	■				
Citrus Heights Water District	■				
City of Folsom	■				
City of Roseville	■	■	■	■	
City of Sacramento	■		■		■
El Dorado County Water Agency	■	■			
Placer County Water Agency	■	■	■		
Rio Linda/Elverta Community Water District	■	■	■	■	
Sacramento County Water Agency	■	■	■	■	
Sacramento Suburban Water District	■	■			■
San Juan Water District	■				■

Project Alignment with Funding and Financing Opportunities

This Project is aligned with the objectives of the Water Quality, Supply, and Infrastructure Improvement Act of 2014 Water Bond (Proposition 1), the State Water Resources Control Board's (State Board) Safe Drinking Water State Revolving Fund (SRF) Program, and USBR's WaterSMART (Sustain and Manage America's Resources for Tomorrow) Program. Many Proposition 1 categories (safe and affordable drinking water, multi-benefit watershed projects, enhanced stream flows, watershed and urban river enhancements, integrated regional water management, and groundwater sustainability) match key elements of this Project (see Figure 8). For SRF funding, the State Board prefers projects that consolidate the needs of many agencies into one regional solution. This Project fits the SRF program requirements exactly. The goals of WaterSMART include stretching and securing water supplies for future generations and coordinating across agencies. This Project is in direct alignment with the WaterSMART grant program's goals.

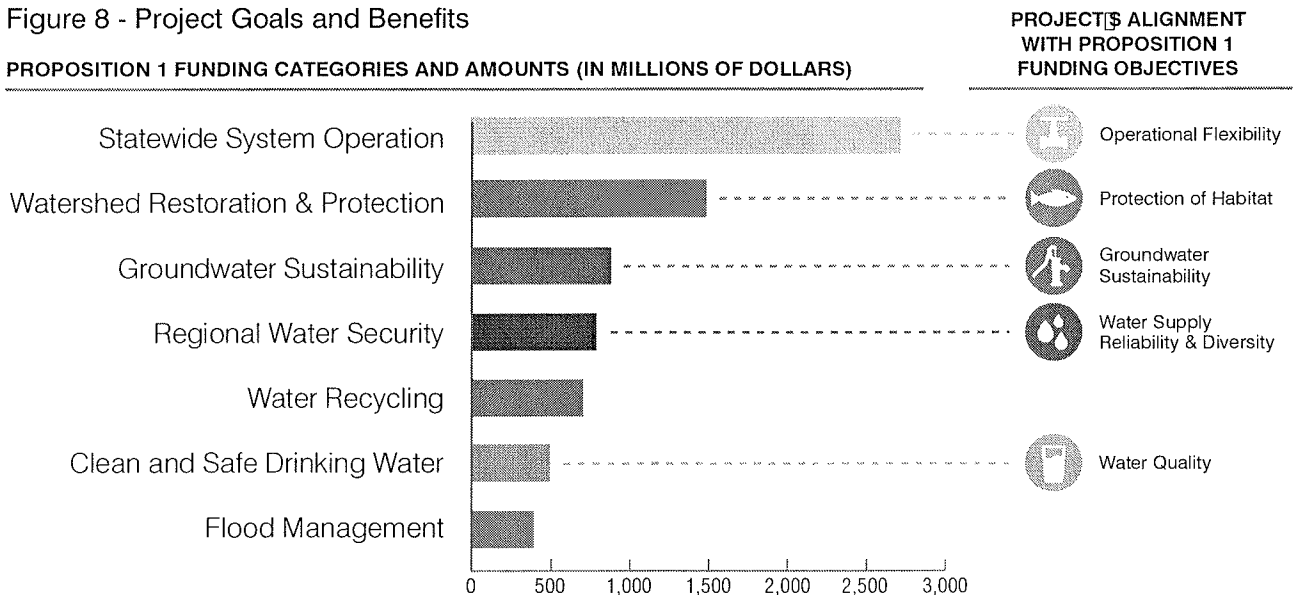
While the Proposition 1 and WaterSMART grant programs have project funding caps, the Safe Drinking Water SRF Program does not and could be used to finance the bulk of the Project's costs at low interest rates. The SRF loan rate is half the standard municipal bond

rate and can lead to significant savings. These loans can be used for planning, engineering, procurement and construction costs, and in most cases can be funded retroactively.

The State Board continuously accepts applications and requires one application per project and determines the most appropriate funding package. The funding package can include a combination of Proposition 1 funded grants, SRF loans, and grants and loans from other state funding programs. The State Board advises applicants to submit during the planning stages of the Project. As the Project moves into the implementation phases, the planning application would be used to initiate the construction funding application. USBR requires a separate application for each specific WaterSMART funding opportunity by the deadline specific to each opportunity.

Recent Funding Success Story: The Davis Woodland Water Supply Project in neighboring Yolo County secured federal and state grant funding for the raw water intake, SRF loans for the regional pipelines and WTP, and SRF loans for the local facilities. The expected grant funding to be received for the construction of the intake totals **\$40.2 million**, while the SRF loans for the regional and local facilities will save Davis and Woodland customers **\$133.5 million** in interest savings over the life of the project.

Figure 8 - Project Goals and Benefits



Project goals and benefits are closely aligned with Proposition 1 funding objectives and categories. This figure highlights the categories and funding amounts from Proposition 1, and areas where the Project objectives align with Proposition 1 funding objectives.

Project Implementation Phasing

Interviews with the Agencies led to classifying agencies as either annual water users or dry-year-only water users (Table 1). Annual water users will use the Project to create or augment reliable water supply in wet and dry years, and dry-year-only water users will use the Project to create or augment required reliable water supply only in dry years.

Table 1 shows the desired annual capacities in million gallons per day (mgd) from this Project for each Agency. The capacities are identified as either annual or dry-year-only use, and were evaluated based on projected Agencies' needs by Project Phase. Phase 1 is planned to

be implemented in 8–10 years, Phase 2 in about 15 years, and Phase 3 in about 25 years. Project capacity needs for annual users are based on maximum day demands. These numbers will be further refined as the Project progresses. Current projections assume a maximum day demand that is twice the average daily demand.

Both annual users and dry-year-only users will utilize the Project facilities during dry years. The expectation is that between 75% and 100% of the average annual supply will be provided from the Project during a dry year and that up to 25% will be provided through a combination of conjunctive use and conservation. Each Agencies' dry-year annual demand requirement will be further developed and refined in subsequent planning phases of the Project.

Table 1 □ Project Implementation Capacity by Phase for Agencies

		Capacity (in mgd)			
		PHASE 1	PHASE 2	PHASE 3	TOTAL
ANNUAL USERS					
A reliable water supply is needed annually to meet the demands of General Plan development, meet current state drinking water quality standards, and develop a sustainable conjunctive use program.	CALIFORNIA AMERICAN WATER	-	10	10	20
	CITY OF ROSEVILLE	-	10	-	10
	CITY OF SACRAMENTO	-	20	50	70
	PLACER COUNTY WATER AGENCY	-	45	45	90
	RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT	10	-	10	20
	SACRAMENTO COUNTY WATER AGENCY	20	15	-	35
DRY-YEAR-ONLY USERS					
A diversified, long-term surface water supply is needed in dry years to ensure reliability, maintain a sustainable groundwater basin, and reduce reliance on Folsom Lake diversions.	CARMICHAEL WATER DISTRICT	-	-	2.7	2.7
	CITRUS HEIGHTS WATER DISTRICT	-	-	7.5	7.5
	CITY OF FOLSOM	-	-	10.7	10.7
	EL DORADO COUNTY WATER AGENCY	-	-	-	-
	SACRAMENTO SUBURBAN WATER DISTRICT	-	-	19.4	19.4
	SAN JUAN WATER DISTRICT	-	-	10.3	10.3

Description of Major Project Components

Table 2 summarizes the capacities and pipeline diameters anticipated for each Project Phase. The description of the major Project components follows. Figure 10 presents the conceptual implementation timeline for the Project.

Phase 1: The initial project facilities will include diverting water from the Sacramento River, conveying the water through a raw water pipeline to a regional treatment facility where water will be treated and distributed to the Agencies through finished water pipelines. The newly constructed Pritchard Lake intake facility, owned and operated by NMWC, will be upgraded to divert water for this initial phase of the Project.

Phase 2: Necessary modifications to NMWC operations will be completed to divert additional water from the Pritchard Lake intake. The capacity of the WTP will be expanded to provide more water to Agencies. Additional finished water pipelines will be installed to distribute water to different areas of Sacramento and Placer Counties.

