

Agenda
Sacramento Suburban Water District
Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, September 21, 2015
6:30 p.m.

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

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

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 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

Announcements

Public Comment

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

Consent Items

The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, 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 August 17, 2015 Regular Board Meeting
Recommendation: Approve subject minutes.

2. Impaired Capital Asset Policy (PL - Fin 008)
Recommendation: Adopt subject policy.

Items for Discussion and Action

3. Directors' Compensation and Expense Reimbursement Policy (PL - BOD 003)
Receive written policy and direct staff as appropriate.
4. General Manager's Out of State Travel Request – American Water Works Association (AWWA) California-Nevada Section Annual Fall Conference
Consider approving out of state travel request.
5. Claim - 7322 Yorktown Place #907
Receive written report and direct staff as appropriate.
6. Sacramento River Water Reliability Study Update
Receive written report and direct staff as appropriate.
7. Voluntary Watering Schedule Change
Receive written report and direct staff as appropriate.
8. Sacramento LAFCo Election of Special District Commissioner
Consider nominating a candidate for LAFCo's Special District Commissioner.
9. Project Agreement with RWA for Grant Management Services for 2014 Proposition 84 Drought Grant Projects
Receive written report and direct staff as appropriate.
10. Board Direction to Convene a Stakeholder Advisory Group
Provide additional staff direction.

Information Items

11. Water Conservation and Regional Water Efficiency Program Report
 - a. Drought Report
 - b. Summary of Activities to Date
 - c. Water Conservation Program and Results
 - d. Upcoming Events

12. District Activity Report
 - a. Water Operations and Exceptions Report
 - b. Customer Service Report
 - c. Community Outreach Report
13. Engineering Report
 - a. Major Capital Improvement Projects
 - b. County and City Projects/Coordination
 - c. McClellan Business Park
 - d. Groundwater Quality Projects
 - e. Developer Projects
 - f. Other
14. Financial Report
 - a. Financial Statements – August 2015
 - b. Investments Outstanding and Activity – August 2015
 - c. Cash Expenditures – August 2015
 - d. Credit Card Expenditures – August 2015
 - e. Directors Compensation and Expense Accounting – Through August 2015
 - f. Market Report Yields – January 2010 through August 2015
 - g. District Reserve Balances – August 2015
 - h. Information Required by Bond Agreement
15. New Other Post Employment Benefits (OPEB) Valuation

16. General Manager's Report
 - a. Hexavalent Chromium 6 Update
 - b. District Hiring Practices
 - c. McClellan Restoration Advisory Board (RAB) Meeting Update
 - d. 2016 Benefits Renewal Analysis
17. Legislative and Regulatory Update
18. Order for Technical Report – Central Valley Regional Water Quality Control Board
19. ACWA/JPIA Liability, Property, and Workers' Compensation Risk Assessment
20. Fluoridation in the South Service Area
21. Succession Plan Update
22. Upcoming Policy Review
 - a. Water Banking and Transfer Policy (PL – BOD 006)
 - b. Reserve Policy (PL – Fin 004)

Committee Reports

23. a. Facilities and Operations Committee (Director Wichert)
Revised notes from July 23, 2015 meeting. Notes from the September 3, 2015 meeting.
- b. Finance and Audit Committee (Director Locke)
Notes from the August 28, 2015 meeting.
- c. Government Affairs Committee (Director Wichert)
Notes from the August 21, 2015 meeting.
- d. Ad Hoc Water Banking and Transfer Committee (Director Locke)
No report.
- e. Ad Hoc Water Rights Review Committee (Director Schild)
No report.

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

24. a. Regional Water Authority (Director Thomas)
Agenda from the September 10, 2015 meeting.

Regional Water Authority Executive Committee (General Manager Roscoe)
Agenda from the August 26, 2015 meeting.
- b. Sacramento Groundwater Authority (Director Schild)
No report.
- c. Water Forum Successor Effort (Assistant General Manager York)
No report.

Carryover Storage Working Group meeting, Agenda from the September 14, 2015 meeting.

Water Forum Dry Year Conference meeting
No report.

Water Caucus meeting, Agenda from the September 9, 2015 meeting.
- d. Other Reports

Miscellaneous Correspondence and General Information

25. Correspondence received by the District
26. General Information

Director's Comments/Staff Statements and Requests

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

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

27. Conference with real property negotiator involving the purchase, sale, lease or exchange of real property, Assessor's Parcel Numbers 203-0270-001-0000 & 203-0270-001-0000. Robert Roscoe, District negotiator, will negotiate with Polycomp Trust Co. Instructions to the negotiator may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)

Adjournment

Upcoming Meetings

Monday, October 5, 2015 at 3:00 p.m., Board Workshop
Monday, October 19, 2015 at 6:30 p.m., Regular Board Meeting

I certify that the foregoing agenda for the September 21, 2015 meeting of the Sacramento Suburban Water District Board of Directors was posted by September 17, 2015 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

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



Agenda Item: 15

Date: September 16, 2015

Subject: New Other Post Employment Benefit (OPEB) Valuation

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

As a participant in the California Employers' Retiree Benefit Trust (CERBT)* the District is required to perform an updated actuarial valuation every two years. For 2015, the District contracted with a CERBT approved actuary – Total Compensation Systems - to perform the valuation at a cost of \$3,300.00. Attached is the 2015 actuarial report for the Board's information.

The current valuation recommends a significantly reduced Annual Required Contribution Amount, or ARC, beginning in 2016. The previous valuations recommended annual ARCs of roughly \$600,000 in 2014 and 2015. The current valuation recommends an ARC of roughly \$325,000 in 2016 and \$335,000 in 2017 for a decrease of over \$250,000 annually.

Reasons for the reduced ARC are based on a significant change in an actuarial assumption, prior contribution levels and investment returns earned inception-to-date. To explain, the current valuation assumes an expected long-term trend for medical costs of 4.0% per annum compared to 5.5% per annum used in the prior valuations. This trend assumption change significantly reduces the actuarial present value of total projected benefits, a liability. When coupled with investment earnings that have averaged 11.2% per annum since inception (August 2009) and prior contributions made by the District, the District's estimated future contributions (ARC) are significantly reduced.

In addition to the actuarial report, CERBT also asks the District to reaffirm its Asset Allocation Strategy (Investment strategy) and the strategy's related discount rate, funding procedure, and contribution method. Absent direction to the contrary, consistent with Board direction provided upon partnering with CERBT, the District will continue to: 1) use CERBT's Asset Allocation Strategy No. 1 with a 7.28% expected long-term rate of return and a standard deviation of 11.74%; 2) to, at a minimum, fully fund the ARC as determined by the biennial actuarial valuation, and 3) because the contribution is fully funded at the beginning of the year, the District will seek reimbursement from CERBT

for all direct medical, dental and vision payments made during the year on behalf of current retirees on a quarterly basis.

*CERBT is the Trust selected by the District for medical, dental and vision premium payments made by the District on behalf of its retiree's.

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\\fs1\apps\actuarial\actuarial\2015\SSWD\SSWD Actuarial Study of Retiree Health Liabilities As of July 1, 2015

**Sacramento Suburban Water District
Actuarial Study of
Retiree Health Liabilities
As of July 1, 2015**

Prepared by:
Total Compensation Systems, Inc.

Date: September 15, 2015

Total Compensation Systems, Inc.

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**Sacramento Suburban Water District
Actuarial Study of Retiree Health Liabilities**

PART I: EXECUTIVE SUMMARY

A. Introduction

Sacramento Suburban Water District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of July 1, 2015 (the valuation date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2015. If the report will first be used for a different fiscal year, the numbers will need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under Governmental Accounting Standards Board (GASB) Standards 25/27.

This actuarial study is intended to serve the following purposes:

- To provide information to enable Sacramento Suburban Water District to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Sacramento Suburban Water District to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 43 and 45 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 43 and 45, as appropriate, Sacramento Suburban Water District should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 43 and 45 compliance.

This actuarial report includes several estimates for Sacramento Suburban Water District's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to Sacramento Suburban Water District in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- the ten year "pay-as-you-go" cost to provide these benefits.
- the "actuarial accrued liability (AAL)." (The AAL is the portion of the APVTPB

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attributable to employees' service prior to the valuation date.)

- the amount necessary to amortize the UAAL over a period of 22 years.
- the annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the "normal cost").
- The Annual Required Contribution (ARC) which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Normal costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2015 to be \$269,867 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2015 (the normal cost) is \$160,857. This normal cost would increase each year based on covered payroll. Had Sacramento Suburban Water District begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$6,239,224. This amount is called the "actuarial accrued liability" (AAL). The remaining unamortized balance of the initial unfunded AAL (UAAL) is \$3,875,233. This leaves a "residual" AAL of \$2,363,991.

Sacramento Suburban Water District has established a GASB 43 trust for future OPEB benefits. The actuarial value of plan assets at June 30, 2015 was \$3,746,037. This leaves a residual unfunded actuarial accrued liability (UAAL) of *negative* \$1,382,046. We calculated the annual cost to amortize the residual unfunded actuarial accrued liability using a 7% discount rate. We used an open 22 year amortization period. The current year cost to amortize the residual unfunded actuarial accrued liability is *negative* \$96,886.

Combining the normal cost with both the initial and residual UAAL amortization costs produces an annual required contribution (ARC) of \$324,846. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the "pay-as-you-go" cost.

We based all of the above estimates on employees as of June, 2015. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

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<i>All employee</i>	
Benefit types provided	Medical and dental
Duration of Benefits	Lifetime
Required Service	10 years*
Minimum Age	Retirement age under CalPERS
Dependent Coverage	All eligible
District Contribution %	California Government Code Section 22893**
District Cap	Per Section 22893 or, if higher the lowest cost HMO or lowest cost PPO plan

*CalPERS retirement for those hired prior to 1/1/03

**100% at CalPERS retirement if hired prior to 1/1/03

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions Sacramento Suburban Water District should take to manage the substantial liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of Sacramento Suburban Water District's practices, it is possible that Sacramento Suburban Water District is already complying with some or all of our recommendations.

- We recommend that Sacramento Suburban Water District inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Sacramento Suburban Water District should determine whether the benefit is material and subject to GASB 43 and/or 45.
- We recommend that Sacramento Suburban Water District conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 43/45.
- We recommend that the District communicate the magnitude of these costs to employees and include employees in discussions of options to control the costs.
- Under GASB 45, it is important to isolate the cost of retiree health benefits. Sacramento Suburban Water District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Sacramento Suburban Water District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Sacramento Suburban Water District should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot

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qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

- Several assumptions were made in estimating costs and liabilities under Sacramento Suburban Water District's retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, Sacramento Suburban Water District should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for Sacramento Suburban Water District to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

Geoffrey L. Kischuk, FSA, MAAA, FCA
Consultant
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PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in 2004 Accounting Standards 43 and 45 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees).

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method.”

Under most actuarial cost methods, there are two components of actuarial cost - a “normal cost” and amortization of something called the “unfunded actuarial accrued liability.” Both accounting standards and actuarial standards usually address these two components separately (though alternative terminology is sometimes used).

The normal cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. This report will not discuss differences between actuarial cost methods or their application. Instead, following is a description of a commonly used, generally accepted actuarial cost method permitted under GASB 43 and 45. This actuarial cost method is called the “entry age normal” method.

Under the entry age normal cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the normal cost. Under GASB 43 and 45, normal cost can be expressed either as a level dollar amount or a level percentage of payroll.

The normal cost is determined using several key assumptions:

- The current ***cost of retiree health benefits*** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the normal cost.
- The ***“trend” rate*** at which retiree health benefits are expected to increase over time. A higher trend rate increases the normal cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing normal costs.
- ***Mortality rates*** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce normal costs, the mortality assumption is not likely to vary from employer to employer.
- ***Employment termination rates*** have the same effect as mortality inasmuch as higher termination rates reduce normal costs. Employment termination can vary considerably between public agencies.
- The ***service requirement*** reflects years of service required to earn full or partial retiree benefits.

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While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase normal costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets. For example, employer funds earning money market rates in the county treasury are likely to earn far less than an irrevocable trust containing a diversified asset portfolio including stocks, bonds, etc. A higher discount rate can dramatically lower normal costs. GASB 43 and 45 require the interest assumption to reflect likely *long term* investment return.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. The actuary selects the assumptions which - taken together - will yield reasonable results. It's not necessary (or even possible) to predict individual assumptions with complete accuracy.

If all actuarial assumptions are exactly met and an employer expensed the normal cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the actuarial accrued liability or AAL. The excess of AAL over the **actuarial value of plan assets** is called the *unfunded* actuarial accrued liability (or UAAL). Under GASB 43 and 45, in order for assets to count toward offsetting the AAL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The actuarial accrued liability (AAL) can arise in several ways. At inception of GASB 43 and 45, there is usually a substantial UAAL. Some portion of this amount can be established as the "transition obligation" subject to certain constraints. UAAL can also increase as the result of operation of a retiree health plan - e.g., as a result of plan changes or changes in actuarial assumptions. Finally, AAL can arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 43 and 45, employers have several options on how the UAAL can be amortized as follows:

- The employer can select an amortization period of 1 to 30 years. (For certain situations that result in a reduction of the AAL, the amortization period must be at least 10 years.)
- The employer may apply the same amortization period to the total combined UAAL or can apply different periods to different components of the UAAL.
- The employer may elect a "closed" or "open" amortization period.
- The employer may choose to amortize on a level dollar or level percentage of payroll method.

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PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefits (APVPB) separately for each employee. We determined eligibility for retiree benefits based on information supplied by Sacramento Suburban Water District. We then selected assumptions for the factors discussed in the above Section that, based on plan experience and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex and length of service.

We summarized actuarial assumptions used for this study in Appendix C.

B. Medicare

The extent of Medicare coverage can affect projections of retiree health costs. The method of coordinating Medicare benefits with the retiree health plan's benefits can have a substantial impact on retiree health costs. We will be happy to provide more information about Medicare integration methods if requested.

C. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Sacramento Suburban Water District uses contribution caps, the influence of the trend factor is further reduced.

We multiplied each year's projected cost by the probability that premium will be paid; i.e. based on the probability that the employee is living, has not terminated employment and has retired. The probability that premium will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's premium cost and the probability that premium will be paid equals the expected cost for that year. We discounted the expected cost for each year to the valuation date July 1, 2015 at 7% interest.

Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any current retirees, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPB for all employees to get the actuarial present value of total projected benefits (APVTPB). The APVTPB is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVTPB is the amount on July 1, 2015 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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Actuarial Present Value of Total Projected Benefits at July 1, 2015

<i>All Participants</i>	
Active: Pre-65	\$2,269,033
Post-65	\$2,539,822
Subtotal	\$4,808,855
Retiree: Pre-65	\$490,563
Post-65	\$2,124,970
Subtotal	\$2,615,533
Grand Total	\$7,424,388
Subtotal Pre-65	\$2,759,596
Subtotal Post-65	\$4,664,792

The APVTPB should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVTPB is used to develop expense and liability figures. To do so, the APVTPB is divided into two parts: the portions attributable to service rendered prior to the valuation date (the past service liability or actuarial accrued liability under GASB 43 and 45) and to service after the valuation date but prior to retirement (the future service liability).

The past service and future service liabilities are each funded in a different way. We will start with the future service liability which is funded by the normal cost.

D. Cost to Prefund Retiree Benefits

1. Normal Cost

The average hire age for eligible employees is 34. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 28 years (assuming an average retirement age of 62). We applied an "entry age normal" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated normal cost.

Normal Cost Year Beginning July 1, 2015

<i>All Participants</i>	
# of Employees	61
Per Capita Normal Cost	
Pre-65 Benefit	\$1,281
Post-65 Benefit	\$1,356
First Year Normal Cost	
Pre-65 Benefit	\$78,141
Post-65 Benefit	\$82,716
Total	\$160,857

Accruing retiree health benefit costs using normal costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This normal cost would increase each year based on covered payroll.

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2. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the normal cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the actuarial accrued liability (AAL). We calculated the AAL as the APVTPB minus the present value of future normal costs.

The initial UAAL was amortized using level percent, closed 30 year amortization. The District can amortize the remaining or residual UAAL over many years. The table below shows the annual amount necessary to amortize the UAAL over a period of 22 years at 7% interest. (Thirty years is the longest amortization period allowable under GASB 43 and 45.) GASB 43 and 45 allow amortizing the UAAL using either payments that stay the same as a dollar amount, or payments that are a flat percentage of covered payroll over time. The figures below reflect level percent, open 22 year amortization.

Actuarial Accrued Liability as of July 1, 2015

	<i>All Participants</i>
Active: Pre-65	\$1,693,305
Post-65	\$1,930,386
Subtotal	\$3,623,691
Retiree: Pre-65	\$490,563
Post-65	\$2,124,970
Subtotal	\$2,615,533
Subtot Pre-65	\$2,183,868
Subtot Post-65	\$4,055,356
Grand Total	\$6,239,224
Unamortized Initial UAAL	\$3,875,233
Plan assets at 6/30/15	\$3,746,037
Residual UAAL	(\$1,382,046)
Residual UAAL Amortization at 7% over 22 Years	(\$96,886)

3. Annual Required Contributions (ARC)

If the District determines retiree health plan expenses in accordance with GASB 43 and 45, costs include both normal cost and one or more components of UAAL amortization costs. The sum of normal cost and UAAL amortization costs is called the Annual Required Contribution (ARC) and is shown below.

Annual Required Contribution (ARC) Year Beginning July 1, 2015

	<i>Total</i>
Normal Cost	\$160,857
Initial UAAL Amortization	\$260,875
Residual UAAL Amortization	(\$96,886)
ARC	\$324,846

The normal cost remains as long as there are active employees who may some day qualify for District-paid

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retiree health benefits. This normal cost would increase each year based on covered payroll.

4. Other Components of Annual OPEB Cost (AOC)

Expense and liability amounts may include more components of cost than the normal cost plus amortization of the UAAL. This applies to employers that don't fully fund the Annual Required Contribution (ARC) through an irrevocable trust.

- The annual OPEB cost (AOC) includes assumed interest on the net OPEB obligation (NOO). The annual OPEB cost also includes an amortization adjustment for the net OPEB obligation. (It should be noted that there is no NOO if the ARC is fully funded through a qualifying "plan".)
- The net OPEB obligation equals the accumulated differences between the (AOC) and qualifying "plan" contributions.

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PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project ten year cash flow under the retiree health program. Because these cash flow estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are certain to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District share of retiree health premiums.

<i>Year Beginning</i>	
<i>July 1</i>	<i>All Participants</i>
2015	\$269,867
2016	\$279,023
2017	\$294,790
2018	\$338,895
2019	\$361,858
2020	\$398,358
2021	\$425,726
2022	\$445,597
2023	\$474,682
2024	\$504,385

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 43/45 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.

We recommend Sacramento Suburban Water District take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation. Following is a brief summary of the impact of some of the more critical assumptions.

1. Where actuarial assumptions differ from expected experience, our estimates could be overstated or understated. One of the most critical assumptions is the medical trend rate. The District may want to commission further study to assess the sensitivity of liability estimates to our medical trend assumptions. For example, it may be helpful to know how liabilities would be affected by using a trend factor 1% higher than what was used in this study. There is an additional fee required to calculate the impact of alternative trend assumptions.
2. We used an "entry age normal" actuarial cost method to estimate the actuarial accrued liability and normal cost. GASB allows this as one of several permissible methods under GASB45. Using a different cost method could result in a somewhat different recognition pattern of costs and liabilities.

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APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Sacramento Suburban Water District to understand that the appropriateness of all selected actuarial assumptions and methods are Sacramento Suburban Water District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 43 and 45, applicable actuarial standards of practice, Sacramento Suburban Water District's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: Entry age normal. The allocation of OPEB cost is based on years of service. We used the level percentage of payroll method to allocate OPEB cost over years of service.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

AMORTIZATION METHODS: We used a level percent, closed 30 year amortization period for the initial UAAL. We used a level percent, open 22 year amortization period for any residual UAAL.

SUBSTANTIVE PLAN: As required under GASB 43 and 45, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Sacramento Suburban Water District regarding practices with respect to employer and employee contributions and other relevant factors.

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ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 2.75% per year.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 7% per year. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT. We used the "Building Block Method" as described in ASOP 27 Paragraph 3.6.2.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 2.75% per year. This assumption applies only to the extent that either or both of the normal cost and/or UAAL amortization use the level percentage of payroll method. For purposes of applying the level percentage of payroll method, payroll increase must not assume any increases in staff or merit increases.

ACTUARIAL VALUE OF PLAN ASSETS (AVA): We used asset values provided by Sacramento Suburban Water District. We used a 5 year smoothing formula with a 20% corridor around market value.

The following are the calculations for the adjusted value of plan assets:

<i>CERBT - Strategy 1</i>	<i>Amount</i>
(1) Market value at 6/30/15	\$3,780,086
(2) Accumulated contributions (disbursements) at 7.5%	\$3,737,525
(3) Value in (2) + 1/5 of (1) minus (2)	\$3,746,037
(4) Value in (3) adjusted to minimum or maximum*	\$3,746,037
(5) AVA at 6/30/15 adjusted to valuation date at 7.5%	\$3,746,037

* Minimum is 80% of market value; maximum is 120% of market value

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NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35).

MORTALITY

<i>Employee Type</i>	<i>Mortality Tables</i>
Miscellaneous	2014 CalPERS Active Mortality for Miscellaneous Employees

RETIREMENT RATES

<i>Employee Type</i>	<i>Retirement Rate Tables</i>
All Participants	Hired < 9/25/06: 2009 CalPERS 3%@60 rates for Miscellaneous employees Hired 9/25/06 to 12/31/12: 2009 CalPERS 2@55 rates for Miscellaneous employees Hired after 12/31/12: 2009 CalPERS 2@60 rates for Miscellaneous employees adjusted to reflect a minimum retirement age of 52

VESTING RATES

<i>Employee Type</i>	<i>Vesting Rate Tables</i>
All Participants	Hired prior to 1/1/03 Hired after 12/31/02: 50% at 10 years of service + 5% per year to 100% at 20 years of service

COSTS FOR RETIREE COVERAGE

GASB 45 allows use of premium as a measure of retiree cost to the extent allowed under Actuarial Standard of Practice 6 (ASOP 6). ASOP 6 allows use of premiums as a measure of retiree cost only under “limited circumstances”. One of those circumstances is described in ASOP 6 section 3.7.7.c.4 as follows:

“...the use of the pooled health plan’s premium may be appropriate without regard to adjustments for age. The factors that an actuary should evaluate in determining whether the premium may be appropriate without regard to adjustments for age include:whether the pooled health plan and its premium structure are sustainable over the measurement period, even if other groups or active participants cease to participate. The use of a premium without regard to adjustment for age is generally inappropriate if the pooled health plan and its premium structure are not sustainable over the measurement period if other groups or active participants cease to participate.”

Use of the 3.7.7.c.4 exception requires the actuary to obtain evidence that any subsidies can be “assumed to persist indefinitely.”

TCS has, based on its experience, developed specific criteria that must be met in order for TCS to be willing to use the 3.7.7.c.4 exception. These criteria are intended to apply the factors described in 3.7.7.c.4, namely: to determine whether a pooled program’s costs depend directly or indirectly on a particular employer’s claim experience, demographics or any other age-related factor; whether the program has shown stability in its rating structure despite groups leaving or entering the program; whether there is any indication that the program will cease to exist or that the employer may leave the program.