Phase 3: Additional diversion capacity will be obtained from NMWC's existing Sankey Intake facility, and new raw water piping will connect this new diversion location to the WTP. The total WTP capacity after Phase 3 implementation is estimated to be 200 mgd, depending on the level of existing and new stakeholder participation. Phase 3 will continue to expand the finished water backbone transmission pipelines in order to deliver water to all Agencies.

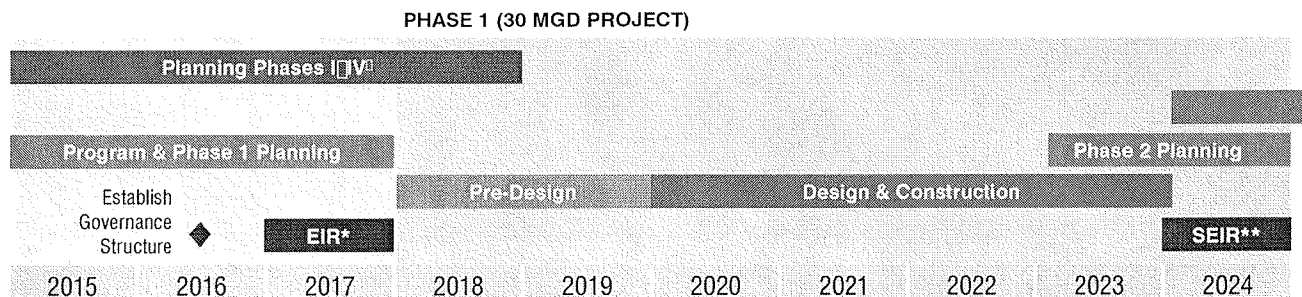
Conjunctive Use Program: This Project will provide in-lieu groundwater recharge in wet years as less groundwater pumping will need to occur to meet customer demands. In dry years, the banked groundwater can be used to meet customer demands, which will leave more water in Folsom Lake and the Lower American River. If an ASR program is developed, additional water from the Project can be injected in the ground for storage in wet years and later extracted when needed in dry years.

Table 2 □ Project Infrastructure Capacities and Size by Phase

Incremental Capacity and Pipeline Size for Each Major Project Component by Phase					
PHASE	YEARS	NEW CAPACITY (MGD)	TOTAL CAPACITY (MGD)	NEW RAW WATER PIPELINE DIAMETER (INCHES)	NEW FINISHED WATER PIPELINE DIAMETER* (INCHES)
1	2018 - 2023	30	30	72	60 - 72
2	2025 - 2029	55	85	□	36 - 96
3	2030 - 2034	115	200	84	48 - 84

*Pipeline diameters are presented as a range because the finished water pipelines include multiple segments connecting the water treatment plant to the Agencies □ distribution systems.

Figure 10 □ Conceptual Implementation Timeline



□ Planning Phase I (completed Summer 2015)
 □ Planning Phase II (Summer 2015-Spring 2016)

□ Planning Phase III (Spring 2016 □ Fall 2016)
 □ Planning Phase IV (Fall 2016 □ 2018)

*Environmental Impact Report (EIR)
 **Supplemental Environmental Impact Report (SEIR)

Project Alternatives

Project facilities were sized to provide the best cost-sharing potential for each Agency while meeting preliminary capacity and schedule needs. Some project facilities will be constructed to anticipate future Agency participation and to maximize cost savings associated with economies of scale. For example, the raw water pipeline that is constructed in Phase 1 will be sized to accommodate the capacity needs of the Agencies participating in both Phases 1 and 2. This approach will save money and time by eliminating additional permitting, the acquisition of additional temporary construction easements, and the construction of an additional pipeline.

With participation from the twelve Agencies, three Project alternatives were defined for further development in subsequent planning. Each alternative includes use of an existing NMWC intake facility on the Sacramento River, phased installation of raw water pipelines, an approximate location for the new WTP, and phased construction of finished water pipelines for distribution of treated water to the Agencies' distribution systems. The three alternatives are shown in Figures 11 through 13.

Intake Facilities: The three alternatives use NMWC's Pritchard Lake intake facility for the water diversion in Phases 1 and 2, and use NMWC's Sankey intake facility for additional water diversion in Phase 3. The use of existing, screened intakes will significantly reduce the cost and complexity of the Project.

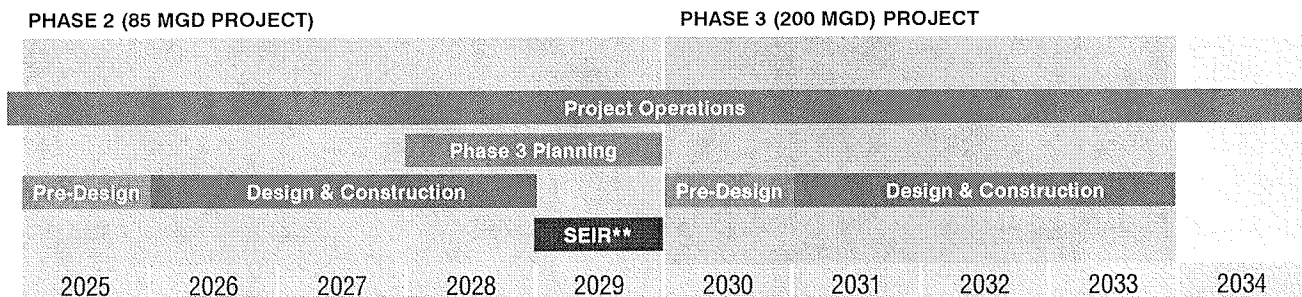
Surface Water Treatment Plant: The WTP location in all alternatives is east of the Sacramento International Airport to avoid concerns of attracting water fowl to uncovered water bodies and to reduce the required length for the finished water pipelines. The reduced length will limit potential chlorine residual and disinfection byproduct issues that can occur in aged water in longer pipelines. An approximate location for a 100-acre WTP site is depicted; however, available properties will need to be assessed for feasibility in subsequent Project phases.