The District participates in the CalPERS medical program. We have performed the required evaluation of the CalPERS medical program and we have determined that there is sufficient evidence to apply the 3.7.7.c.4 exception. Following are details regarding the evaluation based on the criteria we have set:

- **Plan qualifies as a “pooled health plan.”** ASOP 6 defines a “pooled health plan” as one in which premiums are based at least in part on the claims experience of groups other than the one being valued.” Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.

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- **Rates not based on any extent on the agency’s claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.
- **Rates not based on any extent on the agency’s demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.
- **No refunds or charges based on the agency’s claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.
- **Plan in existence 20 or more years.** Enabling legislation to allow “contracting agencies” to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.
- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.
- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.
- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.
- **The agency does not represent a large part of the pool.** The District is in the CalPERS “Sacramento” region. Based on the information we have, the District constitutes no more than 0.4% of the Sacramento pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Sacramento pool.

Retiree liabilities are based on actual retiree costs. Liabilities for active participants are based on the first year costs shown below. Subsequent years’ costs are based on first year costs adjusted for trend and limited by any District contribution caps.

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
All Participants	\$15,580	\$5,941

PARTICIPATION RATES

<i>Employee Type</i>	<i><65 Non-Medicare Participation %</i>	<i>65+ Medicare Participation %</i>
Miscellaneous	100%	100%

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TURNOVER

<i>Employee Type</i>	<i>Turnover Rate Tables</i>
Miscellaneous	2009 CalPERS Turnover for Miscellaneous Employees

SPOUSE PREVALENCE

To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES

To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>All Participants</i>
Under 25	2
25-29	5
30-34	5
35-39	6
40-44	10
45-49	6
50-54	12
55-59	12
60-64	3
65 and older	0
Total	61

ELIGIBLE RETIREES

<i>Age</i>	<i>All Participants</i>
Under 50	0
50-54	0
55-59	3
60-64	5
65-69	7
70-74	3
75-79	7
80-84	2
85-89	2
90 and older	1
Total	30

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APPENDIX E: CALCULATION OF GASB 43/45 ACCOUNTING ENTRIES

This report is to be used to calculate accounting entries rather than to provide the dollar amount of accounting entries. How the report is to be used to calculate accounting entries depends on several factors. Among them are:

- 1) The amount of prior accounting entries;
- 2) Whether individual components of the ARC are calculated as a level dollar amount or as a level percentage of payroll;
- 3) Whether the employer using a level percentage of payroll method elects to use for this purpose projected payroll, budgeted payroll or actual payroll;
- 4) Whether the employer chooses to adjust the numbers in the report to reflect the difference between the valuation date and the first fiscal year for which the numbers will be used.

To the extent the level percentage of payroll method is used, the employer should adjust the numbers in this report as appropriate to reflect the change in OPEB covered payroll. It should be noted that OPEB covered payroll should only reflect types of pay generating pension credits for plan participants. Please note that plan participants do not necessarily include all active employees eligible for health benefits for several reasons. Following are examples.

- 1) The number of hours worked or other eligibility criteria may differ for OPEB compared to active health benefits;
- 2) There may be active employees over the maximum age OPEB are paid through. For example, if an OPEB plan pays benefits only to Medicare age, any active employees currently over Medicare age are not plan participants;
- 3) Employees hired at an age where they will exceed the maximum age for benefits when the service requirement is met are also not plan participants.

Finally, GASB 43 and 45 require reporting covered payroll in RSI schedules regardless of whether any ARC component is based on the level percentage of payroll method. This report does not provide, nor should the actuary be relied on to report covered payroll.

GASB 45 Paragraph 26 specifies that the items presented as RSI "should be calculated in accordance with the parameters." The RSI items refer to Paragraph 25.c which includes annual covered payroll. Footnote 3 provides that when the ARC is based on covered payroll, the payroll measure may be the projected payroll, budgeted payroll or actual payroll. Footnote 3 further provides that comparisons between the ARC and contributions should be based on the same measure of covered payroll.

At the time the valuation is being done, the actuary may not know which payroll method will be used for reporting purposes. The actuary may not even know for which period the valuation will be used to determine the ARC. Furthermore, the actuary doesn't know if the client will make adjustments to the ARC in order to use it for the first year of the biennial or triennial period. (GASB 45 is silent on this.) Even if the actuary were to know all of these things, it would be a rare situation that would result in knowing the appropriate covered payroll number

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to report. For example, if the employer uses actual payroll, that number would not be known at the time the valuation is done.

As a result, we believe the proper approach is to report the ARC components as a dollar amount. It is the client's responsibility to turn this number into a percentage of payroll factor by using the dollar amount of the ARC (adjusted, if desired) as a numerator and then calculating the appropriate amount of the denominator based on the payroll determination method elected by the client for the appropriate fiscal year.

If we have been provided with payroll information, we are happy to use that information to help the employer develop an estimate of covered payroll for reporting purposes. However, the validity of the covered payroll remains the employer's responsibility even if TCS assists the employer in calculating it.

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APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Accrued Liability: The amount of the actuarial present value of total projected benefits attributable to employees' past service based on the actuarial cost method used.

Actuarial Cost Method: A mathematical model for allocating OPEB costs by year of service.

Actuarial Present Value of Total Projected Benefits: The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation date.

Actuarial Value of Assets: Market-related value of assets which may include an unbiased formula for smoothing cyclical fluctuations in asset values.

Annual OPEB Cost: This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Annual Required Contribution plus interest on the Net OPEB obligation minus an adjustment to reflect the amortization of the net OPEB obligation.

Annual Required Contribution: The sum of the normal cost and an amount to amortize the unfunded actuarial accrued liability. This is the basis of the annual OPEB cost and net OPEB obligation.

Closed Amortization Period: An amortization approach where the original ending date for the amortization period remains the same. This would be similar to a conventional, 30-year mortgage, for example.

Discount Rate: Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower normal costs and actuarial accrued liability.

Implicit Rate Subsidy: The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees.

Mortality Rate: Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.

Net OPEB Obligation: The accumulated difference between the annual OPEB cost and amounts contributed to an irrevocable trust exclusively providing retiree OPEB benefits and protected from creditors.

Normal Cost: The dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

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<u>OPEB Benefits:</u>	Other PostEmployment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>Open Amortization Period:</u>	Under an open amortization period, the remaining unamortized balance is subject to a new amortization schedule each valuation. This would be similar, for example, to a homeowner refinancing a mortgage with a new 30-year conventional mortgage every two or three years.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower normal cost and actuarial accrued liability. The participation rate often is related to retiree contributions.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with vesting rates to reflect both age and length of service). The more likely employees are to retire early, the higher normal costs and actuarial accrued liability will be.
<u>Transition Obligation:</u>	The amount of the unfunded actuarial accrued liability at the time actuarial accrual begins in accordance with an applicable accounting standard.
<u>Trend Rate:</u>	The rate at which the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher normal costs and actuarial accrued liability.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce normal costs and actuarial accrued liability.
<u>Unfunded Actuarial Accrued Liability:</u>	This is the excess of the actuarial accrued liability over assets irrevocably committed to provide retiree health benefits.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined. Under GASB 43 and 45, the valuation date does not have to coincide with the statement date.
<u>Vesting Rate:</u>	The proportion of retiree benefits earned, based on length of service and, sometimes, age. (Vesting rates are often set in conjunction with retirement rates.) More rapid vesting increases normal costs and actuarial accrued liability.



Agenda Item: 16

Date: September 16, 2015

Subject: General Manager's Report

Staff Contact: Robert S. Roscoe, General Manager

a. Hexavalent Chromium 6 Update

At the August 17, 2015 regular Board meeting the Directors directed staff to contact Rob Swartz, Sacramento Groundwater Authority, to see if he could attend the September 21, 2015 regular Board meeting to provide the Directors with an update on Hexavalent Chrom 6. Due to a scheduling conflict, Mr. Swartz cannot attend the September 21st regular Board meeting. However, Mr. Swartz has committed to attend the October 19, 2015 regular Board meeting to conduct the subject presentation.

b. District Hiring Practices

At the September 3, 2015 Facilities and Operations Committee meeting, staff provided a report on District Hiring Practices. The report informed the Committee that 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 at the same level and job description or is needed in another department or at a different level. Staff gave two recent examples, which are provided below:

- 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. 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. This has resulted in significant savings to SSWD customers.
- 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.

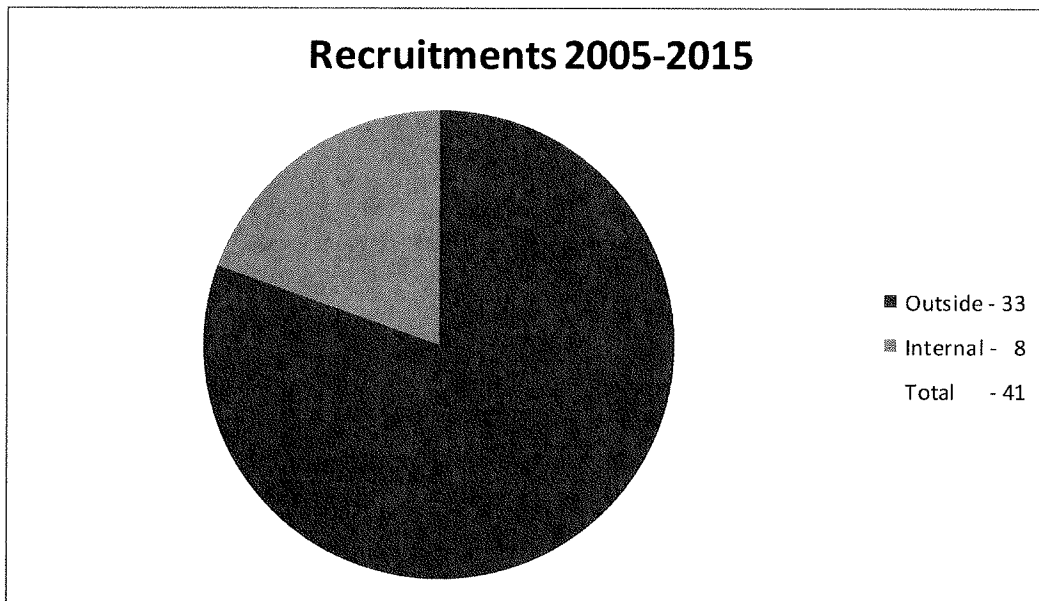
Staff informed the Committee that the District has a very strong cross-training program that allows staff to gain experience in various departments/positions, as well as supervisory positions. External candidates have the potential to bring considerable risk as the performance level and capabilities 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").

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 as shown on the following pie chart.



c. McClellan Restoration Advisory Board (RAB) Meeting Update

The August 27, 2014, meeting of the McClellan Restoration Advisory Board (RAB) was held at the North Highlands Community Center at 6040 Watt Avenue in North Highlands. The meeting was set up as a panel discussion for the RAB, which included members of the Community, Air Force, McClellan Park, County Local Redevelopment Authority, Central Valley Regional Water Quality Control Board, Department of Toxic Substances Control and the U.S. Environmental Protection Agency. There were approximately fifteen citizens in attendance, including SSWD Director Fred Gayle. The area covered under the RAB is within Division 2 of the District's service area boundary.

An agenda (see the attached Exhibit 1) was provided outlining the topics for discussion including minutes from the May 2015 and October 2014 RAB meetings. The following is a summary of the discussion on the cleanup activities:

Air Force Cleanup Update

- RAB Meeting Facilitator: The facilitator, Bill Davis, thanked everyone for attending and reminded everyone of the meeting guidelines.
- Hexavalent Chrome Update: Steve Mayer with the United States Air Force provided a Power Point presentation on the Hexavalent Chrome findings to date associated with the base. Mr. Mayer was adamant that the Hexavalent Chrome issues that are currently affecting local water purveyors are not the result of activities conducted at the base in the past. He criticized a recent report by Wood Rodgers that concluded otherwise. Copies of Mr. Mayer's Power Point presentation are available upon request.
- Privatized Cleanup Status: Valerie Walker, with Tetra Tech, provided a Power Point presentation on the current privatized cleanup effort. Copies of Ms. Walker's Power Point presentation are available upon request.
- Public Comment: Several members of the Rio Linda community provided comments about the Hexavalent Chrome issue based on their understanding of the ongoing water quality problems.

The meeting adjourned at approximately 9:00 pm. The next meeting is scheduled for November 2015, with the exact date and time still to be determined.

**McClellan Restoration Advisory Board (RAB) Meeting
 North Highlands Recreation Center
 Thursday, August 27, 2015, 6:30 – 8:30 pm**

AGENDA

<u>TIME</u>	<u>TOPIC</u>	<u>LEAD</u>
6:30 – 6:35	Welcome, Introductions and Purpose	Facilitator, Bill Davis
6:35 – 6:40	Agenda and Ground Rules	Facilitator, Bill Davis
6:40 – 6:45	Comments on May 2015 and Oct 2014 Minutes	Facilitator, Bill Davis
6:45 – 6:50	Community Co-chair Update	Community Co-chair Carolyn Gardner
6:50 – 7:00	Co-chair Election	Facilitator, Bill Davis
7:00 – 7:15	Privatized Cleanup Status <i>Goal: Update the RAB and community about the privatized cleanup projects, and discuss issues as necessary</i> <i>Process: Presentation and Q&A</i>	TetraTech Valerie Walker
7:15 – 7:20	Regulatory Update <i>Goal: Provide an update of regulatory agency items of interest</i> <i>Process: Presentation and Q&A</i>	Regulatory Agencies
7:20 – 7:25	Local Reuse Authority Update <i>Goal: Provide an update of Local Reuse Authority activities</i> <i>Process: Presentation and Q&A</i>	Sacramento County
7:25 – 8:10	Air Force Cleanup Projects Status Update <i>Goal: Provide an update on each active cleanup project</i> <i>Process: Presentation and Q&A</i> <ul style="list-style-type: none"> • Field Update • Property Transfer • Hexavalent Chromium 	Air Force, Steve Mayer
8:10 – 8:15	Public Comment <i>Goal: Provide opportunity for members of the public to comment.</i> <i>Process: Public members fill out a comment card indicating their desire to speak. The facilitator will call each person to the microphone. Speakers are asked to limit their comments to 3 minutes, more time may be allowed as necessary and available.</i>	Facilitator, Bill Davis
8:15 – 8:30	RAB Members Advice, Comments, & Announcements <i>Goal: Solicit advice from each RAB member for upcoming agendas, and provide an opportunity for RAB members to express brief comments and/or make announcements</i> <i>Process: Around the table for each member; comments will be recorded and will form future agendas</i>	RAB

d. 2016 Benefits Renewal Analysis

The District recently concluded the 2016 Benefits Renewal Analysis for dental and vision insurance plans. The review was conducted by Katie Huddleston and Lindsey Dupzyk of Edgewood Partners Insurance Center (EPIC), the consultant firm that has conducted prior benefit reviews for the District.

As reported to the Board last month, EPIC recommended the District remain in the CalPERS health program next year since a review of the premium costs and coverage levels for comparable plans with ACWA/JPIA and SDRMA showed the District would continue to see cost savings of approximately \$30,000 per year by remaining in the CalPERS program.

In the current analysis, EPIC recommended the District remain with the current dental carrier, Cigna, an A (Excellent) rated carrier, and the current vision carrier, VSP, through Ameritas, an A+ (Superior) rated carrier. EPIC was able to negotiate 2016 renewal rates with these carriers that will provide a 5% decrease in dental premiums and a 4.86% decrease in vision premiums, providing a savings for District ratepayers over 2015 costs. The vision plan will change from the VSP "Signature" plan to the VSP "Choice" plan with the same benefit levels for in-network providers. Plans available through ACWA/JPIA and SDRMA, as well as other carriers, were reviewed in the analysis. None were recommended due to higher cost and/or inability to provide comparable coverage levels.

The General Manager has approved EPIC's recommendation to continue the current dental plan with Cigna and change to the VSP "Choice" vision plan with Ameritas. The full analysis provided by EPIC is available for review upon request.

Since the District's current life and disability carrier and premium levels will continue through next year, all lines of coverage will be reviewed for 2017 renewals.



Agenda Item: 17

Date: September 14, 2015

Subject: Legislative and Regulatory Update

Staff Contact: Dan York, Assistant General Manager

RWA Government Affairs Committee

With the legislative deadline of September 11, 2015 to pass bills out of both houses, a flurry of activity occurred at the Capital. The Committee has been working with Fernandez Government Solutions group to address bills of concern. One of the current issues of interest is signs that a proposed public goods charge or other tax on water bills could emerge in a policy bill or in budget trailer bill form. In anticipation, Association of California Water Agencies (ACWA) continues to meet with legislative leaders and potential coalition members to oppose a possible bill or other last-minute effort to advance a public goods charge / water tax before the legislature adjourned. Though it remains to be seen exactly what will be proposed and when, ACWA anticipates the proposal could be billed as a “drought response” measure that would generate funding to assist disadvantaged communities that lack safe drinking water and / or have been severely impacted by the ongoing drought. While ACWA agrees that some disadvantaged communities need assistance to address their water supply challenges, there is belief that a public goods charge imposed on water bills is not the appropriate mechanism to fund solutions.

Fernandez Government Solutions continues to separate the bills categorically as Groundwater, Water Supply/Drought, Water Planning, Water Quality/Recycled, District Matters, and CEQA and Other Water Related, attached to this report as Exhibits 1-3.

A bill that has been highly supported, SB 385 (Heuso) related to California’s chromium-6 drinking water standard, was signed into law by Governor Brown on September 4, 2015. SB 385 establishes a carefully monitored process for public water systems to work toward and achieve compliance with the new chromium-6 standard. It authorizes the State Water Resources Control Board to grant a limited period of time for affected water systems to work toward achieving compliance without being deemed in violation as long as strict safeguards are met. The measure does not exempt any water systems from compliance or delay steps a water system must take to achieve compliance.

In a move to designate a leader before the legislative session ends, California Assembly Democrats voted to make Assemblyman Anthony Rendon, D-Lakewood, their next speaker.

California Assembly Republicans chose first-term Assemblyman Chad Mayes, R-Yucca Valley, to be their next leader in a closed-door vote Tuesday.

The Regional Water Authority has scheduled a tour for Metropolitan Water District of Southern California staff. Presenting topics during the tour will be staff from Regional Water Authority, Water Forum, Cities of Roseville and Sacramento, County of Sacramento and Sacramento Suburban Water District. District staff has been invited to present its Conjunctive Use Program. The desired outcome of the tour is the following:

- Overcome the misinformation and myths regarding meters and water conservation.
- Provide a better understanding of the Sacramento region's water supply system, investments already made in water supply reliability, conjunctive use, needs to build additional water supply reliability; and how local solutions benefit the statewide system.

State

As previously reported, based on the final Emergency Regulations for Mandatory Urban Conservation for achieving a 25% statewide reduction in potable urban water use, the District will need to reduce total production by 32%. The effective date to begin tracking the reduction numbers is June 1, 2015.

The water levels in state and federal reservoirs continue to be affected by the drought. Lake Shasta is at 38% of total capacity and 61% of historical average capacity; Oroville Reservoir is at 30% of total capacity and 47% of historical average capacity; Folsom Lake is at 19% of capacity and 32% of its historical average capacity for this time of year.

The U.S. Army Corps of Engineers' (Corps') 30-day formal public comment period opened September 9, 2015 on California WaterFix. The project proponents, the California Department of Water Resources and the U.S. Bureau of Reclamation, submitted a permit application to the Corps for Cal WaterFix on August 26, 2015. The application started an environmental review process by the Corps, which runs parallel to the environmental review process required under the California Environmental Quality Act and the National Environmental Policy Act. The public notice can be found in the link below:

<http://www.spk.usace.army.mil/Media/RegulatoryPublicNotices/tabid/1035/Article/616568/spk-2008-00861-california-waterfix-project.aspx>.

State Bills of Interest (2015)

Key Bills	Topic	Recommended Position
a. AB 291 (Medina)	CEQA Noticing	Support

b.	AB 356 (Williams)	Oil and Gas: GW Monitoring	Favor
c.	AB 434 (Garcia)	Drinking Water: Point of Entry	Favor
d.	AB 453 (Bigelow)	Groundwater Management	Support
e.	AB 1139 (Perea)	SGMA	Favor
f.	AB 1242 (Gray)	GW Basins: Mitigation Measures	Watch
g.	AB 1390 (Alejo)	GW: Adjudication	Oppose
h.	SB 13 (Pavley)	Groundwater	Support if Amended
i.	SB 208 (Lara)	Regional Water Management Plans	Support if Amended
j.	SB 385 (Hueso)	Chrom 6: Compliance Plan	Chaptered
k.	SB 553 (Wolk)	Water Conservation: State Property	Support
l.	AB 617 (Perea)	Groundwater	Support if Amended
m.	SB 317 (DeLeon)	Safe Neighborhood Parks, Rivers	Favor
n.	Trailer Bill 88	Drought Water System Consolidation	Oppose
o.	AB 807 (Stone)	Real Estate Transfer Fees	Oppose

Federal Bills of Interest (113th Congress)

- a. **HR 5781 California Emergency Drought Relief Act of 2014** - This bill was recently introduced in the House of Representatives following failure of a Senate compromise bill, pushed by Senator Feinstein, to gain sufficient support. Several Republican Congressmen Valadao, Nunes, McCarthy, McClintock, Calvert, and La Malfa were joined by central valley Democrat Costa in sponsoring the bill. HR 5781 passed the House but is not expected to pass the Senate this term. Adding bill language to a must-pass omnibus spending bill is being considered.
- b. **HR 1837 - San Joaquin Valley Water Reliability Act (Nunes)** -To address certain water-related concerns on the San Joaquin River, and for other purposes.
- c. **HR 4345 - Domestic Fuels Protection Act of 2012 (Shimkus)** - A bill to provide liability protection for claims on the design, manufacture, sale, offer for sale,

introduction into commerce, or use of certain fuels and fuel additives, and for other purposes.

- d. **HR 6484 - SAFE Levee Act (Garamendi)** - To amend the Calfed Bay-Delta Authorization Act to authorize the secretary of the Interior to provide assistance to non-Federal interests for levee stability improvements located within the Sacramento- San Joaquin Delta related to Bureau of Reclamation Central Valley Project water deliveries, and for other purposes.

RWA Amended Bills (Prev. 7 days) 9/8/2015

AB 142 (Bigelow R) Wild and scenic rivers: Mokelumne River.

Introduced: 1/12/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf. Conc.				

Calendar: 9/8/2015 #38 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: The California Wild and Scenic Rivers Act provides for a system of classification of those rivers or segments of rivers in the state that are designated as wild, scenic, or recreational rivers, for purposes of preserving the highest and most beneficial use of those rivers. This bill would require the Secretary of the Natural Resources Agency, in a report analyzing the suitability or nonsuitability of a proposed designation of the Mokelumne River, its tributaries, or segments thereof as additions to the system, to consider the potential effects of the proposed designation on future water requirements, as specified, and the effects of climate change on river values and current and projected water supplies, and to consider other factors.

Position **Priority**
Watching Only

AB 401 (Dodd D) Low-Income Water Rate Assistance Program.

Introduced: 2/19/2015

Last Amend: 9/2/2015

Status: 9/3/2015-Read second time. Ordered to third reading.

Location: 9/3/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf. Conc.				

Calendar: 9/8/2015 #232 SENATE ASSEMBLY BILLS-THIRD READING FILE

Summary: Would require the State Water Resources Control Board, no later than January 1, 2018, in collaboration with the State Board of Equalization and relevant stakeholders, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, which would include specified elements. The bill would permit the board to consider existing rate assistance programs authorized by the commission in developing the plan and would authorize the plan to include recommendations for other cost-effective methods of offering assistance to low-income water customers.

Position **Priority**
Watch Medium

AB 453 (Bigelow R) Groundwater management.

Introduced: 2/23/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf. Conc.				

Calendar: 9/8/2015 #75 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Would authorize, until a groundwater sustainability plan is adopted, a local agency that has adopted a groundwater management plan to impose fees on the extraction of groundwater from the basin to fund costs of groundwater management and to collect groundwater extraction information, as long as a groundwater management plan adopted before January 1, 2015, is in effect. This bill would require a local agency to specify in an ordinance or resolution imposing a fee on the extraction of groundwater from the basin that the fee does not apply to any period after adoption of a groundwater sustainability plan. This bill contains other existing laws.

Position **Priority**
Support High

AB 617 (Perea D) Groundwater.

Introduced: 2/24/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conf.			
								Conc.			

Calendar: 9/8/2015 #25 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Would define "in-lieu use" for the purposes of the Sustainable Groundwater Management Act and would provide that, where appropriate, measures addressing in-lieu use shall be included in a groundwater sustainability plan. This bill contains other related provisions and other existing laws.

Position **Priority**
 Support if High
 Amended

AB 935 (Salas D) Water projects.

Introduced: 2/26/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conf.			
								Conc.			

Calendar: 9/8/2015 #72 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Current law establishes in the Natural Resources Agency the Department of Water Resources, which manages and undertakes planning with regard to water resources in the state. This bill would require, upon appropriation by the Legislature, the department to provide funding for certain projects, provided that certain conditions are met.

Position **Priority**
 Watch High

AB 1164 (Gatto D) Water conservation: drought tolerant landscaping.

Introduced: 2/27/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conf.			
								Conc.			

Calendar: 9/8/2015 #23 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Would prohibit a city, including a charter city, county, and city and county, from enacting or enforcing any ordinance or regulation that prohibits the installation of drought tolerant landscaping, synthetic grass, or artificial turf on residential property, as specified. The bill would additionally state that this is an issue of statewide concern. This bill contains other related provisions.

Position **Priority**
 Watching Only

AB 1242 (Gray D) Water quality and storage.

Introduced: 2/27/2015

Last Amend: 9/1/2015

Status: 9/2/2015-Read second time. Ordered to third reading. Re-referred to Com. on RLS. pursuant to Senate Rule 29.10 (b).

Location: 9/2/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conf.			
								Conc.			

Summary: Would require the Department of Water Resources to increase statewide water storage capacity by 25% by January 1, 2025, and 50% by January 1, 2050, as specified. The bill would require the department, on or before January 1, 2017, to identify the current statewide water storage capacity and prepare a strategy and implementation plan to achieve those expansions in statewide water storage capacity, and would require the department to update the strategy and implementation plan on January 1, 2018, and every 2 years thereafter, until January 1, 2050.

Position **Priority**
 Support High

AB 1390 (Alejo D) Groundwater: comprehensive adjudication.

Introduced: 2/27/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #45 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: The Sustainable Groundwater Management Act, which applies to all groundwater basins in the state, all basins designated as high- or medium-priority basins by the Department of Water Resources as basins that are subject to critical conditions of overdraft, as specified, are required to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020. This bill would establish special procedures for a comprehensive adjudication, which is defined as an action filed in superior court to comprehensively determine rights to extract groundwater in a basin.

Position **Priority**
 Watch High

SB 7

(Wolk D) Housing: water meters: multiunit structures.

Introduced: 12/1/2014

Last Amend: 9/4/2015

Status: 9/4/2015-Read third time and amended. Ordered to third reading.

Location: 9/4/2015-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #81 ASSEMBLY SENATE THIRD READING FILE

Summary: Would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

Position **Priority**
 Watch High

SB 163

(Hertzberg D) Wastewater treatment: recycled water.

Introduced: 2/4/2015

Last Amend: 9/3/2015

Status: 9/3/2015-From committee with author's amendments. Read second time and amended. Referred to Com. on E. & R.

Location: 9/3/2015-A. E. & R.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would declare that the discharge of treated wastewater from ocean outfalls, except in compliance with the bill's provisions, is a waste and unreasonable use of water in light of the cost-effective opportunities to recycle this water for further beneficial use. This bill, on or before January 1, 2026, would require a wastewater treatment facility discharging through an ocean outfall to achieve at least 50% reuse of the facility's actual annual flow, as defined, for beneficial purposes.

Position **Priority**
 Watching Only

SB 226

(Pavley D) Sustainable Groundwater Management Act: groundwater adjudication.

Introduced: 2/13/2015

Last Amend: 9/3/2015

Status: 9/3/2015-Read third time and amended. Ordered to third reading.

Location: 9/3/2015-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #98 ASSEMBLY SENATE THIRD READING FILE

Summary: Current law authorizes a court to order a reference to the State Water Resources Control Board, as referee, of any and all issues involved in a suit brought in any court of competent jurisdiction in this state for determination of rights to water. This bill would authorize the state to intervene in a comprehensive adjudication conducted as specified in AB 1390 of the 2015- 16 Regular Session. This bill contains other related provisions and other existing laws.

Position **Priority**
 Watch High

SB 555

(Wolk D) Urban retail water suppliers: water loss management.

Introduced: 2/26/2015

Last Amend: 9/1/2015

Status: 9/4/2015-Assembly amendments concurred in. (Ayes 40. Noes 0.) Ordered to engrossing and enrolling.

Location: 9/4/2015-S. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Would require each urban retail water supplier, on or before October 1, 2017, and on or before October 1 of each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year or previous fiscal year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided. The bill would require the department to post all validated water loss audit reports on its Internet Web site in a manner that allows for comparisons across water suppliers and to make these reports available for public viewing.

Position
Neutral

Priority
High

Total Measures: 12
Total Tracking Forms: 12

EXHIBIT 2

**RWA - MED/HIGH Priority Bills
9/8/2015**

AB 149 (Chávez R) Urban water management plans.

Introduced: 1/15/2015

Last Amend: 6/11/2015

Status: 7/6/2015-Chaptered by Secretary of State - Chapter 49, Statutes of 2015.

Location: 7/6/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Urban Water Management Planning Act requires an urban water supplier to submit to the Department of Water Resources a copy of its plan no later than 30 days after adoption and requires the department to prepare and submit to the Legislature, on or before December 31, in the years ending in 6 and 1, a report summarizing the status of plans adopted pursuant to the act. This bill would require each urban water supplier to update and submit its 2020 plan to the department by July 1, 2021, and would require the department to submit the report to the Legislature for the 2015 plans by July 1, 2017, and the report for the 2020 plans by July 1, 2022.

Position **Priority**
Support Medium

Notes 1: ACWA: Favor

AB 349 (Gonzalez D) Common interest developments: property use and maintenance.

Introduced: 2/17/2015

Last Amend: 8/17/2015

Status: 9/4/2015-Chaptered by Secretary of State - Chapter 266, Statutes of 2015.

Location: 9/4/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law makes void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies that prohibits use of low water-using plants, or prohibits or restricts compliance with water-efficient landscape ordinances or regulations on the use of water, as specified. This bill would make void and unenforceable any provision of the governing documents or architectural or landscaping guidelines or policies that prohibits use of artificial turf or any other synthetic surface that resembles grass. This bill contains other existing laws.

Position **Priority**
Support Medium

Notes 1: ACWA: Favor

AB 401 (Dodd D) Low-Income Water Rate Assistance Program.

Introduced: 2/19/2015

Last Amend: 9/2/2015

Status: 9/3/2015-Read second time. Ordered to third reading.

Location: 9/3/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #232 SENATE ASSEMBLY BILLS-THIRD READING FILE

Summary: Would require the State Water Resources Control Board, no later than January 1, 2018, in collaboration with the State Board of Equalization and relevant stakeholders, to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, which would include specified elements. The bill would permit the board to consider existing rate assistance programs authorized by the commission in developing the plan and would authorize the plan to include recommendations for other cost-effective methods of offering assistance to low-income water customers.

Position **Priority**
Watch Medium

Notes 1: ACWA: Watch

AB 453 (Bigelow R) Groundwater management.

Introduced: 2/23/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Calendar: 9/8/2015 #75 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Would authorize, until a groundwater sustainability plan is adopted, a local agency that has adopted a groundwater management plan to impose fees on the extraction of groundwater from the basin to fund costs of groundwater management and to collect groundwater extraction information, as long as a groundwater management plan adopted before January 1, 2015, is in effect. This bill would require a local agency to specify in an ordinance or resolution imposing a fee on the extraction of groundwater from the basin that the fee does not apply to any period after adoption of a groundwater sustainability plan. This bill contains other existing laws.

Position **Priority**
Support High

Notes 1: ACWA: Favor

AB 585 (Melendez R) Outdoor Water Efficiency Act of 2015: personal income tax credits: outdoor water efficiency.

Introduced: 2/24/2015

Last Amend: 7/15/2015

Status: 8/27/2015-In committee: Held under submission.

Location: 8/27/2015-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Would, for taxable years beginning on or after January 1, 2016, and before January 1, 2021, allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for water-efficiency improvements, as defined, on qualified real property in this state, not to exceed \$2,500 per taxable year, as specified. The bill would limit the cumulative amount of the credit to \$2,500 for each qualified real property for all taxable years.

Position **Priority**
Medium

Notes 1: ACWA: Favor

AB 603 (Salas D) Income taxes: Every Drop Counts Tax Credit.

Introduced: 2/24/2015

Last Amend: 5/21/2015

Status: 5/28/2015-Joint Rule 62(a), file notice suspended. (Page 1613.) In committee: Held under submission.

Location: 5/27/2015-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Would, under the Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on and after January 1 2016, and before January 1, 2021, or an earlier date in the event of a specified occurrence, allow a credit to a taxpayer participating in a lawn replacement rebate program, as defined, in an amount equal to 25% of the costs paid or incurred by the taxpayer to replace conventional lawn on the qualified taxpayer's property during that taxable year, not to exceed \$1,500, as specified.

Position **Priority**
Medium

Notes 1: ACWA: Favor

AB 606 (Levine D) Water conservation.

Introduced: 2/24/2015

Last Amend: 8/25/2015

Status: 9/1/2015-Assembly Rule 77 suspended. Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 79. Noes 0.).

Location: 9/1/2015-A. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.	Enrolled		

Summary: Would, when a state agency builds upon state-owned real property, purchases real property, or replaces landscaping or irrigation, require the state agency to reduce water consumption and increase water efficiencies for that property where feasible, as defined, through specified water efficiency measures. The bill would exempt from its requirements state-owned real property that is leased for agricultural purposes. This bill contains other existing laws.

Position **Priority**

Support Medium

Notes 1: ACWA: Favor

AB 617 (Perea D) Groundwater.

Introduced: 2/24/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Calendar: 9/8/2015 #25 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Would define "in-lieu use" for the purposes of the Sustainable Groundwater Management Act and would provide that, where appropriate, measures addressing in-lieu use shall be included in a groundwater sustainability plan. This bill contains other related provisions and other existing laws.

Position	Priority
Support if Amended	High

Notes 1: ACWA: Support

AB 935 (Salas D) Water projects.

Introduced: 2/26/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Calendar: 9/8/2015 #72 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Current law establishes in the Natural Resources Agency the Department of Water Resources, which manages and undertakes planning with regard to water resources in the state. This bill would require, upon appropriation by the Legislature, the department to provide funding for certain projects, provided that certain conditions are met.

Position	Priority
Watch	High

Notes 1: ACWA: Watch

AB 937 (Salas D) Groundwater planning: technical assistance: disadvantaged communities.

Introduced: 2/26/2015

Last Amend: 7/16/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 8/27/2015)

Location: 8/28/2015-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Summary: Would require the Department of Water Resources to provide technical assistance to disadvantaged communities so that they may participate in groundwater planning, including, but not limited to, plans for regional groundwater banking, with any county or other local agency.

Position	Priority
Watch	High

Notes 1: ACWA: Favor

AB 1139 (Campos D) Personal income taxes: credit: turf removal.

Introduced: 2/27/2015

Last Amend: 3/26/2015

Status: 5/4/2015-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/6/2015-A. REV. & TAX

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Summary: The Personal Income Tax Law allows various credits against the taxes imposed by that law. This bill would, for taxable years beginning on and after January 1, 2015, allow a credit to a taxpayer participating in a lawn replacement program, as defined, in an amount equal to \$2 per square foot of conventional lawn removed from the taxpayer's property, up to \$50,000 per taxable year, as provided. The bill would make findings and declarations in this regard.

Position	Priority
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Watch Medium

Notes 1: ACWA: Favor

AB 1201 (Salas D) Fish and wildlife: Sacramento-San Joaquin Delta: predation by nonnative species.

Introduced: 2/27/2015

Last Amend: 8/17/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 8/27/2015)

Location: 8/28/2015-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Fish and Wildlife, by June 30, 2016, to develop a science-based plan that addresses predation by nonnative species upon species of fish listed pursuant to the California Endangered Species Act that reside all or a portion of their lives in the Sacramento-San Joaquin Delta and that considers predation reduction for all Chinook salmon and other native species not listed pursuant to the act.

Position Priority

Watch Medium

Notes 1: ACWA: Support

AB 1242 (Gray D) Water quality and storage.

Introduced: 2/27/2015

Last Amend: 9/1/2015

Status: 9/2/2015-Read second time. Ordered to third reading. Re-referred to Com. on RLS. pursuant to Senate Rule 29.10 (b).

Location: 9/2/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Water Resources to increase statewide water storage capacity by 25% by January 1, 2025, and 50% by January 1, 2050, as specified. The bill would require the department, on or before January 1, 2017, to identify the current statewide water storage capacity and prepare a strategy and implementation plan to achieve those expansions in statewide water storage capacity, and would require the department to update the strategy and implementation plan on January 1, 2018, and every 2 years thereafter, until January 1, 2050.

Position Priority

Support High

Notes 1: ACWA: Favor

AB 1376 (Perea D) State Water Resources Control Board: appropriation: drought-related drinking water projects.

Introduced: 2/27/2015

Last Amend: 3/26/2015

Status: 4/22/2015-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 4/6/2015-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would appropriate \$15,000,000 from the General Fund to the State Water Resources Control Board, for expenditure until June 30, 2016, for grants of up to \$500,000 per project for public water systems to address drought-related drinking water emergencies or threatened emergencies in the state. The bill would require the state board to make every effort to use other funds available to address drinking water emergencies, including federal funds made available for the drought, prior to using the funds appropriated pursuant to these provisions.

Position Priority

Watch Medium

Notes 1: ACWA: Favor

AB 1390 (Alejo D) Groundwater: comprehensive adjudication.

Introduced: 2/27/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #45 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: The Sustainable Groundwater Management Act, which applies to all groundwater basins in the state, all basins designated as high- or medium-priority basins by the Department of Water Resources as basins that are subject to critical conditions of overdraft, as specified, are required to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020. This bill would establish special procedures for a comprehensive adjudication, which is defined as an action filed in superior court to comprehensively determine rights to extract groundwater in a basin.

Position **Priority**
 Watch High

Notes 1: ACWA: Support If Amended

SB 7 (Wolk D) Housing: water meters: multiunit structures.

Introduced: 12/1/2014

Last Amend: 9/4/2015

Status: 9/4/2015-Read third time and amended. Ordered to third reading.

Location: 9/4/2015-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #81 ASSEMBLY SENATE THIRD READING FILE

Summary: Would express the intent of the Legislature to encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control, and to ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords. This bill contains other related provisions and other existing laws.

Position **Priority**
 Watch High

Notes 1: ACWA: Watch

SB 13 (Pavley D) Groundwater.

Introduced: 12/1/2014

Last Amend: 7/6/2015

Status: 9/3/2015-Chaptered by Secretary of State - Chapter 255, Statutes of 2015.

Location: 9/3/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would specify that the State Water Resources Control Board is authorized to designate a high- or medium-priority basin as a probationary basin. This bill would provide a local agency or groundwater sustainability agency 90 or 180 days, as prescribed, to remedy certain deficiencies that caused the board to designate the basin as a probationary basin. This bill would authorize the board to develop an interim plan for certain probationary basins one year after the designation of the basin as a probationary basin.

Position **Priority**
 Watch High

Notes 1: ACWA: Favor

SB 20 (Pavley D) California Water Resiliency Investment Act.

Introduced: 12/1/2014

Last Amend: 8/26/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was W.,P. & W. on 8/26/2015)

Location: 8/28/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Under current law, various measures provide funding for water resources projects, facilities, and programs. This bill would create the California Water Resiliency Investment Fund in the State Treasury and provide that moneys in the fund are available, upon appropriation by the Legislature, for the purpose of providing a more dependable water supply for California. This bill would create various accounts within the fund for prescribed purposes.

Position **Priority**
 Watch High

Notes 1: ACWA: Watch

SB 144 (Pan D) Water development projects: Sacramento-San Joaquin watersheds.

Introduced: 1/27/2015

Last Amend: 4/6/2015

Status: 9/3/2015-In Senate. Ordered to engrossing and enrolling.

Location: 9/3/2015-S. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

Summary: Current law provides for state cooperation with the federal government in the construction of specified flood control projects. Current law adopts and authorizes federally adopted and approved projects, including a 200-year level of flood protection in the Natomas Basin, in areas within the City of Sacramento and the Counties of Sacramento and Sutter. This bill would describe the Natomas Basin flood protection project as further modified by a specified report adopted by Congress. The bill would make technical, nonsubstantive changes.

Position	Priority
Support	Medium

Notes 1: ACWA: Favor

SB 208

(Lara D) Integrated regional water management plans: grants: advanced payment.

Introduced: 2/11/2015

Last Amend: 6/1/2015

Status: 9/3/2015-Enrolled and presented to the Governor at 5:45 p.m.

Location: 9/3/2015-S. ENROLLED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

Summary: Would require a regional water management group, within 90 days of notice that a grant has been awarded, to provide the Department of Water Resources with a list of projects to be funded by the grant funds where the project proponent is a nonprofit organization, as defined, or a disadvantaged community, as defined, or the project benefits a disadvantaged community. This bill would require the department, within 60 days of receiving the project information, to provide advanced payment of 50% of the grant award for those projects that satisfy specified criteria and would require the advanced funds to be handled, as prescribed.

Position	Priority
Support if Amended	High

Notes 1: ACWA: Favor

SB 226

(Pavley D) Sustainable Groundwater Management Act: groundwater adjudication.

Introduced: 2/13/2015

Last Amend: 9/3/2015

Status: 9/3/2015-Read third time and amended. Ordered to third reading.

Location: 9/3/2015-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

Calendar: 9/8/2015 #98 ASSEMBLY SENATE THIRD READING FILE

Summary: Current law authorizes a court to order a reference to the State Water Resources Control Board, as referee, of any and all issues involved in a suit brought in any court of competent jurisdiction in this state for determination of rights to water. This bill would authorize the state to intervene in a comprehensive adjudication conducted as specified in AB 1390 of the 2015- 16 Regular Session. This bill contains other related provisions and other existing laws.

Position	Priority
Watch	High

Notes 1: ACWA: Not Favor Unless Amended

SB 385

(Hueso D) Primary drinking water standards: hexavalent chromium: compliance plan.

Introduced: 2/24/2015

Last Amend: 6/18/2015

Status: 9/4/2015-Chaptered by Secretary of State. Chapter 272, Statutes of 2015.

Location: 9/4/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered	
1st House				2nd House								

Summary: Would authorize, until January 1, 2020, the State Water Resources Control Board, at the request of a public water system that prepares and submits a compliance plan to the state board, to grant a period of time to achieve compliance with the primary drinking water standard for hexavalent chromium by approving the compliance plan, as prescribed. This bill contains other related provisions and other existing laws.

Position
Support
Priority
High

Notes 1: ACWA: Support

SB 552 (Wolk D) Public water systems: disadvantaged communities: consolidation or extension of service.

Introduced: 2/26/2015

Last Amend: 7/7/2015

Status: 7/17/2015-Failed Deadline pursuant to Rule 61(a)(10). (Last location was RLS. on 7/9/2015)

Location: 7/17/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	2 year	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Current law, for purposes of the California Safe Drinking Water Act, defines "disadvantaged community" to mean a disadvantaged community that is in an unincorporated area or is served by a mutual water company. This bill would allow a community to be a "disadvantaged community" if the community is in a mobilehome park even if it is not in an unincorporated area or served by a mutual water company.

Position
Support if Amended
Priority
Medium

Notes 1: ACWA: Support if Amended

SB 555 (Wolk D) Urban retail water suppliers: water loss management.

Introduced: 2/26/2015

Last Amend: 9/1/2015

Status: 9/4/2015-Assembly amendments concurred in. (Ayes 40. Noes 0.) Ordered to engrossing and enrolling.

Location: 9/4/2015-S. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Would require each urban retail water supplier, on or before October 1, 2017, and on or before October 1 of each year thereafter, to submit a completed and validated water loss audit report for the previous calendar year or previous fiscal year as prescribed by rules adopted by the Department of Water Resources on or before January 1, 2017, and updated as provided. The bill would require the department to post all validated water loss audit reports on its Internet Web site in a manner that allows for comparisons across water suppliers and to make these reports available for public viewing.

Position
Neutral
Priority
High

Notes 1: ACWA: Watch

SB 664 (Hertzberg D) Water: urban water management planning.

Introduced: 2/27/2015

Last Amend: 6/24/2015

Status: 9/2/2015-Assembly amendments concurred in. (Ayes 40. Noes 0.) Ordered to engrossing and enrolling.

Location: 9/2/2015-S. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Would require an urban water supplier to include within its plan, beginning January 1, 2020, a seismic risk assessment and mitigation plan to assess the vulnerability of each of the various facilities of a water system and mitigate those vulnerabilities. This bill would authorize an urban water supplier to comply with this requirement by submitting a copy of the most recent adopted local hazard mitigation plan or multihazard mitigation plan under specified federal law that addresses seismic risk.

Position
Watch
Priority
Medium

Notes 1: ACWA: Oppose Unless Amended

Total Measures: 25
Total Tracking Forms: 25

RWA - WATCHING Only Bills 9/8/2015

1. Groundwater

AB 939 **(Salas D) Groundwater sustainability agencies.**

Current Text: Enrolled: 9/3/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amend: 7/8/2015

Status: 9/1/2015-Assembly Rule 77 suspended. Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 79. Noes 0.).

Location: 9/1/2015-A. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law requires the Department of Water Resources to identify the extent of monitoring of groundwater elevations that is being undertaken within each groundwater basin or subbasin and to prioritize basins or subbasins as high, medium, low, or very low priority, and requires the initial priority for each basin to be established no later than January 31, 2015. Existing law, the Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the department that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. The act requires a local agency, any time the department changes these basin priorities and elevates a basin to a medium- or high-priority basin after January 31, 2015, to either establish a groundwater sustainability agency within 2 years of reprioritization and adopt a groundwater sustainability plan within 5 years of reprioritization, or to submit an alternative to the department that the local agency believes satisfies the objectives of these provisions within 2 years of reprioritization. This bill would impose the requirement to establish a groundwater sustainability agency or submit an alternative after reprioritization on a local agency or combination of local agencies overlying a groundwater basin. This bill contains other related provisions and other existing laws.