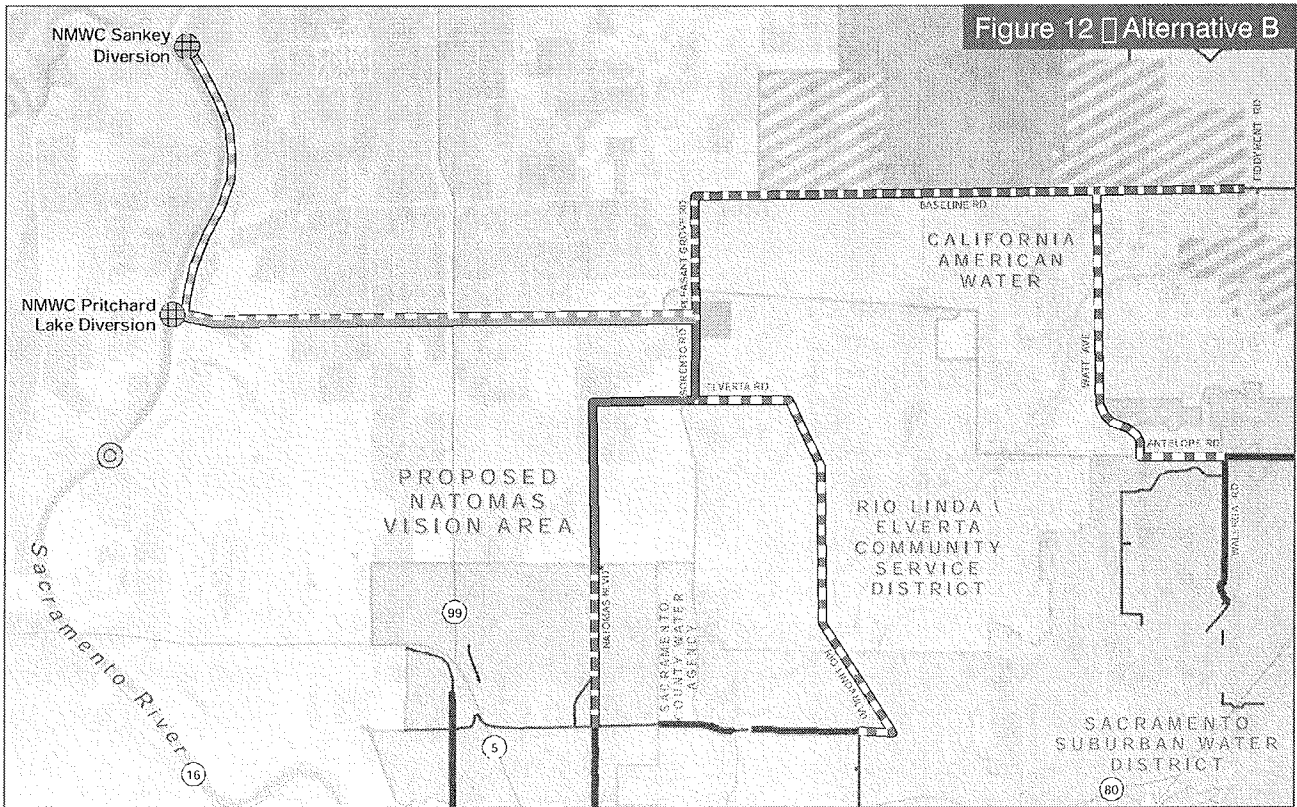
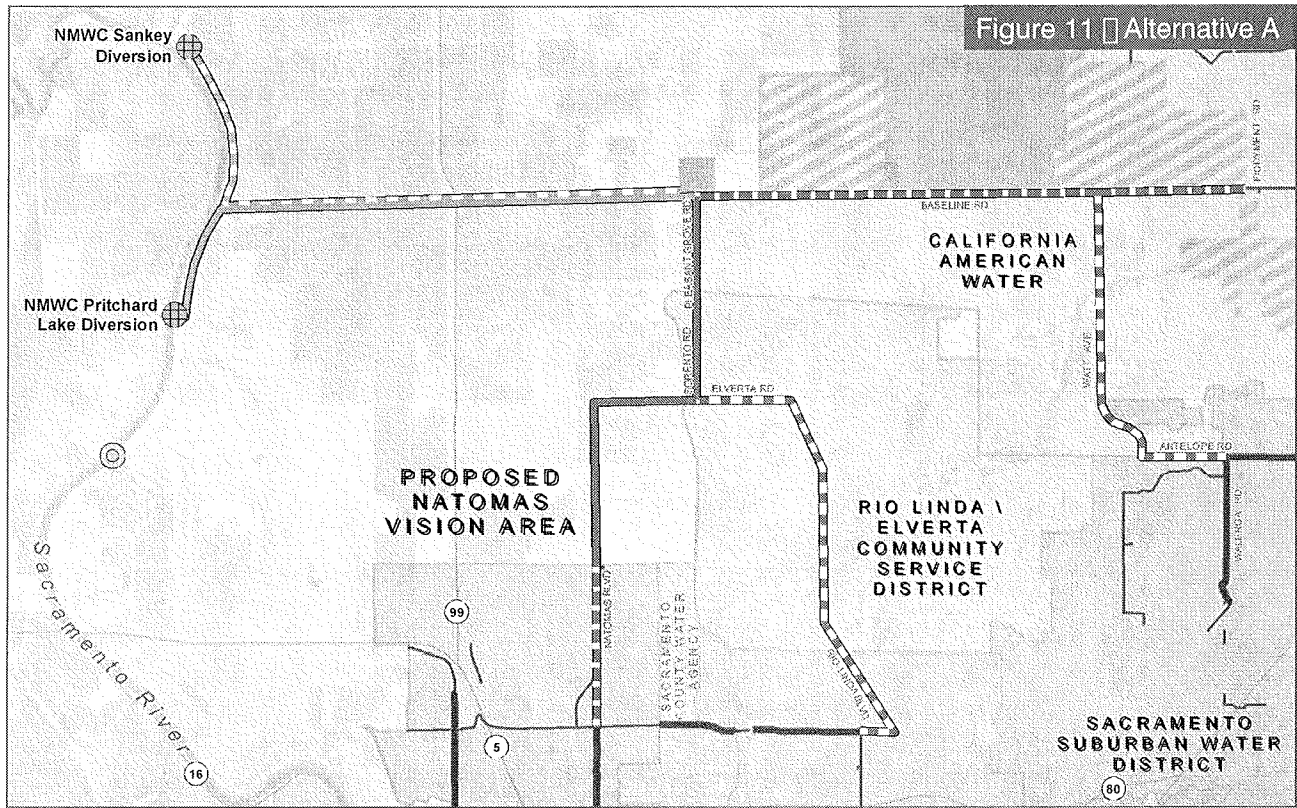
Pipelines: The raw and finished water pipelines will be constructed in phases. Between the three alternatives presented in Figures 11 through 13, raw water pipeline lengths vary between a total of 80,000 and 86,000 feet, and finished water pipeline lengths vary between a total of 125,000 and 133,000 feet.

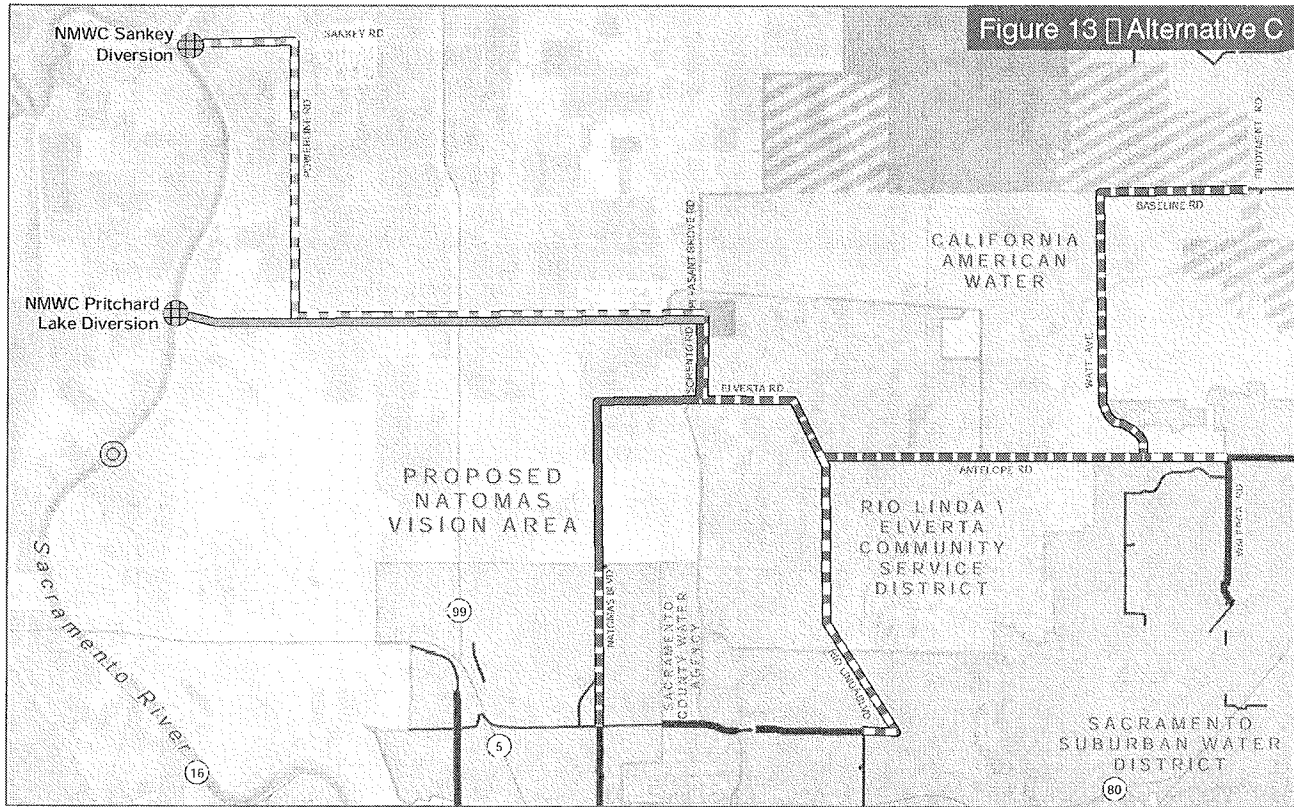
Table 3 □ Summary of Project Alternatives

Project Alternatives at a Glance						
	WTP LOCATION	RAW WATER PIPELINE	FINISHED WATER PIPELINE	TOTAL PIPELINE	MAJOR ADVANTAGE	MAJOR DISADVANTAGE
Alternative A	Sutter County	86,000 ft	125,000 ft	211,000 ft	Direct finished water pipeline route to Western Placer County	WTP located outside Agencies' service areas
Alternative B	RLECWD	86,000 ft	133,000 ft	219,000 ft	Centralized WTP	Longest total pipeline length
Alternative C	RLECWD	80,000 ft	133,000 ft	213,000 ft	Centralized WTP and shortest length of raw water pipeline	Finished water pipeline alignment could be more expensive

This table summarizes the major differences between the three alternatives in the Project.

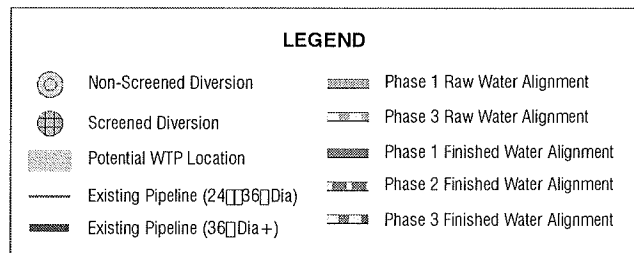






Alternative A: The WTP will be located in Sutter County (not in the service area of any of the current Agencies). The WTP is the farthest from the Phase 1 Agencies and is inefficiently located for any possible future expansion into the NMWC Elkhorn Intake. This alternative has similar raw water pipeline lengths for Phases 1 and 3 and a direct route to provide finished water to Agencies in western Placer County. It also has the shortest total pipe length, with 86,000 feet of raw water pipeline and 125,000 feet of finished water pipeline for a total of 211,000 feet of pipeline.

Alternative B: The WTP will be located in the RLECWD service area. The WTP is close to the Phase 1 Agencies and is more central to the Agencies that are annual users. Expansion to use the NMWC Elkhorn Intake, should future needs require, could be efficiently accomplished. Construction of finished water pipelines will be in relatively undeveloped areas; however, Phase 3 raw water pipeline length will be longer. This alternative has the longest total pipeline length, with 86,000 feet of raw water pipeline and 133,000 feet of finished water pipeline for a total of 219,000 feet of pipeline.



Alternative C: The WTP will be located in the RLECWD service area. The WTP is close to the Phase 1 Agencies and is more central to the Agencies that are annual users. Expansion to use the NMWC Elkhorn Intake, should future needs require, could be efficiently accomplished. Finished water pipeline routes allow for Agencies to share capacity in the pipelines, which provides cost advantages from an economy of scale. Shared finished water pipelines will be evaluated for feasibility in later phases using pipeline flows and the schedule. This alternative has 80,000 feet of raw water pipeline and 133,000 feet of finished water pipeline for a total of 213,000 feet of pipeline.

Preliminary Estimated Capital Costs

Because the intake and WTP costs are the same for each alternative and the pipeline lengths are similar, a preliminary cost estimate has been prepared that covers all three project alternatives (Table 4). The total Project preliminary estimated cost is \$1.2 billion. This total cost does not account for inflation or future operation and maintenance costs. Agency participation, facility capacities, schedule, detailed pipeline routes, discussions with NMWC on intake diversion capacity, WTP specifications, and other project elements will be refined to create a more detailed cost estimate in future planning. Elements included in developing the preliminary cost estimate are:

- Payment to NMWC for the purchase/long-term use of their existing, screened intake facilities,
- Construction costs for a Phase 1 WTP (30 mgd) on a greenfield site that includes accommodations for expanding the facility in Phases 2 and 3,
- Shared capacity in raw water and finished water pipelines that capitalizes on economies of scale to the greatest extent possible, and
- An escalation factor to cover costs other than construction, including permitting, engineering, legal, land acquisition, environmental, construction management, program management, and project procurement.

Potential Cost Sharing Concept

Cost sharing for this Project is complicated by the two types of water users: annual and dry-year-only. One of many possible cost sharing solutions is presented here. When the governance structure is formalized in Planning Phase II, Project cost sharing alternatives will be re-evaluated.

This cost sharing concept splits costs among annual users proportionally according to their capacity of each project component. Dry-year-only users reimburse annual users based on their proportional share of the dry-year use of each project component. The process of allocating costs to the Agencies has five steps:

Step 1. Allocate project component costs to annual users proportional to maximum daily demand.

Step 2. Allocate project component costs to all Agencies proportional to dry-year average daily demand.

Step 3. Reduce costs to dry-year-only users using estimated dry year frequency.

Step 4. Assess a premium to dry-year-only users for access to a reliable supply when water is scarce.

Step 5. Allocate dry-year-only users payments to the annual users.

Table 4 □ Estimated Project Costs by Implementation Phase, in 2015 dollars

Project Phase	Project Component				TOTAL BY PHASE
	INTAKE	WATER TREATMENT PLANT*	RAW WATER PIPELINES	FINISHED WATER PIPELINES	
1	\$3M	\$155M	\$55M	\$45M	\$258M
2	\$6M	\$241M	-	\$62M	\$309M
3	\$12M	\$511M	\$68M	\$65M	\$656M
Total	\$22M	\$907M	\$123M	\$172M	\$1,223M

*Includes accommodations to allow for easy expansion in the next Project phase, and the use of ozone disinfection.

Figure 14 illustrates this cost sharing concept. A generic project component with a cost of \$100 million is used in this example. Agency A (annual user) and Agency B (dry-year-only user) is highlighted to demonstrate how costs can be distributed to each Agency.

Figure 14 □ Example Shared Cost of Project Component

Step 1:

Agency A (annual user) uses 50% of the project capacity in a normal/wet year. This capacity share is used to allocate the costs to the annual user agencies.

$$\$100 \text{ million} * 50\% = \$50 \text{ million}$$

The initial cost for Agency A is \$50 million.

Step 2:

Agency B (dry-year-only user) uses 20% of the project capacity in a dry year.

$$\$100 \text{ million} * 20\% = \$20 \text{ million}$$

The initial reimbursement to annual water users for Agency B is \$20 million.

Step 3:

Dry years are estimated to occur once every five years, so their frequency is 1/5 or 20%. The reimbursement to annual users from dry-year-only users is adjusted by this frequency.

$$\$20 \text{ million} * 1/5 = \$4 \text{ million}$$

The adjusted reimbursement to annual water users for Agency B is \$4 million.

Step 4:

Water is more valuable during dry years than normal/wet years. In this example, a premium of 4 is assessed. The reimbursement to annual users from dry-year-only users is adjusted by this premium.

$$\$4 \text{ million} * 4 = \$16 \text{ million}$$

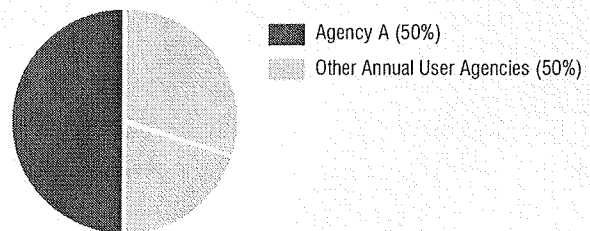
The final reimbursement to annual water users from Agency B, and the total cost for Agency B is \$16 million.

Step 5:

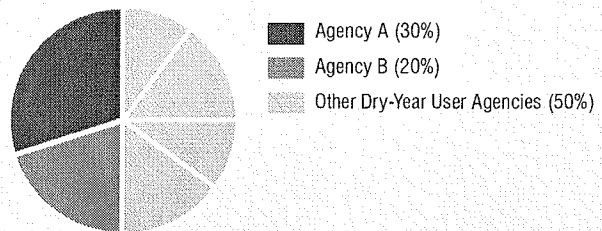
Final reimbursements from all of the dry-year-only users to annual users total \$36 million. This reimbursement is distributed to the annual users in proportion to their normal/wet year usage. Agency A would receive 50% of the reimbursement total (\$18 million) because it uses 50% of capacity during a normal year.

$$\$50 \text{ million} \square (\$36 \text{ million} * 50\%) = \$32 \text{ million}$$

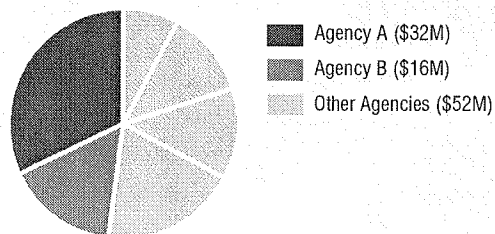
The final adjusted cost for Agency A is \$32 million.