Notes 1: ACWA: Watch

2. Water Supply/Drought

AB 1 **(Brown D) Drought: local governments: fines.**

Current Text: Chaptered: 7/13/2015 [pdf](#) [html](#)

Introduced: 12/1/2014

Last Amend: 6/16/2015

Status: 7/13/2015-Chaptered by Secretary of State - Chapter 62, Statutes of 2015.

Location: 7/13/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Constitution requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable and that the waste or unreasonable use or unreasonable method of use of water be prevented. Existing law, the California Emergency Services Act, sets forth the emergency powers of the Governor under its provisions and empowers the Governor to proclaim a state of emergency for certain conditions, including drought. This bill would prohibit a city, county, or city and county from imposing a fine under any ordinance for a failure to water a lawn or having a brown lawn during a period for which the Governor has issued a proclamation of a state of emergency based on drought conditions.

Notes 1: ACWA: Watch

AB 88 **(Gomez D) Sales and use taxes: exemption: energy or water efficient home appliances.**

Current Text: Enrolled: 9/4/2015 [pdf](#) [html](#)

Introduced: 1/7/2015

Last Amend: 7/15/2015

Status: 9/2/2015-Assembly Rule 77 suspended. Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 80. Noes 0.).

Location: 9/2/2015-A. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf. Conc.				

Summary: Existing sales and use tax laws impose a tax on retailers measured by the gross receipts from their sales of tangible personal property sold at retail in this state, or on the storage, use, or other consumption of tangible personal property purchased from a retailer for storage, use, or other consumption in this state, and specify certain exemptions from the amount of tax imposed. This bill, until January 1, 2021, would exempt from these taxes the gross receipts from the sale of, and the storage, use, or other consumption in this state of, an energy or water efficient home appliance purchased by a public utility that is provided at no cost to a low-income participant in a federal, state, or ratepayer-funded energy or water efficiency program for use by that low-income participant in the energy efficiency program. The bill would define terms for its purposes. This bill contains other related provisions and other existing laws.

Notes 1: ACWA: Watch

AB 723 (Rendon D) Rental property: plumbing fixtures: replacement.

Current Text: Amended: 7/16/2015 [pdf](#) [html](#)

Introduced: 2/25/2015

Last Amend: 7/16/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 7/16/2015)

Location: 8/28/2015-S. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf. Conc.				

Summary: Existing law requires, on and after January 1, 2017, replacement by the property owner of noncompliant plumbing fixtures in any single-family residential real property. Existing law requires, on and after January 1, 2019, replacement of noncompliant plumbing fixtures in multifamily residential real property and commercial real property, as specified. This bill would require the lease or rental agreement of a single-family residential real property or any portion of a multifamily residential real property or commercial real property that is entered into, renewed, or amended after July 1, 2016, or January 1, 2017, respectively, to be accompanied by a written disclosure stating the property owner's responsibility to replace all noncompliant plumbing fixtures with water-conserving plumbing fixtures on or before January 1, 2017, or January 1, 2019, respectively.

Notes 1: ACWA: Favor

4. Water Quality/Recycled

AB 434 (Garcia, Eduardo D) Drinking water: point-of-entry and point-of-use treatment.

Current Text: Enrolled: 9/3/2015 [pdf](#) [html](#)

Introduced: 2/19/2015

Last Amend: 8/18/2015

Status: 9/1/2015-Assembly Rule 77 suspended. Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 80. Noes 0.).

Location: 9/1/2015-A. ENROLLMENT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conf. Conc.				

Summary: Existing law, the California Safe Drinking Water Act, imposes on the State Water Resources Control Board various responsibilities and duties relating to providing a dependable, safe supply of drinking water. The act prohibits the state board from issuing a permit to a public water system or amending a valid existing permit to allow the use of point-of-use treatment unless the state board determines that there is no community opposition to the installation of the treatment device. This bill would require the state board to adopt regulations, similar to those previously authorized for adoption by the State Department of Public Health, governing the use of point-of-entry and point-of-use treatment by a public water system in lieu of centralized treatment where it can be demonstrated that centralized treatment is not immediately economically feasible, with specified limitations. The bill would also require the state board to adopt emergency regulations governing the permitted use of point-of-use and point-of-entry treatment by public water systems in lieu of centralized treatment, as specified,

and would require that these emergency regulations remain in effect until the earlier of January 1, 2018, or the effective date of the required nonemergency regulations. This bill would also prohibit the use of point-of-entry treatment absent a state board determination of no community opposition. This bill contains other related provisions.

Notes 1: ACWA: Favor

SB 163 (Hertzberg D) Wastewater treatment: recycled water.

Current Text: Amended: 9/3/2015 [pdf](#) [html](#)

Introduced: 2/4/2015

Last Amend: 9/3/2015

Status: 9/3/2015-From committee with author's amendments. Read second time and amended. Referred to Com. on E. & R.

Location: 9/3/2015-A, E. & R.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: The California Constitution requires that the water resources of the state be put to beneficial use to the fullest extent of which they are capable and that the waste or unreasonable use or unreasonable method of use of water be prevented. Existing law declares that the use of potable domestic water for certain nonpotable uses is a waste or an unreasonable use of water if recycled water is available, as determined by the State Water Resources Control Board, and other requirements are met. This bill would declare that the discharge of treated wastewater from ocean outfalls, except in compliance with the bill's provisions, is a waste and unreasonable use of water in light of the cost-effective opportunities to recycle this water for further beneficial use. This bill, on or before January 1, 2026, would require a wastewater treatment facility discharging through an ocean outfall to achieve at least 50% reuse of the facility's actual annual flow, as defined, for beneficial purposes. This bill, on and after January 1, 2036, would prohibit the discharge of treated wastewater through ocean outfalls, except as backup discharge, as defined, and would require a wastewater treatment facility to achieve 100% reuse of the facility's actual annual flow for beneficial purposes. This bill, on and after January 1, 2022, would authorize a NPDES permit holder subject to these requirements to petition the state board for a partial exemption to the above-described requirements. This bill would require the state board to determine, after notice and opportunity for comment, whether the petition demonstrates that the NPDES permit holder cannot comply with these reuse requirements and would provide that an exemption from these reuse requirements is valid for a period of no more than 5 years, at which point the NPDES permit holder is required to reapply for an exemption or comply with these reuse requirements. This bill would prohibit a NPDES permit holder subject to these provisions from being eligible for state grants or loans if they receive a partial exemption to these reuse requirements, unless the state grant or loan is solely for the purpose of achieving compliance with these reuse requirements. This bill contains other related provisions and other existing laws.

5. District Matters

AB 435 (Chang R) California Environmental Protection Agency: Natural Resources Agency: Web casts of public meetings and workshops.

Current Text: Amended: 8/18/2015 [pdf](#) [html](#)

Introduced: 2/19/2015

Last Amend: 8/18/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 8/27/2015)

Location: 8/28/2015-S, 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf.	Enrolled	Vetoed	Chaptered
1st House				2nd House				Conc.			

Summary: Existing law establishes the California Environmental Protection Agency and the Natural Resources Agency as agencies in the state government. Existing law, the Bagley-Keene Open Meeting Act, generally requires that all meetings of a state body be open and public. This bill would require that each department, board, and commission of the Natural Resources Agency, except as specified, and each department, board, and office of the California Environmental Protection Agency Web cast all onsite public meetings, in a manner that enables listeners and viewers to ask questions and provide public comment by telephone or electronic communication commensurate with those attending the meeting. The bill would require the agencies to make the recording of a Web cast available online for no less than 3 years for subsequent viewing by interested members of the public.

Notes 1: ACWA: Watch

AB 656 (Garcia, Cristina D) Joint powers agreements: mutual water companies.

Current Text: Chaptered: 9/3/2015 [pdf](#) [html](#)

Introduced: 2/24/2015

Last Amend: 6/22/2015

Status: 9/3/2015-Chaptered by Secretary of State - Chapter 250, Statutes of 2015.

Location: 9/3/2015-A. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Summary: The Joint Exercise of Powers Act authorizes 2 or more public agencies, as defined, if authorized by their governing bodies, by agreement to jointly exercise any power common to the contracting parties, and specifically authorizes a mutual water company to enter into a joint powers agreement with a public agency for these purposes. Existing law authorizes local public entities, as defined, to enter into a joint powers agreement for the purposes of providing risk-pooling, as specified. This bill would specifically authorize a mutual water company and a public agency to participate in joint powers agreement for the provision of insurance and risk-pooling, technical support, and other similar services for the purpose of reducing risk liability, as specified.

Notes 1: ACWA: Watch

AB 1061 (Gallagher R) Sacramento and San Joaquin Drainage District: powers.

Current Text: Amended: 6/1/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amend: 6/1/2015

Status: 8/17/2015-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 7/15/2015-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Summary: Existing law grants to the Central Valley Flood Protection Board the authority to carry out various flood control activities, including the authority to construct, maintain, and operate ditches, canals, pumping plants, and other drainage works. Existing law requires revenues, rents, and proceeds from sale of crops from lands under the control of the board be paid into the State Treasury, as specified, with the balance of the revenues, rents, and proceeds going to the credit of the General Fund. This bill would additionally authorize the district to sell, lease, rent, or otherwise dispose of a right-of-way, easement, or property, as specified, and to take, receive, and apply for purposes of flood control the income, profit, and revenue received from the lease or rental of the property. By adding a new source of revenue to a continuously appropriated fund, this bill would make an appropriation. This bill contains other related provisions and other existing laws.

Notes 1: ACWA: Favor

AB 1164 (Gatto D) Water conservation: drought tolerant landscaping.

Current Text: Amended: 9/4/2015 [pdf](#) [html](#)

Introduced: 2/27/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Calendar: 9/8/2015 #23 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Existing law generally authorizes every city and county, including a charter city, in this state to make and enforce within its limits all local, police, sanitary, and other ordinances and regulations that are not in conflict with general laws. This bill would prohibit a city, including a charter city, county, and city and county, from enacting or enforcing any ordinance or regulation that prohibits the installation of drought tolerant landscaping, synthetic grass, or artificial turf on residential property, as specified. The bill would additionally state that this is an issue of statewide concern. This bill contains other related provisions.

Notes 1: ACWA: Favor

AB 1340 (Chau D) Local government: sale of water utility property.

Current Text: Introduced: 2/27/2015 [pdf](#) [html](#)

Introduced: 2/27/2015

Status: 4/22/2015-In committee: Set, second hearing. Hearing canceled at the request of author.

Location: 3/23/2015-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law provides a procedure that is generally applicable for a city to sell its real property. Existing law also establishes specific procedures for the sale of public utility property owned by a municipal corporation with certain provisions applicable to the sale of property of a water utility. This bill would authorize the City of Montebello to sell all or part of its water utility pursuant to the procedures that are generally applicable to a sale of real property by a city, if certain requirements are met. This bill contains other related provisions.

Notes 1: ACWA: Watch

SB 37 (Nielsen R) Water: floods.

Current Text: Amended: 2/12/2015 [pdf](#) [html](#)

Introduced: 12/1/2014

Last Amend: 2/12/2015

Status: 5/14/2015-Referred to Com. on W., P., & W.

Location: 5/14/2015-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law authorizes the Department of Water Resources to administer funding, from various sources, for flood risk reduction projects. This bill would authorize the Department of Water Resources to provide reimbursement to funding recipients that execute a funding agreement under the Urban Flood Risk Reduction Projects program for expenditures associated with continued funding of a project initiated under the Early Implementation Project program and incurred after July 1, 2014, and before issuance of a funding commitment, or amendment or execution of the funding agreement, but no later than December 31, 2015. This bill contains other related provisions.

Notes 1: ACWA: Favor

SB 184 (Committee on Governance and Finance) Local government: omnibus bill.

Current Text: Chaptered: 9/4/2015 [pdf](#) [html](#)

Introduced: 2/9/2015

Last Amend: 6/15/2015

Status: 9/4/2015-Chaptered by Secretary of State. Chapter 269, Statutes of 2015.

Location: 9/4/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law authorizes specified local entities, including cities, counties, special districts, and other authorized public corporations, to collect fees, tolls, rates, rentals, or other charges for water, sanitation, storm drainage, or sewerage system services and facilities. Under existing law, a local entity may collect these charges on the property tax roll at the same time and in the same manner as its general property taxes. If the entity collects these charges in this way, existing law requires the entity to prepare and file with its clerk or secretary a report describing each parcel of property receiving the above-described services and the amount charged. Existing law requires the clerk or secretary to annually file the report with the auditor. Existing law defines "clerk" for these purposes to mean the official clerk or secretary of the entity. Existing law also authorizes these local entities to fix fees or charges for the privilege of connecting parcels of property to their sanitation or sewerage facilities, subject to specified procedures. Existing law requires the legislative body of the local entity to annually file with the auditor a list of lots or parcels of land subject to these fees or charges and the amounts of the installments of the fees or charges to be entered against the affected lots or parcels of land. Existing law requires the auditor to enter on the assessment roll the amounts of installments of these fees or charges. Existing law defines the auditor, for the purposes of these provisions, as the financial officer of the local entity. This bill would instead define "clerk" to mean the clerk of the legislative body or secretary of the entity. The bill would clarify that the above-described provisions relating to the authority and duties of the auditor apply only to the county auditor. The bill would also make technical, nonsubstantive changes to these provisions. This bill contains other related

provisions and other existing laws.

Notes 1: ACWA: Favor

SB 188 (Hancock D) Municipal utility district: utility charges: delinquencies.

Current Text: Chaptered: 9/4/2015 [pdf](#) [html](#)

Introduced: 2/9/2015

Last Amend: 4/14/2015

Status: 9/4/2015-Chaptered by Secretary of State. Chapter 270, Statutes of 2015.

Location: 9/4/2015-S. CHAPTERED

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The existing Municipal Utility District Act authorizes the formation of a municipal utility district. The act authorizes a district to acquire, construct, own, operate, control, or use works for supplying the inhabitants of the district and public agencies with light, water, power, heat, transportation, telephone service, or other means of communication, or means for the collection, treatment, or disposition of garbage, sewage, or refuse matter. The act authorizes a municipal utility district, by resolution or ordinance, to require the owner of record of privately owned real property within the district to pay the fees, tolls, rates, rentals, or other charges for certain utility services rendered to a lessee, tenant, or subtenant, and provides that those charges that have become delinquent, together with interest and penalties, are a lien on the property when a certificate is filed by the district in the office of the county recorder and that the lien has the force, effect, and priority of a judgment lien. This bill would extend the operation of these provisions indefinitely. By requiring county auditors and recorders to undertake certain actions in response to the exercise of collection measures by a municipal utility district, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Notes 1: ACWA: Favor

SB 551 (Wolk D) State water policy: water and energy efficiency.

Current Text: Amended: 7/6/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amend: 7/6/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. on 8/27/2015)

Location: 8/28/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Constitution requires the reasonable and beneficial use of water. Existing law establishes various state water policies, including the policy that the water resources of the state be put to beneficial use to the fullest extent of which they are capable. This bill would declare the policy of the state that water use and water treatment shall operate in a manner that is as energy efficient as is feasible and energy use and generation shall operate in a manner that is as water efficient as is feasible. This bill would require all relevant state agencies to consider this state policy when revising, adopting, or establishing policies, regulations, and grant criteria when pertinent to these uses of water and energy. This bill contains other existing laws.

Notes 1: ACWA: Watch

6. CEQA and Other Water Related

AB 142 (Bigelow R) Wild and scenic rivers: Mokelumne River.

Current Text: Amended: 9/4/2015 [pdf](#) [html](#)

Introduced: 1/12/2015

Last Amend: 9/4/2015

Status: 9/8/2015-Action From SECOND READING: Read second time.To THIRD READING.

Location: 9/8/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #38 SENATE ASSEMBLY BILLS-SECOND READING FILE

Summary: Existing law, the California Wild and Scenic Rivers Act, provides for a system of classification of those rivers or segments of rivers in the state that are designated as wild, scenic, or recreational rivers, for purposes of preserving the highest and most beneficial use of those rivers. The act requires the Secretary of the Natural Resources Agency to study and submit to the Governor and the Legislature a report that analyzes the suitability or unsuitability for addition to the system of rivers or segments of rivers that are designated by the Legislature as potential additions to the system, and requires that each report contain specified information and recommendations with respect to the proposed designation. This bill would require the secretary, in a report analyzing the suitability or unsuitability of a proposed designation of the Mokelumne River, its tributaries, or segments thereof as additions to the system, to consider the potential effects of the proposed designation on future water requirements, as specified, and the effects of climate change on river values and current and projected water supplies, and to consider other factors. The bill would include any segment of the Mokelumne River designated for potential addition within certain protections afforded to wild and scenic rivers until the completion of the study period and the implementation of any recommendation to add the segment of the Mokelumne River to the system, or December 31, 2021, whichever occurs first. This bill contains other related provisions and other existing laws.

Notes 1: ACWA: Favor

AB 954 (Mathis R) Water and Wastewater Loan and Grant Program.

Current Text: Amended: 7/6/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amend: 7/6/2015

Status: 8/27/2015-In committee: Held under submission.

Location: 8/27/2015-S. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law, the Safe Drinking Water State Revolving Fund Law of 1997, establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards. This bill would require the State Water Resources Control Board to establish a program to provide low-interest loans and grants to local agencies for low-interest loans and grants to eligible applicants for specified purposes relating to drinking water and wastewater treatment. This bill would create the Water and Wastewater Loan and Grant Fund and provide that the moneys in this fund are available, upon appropriation by the Legislature, to the board for expenditure for the program. This bill would transfer to the Water and Wastewater Loan and Grant Fund \$10,000,000 from the General Fund. This bill contains other related provisions.

Notes 1: ACWA: Watch

SB 122 (Jackson D) California Environmental Quality Act: record of proceedings.

Current Text: Amended: 6/1/2015 [pdf](#) [html](#)

Introduced: 1/15/2015

Last Amend: 6/1/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 7/15/2015)

Location: 8/28/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment. CEQA establishes a procedure for the preparation and certification of the record of proceedings upon the filing of an action or proceeding challenging a lead agency's action on the grounds of noncompliance with CEQA. This bill would require the lead agency, at the request of a project applicant and consent of the lead agency, to prepare a record of proceedings concurrently with the preparation of a negative declaration, mitigated negative declaration, EIR, or other environmental document for projects. This bill contains other related provisions and other existing laws.

Notes 1: ACWA: Not Favor Unless Amended

SB 223 (Galqiani D) Division of Boating and Waterways: oversight committee: invasive aquatic plants.

Current Text: Amended: 4/30/2015 [pdf](#) [html](#)

Introduced: 2/13/2015

Last Amend: 4/30/2015

Status: 8/27/2015-August 27 hearing: Held in committee and under submission.

Location: 8/27/2015-A. APPR.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law designates the Division of Boating and Waterways within the Department of Parks and Recreation as the lead agency of the state for purposes of cooperating with other state, local, and federal agencies in identifying, detecting, controlling, and administering programs to manage invasive aquatic plants in the Sacramento-San Joaquin Delta, its tributaries, and the Suisun Marsh, and prescribes the duties of the division with regard to the management and control or eradication of those plants. This bill would require the division, no later than 90 days after the effective date of the bill, to establish, and designate and provide staff support to, an advisory and oversight committee to evaluate and monitor the activities of the division relating to the management and control or eradication of those plants. The bill would require the membership of the advisory and oversight committee to include an equitable number of representatives from specified interests and would require the advisory and oversight committee to meet, at a minimum, twice per year and communicate any findings or recommendations to the division. This bill contains other related provisions.

Notes 1: ACWA: Watch

SB 248 (Pavley D) Oil and gas.

Current Text: Amended: 8/17/2015 [pdf](#) [html](#)

Introduced: 2/18/2015

Last Amend: 8/17/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/19/2015)

Location: 8/28/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Existing law requires the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation to regulate the drilling, operation, maintenance, and abandonment of wells and the operation, maintenance, and removal or abandonment of tanks and facilities attendant to oil and gas production. Existing law requires the State Oil and Gas Supervisor, on or before the first day of October of each year, to make public a report on specified information. This bill would require the supervisor to establish an inspection program for all activities regulated pursuant to these provisions and would require the total number of inspections and results of the inspections to be included in the above-referenced report. The bill would require the division's regulations, field rules, notices, manuals, and other requirements to be reviewed and revised, as needed, through a public process at least once every 10 years. This bill contains other related provisions and other existing laws.

Notes 1: ACWA: Favor

SB 317 (De León D) The Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016.

Current Text: Amended: 5/5/2015 [pdf](#) [html](#)

Introduced: 2/23/2015

Last Amend: 5/5/2015

Status: 5/28/2015-From committee: Do pass. (Ayes 5. Noes 1. Page 1151.) (May 28). Read second time. Ordered to third reading.

Location: 5/28/2015-S. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 9/8/2015 #133 SENATE SENATE BILLS-THIRD READING FILE

Summary: Under existing law, various measures have been approved by the voters to provide funds for park, river, and coastal protections and programs. This bill would enact the Safe Neighborhood Parks, Rivers, and Coastal Protection Bond Act of 2016, which, if adopted by the voters at the November 8, 2016, statewide general election, would authorize the issuance of bonds in the total amount of \$2,450,000,000 pursuant to the State General Obligation Bond Law to finance a safe neighborhood parks, rivers, and coastal protection program. This bill contains other related provisions.

Notes 1: ACWA: Favor

SB 471 (Pavley D) Water, energy, and reduction of greenhouse gas emissions: planning.

Current Text: Amended: 8/17/2015 [pdf](#) [html](#)

Introduced: 2/26/2015

Last Amend: 8/17/2015

Status: 8/28/2015-Failed Deadline pursuant to Rule 61(a)(11). (Last location was APPR. SUSPENSE FILE on 8/26/2015)

Location: 8/28/2015-A. 2 YEAR

Desk	Policy	Fiscal	Floor	Desk	Policy	2 year	Floor	Conf.	Enrolled	Vetoed	Chaptered	
1st House				2nd House				Conc.				

Summary: The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, commonly known as cap and trade revenues, to be deposited in the Greenhouse Gas Reduction Fund, and to be used, upon appropriation by the Legislature, for specified purposes, including the reduction of greenhouse gas emissions associated with water use and supply. This bill would include reduction of greenhouse gas emissions associated with water treatment among the investments that are eligible for funding from the Greenhouse Gas Reduction Fund. The bill would also make legislative findings and declarations, and a statement of legislative intent, with regard to the nexus between water and energy and water and reduction of greenhouse gas emissions. This bill contains other related provisions.

Notes 1: ACWA: Support

Total Measures: 22

Total Tracking Forms: 22



Agenda Item: 18

Date: September 11, 2015

Subject: Order for Technical Report – Central Valley Regional Water Quality Control Board

Staff Contact: Jim Arenz, Operations Manager

As reported at the August 21, 2015 Regular Board Meeting, the District received correspondence from the Central Valley Regional Water Quality Control Board (RWQCB) on July 23, 2015 (see Exhibit 1) issuing an Order for Technical Report (Report) as a result of two recent self-reported discharges that the RWQCB is claiming caused the District to violate its Low Threat General Order.

On August 28, 2015, in response to the RWQCB's Order, staff delivered a response that includes the Report and all required supporting documentation (see Exhibit 2) addressing the three (3) main items requested by the RWQCB:

1. A map showing the location of all creek crossings within the service area;
2. Operation and maintenance procedures that have been, or will be implemented, to prevent unanticipated discharges from water mains into creeks; and,
3. A summary of the last preventative maintenance inspection and corrective projects completed or scheduled for all creek crossing locations.