Proportion of capacity during normal/wet year (Step 1)



Proportion of capacity during dry year (Step 2)



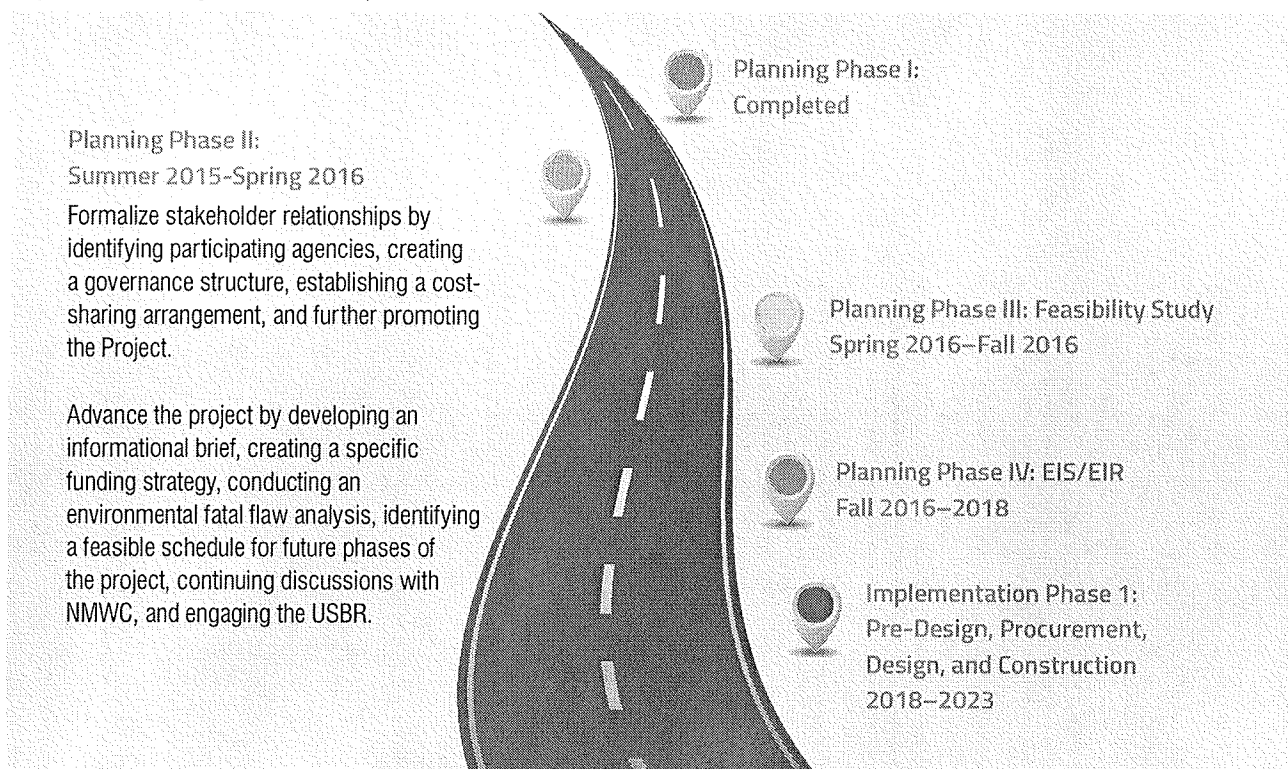
Final distributed costs (Step 5)

Project Road Map

The progress made in Planning Phase I to establish demands, develop alternatives, estimate capital costs, and identify a cost-sharing concept was possible because of the renewed communication and cooperation between the Agencies and important discussions with the NMWC and the USBR. Growing and formalizing these relationships is an important next step in this Project. The Project Road Map (Figure 15) summarizes the Phases of the Project.

In Planning Phase II, Agencies should formalize relationships in the form of a governance structure or Memorandum of Understanding, develop a strategic funding plan, perform an environmental fatal flaw analysis, and prepare a scope of work for Planning Phase III. In Planning Phase III, Project alternatives will be better defined by identifying specific pipeline routes and WTP sites, preparing cost estimates, identifying environmental requirements, and conducting a phasing analysis. In Planning Phase IV, preliminary design and environmental documentation (i.e. the development of an EIS/EIR) will be completed.

Figure 15 □ Project Road Map



PLANNING PHASE II

Packaging and Promoting the Project

Benefit: Consistent Project information that can be used to garner additional support and funding.

Continue the packaging and promoting of the Project to create consistent communications for the many Agencies and stakeholders to use with their decision-making bodies, funding agencies, and the public. The Project will benefit from coordinated informational briefs targeted to specific audiences that include a uniform, concise project description with associated benefits.

Identifying Roles for Agencies

Benefit: Identifying roles for Agencies will focus key decisions on phasing, costs, and governance structure to those Agencies with a commitment to move forward.

Determining the roles of the Agencies based upon capacity needs and levels of commitment is the first step in establishing a governance structure. The Project should continue to identify other Agencies that may have an interest in participating in this important regional project.

Establishing a Governance Structure

Benefit: An effective governance structure will improve efficiency for approving contracts, paying invoices, and moving the Project forward on the implementation schedule.

A governance structure will formalize the Agencies relationships with each other and allow for efficient Project implementation. The Agencies will need to consider the various options for a governance structure such as a joint powers authority or memorandum of understanding, and consider details like the number and type of voting members, technical committee members, and voting procedures. A project governance structure needs to: (1) be fully supported by the Agencies, (2) adequately represent the Agencies, (3) be set up to efficiently make decisions, (4) communicate with the public and interested stakeholders, (5) have the ability to accept and disburse funds, and (6) have the ability to enter into contracts with consultants and contractors.

Formalizing the Agencies' relationships in a governance structure will strengthen collaboration, simplify the decision-making process, and empower promotion and advocacy efforts.

Developing a Strategic Funding Strategy

Benefit: Leverage the current funding climate and position the Project for current and future funding opportunities.

The Agencies identified conceptual ideas for funding the project, many with a focus on grants and low-interest SRF loans. Focused research of funding opportunities should be used to develop a Strategic Funding Plan that includes:

- Summary information regarding the available funding programs including:
 - Source/funding agency
 - Quantity of funds available
 - Type of funding (i.e. grants or low-interest loans)
 - Matching funds requirements, if applicable
 - Eligibility requirements
 - Application deadlines
- Competitiveness of the funding (i.e. percentage of projects funded), if available
- Comparison of Project to funding source ranking criteria
- Future Project Funding Action Plan

The funding strategy should begin with an application for State Revolving Funds and a meeting with the State Board's Division of Financial Assistance. The strategy should also include identifying federal funding possibilities.

Conducting Environmental Fatal Flaw Analysis

Benefit: This analysis will identify fatal flaws associated with Project alternatives and guide the Project to more feasible alternatives. It will define the timing and efforts required for an EIS/EIR.

The environmental fatal flaw analysis will use information from the previously-prepared administrative draft EIS/EIR and a Biological Assessment to determine what additional work will be necessary for the preparation of an EIS/EIR in Planning Phase IV. The bulk of the analysis will determine which alternatives are worth additional evaluation in the feasibility study in Planning Phase III.

Engaging the US Bureau of Reclamation

Benefit: Continuing to develop advocates from key staff at USBR who can identify or remove hurdles for water right transfers and federal funding access will strengthen the Project.

Transferring CVP water from the American River to the Sacramento River will provide flexibility to the USBR in operating the CVP system. Developing supporters from key USBR staff who understand this benefit and will internally advocate this Project should simplify water right transfer approvals and may identify potential funding opportunities.

Drafting an Agreement with NMWC

Benefit: Formalizing the Agencies' intent to utilize capacity at NMWC's existing intakes will help avoid the permitting and construction of a new intake on the Sacramento River.

An agreement between NMWC and the Agencies for the long-term use/ownership of capacity at NMWC's existing intakes will allow the Project to avoid permitting and the construction of new water intake on the Sacramento River. Drafting a letter of intent between the Agencies and NMWC, obtaining confirmation from the United States Fish and Wildlife Service for modifying a portion of the NMWC intake from an agricultural diversion to a municipal & industrial diversion, and identifying acceptable terms and a schedule for determining the appropriate monetary compensation are important steps in developing this agreement. Finalization of the agreement will be completed in Planning Phase III.

Refining the Schedule for Each Future Phase of the Project

Benefit: A realistic schedule will keep this Project moving toward successful completion.

It is important to prepare an implementation schedule that accurately reflects the phasing needs of the Agencies. Each Agency will have to determine when capacity from this Project will be required to support their operational needs. The planning and implementation schedule will be tied to Project costs and a need for a financial commitment from the Agencies.

Refining Cost Sharing

Benefit: Developing a cost sharing agreement will allow for an equitable distribution of cost for existing and potential future Agencies, and it will provide a mechanism for reimbursements if some of the cost for the preliminary studies can be recouped.

As part of establishing a governance structure, an initial cost sharing arrangement amongst the Agencies needs to be outlined. A capital cost sharing agreement may involve water use type and frequency (i.e. annual water use vs. dry-year-only water use), facility capacity, schedule, or other factors.

Developing Scope for Planning Phase III

Benefit: Developing a Planning Phase III scope during Planning Phase II will create an efficient transition to maintain Project momentum.

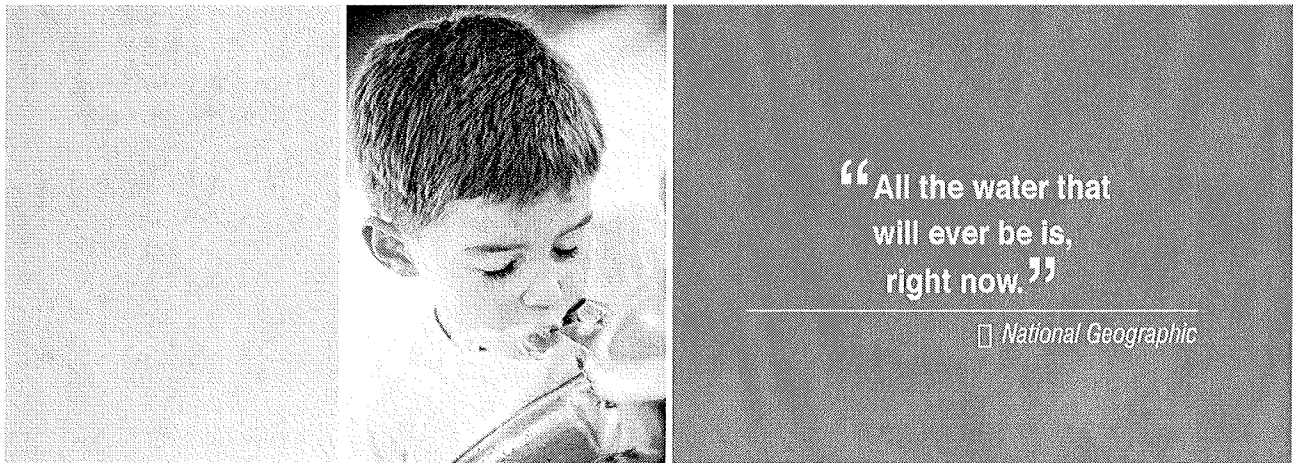
During Planning Phase II, the scope for the next Project planning phase needs to be developed. Planning Phase III should include a feasibility study of the developed alternatives. This work will include further refinement of the alternatives and include phasing, facility sizing, raw and finished water pipeline alignments, and environmental evaluations.

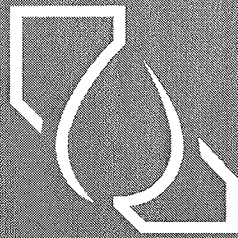
Conclusion

Interest in this project has been enhanced through the Planning Phase I process. The Project has been redefined to better match today's issues and challenges. With the State's current drought condition, it is more important than ever to free up American River water for environmental use, while diversifying the region's supply portfolio. It is also more apparent than ever that this Project is needed to ensure water supply reliability in the region and is vital to California's long-term economic and environmental future.

The conclusions of Planning Phase I demonstrate that timing is everything. This project has opportunities and momentum now that may not exist in the future. The momentum of the Project must continue to take advantage of the opportunity that the Agencies have now with the USBR and the State. The Project has the right elements to support the region's ability to meet the requirements of the State's new Sustainable Groundwater Management Act. The Project is aligned with the objectives of the voter-enacted Proposition 1 Water Bond and as such is well-positioned for funding.

The Agencies have an opportunity collectively to develop one of the most diverse supply portfolios in the State that will take advantage of two completely distinct and diverse watersheds. Now is the opportune time to leverage the public focus on water within the region and throughout the State to assist the Agencies in developing a successful Project that will benefit this region for decades to come. The climate for cooperation, funding and political support have never been better. Continuing with the Planning Phase II should be initiated as soon as possible so that there is no loss in support or momentum.





WEST YOST ASSOCIATES



Facilities & Operations Committee

Agenda Item: 6

Date: August 231, 2015

Subject: District Hiring Practices

Staff Contact: Rob Roscoe, General Manager

Recommended Committee Action:

Receive report from staff on the hiring practices of the District.

Discussion:

Each time a position becomes vacant, management staff evaluates the organizational chart to make a recommendation to the General Manager to determine if the position should be replaced in that particular department or is needed in another department. Below are two recent examples:

- Senior Inspector – This position became vacant in 2013. Staff conducted a thorough analysis of the needs of the District and determined the box in the organizational chart needed to be filled with an engineer. The management staff determined a large portion of engineering services was being outsourced to design main replacement projects, along with various other engineering services. The General Manager approved staff's recommendation. Additional project designs are now being conducted internally. Additional inspection services are being outsourced at a substantially lower cost than outsourcing project design.
- Environmental Compliance Supervisor – This position became vacant in 2012. Staff conducted a thorough analysis of the needs of the District and determined the box in the organizational chart needed to be refilled. The General Manager approved staff's recommendation. Staff opened the position internally. Upon completion of internal interviews, management staff determined it was necessary to open the candidate pool externally. Upon completion of external interviews, the position was filled with an outside candidate. Unfortunately, the external employee did not complete the 6 month introductory period. The subject position was then advertised both internal/external. Upon completion of interviews, the position was filled with an outside candidate.

If the position is a supervisory/management position, General Manager determines if there are superior internal candidates and a promotion is warranted, or if it is necessary to advertise to attract external candidates.

Depending upon the position, recruitment resources include: BC Water Jobs, ACWA, CSDA, RWA mailing list, SAWWA, ASCE, Groundwater Resources Association, Los Rios Community Colleges, CSU Sacramento, UC Davis, SSWD website and staff referrals. The District also previously ran print ads in The Sacramento Bee newspaper and Jobs Available publication; however, given the significant cost increase and/or lack of candidate response, staff is now considering those resources only if the initial advertising efforts do not result in providing a sufficient number of high quality candidates.

The District has a very strong cross-training program that allows staff to gain experience in various departments/positions, as well as supervisory positions. There are a number of positive reasons for promoting within the organization:

External candidates bring considerable risk as the performance level and capabilities of the individual can only be estimated from review of the candidate-prepared resume, a brief interview, and reference checks, typically from the list of references offered by the candidate. The available pool of external candidates are typically those who are presently unemployed (which can be a negative indication), those who are presently unhappy with their present employment situation (which could also indicate negatively), or those seeking to improve their job status (and could be prone to “job-hopping”). These risks are not generally present with a proven, internal candidate.

- Internal candidates already understand the District’s culture, mission, and inner workings. Since they are already a part of the team, the learning curve is less severe.
- The performance level of an inside hire is often better than an outside hire.
- It is less expensive to promote from within. Firms save on advertising, orientation and training costs, for example.
- Internal promotions act as a motivator for staff to work harder in order to have an opportunity to be promoted. It can also result in multiple promotions since vacancies become available as people are moved up the ladder.
- Internal promotions send a message that the District values loyalty and performance.
- By promoting from within, external hires are generally kept at entry level. The benefit to this is that entry level positions are less expensive to fill and the financial impact of a bad hire is significantly less.
- Promoting from within fosters greater employee retention.

- Internal promotions can add a new perspective and fresh ideas.
- Promoting staff from within an organization can build morale by showing there's opportunity for advancement.

The General Manager, per the California Water Code, Section 30580, Duties of the General Manager, states the following:

- (b) Have full power and authority to employ and discharge all employees and assistants at pleasure.