To address these items staff provided a map of the District's creek crossings as well as information pertaining to the history of the District's main replacement program, GIS mapping of District assets, system pressure reduction, Supervisory Control and Data Acquisition (SCADA) system, Preventative Maintenance program, water main creek crossing program, and leak detection efforts.

In addition to the above, staff also added language to better clarify both discharge events to address staff's exception to the RWQCB's comment that the discharges constituted permit violations.

EDMUND G. BROWN JR.
GOVERNORMATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

Central Valley Regional Water Quality Control Board

23 July 2015

RECEIVED

JUL 29 2015

James Arenz
Operations Manager
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346

**WATER CODE SECTION 13267 ORDER FOR TECHNICAL REPORT, SACRAMENTO
SUBURBAN WATER DISTRICT, WATER DISTRIBUTION SYSTEM MAINTENANCE
PROJECT, SACRAMENTO COUNTY**

The Sacramento Suburban Water District (Discharger) is enrolled under R5-2013-0074-028 (NPDES CAG995001), *Waste Discharge Requirements for Dewatering and Other Low Threat Discharged to Surface Waters* (Low Threat General Order) for the Water Distribution System Maintenance Project (Project).

Due to two recent discharges which violated the requirements of the Low Threat General Order, Central Valley Water Board staff are concerned about the Discharger's ability to operate and maintain the water mains, in particular in areas where the water mains are in proximity to surface waters.

Summary of Discharge Events

On 20 May 2015, the Discharger became aware of a discharge that was occurring at the Whitney/Concetta well site. The Discharger was able to remotely terminate the discharge when it was discovered. The Discharger's field staff found the pilot control supply valve, which was in the closed position. After further investigation, the Discharger concluded that a production operator had inadvertently left the pilot control supply valve in the closed position which allowed water to discharge for an extended period of time. A total of 430,000 gallons of raw, unchlorinated water discharged into the onsite storm drain inlet, which empties into Chicken Ranch Slough.

On 23 October 2014, Central Valley Water Board staff was notified of a potable water release that occurred on 22 October 2014 from a 12-inch water main into Magpie Creek. The water main crosses Magpie Creek near the intersection of Watt Avenue and Roseville Road in North Highlands. According to the District's supervisory control and data acquisition (SCADA) system, the 12-inch water main discharged 812,500 gallons of chlorinated, potable water to Magpie Creek for approximately 90 minutes. Additionally, the discharge created a cavity in Magpie Creek's bank. In an email to Central Valley Water Board staff dated 3 November 2014, the Discharger stated they were awaiting a response from the Department of Fish and Wildlife (DFW) to begin repairs to the creek bank. However, at the request of Sacramento County's

Department of Water Resources (SCDWR), the Discharger planned to implement emergency repairs early in November 2014 with or without DFW's response.

On 11 June 2015, the Discharger submitted a summary of actions taken after the 22 October 2014 event which included a mitigation plan developed with SCDWR that involved abandoning a portion of the water main in place and restoring the creek bank to pre-existing conditions. The mitigation plan was implemented by 18 December 2014. The Discharger is currently working on designing an alternate route to replace the portion of the water main that was abandoned, as well as move it away from the creek.

Violation of Low Threat General Order

These discharge events caused the Discharger to violate the Low Threat General Order, Discharge Prohibition IV.A., which states:

"The discharge of wastes other than those which meet eligibility criteria in Section II.C of this Order is prohibited unless the Discharger obtains coverage under another general or individual Order that regulates the discharge of such wastes."

Water Code Section 13267 – Technical Report Requirement

Section 13267 of the California Water Code states, in part:

In conducting an investigation specified in subdivision (a), the regional board may require that any person who has discharged, discharges, or is suspected of having discharged or discharging, or who proposes to discharge waste within its region, ... that could affect the quality of waters within its region shall furnish, under penalty of perjury, technical or monitoring program reports which the regional board requires. The burden, including costs, of these reports shall bear a reasonable relationship to the need for the report and the benefits to be obtained from the reports. In requiring those reports, the regional board shall provide the person with a written explanation with regard to the need for the reports, and shall identify the evidence that supports requiring that person to provide the reports.

Section 13268 of the California Water Code states, in part:

*(a) Any person failing or refusing to furnish technical or monitoring program reports as required by subdivision (b) of Section 13267, ... is guilty of a misdemeanor and may be liable civilly in accordance with subdivision (b).
(b)(1) Civil liability may be administratively imposed by a regional board ... in an amount which shall not exceed one thousand dollars (\$1,000) for each day in which the violation occurs.*

The Discharger owns and operates the water distribution system cited herein and is responsible for all discharges generated from the system. In order to ensure that Central Valley Water Board staff has sufficient information and to ensure compliance with the Low Threat General Order, the Discharger is hereby directed to submit the following technical report. This request is made pursuant to Section 13267 of the California Water Code.

By **28 August 2015**, the Discharger shall submit a technical report that includes, at minimum, the following:

- a. A map that shows the locations of all intersections containing water mains at creek crossings within the service area;
- b. Operation and maintenance procedures that have been implemented, or will be implemented, to prevent unanticipated discharges from water mains into creeks; and
- c. A summary of the last preventative maintenance inspection and corrective projects completed or scheduled for all creek crossing locations

Any technical report required herein that involves planning, investigation, evaluation, engineering design, or other work requiring interpretation and proper application of engineering or geologic sciences shall be prepared by or under the direction of persons registered to practice in California pursuant to California Business and Professions Code sections 6735, 7835, and 7835.1. As required by these laws, completed technical reports must bear the signature(s) and seal(s) of the registered professional(s) in a manner such that all work can be clearly attributed to the professional responsible for the work.

As described in the Executive Officer's letter of 22 September 2014, we have transitioned to a paperless office. Therefore, please convert the technical report to a pdf file and email it to centralvalleysacramento@waterboards.ca.gov. To ensure that your submittal is routed to the appropriate staff person, please include the following information in the body of the email: Attention, Lucio Orellana, NPDES, Enforcement/Compliance Unit. In addition, please include the Discharger's name, Facility name, County, and CIWQS Place ID in the body of the email (this information was provided to you in the 22 September 2014 letter).

If you have any questions about how to submit this document or the requirements of this Order, please contact Lucio Orellana at (916) 464-4660 or lorellana@waterboards.ca.gov.


ANDREW ALTEVOGT
Assistant Executive Officer



August 28, 2015

Mr. Andrew Altevogt
Assistant Executive Officer
Central Valley Regional Water Quality Control Board
11020 Sun Center Drive, Suite A
Rancho Cordova, CA 95670

SUBJECT: Water Code Section 13267 Order for Technical Report, Sacramento Suburban Water District, Water Distribution System Maintenance Project, Sacramento County

Dear Mr. Altevogt:

Sacramento Suburban Water District (District) has prepared this technical report as requested in the Central Valley Regional Water Quality Control Board's (CVRWQCB) July 23, 2015, letter titled: "Water Code Section 13267 Order for Technical Report, Sacramento Suburban Water District, Water Distribution System Maintenance Project, Sacramento County" (Order). This report includes the specific information requested as well as other important information that clarifies details associated with the two discharges referenced in the CVRWQCB Order. SSWD appreciates the opportunity to respond to the CVRWQCB's concerns. Besides providing the information requested by the CVRWQCB, the District views this technical report as an opportunity to enhance communication between the two agencies and demonstrate the District's commitment to regulatory compliance and environmental stewardship.

The CVRWQCB's Order for Technical Report requires responses to the three main items/topics listed. In general, they are: a map that shows the location of water main creek crossings, current and future operation and maintenance (O & M) procedures designed to prevent unanticipated creek discharges and, a summary of preventative maintenance inspection and corrective projects scheduled for water main creek crossings. The Order indicates that two unplanned discharges that occurred in SSWD's service area on May 20, 2015 and October 22, 2014 triggered SSWD's technical reporting requirement.

MAP OF WATER MAIN CREEK CROSSINGS

Attached as Appendix A is the first item specified in the Order, a map (titled: "SSWD Service Areas and Location of Water Mains at Creek Crossings") that shows the

Subject: Water Code Section 13267 Order for Technical Report

Date: August 28, 2015

Page 2 of 10

location of water main creek crossings within SSWD's service area. Although, the table on the map indicates that there are 121 water main creek crossing locations, there are actually only 116 active creek crossing locations. The crossings at Location ID #23, 33, 104, 105 and 111 have been removed as a result of water main replacement projects and infrastructure improvements in these areas over the past several years.

OPERATION AND MAINTENANCE PROCEDURES

The second item listed in the Order requests that SSWD identify the O & M procedures that have been or will be implemented to prevent unanticipated discharges from water mains into creeks. SSWD has several O & M procedures that directly and indirectly allow the District to minimize or otherwise prevent unanticipated discharges throughout the distribution system. SSWD briefly described some of those procedures previously in our June 11, 2015 letter, titled: "Low Threat General Order # R5-2013-0074 NPDES Permit # CAG995001 – Summary of Emergency Water System Failure" (attached as Appendix B).

Water Main Replacement

SSWD has an ongoing Water Main Replacement Program (WMRP) whereby problematic mains, especially older steel water mains, some dating back to the 1940s and 1950s, are being systematically replaced with new ductile iron water mains. The District's annual budget contains about \$18 million to \$24 million for capital improvement and replacement. Nearly half of that money is spent on the District's WMRP. On average, six to eight miles of water main are replaced every year under the District's WMRP. Since 2004, the District has replaced 75 miles of water main at a cost of over \$100 million.

SSWD's WMRP considers several factors to prioritize which sections of the water main will be replaced. Some of those factors include: areas that will provide the greatest benefit to the District's customers, leak history, condition of the water main, location of the water main, age of the water main, other work required in the area (such as meter installation). A copy of the District's Distribution Main Asset Management plan is available at www.sswd.org/index.aspx?page=209, together with asset management plans for other portions of the District's infrastructure.

When water mains are replaced, SSWD ensures that corrosion control provisions such as zinc anodes, dielectric fittings and/or polyethylene wrap are included in each project. The benefits of corrosion control in water mains includes: extending the useful life of the asset, maintaining the structural integrity of the water main thus reducing the likelihood of water main leaks and/or failure and maintaining the high level of water quality expected by the District's customers.

GIS Mapping of District Assets

In 2005, SSWD completed the transition to Global Information System (GIS) software to map and manage the District's water system assets. Because portions of the District's infrastructure date back to before the 1940s and 1950s, only the approximate location is known for a small portion of the underground assets. As part of the District's effort to continuously improve the overall O & M of the system, SSWD field staff actively utilizes the District's Red-Line Mapping Process. Using their laptop computers, field staff are able to refine and correct the location of the District's underground assets at the time field data becomes available. Increasing the locational accuracy of the District's underground assets allows SSWD to better monitor areas of concern as well as improve response to system failures that may result in unintended discharges.

System Pressure Reduction

In the June 11, 2015 letter discussed previously, SSWD also mentioned the beneficial effect that lowering system pressure has had on distribution system water mains. In response to the State Water Resources Control Board's recent conservation mandate, SSWD reduced the pressure in the distribution system approximately four to six pounds per square inch (psi). Lower system pressure reduces the internal stress on water mains and thus, the potential for failure. Also, when water leaks or water main breaks occur, the amount of water discharged is reduced.

SCADA System

The District utilizes a Supervisory Control and Data Acquisition (SCADA) system to conduct real-time monitoring and control of the District's wells, pumps and other equipment. The SCADA system is also used to remotely monitor pressure throughout the distribution system, 24 hours a day. The duration and consequence associated with main breaks are significantly less than they would be without having the SCADA system in place. With respect to the October 22, 2014 event, low system pressure alarms in the SCADA system alerted District staff of a significant pressure drop in the area of Magpie Creek, near the intersection of Watt Avenue and Roseville Road. The SCADA system also showed that an increased number of wells turned on to maintain system pressure. Being able to observe this sequence of events remotely allowed District supervisory staff to identify and better anticipate the nature of the problem and mobilize field crews accordingly.

PREVENTATIVE MAINTENANCE INSPECTION AND CORRECTIVE PROJECTS

The third item listed in the Order requests that SSWD summarize preventative maintenance inspections and corrective projects completed or scheduled for all creek crossings. In general, all of the O & M procedures discussed previously as well as the preventative maintenance inspections and projects completed minimize the occurrence

of unanticipated discharges to creeks. Any water not discharged to land, whether unintentionally, or as a part of routine operations, flows into area waterways. As such, SSWD believes all of the O & M procedures discussed above, together with preventative maintenance inspections and projects, significantly limit the number of and amount of water in unintended discharges to creeks.

Preventative Maintenance Program - Exercising Valves, Hydrants and Other Appurtenances

SSWD inspects and exercises main line valves, fire hydrants and other related appurtenances as part of the District's Preventative Maintenance Program (PMP). Each year, approximately 15% of those components are inspected and exercised. As such, the PMP is continuous. SSWD's transmission and distribution system includes over 11,900 main line valves. Every year District staff exercise and inspect over 1,600 of those valves as they move methodically through the distribution system. The PMP allows the District to ensure that main line valves are fully functional. Fully functional valves are especially important when SSWD staff need to quickly isolate specific portions of the water main when breaks occur and emergency repairs are required. When field staff encounter a valve that is broken or otherwise unable to perform as designed, it is replaced as soon as possible, generally within two to four weeks. In addition, every year hundreds of other main line valves, hydrants and other appurtenances throughout the distribution system are inspected and exercised when they are used for various operational purposes.

Water Main Creek Crossings

In 2008 and 2009 SSWD located and field delineated all locations where water mains cross creeks, streams, swales and other natural and man-made conveyances. That project has facilitated routine preventative maintenance inspection in creek crossing areas by clearly identifying the areas to be inspected. Furthermore, on site field delineation of water main creek crossings significantly reduces the potential for main breakage due to underground work by other entities. Water main creek crossings are identified by blue, UV resistant plastic markers that are installed on either side of each crossing. Appendix C includes photographs with three examples of these markers.

Leak Detection

SSWD's ultrasonic leak detection program has been in place since 2010. The program is focused on attenuating two of the District's major concerns: unintended discharges and water waste. In the absence of any direct evidence that a section of water main is leaking, or is otherwise at risk to leak or rupture, the highest priority areas targeted are generally those with the oldest pipe in areas with sandy soils. Leaks in areas with sandy soils have the potential to go undetected for extended periods of time due to the increased permeability of the soil. Using ultrasonic leak detection technology in these

areas mitigates the absence of surficial evidence of the leak and allows the District to identify the problem before a catastrophic failure of the infrastructure occurs. SSWD's 2015 budget for ultrasonic leak detection is \$105,000. Those funds are earmarked to survey approximately 280 miles of the District's water mains by the end of the year.

CLARIFICATION OF DISCHARGE EVENTS

SSWD would like to clarify the District's understanding of how the October 22, 2014 and May 20, 2015 discharge events referenced in the Order are covered under the provisions of the District's existing NPDES Permit. Because both discharges were unplanned and atypical, the District verbally notified and subsequently reported each event to the CVRWQCB in accordance with regulatory requirements.

Discharge to Magpie Creek - October 22, 2014

As discussed in previous correspondence with the CVRWQCB, the unplanned discharge to Magpie Creek on October 22, 2014, resulted from an unanticipated water main break. These types of events are not uncommon in public water systems with mature infrastructure. In fact, the District's staff has concluded that these types of water main failures are less common in SSWD's distribution system than they are in other public water systems of comparable size and age. The integrity and reliability of the District's water system overall continues to be enhanced by the activities associated with the Operation and Maintenance Procedures and Preventative Maintenance Inspections discussed above.

The October 22, 2014, unplanned discharge to Magpie Creek falls within the definition of an "Upset" that is specified in Section H of the Standard Provisions – Permit Compliance in Attachment D of the District's NPDES Permit. SSWD believes it has already been demonstrated that the incident was exceptional, unintentional and beyond the reasonable control of the District. Temporary noncompliance with permit effluent limitations is assumed as the discharge from the water main was chlorinated drinking water. Furthermore, the District's overall responsive actions to the discharge satisfy the "Conditions necessary for a demonstration of upset" as defined in Subsections H.2.a - d of the above mentioned Standard Provisions.

Whitney/Concetta Well 60 Discharge – May 20, 2015

Although unplanned, the May 20, 2015, discharge at the Whitney/Concetta well site fits within the provisions of the District's Pollution Prevention Monitoring and Reporting Plan (PPMRP). The Whitney/Concetta well is one of the District's automated pump-to-waste facilities where representative water quality monitoring is conducted each quarter. The operational parameters at this and other similar facilities within the District preclude SSWD's ability to monitor each of these unchlorinated water discharges.

Subject: Water Code Section 13267 Order for Technical Report
Date: August 28, 2015
Page 6 of 10

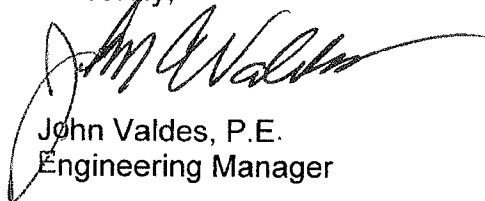
In accordance with the District's PPMRP, the May 20, 2015 discharge at Whitney/Concetta well site had no discharge-specific monitoring requirements. Furthermore, no adverse environmental impacts resulted from this discharge. The CVRWQCB staff demonstrated SSWD's shared understanding concerning the low threat nature of unchlorinated water discharges in a June 17, 2014, email response to SSWD's Assistant General Manager, Dan York (attached as Appendix D). The email reduced raw water total chlorine residual monitoring for planned high volume discharges to once per event.

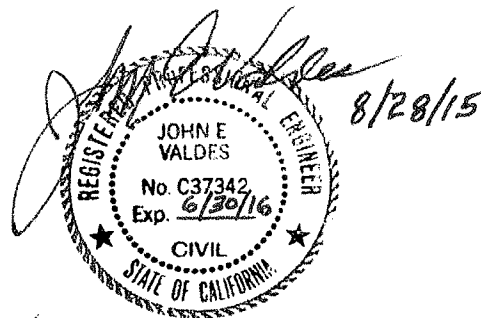
SUMMARY

SSWD strives to maintain reliable service to our customers while promoting public health and safety and minimizing environmental impacts. That includes placing a high value on environmental compliance and a commitment to following all applicable regulatory requirements. The District believes that the information provided in this report comprehensively addresses the required content requested in the CVRWQCB's Order. The District also requests that the CVRWQCB consider the Clarification of Events within the context provided.

The District's Executive staff at SSWD would be happy to meet with executive Regional Board staff to ensure the District's public water system operations remain fully compliant with all applicable regulations. Should you have any questions, comments or require additional information in regard to the contents of this report, please do not hesitate to contact me at (916) 679-3988 or via email at jvaldes@sswd.org, or Jim Arenz, Operations Manager, at (916) 679-2880 or via email at jarenz@sswd.org.

Sincerely,

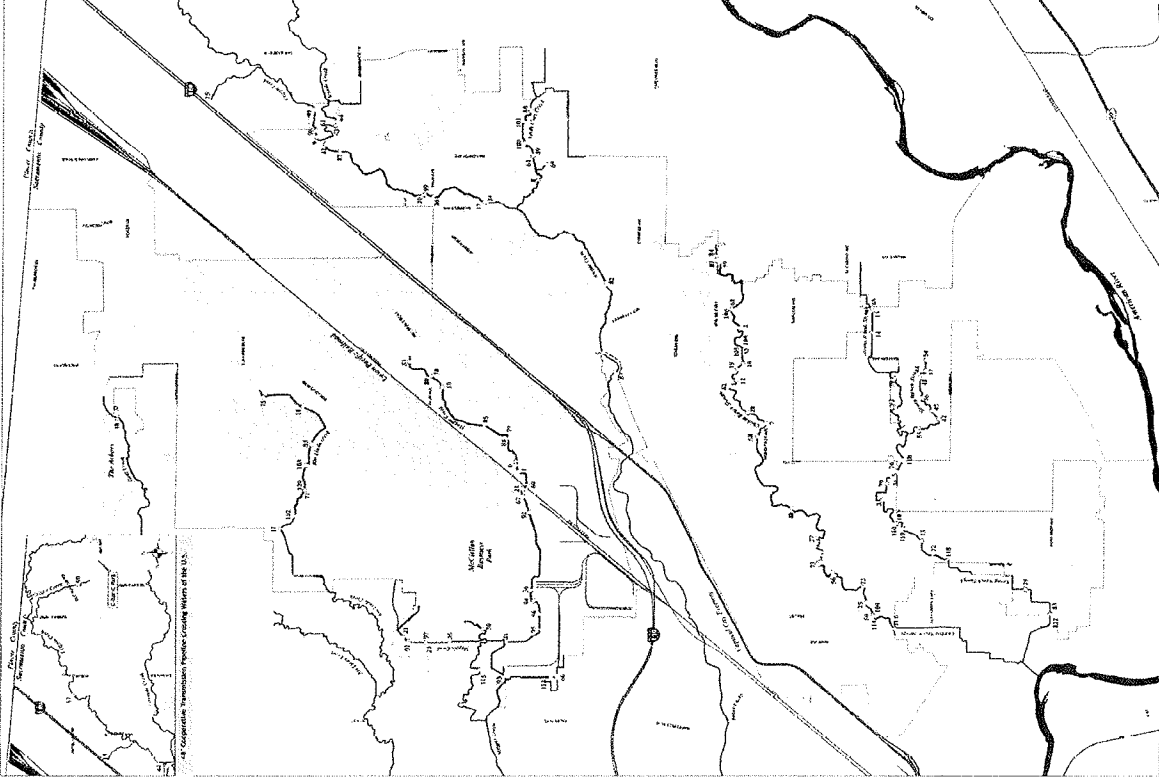

John Valdes, P.E.
Engineering Manager



Cc: Robert Roscoe
Dan York
Jim Arenz

APPENDIX A

MAP OF WATER MAIN CREEK CROSSINGS



Legend

Location of Crossings on Waters of the US
 Water Main Crossings
 SSWD North Service Area
 SSWD South Service Area

Service Area	Water Main Crossing	Creek
The Meadows	1	Cottonwood Creek
The Meadows	2	Cottonwood Creek
The Meadows	3	Cottonwood Creek
The Meadows	4	Cottonwood Creek
The Meadows	5	Cottonwood Creek
The Meadows	6	Cottonwood Creek
The Meadows	7	Cottonwood Creek
The Meadows	8	Cottonwood Creek
The Meadows	9	Cottonwood Creek
The Meadows	10	Cottonwood Creek
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The Meadows	99	Cottonwood Creek
The Meadows	100	Cottonwood Creek

APPENDIX B

**SSWD'S JUNE 11, 2015 LETTER
"LOW THREAT GENERAL ORDER # R5-2013-0074 NPDES PERMIT # CAG995001
– SUMMARY OF EMERGENCY WATER SYSTEM FAILURE"**



Date: June 26, 2015

Hannah Dunrud:

The following is in response to your June 26, 2015 request for delivery information on your Certified Mail™ item number 9171082133393827977499. The delivery record shows that this item was delivered on June 17, 2015 at 11:51 am in RANCHO CORDOVA, CA 95670. The scanned image of the recipient information is provided below.

Signature of Recipient :

A handwritten signature in black ink, appearing to read "Hannah Dunrud".

Address of Recipient :

A handwritten address in black ink: "11020 Sunny Center Dr".

Thank you for selecting the Postal Service for your mailing needs.

If you require additional assistance, please contact your local Post Office or postal representative.