Having listed some reasons to consider internal promotions where they are warranted, the General Manager is well aware of his responsibility to fill a vacancy in the organization chart with the most qualified person available. The General Manager takes full advantage of internal prospects for future promotional opportunities, but also utilizes external candidates to ensure the best possible person is placed in a position that benefits District customers.

Staff has reviewed recruitment and new hire information from July 2005 through August 2015 and confirmed the following statistics:

- Total number of recruitments: 33, or an average of 3.3 per year
- Total number of internal promotions: 8

The District has a very good hiring process that has resulted in a very strong, efficient and loyal workforce.

Fiscal Impact:

No fiscal impact.

Strategic Plan Alignment:

Customer Service – 3.B, Attract and retain well-qualified staff with competitive compensation, effective training, and professional development to ensure safe, efficient and effective job performance.

Customer Service – 3.C, Assure appropriate staffing at all levels consistent with service goals.



Agenda Item: 7

Date: August 31, 2015

Subject: Water Conservation Update

Staff Contact: Greg Bundesen, Water Conservation Supervisor

Recommended Committee Action

Receive progress report and direct staff as appropriate. Staff recommends that the Committee consider a change to the watering schedule to one (1) day per week for the overhead watering of turf/grass and 3 days per week for landscapes utilizing a low-volume sprinkler system (i.e. drip irrigation, micro-spray, soaker hoses) beginning October 1, 2015.

Drought Report

The District is currently outperforming the State Water Resources Control Board's (SWRCB) mandatory water conservation reduction standard of 32%. The District reduced its water use by 42.7% in July 2015 when compared to the July 2013. The District exceeded its State mandate of 32% reduction in water use for the month of July by 10.7%. Cumulatively, the District has reduced its water use by 37.4% in June and July 2015 when compared to June and July 2013. In an email from Eric Oppenheimer, SWRCB Director of Research, Planning and Performance, the District was congratulated for exceeding the mandated water reduction (see Exhibit 1).

However, staff believes it is important to exceed the 32% target by a wide margin during the summer irrigation months as achieving 32% during winter, non-irrigation periods with only indoor use will be very difficult. Staff has reviewed the data for August 2015 and is projecting a 34% reduction in water use. Though the District is achieving the State's 32% mandate both monthly and cumulatively, the District is at risk of falling below the savings target as the irrigation season comes to an end.

As the fall season begins, staff is recommending that the Board again modify the watering restrictions to the following beginning on October 1, 2015:

- a. One day per week for overhead turf watering
 - a. Odd addresses water on Tuesday
 - b. Even addresses water on Wednesday
- b. 7 days per week for low volume irrigation equipment. Low-volume irrigation equipment shall consist of drip equipment, micro-spray, and soaker hoses. Open hoses shall not be considered low-volume irrigation.

Note: The watering times will continue to be enforced for all forms of irrigation.

As the day light hours become shorter and the temperatures cool the need for supplemental irrigation decreases. On average, evapotranspiration in October falls by 57% when compared to July (the hottest month of the year on average). The need for supplemental irrigation also falls as cooler mornings bring morning dew which will provide additional moisture. Rainfall increases from 0.04 inches on average to .94 inches which will also provide an offset to supplemental irrigation.

If approved by the Board of Directors (Board), staff will generate a postcard for customers indicating the changes, as well as, update the District's website. Staff will allow 2 weeks for customers to make the necessary adjustments to their sprinkler schedule and begin enforcing the new schedule on October 15, 2015.

The SWRCB noted in their August 27, 2015 media release, that even with record-breaking heat this summer, Californians continued their conservation efforts and reduced water use state-wide by 31.3%, bringing the States cumulative water savings total to 27.3% exceeding the state's 25% mandate. Also noted in this release were compliance statistics for the 402 water suppliers reporting (see Exhibit 2, for the SWRCB Press Release). The majorities of the water suppliers (72%) has met, or were within one percent of their conservation standard.

As of the date of this report, the following updates are listed below:

- The latest Sacramento Bee Post-It notice was placed on the front page of the Sacramento Bee on August 30, 2015.
- A new print advertisement was placed in local newspapers around the District in August 2015.
- The District's website has been updated and the conservation savings graph has been updated with July 2015's production numbers.
- Staff conducted two presentations in August to more than 150 participants.
- Late night water waste patrol has generated over 250 service requests for water waste violations in August 2015.
- Ads were run on Google in July and on Facebook in August. The Google ads generated 276 clicks to the District's website and 243,385 impressions. Impressions are how many people viewed the ad. The Facebook ad generated 883 clicks to the website and 655,934 impressions.
- District staff and its Utility Billing Software Provider have created the template for the Water Conservation Portal and are currently in the beta testing process.

- The District is partnering with the Citrus Heights Water District and California American Water to offer customers the opportunity to participate in a landscape workshop put on by EcoLandscape California. Participating customers will learn about the benefits of River Friendly Landscaping and other water efficient landscape techniques. The Landscape Workshops will be conducted on September 19th.
- Regional Water School – District staff is working with the Regional Water Authority members to develop a regional water school program that will consist of classes that customers can participate in to learn about the benefits of water conservation. Conservation topics will range from indoor to outdoor activities.
- The RWA conducted a Water Class at the District’s Antelope Facility on August 29, 2015.
- Education Materials – The District offers a variety of educational materials. As part of the RWA, teachers are offered complementary participation in the Water Education Foundation’s Water Education for Teachers Project (Project WET). By participating in Project WET, teachers receive a program guide that outlines courses that focus on the water industry.

Fiscal Impact

Staff is estimating that outreach to customers regarding the change in the watering schedule from two (2) days per week to one (1) day per week (single post card sent to all District customers) would cost approximately \$30,000. Staff will use funds remaining in the emergency drought response budget that was approved in May 2015.

Strategic Plan Alignment

Water Supply – 1.C. Continue to implement and support demand management strategies and water conservation that comply with federal, state and regional⁴ programs; support Water Forum Agreement⁵ goals and efficiently meet the needs of the District customers.

Facilities and Operations – 1.H. Implement water conservation programs that efficiently utilize potable water supplies.

Customer Service – 3.D. Provide effective customer and community relations by communicating, educating, and providing information on District operations, drinking water issues, resource sustainability and environmental stewardship.

Exhibit 1

James Arenz

From: Oppenheimer, Eric@Waterboards <Eric.Oppenheimer@waterboards.ca.gov>
Sent: Thursday, August 27, 2015 4:06 PM
To: Oppenheimer, Eric@Waterboards
Cc: Landau, Katheryn@Waterboards; Emmerson, Mark@Waterboards; Bean, Jessica@Waterboards; Gomberg, Max@Waterboards
Subject: Congratulations on Your Water Conservation Achievements

Dear Urban Water Supplier,

Congratulations! We have reviewed the water conservation data you submitted for June through July 2015 and have determined that your agency met or exceeded its required water conservation target. The conservation efforts you and your customers have implemented are working, and your achievement has helped the state to exceed the 25% statewide conservation mandated in Governor Brown's April 1, 2015 Executive Order for the months of June and July 2015.

Please continue your water conservation efforts and ensure the conservation target is met in future months. As you know, the greatest opportunity to conserve water occurs during the warmer summer months, so sustained action now is critical to meet your conservation target over the 270 days the emergency regulation is in effect.

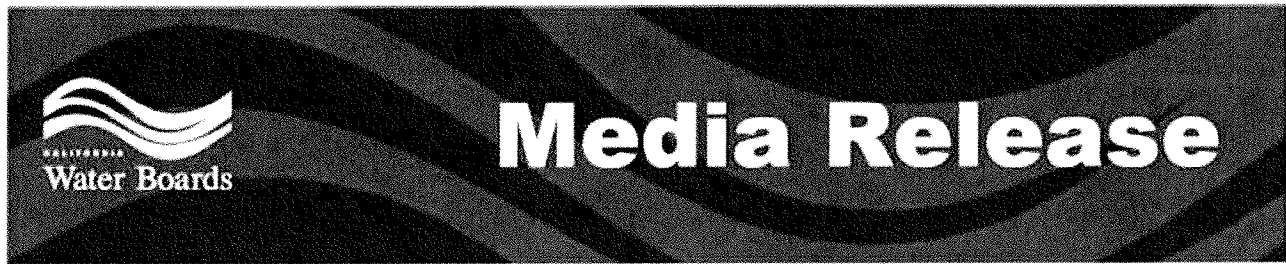
You are receiving this email, because you submitted the conservation reporting data for your agency for the month of July 2015. Please share our congratulations and appreciation with your management team and Board members.