Sincerely,
United States Postal Service

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

June 11, 2015

91 7108 2133 3938 2797 7499

Mr. Lucio Orellana
Central Valley Regional Water Quality Control Board
11020 Sun Center Drive, Suite 200
Rancho Cordova, CA 95670

**SUBJECT: Low Threat General Order # R5-2013-0074 NPDES Permit # CAG995001
– Summary of Emergency Water System Failure**

Dear Mr. Orellana:

Thank you for your inquiry regarding the corrective actions that Sacramento Suburban Water District (SSWD) has taken in response to the unplanned discharge into Magpie Creek on October 22, 2014. The discharge occurred when a 12" water main ruptured adjacent to Magpie Creek near the intersection of Watt Avenue and Roseville Road in North Highlands. According to our telemetry, the unforeseen main break occurred at 2:44 PM and was shutdown and isolated by approximately 4:15 PM. The discharge consisted of approximately 812,500 gallons of chlorinated, potable water.

On the day of the incident Central Valley Regional Water Quality Control Board (CVRWQCB) staff directed SSWD to report the discharge to the Governor's Office of Emergency Services (Cal-OES) to ensure that the appropriate agencies were notified. SSWD also followed up with a letter to you dated, October 24, 2014, that described the discharge.

On October 31, 2014, SSWD staff met with Mr. Lance Ablang P.E., of the County of Sacramento's Municipal Services Agency, Department of Water Resources (DWR) to develop a mitigation plan. That plan involved abandoning the isolated portion of water main in place and restoration of the area to pre-existing conditions. All work in the area was completed on December 18, 2014. SSWD staff is currently working on the design of an alternate route, away from the creek, to replace the portion of main that was abandoned.

Because the discharge was an unanticipated emergency system failure, SSWD is limited in available corrective actions to fully and effectively prevent such incidents from occurring in the future. However, SSWD has programs and procedures in place that actively reduce the number of main breaks in the District. Our preventative

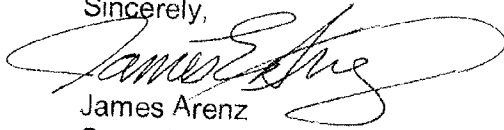
maintenance program includes inspecting and exercising hundreds of mainline valves every year. By doing so, SSWD staff can correct issues as they are found. SSWD staff also updates infrastructure records so that the appropriate valves can be shut down more quickly if a main break does occur.

In accordance with the State Water Resources Control Board's conservation mandate, SSWD has lowered system pressures by 4 – 6 psi throughout the District's service area. In addition to helping SSWD reach its conservation goal, lowering the pressures also reduces the internal stress on the mains and potential for failure. Reduced system pressures also decrease the amount of water lost during a main failure.

SSWD's main replacement program replaces at least 6 to 8 miles of main every year. Replacement prioritization criteria include; age, leak history and location of the pipe. SSWD endeavors to maintain reliable service to our customers while promoting public health and safety and minimizing environmental impacts.

Should you have any questions, comments or require additional information in regard to this matter, please don't hesitate 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", written over a white background.

James Arenz
Operations Manager

APPENDIX C

PHOTOS OF WATER MAIN CREEK CROSSING MARKERS



UV resistant plastic markers installed on 10/24/2008 identifying the location of an underground water main crossing under Rio Linda Creek



UV resistant plastic markers installed on 04/10/2009 identifying the location of an underground water main crossing under Strong Ranch Slough.



UV resistant plastic markers installed on 04/10/2009 identifying the location of an underground water main crossing under Strong Ranch Slough.

APPENDIX D

**JUNE 17, 2014
CVRWQCB EMAIL RESPONSE**

From: Morgan, Nichole@Waterboards [mailto:Nichole.Morgan@waterboards.ca.gov]
Sent: Tuesday, June 17, 2014 8:39 AM
To: Dan York
Cc: Orellana, Lucio@Waterboards
Subject: RE: NPDES Permit - CAG995001 - PPMRP Modification Request

Hi Dan,

We will consider your PPMRP revised as requested below on 16 June 2014. Please feel free to contact me with any questions.

Nichole Morgan, P.E.
Senior Water Resource and Control Engineer NPDES Compliance and Enforcement Unit

Phone: (916) 464-4623

Fax: (916) 464-4681

-----Original Message-----

From: Dan York [mailto:dyork@sswd.org]
Sent: Monday, June 16, 2014 2:48 PM
To: Morgan, Nichole@Waterboards
Subject: NPDES Permit - CAG995001 - PPMRP Modification Request

Hi Nichole,

The Sacramento Suburban Water District is requesting to modify its Pollution Prevention, Monitoring and Reporting Plan (PPMRP) for monitoring total chlorine when conducting Well Rehabilitation/Development discharges of raw water.

In Section II. Monitoring and Reporting Program, of the PPMRP, the District is required to monitor the total chlorine of the raw water every 10 minutes prior to the discharge water entering the storm drain inlet. The discharge point of the raw water is prior to the chlorine injection point. In fact, there is a physical air gap between the discharge point and chlorine injection point due to the Well Rehabilitation/Development process. The District is requesting to modify the last sentence in this section, under both Well Rehabilitation and Well Development, to read as follows:

"District staff will collect one total chlorine sample from the raw water within 20 minutes of the discharge, per discharge event."

Please let me know if you need additional information.

Thank you very much for considering our request to modify the PPMRP for raw water discharges.

Regards,

Dan York
Assistant General Manager
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821
916-679-3973 (Office)
916-972-7639 (Fax)

-----Original Message-----

From: Morgan, Nichole@Waterboards [mailto:Nichole.Morgan@waterboards.ca.gov]

Sent: Monday, June 16, 2014 1:28 PM

To: Dan York

Subject: FW: NPDES Permit - Well Development

Hi Dan,

As discussed, please email me a request to modify your PPMRP to allow you to monitor for chlorine once per discharge event verses every ten minutes when discharging raw water.

Nichole

-----Original Message-----

From: Dan York [mailto:dyork@sswd.org]

Sent: Friday, June 13, 2014 5:33 PM

To: Laputz, Adam@Waterboards

Subject: NPDES Permit - Well Development

Hi Adam,

I realize you are currently busy with the statewide permit, but I am following up on our conversation a few weeks ago about possibly amending our existing permit to allow us to not have to monitor chlorine residual every 10 minutes while pumping to waste raw water. Do you think it is worth the effort, or should we just wait. Look forward to hearing your thoughts and input.

Thanks,

Dan

Sent from my Verizon Wireless 4G LTE smartphone



Agenda Item: 19

Date: September 11, 2015

Subject: ACWA/JPIA Liability, Property, and Workers' Compensation Risk Assessment

Staff Contact: Jim Arenz, Operations Manager

The District's insurance carrier, Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), conducts an annual Liability, Property, and Workers' Compensation Risk Assessment to review District operations, facilities, and risk management programs. Upon completion of this Risk Assessment, recommendations, if warranted, are given to assist in minimizing the potential for claims. A commitment to good risk management practices helps strengthen the District's goal to provide employees with a safe working environment and reduces the District's potential for very expensive claims.

On August 13, 2015, Mr. Scott Wood, Senior Risk Management Consultant for ACWA/JPIA conducted a Risk Assessment of the District's liability, property, and workers' compensation programs. During the assessment the District's efforts to date in JPIA's Commitment to Excellence Program was discussed at length as this has been a major focus item for JPIA in 2015.

On August 31, 2015, staff received Mr. Wood's report noting no recommendations as a result of the visit, resulting in the District achieving its goal of zero correction recommendations (see Exhibit 1). Furthermore, Mr. Wood noted that the District is doing a good job with our loss prevention programs, housekeeping, security, training objectives and safety inspection programs.

The District has made great strides towards reducing liability, property and workers compensation risk as evidenced by an initial risk assessment completed in 2003, when the District was seeking acceptance by ACWA/JPIA as an insured member. That assessment resulted in 24 recommendations (see Exhibit 2) that were quickly and efficiently completed by staff to ensure the District's acceptance by ACWA/JPIA. Since that time, numerous improvements have been made to reduce the District's exposure to risk. Staff continues to investigate new programs to increase the safety of our staff and customers and bolster efforts towards loss prevention in all categories.

Exhibit 1

August 31, 2015



Mr. Robert Roscoe, General Manager
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, California 95821-5346

Re: Liability, Property, and Workers' Compensation Risk Assessment

JOINT POWERS
INSURANCE AUTHORITY

Dear Mr. Roscoe:

It was a pleasure visiting your District on August 13, 2015. The purpose was to assess the District's liability, property, and workers' compensation loss risks. Please thank Jim Arenz, Operations Manager, for his time and consideration.

Jim and I discussed the JPIA's Commitment to Excellence (C2E) Program, including changes to contracting and risk transfer best practices. A few of the items discussed included changes that affect contract language, insurance coverage, and endorsements. The JPIA has made this a major focus item for 2015. Districts are being asked to assure that the following best practices are being used regarding risk transfer:

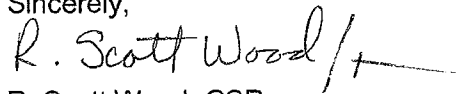
- Written agreements are in place for all work, consulting, and services performed.
- Contract language, insurance coverage amounts, and endorsements have been updated and reviewed by legal counsel and/or JPIA Member Services.
- A Risk Transfer Hotline has been established to assist members. This is a benefit of your membership with no cost for up to six hours of consultation.

Questions regarding risk transfer can be forwarded to Nidia Watkins, Member Services Representative (nwatkins@acwajpia.com) or me.

Once again, the District is doing a good job of managing its loss prevention programs. Housekeeping and security were very good throughout. Infrastructure risks are being aggressively attacked. The District's training objectives and safety inspection programs are excellent.

Thank you again for your sincere interest in safety and loss prevention. Should you have any questions or need assistance, please contact me at (916) 786-5742, or via email at swood@acwajpia.com.

Sincerely,


R. Scott Wood, CSP
Senior Risk Management Consultant

831:0

c: James Arenz, Operations Manager
JPIA Member Services
JPIA Risk Management Committee
Neil Schild, JPIA Board Member

A Partnership of Public Water Agencies

P. O. Box 619082
Roseville, CA 95661-9082

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916.786.5742
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916.774.7050
800.535.7899

fax
916.774.7040

www.acwajpia.com

President

E.G. "Jerry" Gladbach

Vice President

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Executive Committee

Tom Cuquet

Joseph Dion

E.G. "Jerry" Gladbach

David T. Hodgkin

W.D. "Bill" Knutson

Melody A. McDonald

Charles W. Muse

Kathleen J. Tiegs



AGENDA ITEM: 18

Date: October 15, 2003

Subject: ACWA/JPIA Insurance Status Report

Staff Contact: Dan York, Manager Field Operations

Discussion:

At the September 2003 regular Board meeting, Staff reported that ACWA/JPIA staff had indicated that they were not yet prepared to recommend acceptance of SSWD as an insured member. This was due to the following factors:

1. ACWA/JPIA had requested a Loss History report dating back to 1998 for the former Arcade and Northridge Water Districts. Staff was unable to obtain a Loss History report for the former Northridge Water District. Staff had received and forwarded a Loss History report for the former Arcade Water District. Staff has since received and forwarded a Loss History report for the former Northridge Water District to ACWA/JPIA.
2. Upon completion of ACWA/JPIA's Risk Assessment of SSWD, a list of 24 recommendations (see attached) was submitted to the District for consideration to correct. Staff has been working diligently in completing the list. Of the 24 recommendations, 17 have been completed. Staff anticipates the entire list of recommendations to be completed by November 7, 2003.

As reported at the September 2003 regular Board meeting, Staff firmly believes we will be able to receive an affirmative staff recommendation at the December 1, 2003 ACWA/JPIA Executive Committee meeting. Staff will bring this before the Board at the November 2003 regular Board meeting.

Fiscal Impact:

None at this time. If consummated, the annual cost of insurance through ACWA/JPIA is approximately \$125,000.

Recommended Board Action:

No action required. Direct Staff to continue working with ACWA/JPIA staff toward becoming an insured member.

SACRAMENTO SUBURBAN WATER DISTRICT

ACWA/JPIA Risk Assessment

Update: 3/15/04

Number	Recommendation	Staff Responsible	Status	Date Completed
1	Emergency Action Plans: CalOSHA, T8, 3220, requires emergency action plans for all major facilities.	Michelle & Wayne	Completed	11/3/2003
2	Fire Prevention Plans: CalOSHA, T8, 3221, requires fire prevention plans for all major facilities.	Doug	Completed	10/2/2003
3	Emergency Response Training: All District employees should be trained in accordance with the District Emergency Response and Emergency Action Plans.	Dan	Completed	
4	Flammable Materials: All flammable materials should be stored properly, in a dedicated flammable storage area. Extra U.L. listed flammable storage cabinets may be necessary to properly store all materials. Flammable materials were noted in several areas at Walnut.	Michelle & Bob A.	Completed	10/7/2003
5	Oxygen/Acetylene Storage: All oxygen and acetylene gas cylinders are to be proper store when not in use. Oxygen cylinders in storage shall be separated from fuel/gas cylinders or combustible materials (especially oil or	Richard & Shawn Richard (Walnut) Shawn (Antelope)	Completed	9/12/2003

	grease), a minimum distance of 20 feet or by a noncombustible barrier at least			
5 (cont)	5' high having a fire-resistance rating of at least on-half hour. All cylinders should be stored upright, adequately secured with caps on.			
6	Electrical Panels: Ensure all electrical panels are not blocked, limiting easy access per T8, 2340.16, Electrical Safety Orders. Also, all exterior panels should be locked.	Michelle	Completed	9/8/2003
7	Storage Cabinet/Shelves: Secure freestanding cabinets and shelving to prevent accidental falling or tipping in event of overloading or seismic activity.	Michelle	Completed	10/13/2003
8	Portable Fire Extinguishers: All portable fire extinguishers shall be placed, mounted, and tested annually per T8, 6151. Employees are to be trained to properly use the extinguishers as directed by the fire prevention plan.	Michelle	Completed	10/7/2003
9	No Trespassing Signs: Replace all missing or faded "No Trespassing" signs on District facilities. Signs should be placed at least every 500' on each side of perimeter fencing. These signs should also be placed on doors or remote buildings and gates.	Michelle & Richard	Completed	11/5/2003
10	Razor Wire:	Michelle & Richard	Completed	10/10/2003

10 (cont)	Provide "Danger-Razor Wire" signs on perimeter fencing and facilities where the wire is used. This includes the spiked wire at the Antelope site.	Richard & Shawn	Completed	9/22/2003
11	Chemical Storage: Ensure that all caps, bungs, or lids are secured on 55-gallon and similar chemical containers. This includes outside storage containers to prevent accumulation of precipitation that would require profiling before disposal.	Rich (Walnut & Aub)		
12	Fencing/Security: All gates and fencing should be locked and secure around District facilities. The McClellan Park parking lot reservoir should be enclosed by a perimeter fence and locked gate. During a visit, cars were parked under the reservoir and the electrical panels were easily accessible. This should be addressed in the Vulnerability Assessment. An adjacent reservoir was fenced; however, the gates were unlocked and the site was easily accessible.	Shawn (Antelope)	Completed	
13	Pressure Vessels/Propane Tanks: All air compressor tanks and propane tanks must be inspected and permitted per T8, Pressure Vessel Orders. This does not include the hydropneumatic tanks.	Michelle	Completed	10/7/2003
14	Mezzanine Load Limit:	Dan & Warren	Completed	10/17/2003

14 (cont)	<p>The mezzanine at the Walnut facility must have the load limit determined by an engineer and posted at the site per T8, 3241. Also, it was noted that the removable sections of the mezzanine guardrail were not replaced after materials are stored or removed. This creates an extremely dangerous condition for employees accessing the mezzanine from the second floor exit of the administrative portion of the building.</p>			
15	<p>Chemical Drum Storage Containment: The secondary containment for the 55-gallon oil drums at the Walnut facility does not appear adequate to contain the contents of any largest container. This would also apply to any other District facility.</p>	Richard	Completed	10/8/2003
16	<p>Spill Prevention Control & Counter-measure: The 2000-gallon aboveground tank at the Antelope reservoir may require a storage statement filed with the State Water Resources Control Board. The Regional Water Quality Control Board will determine if a SPCC is required.</p>	Warren	Completed	11/3/2003
17	<p>Housekeeping: Ensure all areas, rooms, etc., are kept clear of unnecessary materials and storage items.</p>	<p>Doug (Walnut Office) Bob (Antelope) Richard (Walnut Shop)</p>	<p>Completed. However, this will be an on-going process.</p>	9/5/2003

Health and Safety Issues			
18	Noise Survey: It is recommended a noise survey be conducted for the emergency gen sets. It is also recommended that baseline hearing testing be conducted for all new hires as part of the pre-placement physical.	Richard	Completed 10/10/2003
19	First Aid Kits: All first aid kits should be inspected on an annual basis determined by need.	Michelle	Completed 9/25/2003
20	Safety Committee: The agenda and minutes of all safety committee meetings should be posted for all employees.	Dan	10/2/2003
21	Electrical/Computer Cords: Eliminate tripping hazards created by electrical and computer cords.	Annette (Marconi) Michelle (Walnut)	Completed 10/1/2003
22	Emergency Showers/Eyewash: All emergency showers and eyewashes are to be kept clear and easily accessible. They are to be operated on a monthly basis to ensure proper activation and nozzles are flushed with clean water.	Richard	Completed 10/7/2003
23	Confined Space Program: The District should adopt a written Confined Space Program that includes a listed survey of all District confined spaces and safe entry procedures.	Richard	Completed 10/2/2003
24	Return to Work Program: The District should adopt and	Ed, Dan, & Patte	Completed



Agenda Item: 20

Date: September 4, 2015

Subject: Fluoridation in the South Service Area

Staff Contact: John E. Valdes, Engineering Manager

The Facilities and Operations (F&O) Committee requested a report from staff on what the consequences would be of ceasing fluoridation in the South Service Area (SSA). A written report was presented to the F&O Committee at their meeting on September 3, 2015. The F&O Committee recommended that staff provide a copy of the report to the full board at the September Board Meeting. Therefore, provided below is a re-formatted version of the same staff report that went to the F&O Committee on September 3, 2015. The F&O Committee also directed staff to report back at a future committee meeting on the cost to add fluoridation to the water supplies in the North Service Area (NSA).

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.

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.

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).

Fluoridation in the South Service Area

September 4, 2015

Page 4 of 4

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.

COPY

**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 P.E. 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

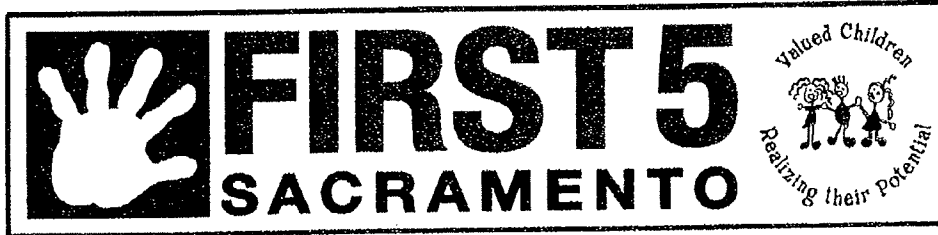
Revisions to approved fiscal year budgets may be made in accordance with the COMMISSION'S fiscal policies.

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 Ralkay,
Vice Chair

Penelope Clarke

Jim Hunt

Linda Lee

Elizabeth Pinkerton

Albert Rivas

ALTERNATES

Illa Collin

Robert Bonar, M.D.

Verne Speirs

Glennah Trochel, 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.

Sacramento Suburban Water District

M e m o r a n d u m

TO: Rob Roscoe

DATE: January 4, 2006

FROM: Dan Bills 

COPY: John Valdes

SUBJECT: Fluoridation Funding Agreement with First 5 Sacramento Commission—
Annual Non-Supplantation Certification

Now that the funding agreement with the First 5 Sacramento Commission has been executed, the Commission has asked us to execute the attached "Annual Non-Supplantation Certification" form for their FY 05/06. By signing this form, we are certifying a number of requirements, including that we will not "utilize such funds to supplant state or local General Fund money for any purpose."

Generally, General Funds are used by a state, city or municipality and it is their largest fund. A General Fund accounts for most of the financial resources of a state or local government not specifically accounted for in other funds. Typically, the primary sources of revenues for General Funds are personal income tax, sales tax, and corporation taxes. The District does not have a General Fund in that we do not receive tax revenues of any kind and we maintain a Reserve Fund to pay for planned capital improvement projects.

From the 2004 COP's, we did include a specific list of projects to be funded (see attached Exhibit A from the Installment Purchase Agreement). As indicated, we included a general project description titled "Well Site/Reservoir Site and Treatment Improvements." Therefore, we are not supplanting COP funds by securing funds from the First 5 Sacramento Commission for the fluoridation project.

Based on the above, I recommend that you execute the attached "Annual Non-Supplantation Certification" form on behalf of the District.

Please let me know if you have any questions.

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-colored background.

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</p> <p>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



Agenda Item: 21

Date: September 8, 2015

Subject: Succession Plan Update

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

This report was provided to the Facilities & Operations Committee at their meeting on September 3, 2015. Staff was directed to provide the full report to the Board of Directors at the September Board meeting.