If you have any questions about the requirements of the emergency water conservation regulation, please do not hesitate to contact us.

Thank you again for your ongoing conservation efforts and for making California more resilient in the face of a severe and ongoing drought.

Sincerely,

Eric Oppenheimer
Director, Office of Research, Planning, and Performance
(916) 445-5960



CALIFORNIA WATER USE DROPS 31.3 PERCENT, EXCEEDS 25 PERCENT MANDATE FOR JULY

**For Immediate Release
August 27, 2015**

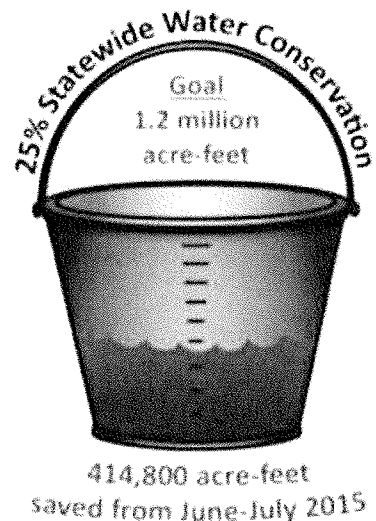
**Contact: George Kostyrko
gkostyrko@waterboards.ca.gov**

SACRAMENTO – Despite continued hot conditions, Californians surpassed June’s conservation rate and reduced water use by 31.3 percent during July, exceeding Governor Edmund G. Brown Jr.’s 25 percent mandate for a second consecutive month since the new emergency conservation regulation took effect.

For June and July, the cumulative statewide savings was 29.5 percent. Saving water in the hot summer months is critical to meeting the State’s overall 25 percent savings goal through February 2016, as the summer is when the greatest amount of water is traditionally used, particularly on outdoor ornamental landscapes. State officials urged residential water users to keep up their efforts to conserve.

“Californians’ response to the severity of the drought this summer is now in high gear and shows that they get that we are in the drought of our lives. This isn’t your mother’s drought or your grandmother’s drought, this is the drought of the century,” said Felicia Marcus, Chair of the State Water Resources Control Board. “Millions of conscientious Californians are the real heroes here — each stepping up to help local water resources last longer in the face of an historic drought with no certain end date.”

July’s water savings moved the State 228,940 acre-feet (74.6 billion gallons) closer to the goal of saving 1.2 million acre-feet by February 2016, as called for by the Governor in his April 1 Executive Order. Cumulative savings for June and July is 414,800 acre-feet, or 35 percent of the savings goal.



Conservation programs put in place during the late spring and early summer months by most of the State’s water suppliers are now in full swing, yielding dramatic reductions in water use





and heightened water use awareness. With dry conditions forecast to continue through November, the focus remains not only on enhancing current efforts but on encouraging suppliers that are behind to make the commitment to conservation and meet or beat their targets.

The emergency water conservation regulation requires urban water suppliers to provide monthly water use reports to the State Water Board. Urban water suppliers are expected to meet, or exceed, their individual conservation standard starting in June and continuing through February 2016. The year 2013 serves as the baseline for determining water savings statewide. The current report is posted [here](#).

July Highlights

- The percent of water saved by the State's large urban water agency suppliers increased from 27.3 percent in June to 31.3 percent in July, in same-month water use comparisons of 2015 to 2013. A four percentage point increase in conservation is exceptional considering July is historically one of the highest water-consuming months in California.
- The amount of water saved in July 2015 (74.6 billion gallons) is more than four times the amount of water saved in July 2014 (18.0 billion gallons), when the State's voluntary 20 percent conservation goal was in effect.
- Statewide, the average residential water use was 98 gallons per capita per day for July 2015, a similar level of residential water use as reported in June 2015 (98.1 residential gallons per capita per day, or R-GPCD), but significantly lower than residential water use in July 2014 (statewide average R-GPCD of 132.9).
- 290 water suppliers, serving 29.2 million people, met or exceeded their conservation standard in July, up from 265 water suppliers in June. 98 water suppliers exceeded their conservation standard by 10 percent, while 67 water suppliers exceeded their conservation standard by 15 percent or more.

See the how the hydrologic regions did for the month of July [here](#).

Compliance Statistics

July brought big improvements for the water suppliers that were significantly behind the conservation curve in June. With 402 water supplier reports submitted for July, 290 suppliers (72 percent) met, or were within one percent of, their conservation standard; 59 suppliers (15 percent) were between one and five percent of meeting their conservation standard; and 49 suppliers (12 percent) were between five and 15 percent of meeting their conservation standard.



There were only four suppliers (one percent) in July reporting that they were more than 15 percent away from meeting their conservation standard – a 75 percent drop in the number of suppliers reporting that they were this far away from meeting their standard in June. The July Compliance data can be found [here](#).

All water suppliers that did not meet their June conservation standard were contacted following the release of the June data. Many were required to provide information about their existing conservation programs and the steps they are taking to boost conservation. Conservation Orders are being issued to those water suppliers that are far behind and do not have the programs in place to meet their standard. A fact sheet on compliance can be found [here](#).

Local Enforcement and Education Programs Continue Ramping Up

Water suppliers reported that while their July statistics demonstrate that the number of complaints and warnings may be leveling off, the number of penalties is rising as the local programs mature.

- 38,665 water waste complaints were reported statewide (by 374 suppliers), compared with 45,234 complaints reported in June (by 374 suppliers);
- 37,170 formal warnings were issued for water waste statewide (by 323 suppliers), compared with 36,302 formal warnings in June (by 313 suppliers); and
- 15,845 penalties were issued statewide (by 79 suppliers), compared with 8,876 penalties issued in June (by 54 suppliers).

Warnings and penalties not only draw attention to water wasting activities and undetected leaks, but they also complement local outreach and education programs to reduce water use. Water suppliers have stepped up their communications considerably in the last two months and are extending their education programs to cover other drought-related needs such as irrigation and mulching practices to [maintain healthy trees](#) while limiting water for ornamental landscapes.

The July urban water supplier enforcement statistics can be found [here](#).

July's Top Performers

"Historically, water use rises dramatically in the hot summer months, primarily for landscape watering, which on average constitutes 50 percent of urban water use, in some cases far more. This is the time when we can most easily save the most water," said Marcus.

"Fortunately, most water districts and their customers are finally stepping up to show what they can do. It's impressive, and not a moment too soon--and should motivate those who haven't yet met their goals to meet them. We're also ramping up our enforcement efforts for extra motivation."



Dozens of communities reduced water use more than 15 percent beyond their conservation standards in July 2015. The list of stand-out communities includes Mammoth Community Water District (South Lahontan), Valencia Water Company (South Coast) and the City of Livermore (San Francisco Bay Area). These high achievers continue to represent both inland and coastal communities, proving that it can be done wherever you are.

Suppliers demonstrating remarkable performance included:

- **Golden State Water Company Simi Valley** – reduced water use by 40 percent in July, bringing R-GPCD to 85 gallons, in line with many other South Coast communities.
- **City of Santa Cruz** - achieved a cumulative 31.5 percent savings for June and July, 22.5 percent over its 8 percent conservation standard. The district has implemented a water school to educate residents on how to reduce water use.
- **City of Santa Rosa** – reduced water use by 43.8 percent in July, 2.5 times greater than the city's 16 percent conservation standard.
- **City of West Sacramento** – achieved a cumulative 34 percent savings for June and July, despite having a significant amount of commercial and industrial use.

Background

In his April 1 Executive Order, Governor Brown mandated a 25 percent water use reduction for cities and towns across California.

In May, the State Water Board adopted an emergency regulation requiring an immediate 25 percent reduction in overall potable urban water use. The regulation uses a sliding scale for setting conservation standards, so that communities that have already reduced their R-GPCD through past conservation will have lower mandates than those that have not made such gains since the last major drought.

Each month, the State Water Board compares every urban water supplier's water use with their use for the same month in 2013 to determine if they are on track for meeting their conservation standard. Local water agencies determine the most cost effective and locally appropriate way to achieve their standard. The State Water Board will work closely with water suppliers to implement the regulation and improve local efforts that are falling short.

California has been dealing with the effects of an unprecedented drought. To learn about all the actions the state has taken to manage our water system and cope with the impacts of the drought, visit Drought.CA.Gov. Every Californian should take steps to conserve water. Find out how at SaveOurWater.com.