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;
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:

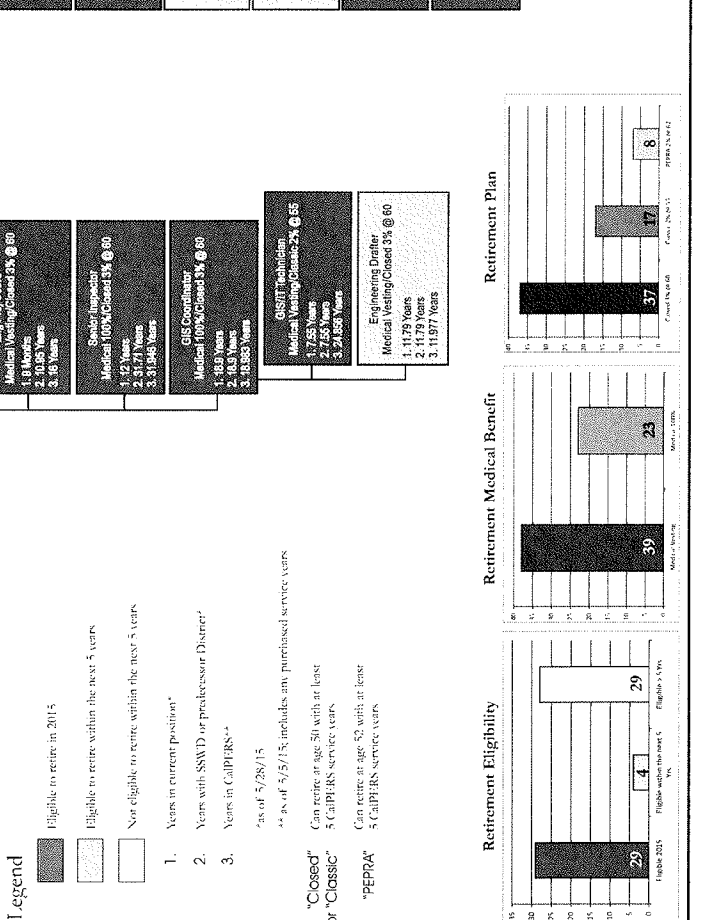
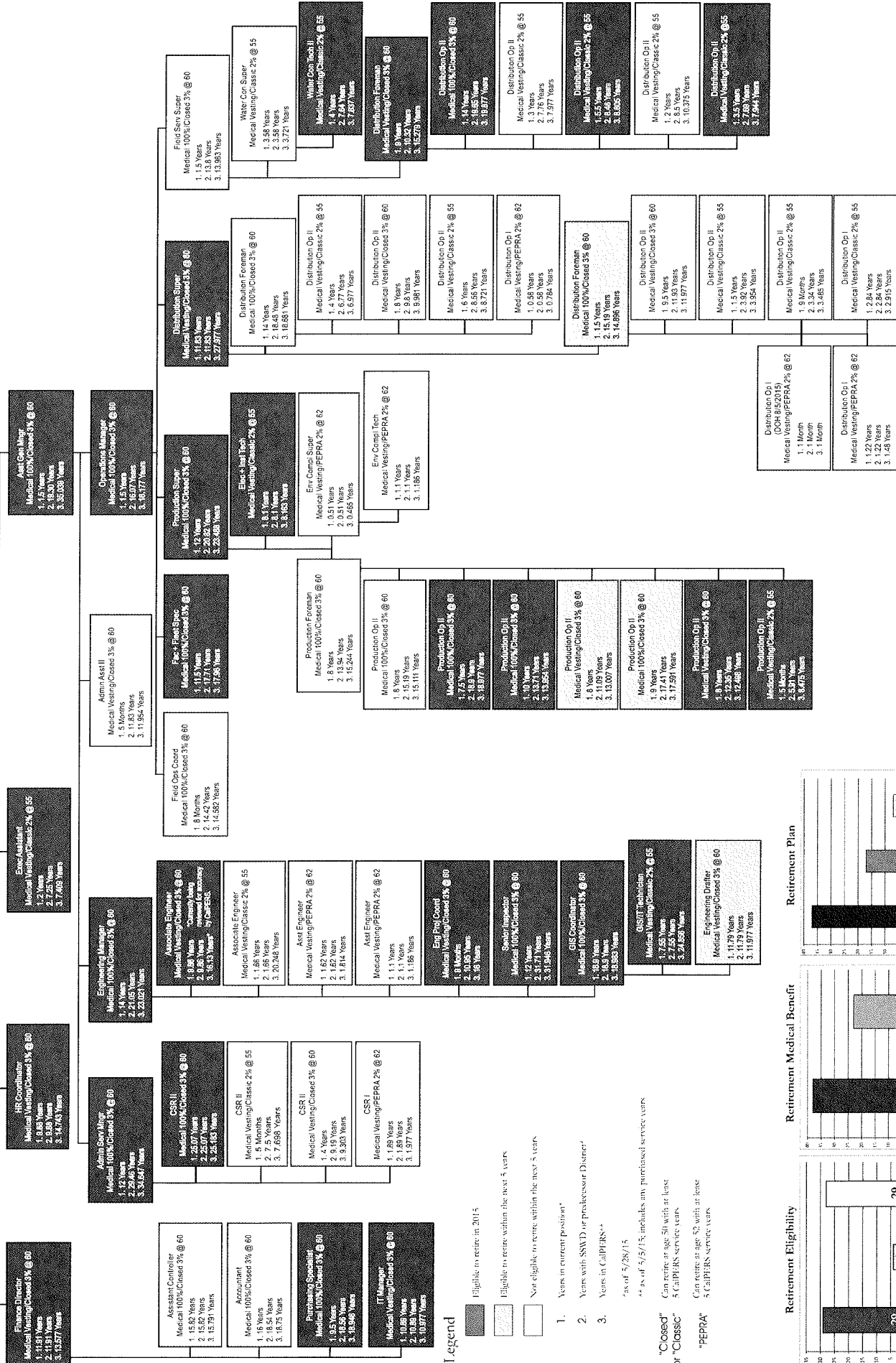
Not defined; will depend upon the succession plan option the Board wishes to utilize for the General Manager position.

Strategic Plan Alignment:

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

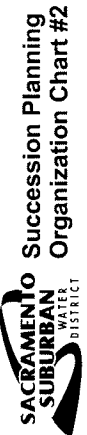
Attachment 1

SACRAMENTO SUBURBAN WATER DISTRICT Succession Planning Organization Chart #1

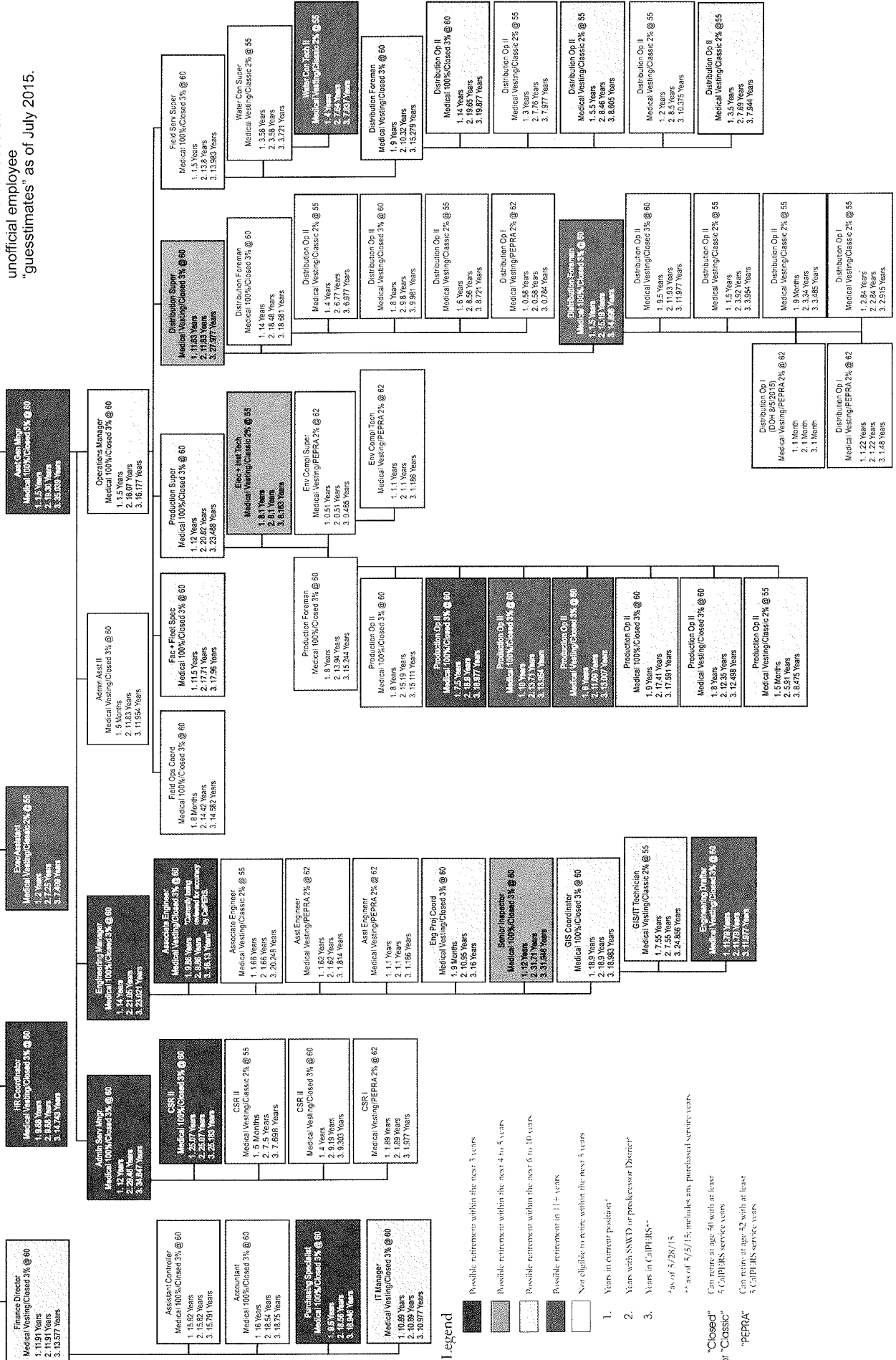


Attachment 2

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



Succession Planning Organization Chart #2



Legend

- 1. Possible retirement within the next 3 years
- 2. Possible retirement within the next 4 to 5 years
- 3. Possible retirement within the next 6 to 10 years
- 4. Possible retirement in 11+ years
- 5. Not eligible to retire within the next 5 years
- 6. Years in current position*
- 7. Years with SWWD or predecessor District*
- 8. Years in CalPERS**

*as of 5/28/15

**Can retire at age 50 with at least 5 CalPERS service years

***Can retire at age 52 with at least 5 CalPERS service years

****"Closed" or "Classic"

*****"PEPRA"



Agenda Item: 22.a.

Date: September 10, 2015

Subject: Upcoming Policy Review – Water Banking and Transfer Policy (PL – BOD 006)

Staff Contact: Dan York, Assistant General Manager

The Water Banking and Transfer Policy (PL – BOD 006) was originally adopted by the Board in October 2011. The policy is scheduled for Board review, consideration, and adoption at the October 2015 regular Board meeting. Staff has no recommended changes to the policy. If a Director wishes to have his comments included in hard copy for Board review and consideration, please provide those comments to staff by Monday, October 5, 2015. Attached as Exhibit 1 is the Water Banking and Transfer Policy.

Exhibit 1

Sacramento Suburban Water District

Field Code Changed

Water Banking and Transfer Policy

Adopted: October 17, 2011, Revised: October 21, 2013, Revised: October 19, 2015

100.00 Purpose of the Policy

The primary purpose of this policy is to establish the parameters that will govern the actions of staff in the pursuit of water banking and transfer opportunities and agreements.

100.10 Definitions

Water is considered a public resource, and its use is permitted through water rights and contractual entitlements. Use must be reasonable and beneficial; thus, water that is being considered for banking or transfer must not have been created by unreasonable use or excess to the needs of the water rights holder. The following definitions are used in this policy:

Aquifer Storage and Recovery (ASR) – Means injecting water into an underground aquifer through wells or by surface spreading and infiltration and then pumping it out when needed. The aquifer essentially functions as a reservoir.

Conjunctive Use – Means the joint use of surface water and groundwater to more effectively manage water resources. Typically, during average or wet hydrologic years, surface water is used in lieu of groundwater, allowing the groundwater to remain in the aquifer for future use.

Water Banking – Means the practice of actively exchanging in-lieu surface water supplies in available groundwater basin storage space for later extraction and use by the storing party. Banking generally involves active management of the basin and accounting of the water supplies stored and withdrawn from underground storage. Water may be banked as part of a Conjunctive Use program.

Water Transfer – Means a transaction in which a holder of a surface water right or entitlement voluntarily sells/exchanges to a willing buyer the right to use all or a portion of the water that would have been consumptively used under that water right or entitlement, provided the transfer does not injure another water right holder or unreasonably affect instream beneficial uses. The transferor retains title to the

surface water right or entitlement, which distinguishes a Water Transfer from a sale or assignment of a water right or entitlement in which the buyer obtains the title or right. Under California Law, a Water Transfer is either short-term, i.e., a transfer of the right of use for one year or less, or long-term, i.e., for a period of more than one year. Water Transfers may occur between a transferor and transferee in the same watershed or basin or between parties in different watersheds.

200.00 Policy

Sacramento Suburban Water District has invested considerable resources in a Conjunctive Use water supply system in an effort to ameliorate declining groundwater levels in the groundwater basin beneath its service area. This investment has created opportunities for the District to partner with others to utilize District assets during periods when such asset capacity is excess to the immediate needs of District customers. Allowing these available assets to be used by others can create a financial benefit to the ratepayers of the District.

It is the policy of the Board of Directors to authorize Water Banking and Water Transfer actions whenever prudent and to more fully utilize excess asset capacity to benefit District ratepayers. The Board of Directors will protect the long term interests of the District and its ratepayers first by maintaining and defending the District's:

1. Water rights and contractual entitlements,
2. Groundwater quality,
3. Groundwater resource sustainability, and
4. The condition of physical assets.

300.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 22.b.

Date: September 1, 2015

Subject: Upcoming Policy Review - Reserve Policy (PL - Fin 004)

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

Included with this report is the updated Reserve Policy (PL - FIN 004) for the Board's review and comment. The Reserve Policy was last reviewed in January 2014. Staff is recommending a single edit that will have the Policy brought back before the Board for review annually during the budget approval time.

This Policy will be brought before the Board for consideration at the October 5 Budget Workshop and again at the October regular Board meeting. All director comments received by the end of business on Monday, September 28, 2015, will be included in the draft version for the October 5 Budget Workshop.

Reserve Policy

Adopted: August 18, 2003

Revised: September 20, 2004; August 21, 2006; August 18, 2008, November 19, 2012,
January 27, 2014

100.00 Purpose of the Policy

The District will maintain reserve funds where required by law, ordinance or bond covenant, and revenue stability, so as to provide the necessary cash flow for normal and ordinary operations, while also providing the ability to address economic downturns and limited system emergencies.

The primary purposes of this policy are: to establish a reserve fund level that is specific to the needs and risks of the District; to identify when and how reserve funds are utilized and replenished; and to recognize the long-term nature of such funds and their relationship to current and projected customer rates. The District's financial reserve fund comprises various funds established for specific purposes and to reduce certain risks. Collectively, these funds enable the District to operate in a prudent manner, while allowing for transparency of reserve fund balances.

200.00 Policy

200.10 Fund Classification Types

The District shall maintain three fund classifications that collectively comprise the District's reserve fund balance. Fund classifications are a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon it. The fund classifications are - Restricted funds, Committed funds and Assigned funds, with distinction among the funds based on the relative strength of the constraints that control how amounts can be spent.

Restricted funds include amounts that can be spent only for specific purposes stipulated by law or third parties, such as grantors or creditors. Committed funds include amounts that can be used only for specific purposes as determined by Board action. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.

200.20 Restricted Funds Classification

Restricted funds are those financial assets subject to enforceable third party constraints, such as those imposed by creditors, grantors, laws or regulation.

Debt Service Reserve Fund

Financial assets held by the District per bond or certificate-of-participation (COP) debt covenants. The amount of assets to be held as debt service reserves is determined at the time of debt issuance. Such assets may only be used to repay the outstanding bond or COP for which the assets were placed in reserve as long as the bond or COP remains outstanding.

200.30 Committed Funds Classification

Committed funds are those financial assets identified by the Board for specific purposes as determined by Board resolution or ordinance. Such financial assets are to be utilized only as directed by the Board.

Facilities Reimbursement Fund

As established by the Board in the District's Regulations Governing Water Service (Regulations), the District will retain a percentage of Facility Development Charges collected each fiscal year for the purpose of repaying individuals or businesses who were required to install up-sized lines or extension facilities at the request of the District. Disbursements will be made in accordance with the Regulations, including the release of unexpended funds into the District's unrestricted net position.

200.40 Assigned Funds Classification

Assigned funds are those financial assets determined necessary to be retained for specific risk-mitigation purposes as determined by the Board as needs arise.

Emergency/Contingency Fund

Financial assets held for purposes of continued operations during times of severe economic distress due to events that require an immediate and/or significant use of cash. Such severe economic situations may include otherwise insurable events for which the timely receipt of cash may be delayed. The District shall target a balance of twenty-five percent (25%) of its following year's anticipated annual revenues in this fund. Conditions for utilization of such reserves and a plan for fund replenishment will be approved by the Board.

Prior to amounts being expended from this fund, the District shall establish a contingency plan that addresses, at a minimum:

1. The reason(s) for expenditures from this fund.
2. Amounts expected to be expended.
3. The funds replenishment timeline and funding source.

Operating Fund

Financial assets held primarily in the form of cash and cash-equivalents for the purpose of debt avoidance due to unexpected expenditures of a non-recurring nature or to meet unexpected increases in operating costs. The District shall target a minimum balance in short-term investments and/or cash equal to twenty-five percent (25%) of its current year's budgeted annual expenditures for operating costs and debt service in this fund. Conditions for utilization of these reserves and a plan for fund replenishment will be determined by the Board at annual budget time.

The operating fund reflects the timing difference between billing for revenues and payment of expenses. The target level is a financial measure or guideline. If the fund level drops below the twenty-five percent target balance, that is a sign for staff to review the fund and, if necessary, bring recommendations to the Board to assure the fund will not continue to decline.

Rate Stabilization Fund

Financial assets held for purposes of managing cost variability in obtaining, treating and delivering potable surface water and groundwater. This Fund is focused on consumption fluctuations related to customer demand and purchasing of surface water as part of the District's conjunctive use efforts. Consumption charges established in the rate setting process forecast customer demand based on a repeat of average, recent climactic conditions. Financial fluctuations occur when situations vary from the assumption. The District shall target a balance of fifty percent (50%) of its expected upcoming year consumption revenues in this fund. Conditions for utilization of such reserves and a plan for fund replenishment will be directed by the Board at annual budget time.

Interest Rate Risk Management Fund

This fund is derived from earnings based on financial assets held as short-term investments pursuant to interest rate risk exposure assumed by the District upon the issuance of floating-rate debt. The amount of investments from which earnings are derived and accumulated will be determined at the time of debt issuance. Earnings on such investments will be used to repay a portion of the interest expense on the outstanding floating-rate bond or COP as long as the bond or COP is subject to interest rate risk exposure. This fund will be reduced in line with the amortized balance of the interest-rate swap(s).

Grant Fund

Financial assets held for purposes of funding the "local cost share" and advance payment of eligible reimbursable costs on capital projects funded partially from grant awards. As eligibility for potential grant awards requires the District to demonstrate financial viability to fund anticipated project costs, the District shall maintain a minimum balance equal to the combined sum of anticipated costs for those projects considered grant eligible in the upcoming biennial period. Conditions for utilization of such reserves and a plan for fund replenishment will be determined at the time of grant award.

Capital Asset Fund

Financial assets held for purposes of funding District capital asset replacements and capital projects necessary to meet regulatory requirements and/or system reliability needs. Through the annual budget process, staff shall recommend capital replacement projects and any necessary appropriations from this fund. The District shall target a balance to sufficiently fund anticipated capital improvement project replacement cost deviations above the CIP funding level. Fund replenishment will be determined by the Board periodically through the rate setting process and annually through the budget process.

Facilities Development Charge Fund

Financial assets held for expenditure on growth/capacity-related capital asset projects only. Amounts deposited into this fund come from unexpended facility development charges collected from developers (see related Facilities Reimbursement Fund in section 200.30 above.) These growth/capacity-related capital asset projects form the cost-basis and legal nexus for the establishment and collection of the Facility Development Charges. This fund is dependent upon customer growth. Therefore, there is no prescribed target or minimum balance.

300.00 Disposition of “One-Time” Revenues

“One-time” revenues are revenues of an unusual or infrequent nature which are likely not the result of the District providing services and producing and delivering goods in connection with the District’s principal ongoing operations (e.g. legal settlement). Unless specifically earmarked by Board action otherwise, “one-time” revenues should be transferred to the appropriate reserve fund which best represents the reason for the “one-time” revenue.

400.00 Authority

The General Manager is responsible for the appropriate accounting and regular reporting of the District’s reserve fund balance. Board oversight will be accomplished through regular reporting and review of this Policy.

500.00 Procedure

District staff will maintain procedures for each fund classification, to be approved by the General Manager, and in conformance with this Policy.

In any case where the reserves are drawn below target minimums, a report shall be developed containing the reasons for withdrawals and any impacts to programs or rates due to such withdrawals. If reserves are depleted, the reserves shall be replenished over a maximum five (5) year period to the established or re-established target as directed by the Board.

Maintenance of minimum reserves should not, on its own, trigger the need for a rate adjustment. Rates will be reviewed after two consecutive years of revenue dropping below established minimums balances, or diminishing reserves as a result of covering unanticipated costs.

600.00 Policy Review

This Policy will be reviewed ~~at least biennially~~ annually as part of the budget adoption process.

[Back to Agenda](#)

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 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

Minutes

Sacramento Suburban Water District
Facilities and Operations Committee
 Thursday, September 3, 2015

Call to Order

Chair Bob Wichert called the meeting to order at 5:00 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, James Arenz, Lynne Yost, Greg Bundesen.

Public Present: Neil Schild, William Eubanks, Julie Beyers.

Public Comment

None.

Announcements

Chair Wichert announced the addition of Agenda Item 8; Antelope North Road Property for Sale. He inquired if there was any public opposition to adding this new agenda item. No opposition was indicated. Chair Wichert made a motion to add Agenda Item 8; Director Thomas seconded the motion. The motion carried by unanimous vote.

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

Consent Items

1. **Minutes of the July 23, 2015 Facilities and Operations Committee Meeting**

Director Thomas moved to approve the Minutes; Chair Wichert seconded. The motion carried by unanimous vote.

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

Items for Discussion and Action

2. **Prop 84 O&M Agreement with City of Sacramento for Enterprise Intertie Improvements**

Mr. John Valdes presented the staff report.

Chair Wichert commented that he is mostly in favor of this agreement, and requested to see the final draft once completed. He also requested for staff to be able to track time spent supporting this facility. Director Thomas also supported this agreement.

3. **Fluoridation in the South Service Area**

Mr. Valdes presented the staff report.

Mr. William Eubanks inquired why Director Thomas requested this information. Director Thomas responded that his concern was overusing the wells in the South Service Area. He also noted that he was interested in the cost impacts on utilizing surface water from Placer County Water Agency (PCWA) for the North Service Area (NSA) in place of surface water from the City of Sacramento.

Mr. Eubanks noted that there were no cost savings to this proposal. He further stated his support of fluoridation.

Chair Wichert noted his desire to examine the feasibility of including fluoride to NSA water supply. He requested to bring this item back to the Committee, including previous Board discussions on this topic.

Ms. Julie Beyers commented that PCWA is presently fluoridated. GM Robert Roscoe (GM Roscoe) clarified that the District purchases raw water from PCWA, which is then treated by the San Juan Water District, and the treatment process does not include fluoride.

The Committee directed staff to present this to the full Board as an information item.

4. **Succession Plan Update**

GM Roscoe presented the staff report.

Mr. Eubanks offered his opinion opposing the District's succession planning.

The Committee directed staff to present this to the full Board as an information item.

5. **Sacramento River Water Reliability Study Update**

Mr. Valdes presented the staff report.

Chair Wichert inquired if staff supports the draft Sacramento River Regional Water Reliability Project Planning Phase 1 Report. GM Roscoe stated that staff supports this project. He further explained the position of the District and the potential benefits to the District.

Director Thomas questioned the likelihood of the project advancing. GM Roscoe clarified that this project would have a very good chance to advance with the full support of the two major drivers; PCWA and the City of Sacramento. Assistant General Manager York (AGM York) stated that the latest information is that both of those entities are in full support of the project.

Chair Wichert stated that the project sounds very complimentary to the mission of the District, and that politically this project makes a lot of sense.

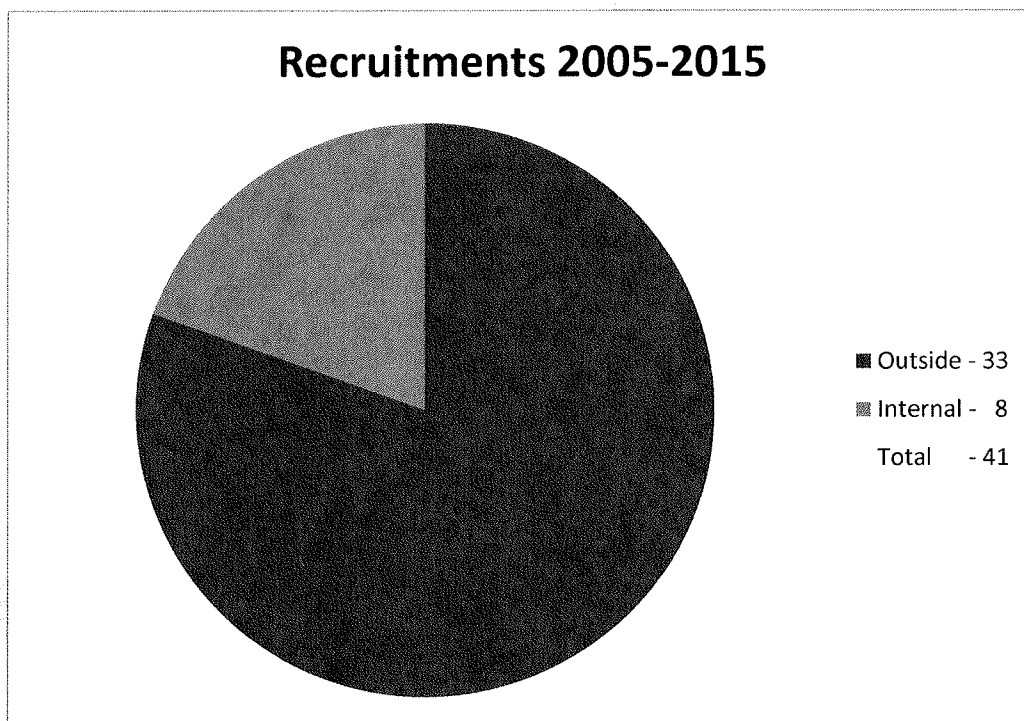
The Committee recommended staff present this to the full Board with a recommendation of approval of continued involvement.

6. District Hiring Practices

GM Roscoe presented the staff report including a chart representing internal recruitments versus outside recruitments from 2005 to 2015.

Director Thomas complimented GM Roscoe on his management choices.

Chair Wichert requested placing the chart into the minutes.



7. Water Conservation Update

Mr. Greg Bundesen presented the staff report. GM Roscoe further explained that staff's recommendation is to further educate customers about appropriate watering with the weather, promoting one day per week watering.

Mr. Eubanks expressed his opinion opposing the District's water conservation regulations.

Director Thomas suggested staff brainstorm on new creative ways to promote water conservation.

Director Wichert suggested revising the staff report to include any updates along with adding staff's recommendation of promoting one day per week watering.

The Committee directed staff to present the updated report to the full Board for consideration and possible action.

8. Antelope North Road Property for Sale

GM Roscoe presented the staff report. He stated that staff would like to present this option to the full board at the September 21, 2015 regular Board meeting. He explained that staff would then request for the Board to approve a contingent offer on the property, subject to appraisal and a phase 1 environmental assessment.

AGM York stated that the property is currently listed at \$150,000. Discussion ensued regarding contingent offers, and the possibility of a contingent offer holding the property while the appraisal and phase 1 environmental assessment are being conducted.

The committee supported staff having an official property appraisal done and recommended presenting the official appraisal to the full Board for consideration and possible action.

Adjournment

Chair Wichert adjourned the meeting at 6:27 p.m.

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

Minutes

Sacramento Suburban Water District
Finance and Audit Committee
Friday, August 28, 2015

Call to Order

Chair Craig Locke called the meeting to order at 3:02 p.m.

Roll Call

Directors Present: Chair Craig Locke and Neil Schild

Directors Absent: None.

Staff Present: Assistant General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Dave Jones, and Lynn Pham.

Public Present: William Eubanks.

Announcements

Assistant General Manager Dan York (AGM York) announced that the District received correspondence from the State Water Resource Control Board congratulating the District for meeting its conservation benchmarks.

Public Comment

None.

Items for Discussion and Action

1. Cost-Basis of the District's Tiered and Seasonal Rates

Finance Director, Dan Bills (Mr. Bills) summarized the report.

Director Schild inquired why staff requested this report. Mr. Bills explained that when HDR Engineering, Inc. conducted the rate study two years ago, they were not asked to allocate costs to the off peak and on peak seasons for the nonresidential customers, nor did they allocate the costs to the tiered rate structure. He expressed that this study was performed in light of the recent San Juan Capistrano decision and that the results of this study demonstrated that the Districts current consumption charges are based on the cost of service. Mr. Bills stated that this report is to be kept in the District records as part of the 2013 Rate Study results.

Mr. Bills further explained that there are seven different generally-accepted rate setting methodologies promulgated by AWWA in their M1 Manual. Chair Locke requested to be sent more information about these methodologies.

Mr. Eubanks stated his comments regarding the tiered rate structure.

Discussion ensued regarding rate structure and the option of considering a volunteer program allowing customers to pay for a third tier rate if they wish to use more water. Chair Locke disagreed with the suggestion stating that the State would not allow for such a program.

Discussion ensued on the District's selection of its current rate structure. The Committee agreed to postpone further analyses or changes to the rate structure until rates are next up for review.

2. Rate Subsidy for Low-Income Customers

Mr. Bills summarized the staff report. He explained that the District's options on this topic are very limited as the District is a public agency operating under the legal authority of County Water District law.

After discussion, Director Schild suggested considering a voluntary contribution program where District customers could volunteer to donate a predetermined amount along with their monthly water bill. He mentioned that the District would need to first decide who would qualify for the program. He further suggested that customers would need to fill out an application similar to SMUD's Low Income Program. Director Schild also suggested looking into local campaigning groups such as Breast Cancer Awareness, or other local community funding organizations to request periodic donations.

Mr. Bills stated the District has not evaluated such programs at this time and is therefore unaware of the fiscal impacts of a program like this and further explained that the District isn't properly staffed to administer this type of program. Mr. Bills expressed that the District is limited in its revenue options for such a program. He stated he did not know what the qualifications would be to determine who is eligible, what the limitations would be, and who would be administering and maintaining this type of program.

Chair Locke commented that he doesn't believe that a volunteer contribution program would be very successful. He suggested exploring the option of a program that could offer one-time assistance to customers pending termination due to financial hardship. He recommended partnering with external organizations offering similar programs. He further suggested considering of a "round-up" option for customers who wish to donate, where customers could have the option of rounding their monthly bill amount to the next highest whole dollar or five dollars, and donating the excess proceeds to this program.

Mr. Eubanks expressed his opinion against offering low income assistance in terms of the administrative costs. Chair Locke agreed with Mr. Eubanks that he didn't want staff taking up too much time on this issue.

Discussion ensued regarding what qualifies as low income.

The Committee recommended staff do further research into the suggested programs, come up with some alternative suggestions and directed staff to present their findings to the full Board in a closed session.

3. 2016/17 Budget

Mr. Bills summarized the staff report.

a. *Budget Schedule*

A written report was provided and in that report Mr. Bills highlighted the changes to the budget process such as staff's desire to have a 2 year adopted plan, with a first year budget and a second year forecast.

Director Schild expressed his disapproval with budget planning further than one year, stating that the Board should only look at one year at a time.

Mr. Bills reiterated that staff is not asking for the Board to adopt a second year budget. He expressed that staff is just proposing to plan the expenses and projects further out than just one year, then provide that information to the Board.

Chair Locke expressed his support for budgeting for expenses and projects further than one year. He noted that CIP projects generally take several years to complete and stated that what staff is proposing makes sense. He further explained that forecasting further than one year allows staff the flexibility to continue on approved projects, should one get delayed.

Mr. Eubanks expressed his support of the two year process.

b. *2016/17 Budget Overview and Initial Assumptions*

A written report was provided.

Mr. Bills expressed that for several years the District has set the budget for expenses to exceed projected revenue, he asked the Committee what direction they recommend for the 2016 budget.

Director Schild commented that if staff is projecting revenue of \$40 million, then staff should similarly be projecting a budget of \$40 million. Chair Locke commented that he is comfortable with an arbitrary hardline figure of \$40 million dollars as well.

Mr. Eubanks expressed his opinion regarding District reserves. Discussion ensued regarding District reserves.

Mr. Bills then proceeded to discuss the key assumptions of the budget. He presented four options for the water production budget, based on assumptions of how much water will be pumped. Director Schild expressed his support for staff's proposed option, stating that there are a lot of unknowns, but staff's option is very conservative and includes all water sources. Director Schild further suggested to only present staff's recommended option to the full Board as he believes too many options are confusing.

The Committee approved the budget assumptions as presented.

c. *Reserve Policy*

A written report was provided.

Director Schild suggested having the Reserve Policy presented to the Board at a separate time. Chair Locke commented that the benefit of having the policy at the same time the budget is reviewed is to keep staff and the Board aware of the policy, while reviewing the budget.

AGM York noted that department managers will present the budget for each of their departments during the workshop on October 5th. Chair Locke commented that having staff make presentations follows along with some of the goals that were set for the GM.

Adjournment

Chair Locke adjourned the meeting at 4:57 p.m.

Minutes

Sacramento Suburban Water District
Government Affairs Committee
Friday, August 21, 2015

Call to Order

Chair Wichert called the meeting to order at 4:01 p.m.

Roll Call

Directors Present: Craig Locke and Robert Wichert.
Directors Absent: None.
Staff Present: General Manager Robert Roscoe, Dan York, and Heather Hernandez-Fort.
Public Present: Neil Schild.

Public Comment

None.

Items for Discussion and Action

1. Regional Water Authority Legislation Goals

Assistant General Manager Dan York (AGM York) presented the staff report. General Manager Robert Roscoe (GM Roscoe) gave further history of the RWA legislative goals.

Chair Wichert noted that this effort preserves District's flexibility to respond to anything that might affect the District. He stated that he is interested in how these efforts either positively or negatively affect the rate payers. He requested an update at the next Government Affairs Committee meeting on specifically how these monitoring efforts help the rate payers.

Director Locke expressed interest in further information regarding the Bay/Delta.

Chair Wichert requested information on the current government plan, specifically what does it do and how does it affect the District. GM Roscoe answered that construction of the tunnels will not have a direct effect on the District; the issue would be how will the tunnels will be operated in the future. Discussion ensued regarding the tunnels in the Delta; where the water would go, who would benefit from the tunnels, and what effects this will have on water quality.

2. Hexavalent Chromium 6 Update

GM Roscoe presented the staff report.

Chair Wichert inquired about the progress clean-up, GM Roscoe stated that these sites are presently being tested at new lower detection levels following adoption of the lower drinking water standard.

Chair Wichert inquired about who is responsible for cleaning up the Hexavalent Chromium. GM Roscoe answered that the Environmental Protection Agency, the State Water Resources Control Board, and the State Department of Toxic Substance Control are the responsible agencies for ensuring the superfund cleanup is complete. He further noted that the Air Force is suggesting that the Hexavalent Chromium is background chemistry and that there is no evidence supporting that it is their fault. They report they are complying with all the laws in regards to cleaning it up.

Chair Wichert wants to see the District and SGA get more aggressive with our lobbying efforts and consider taking legal action to have the contaminates cleaned.

3. Development of Regulations to Implement the Sustainable Groundwater Management Act of 2014 (SGMA) and Potential 2015 Groundwater Legislation

GM Roscoe presented the staff report.

Chair Wichert inquired if SGA is taking a lead role in this Act. GM Roscoe replied that they are, and explained the added involvement of SGA noting that staff at SGA are in advanced leadership role with both DWR and ACWA.

Chair Wichert requested a briefing on this topic at the next Government Affairs Committee meeting. He also encouraged the District to be more involved with taking a leadership role in this Act as well.

Chair Wichert also requested an updated groundwater basin map.

GM Roscoe indicated that the District is well represented with SGA. He further noted that SGA will be presenting a Hexavalent Chromium update at the regular Board meeting on October 19, 2015. This will include an update on current groundwater management activities, Hexavalent Chromium at McClellan Business Park and sustainable groundwater management.

Chair Wichert strongly encouraged the District lobby in support of this.

Adjournment

Chair Wichert adjourned the meeting at 5:00 p.m.

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

REGIONAL WATER AUTHORITY REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, September 10, 2015; 9:00 a.m.

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

AGENDA

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

1. **CALL TO ORDER AND ROLL CALL**
2. **PUBLIC COMMENT**
3. **CONSENT CALENDAR**
Minutes of the July 9, 2015 full board meeting.
Action: Approve Consent Calendar Item.
4. **EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS**
 - a. Information: Final minutes of the June 24, 2015 Executive Committee meeting and draft minutes from the August 26, 2015 Executive Committee meeting
 - b. **Action: Approve Affiliate Application From Sacramento Association of Realtors.**
5. **RWA LEGISLATIVE AND REGULATORY ADVOCACY PROGRAM PLATFORM**
Information and Discussion: John Woodling
Action: Approve the RWA Legislative and Regulatory Advocacy Platform.
6. **EMPLOYER PAID MEMBER CONTRIBUTIONS**
Information Presentation: John Woodling, Executive Director
Action: Approve Resolution No. 2015-03 for Employer Paid Member Contributions.
7. **EXECUTIVE DIRECTOR'S REPORT**
 - a. Government Affairs Update
 - b. Grants Update
 - c. Water Efficiency Update
 - d. RWA Outreach
8. **DIRECTORS' COMMENTS**

9. **CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES**
10. **CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(E) AND 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Title: Executive Director
11. **CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(F) AND 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS**
Designated Representative: Debra Sedwick
Unrepresented Employee: Executive Director
12. **REPORT FROM CLOSED SESSION – EXECUTIVE DIRECTOR CONTRACT AMENDMENTS**
Action: Approve Proposed Executive Director’s Compensation and Associated Contract Modifications.

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, September 23, 2015, and Wednesday, October 28, 2015, 8:30 a.m. at the RWA office.

Next RWA Board of Directors’ Meeting – Thursday, November 12, 2015, 9:00 a.m., at the RWA Office.

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA**

**August 26, 2015; 8:30 a.m.
5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692**

AGENDA

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the Authority's Administrative Office at the address listed above. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Executive Director of the Authority at (916) 967-7692. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.
- 3. CONSENT CALENDAR**
Minutes of the June 24, 2015 Executive Committee meeting.
Action: Approve Consent Calendar item.
- 4. EMPLOYER PAID MEMBER CONTRIBUTIONS**
Information Presentation: John Woodling, Executive Director
Action: Recommend RWA Board approval of Resolution No. 2015-03 for Employer Paid Member Contributions.
- 5. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(E) AND 54957 – PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Title: Executive Director
- 6. CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(F) AND 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS**
Designated Representative: Debra Sedwick
Unrepresented Employee: Executive Director
- 7. REPORT FROM CLOSED SESSION – EXECUTIVE DIRECTOR CONTRACT AMENDMENTS**
Action: Recommend RWA Board approval of proposed Executive Director's compensation and associated contract modifications.

8. **UPDATED POSITIONS ON 2015 LEGISLATION**
Information Presentation and Discussion: John Woodling, Executive Director and Dave Brent, Water Policy Advisor
Action: Adopt Updated Positions on 2015 California Assembly and Senate Bills.
Action: Adopt Position on Potential Public Goods Charge Legislation.
9. **RWA LEGISLATIVE AND REGULATORY ADVOCACY PROGRAM**
Information Presentation: John Woodling, Executive Director and Dave Brent, Water Policy Advisor
Action: Recommend RWA Board approval of the RWA Legislative and Regulatory Advocacy Program.
10. **SEPTEMBER 10, 2015 RWA BOARD MEETING AGENDA**
Action: Approve September 10, 2015 proposed RWA Board meeting agenda.
11. **EXECUTIVE DIRECTOR'S REPORT**
 - a) Government Affairs Update
 - b) Grants Update
 - c) Water Efficiency Update
 - d) RWA Outreach
 - e) Water Forum Update
12. **CLOSED SESSION UNDER GOVERNMENT CODE SECTIONS 54954.5(C) AND 54956.9(D) – UPDATE ON CALPERS CONTINUED OBLIGATION TO PROVIDE PENSION BENEFITS TO RWA EMPLOYEES**
13. **DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings – Wednesday, September 23, 2015 and October 28, 2015; 8:30 a.m.; RWA office.

Next RWA Board of Directors' Meeting – Thursday, September 10, 2015, 9:00 a.m.; RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610

Carryover Storage Working Group

Agenda

9/14/15

1. Agenda review
2. Report back: Meeting with Einar and the Env. Caucus
3. Progress report: "Manager's Report"
 - a. Still incorporating comments: City of Sac; SARA
4. Progress report: City of Sac negotiation
5. Next Steps for Technical Team
 - a. Work with City of Sac understand FWTP impacts (including GW sustainability) - DONE
 - b. Tech Memos – document technical work
 - c. Revise Managers Report (based on comments)
 - d. Complete full analyses for Existing Condition & Modified FMS
 - e. Work with Walter Bourez to review
 - f. Develop climate change version of model
 - g. Be prepared to work w/ Reclamation
 - h. Other?
6. Strategy/Schedule for moving forward
 - a. "Resolution" to document support for Modified FMS
 - b. Water Fix response
 - c. Touch base with Milligan
 - d. Approaching Reclamation
7. Next Steps
8. Adjourn

WATER CAUCUS
Wednesday, September 9, 2015
11:30 AM – 1:00 PM
Regional Water Authority
5620 Birdcage St., Citrus Heights

Agenda

1. Water Supply Conditions and Weather Projections
2. California Water Fix
3. Water Conservation Emergency Regulations
4. SGMA Implementation
5. Legislative Update
6. Vendor Presentation (12:30)
 - Sivan Cohen, Ayyeka Inc. – Remote Data Collection Networks

From: Oppenheimer, Eric@ [mailto:Eric.Oppenheimer@]
Sent: Thursday, August 27, 2015 4:06 PM
To: Oppenheimer, Eric@
Cc: Landau, Katheryn@; Emmerson, Mark@s; Bean, Jessica@; Gomberg, Max@
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

DIV 5

From: Fred <@.com>
Date: July 6, 2015 at 5:27:38 PM PDT
To: "gbundesen@sswd.org" <gbundesen@sswd.org>
Subject: Thank you!

Mr. Bundesen,

In my experience, property management flies under the radar unless something goes wrong. I want to let you know how much it was appreciated that you noticed – and commented - when something was going right!

Teichert's building manager, Tee never blows her own horn, so it was a real pleasure to receive a forwarded copy of your acknowledgement of her (and Teichert's) success in exceeding the County's water usage reduction goals. You made her day, I'm sure, and also encouraged the rest of us by your thoughtfulness in sending the acknowledgment. Thank you for your kind words and also for the great example you set by sending the letter at all!

Sincerely,

Fred, MBA, LHD
Executive Director
Teichert Foundation
American River Dr.
Sacramento, CA 95864

From: Greg Bundesen <gbundesen@sswd.org>
Date: July 6, 2015 at 1:24:07 PM PDT
To: "@teichert.com" <@teichert.com>
Subject: Water Conservation

Ms.

On behalf of Sacramento Suburban Water District I would like to thank you for your attention to your water use this year. Our records indicated that you have reduced your water use by 61% when comparing June 2015 to June 2013 (2013 is used as a baseline for water reduction goals). The overall District water reduction target is 32% and we cannot thank you enough for going above and beyond this year! Keep up the great work! Please let me know if you have any questions.

Regards,

Greg Bundesen
Sacramento Suburban Water District
Water Conservation Supervisor



Agenda Item: 26

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DWR Releases Draft List of Critically Overdrafted Groundwater Basins, Schedules Public Meetings

Submitted by Emily Allshouse on Wed, 08/19/2015

After presenting the information to the California Water Commission, the California Department of Water Resources Wednesday released its draft list of Critically Overdrafted Groundwater Basins.

The draft list identifies 21 groundwater basins and subbasins that have been overdrafted due to excessive groundwater pumping. Under the Sustainable Groundwater Management Act, passed last year, high- and medium- priority basins subject to critical conditions of overdraft must be managed under a groundwater sustainability plan by January 31, 2020.

DWR will open a 30-day comment period and hold two public meetings to discuss its draft list, the process used to make its findings, and solicit public comment.

An in person meeting on August 25 from 1 p.m. to 3 p.m. will be held at the Clovis Veterans Memorial District Auditorium at 808 4th Street in Clovis. A second “virtual meeting” via webcast on August 26 from 10 a.m. to 12 p.m. Interested parties can register for the webcast [here](#) or view archive video of the webcast online the week following the meeting.

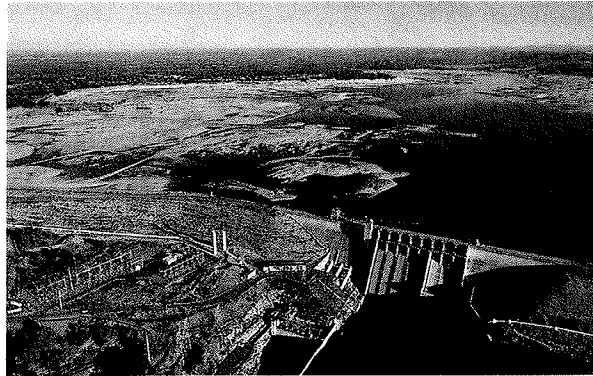
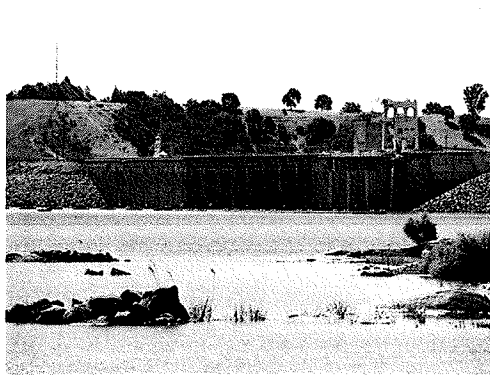
DWR says it plans to publish the final list of critically overdrafted basins on its website in October.

For more information regarding California’s groundwater please visit:<http://www.water.ca.gov/groundwater/index.cfm>

<http://www.acwa.com/news/groundwater/dwr-releases-draft-list-critically-overdrafted-groundwater-basins-schedules-public->

Feds reduce flows out of Folsom Lake to conserve Sacramento region's water supply

By Phillip Reese preese@sacbee.com



The U.S Bureau of Reclamation will cut flows out of Folsom Lake in half by the end of the week as water levels at the reservoir near historic lows.

Folsom Lake is the primary water source for Sacramento suburbs serving hundreds of thousands of customers. At noon Monday, the lake held about 196,000 acre-feet of water, or about 20 percent of its capacity. The Bureau of Reclamation, which operates the reservoir, let out an average of 3,000 acre-feet of water, or roughly 1 billion gallons, each day during August. Early last year, at its driest, the lake never fell below 150,000 acre-feet.

Four years of drought have depleted the state's major reservoirs, resulting in higher water temperatures. In response, officials earlier this summer cut flows from Lake Shasta to protect an endangered species of salmon dependent on cold water flows; in exchange, they raised flows from Folsom Lake to prevent saltwater from intruding into the Sacramento-San Joaquin Delta.

At the start of August, Reclamation officials released about 2,500 cubic feet per second from Nimbus Dam, which sits just below Folsom Lake. By Friday morning, flows out of Nimbus will be 800 cubic feet per second. During the last decade, median daily outflows at Folsom Lake in September were about 1,400 cubic feet per second, according to a Bee review of Reclamation data.

The change is "to conserve water in storage," Reclamation spokesman Shane Hunt said.

Reclamation officials have pledged not to let Folsom Lake drop below 120,000 acre-feet. The concern is that water levels could drop below the point at which the pumping infrastructure that funnels water to suburban Sacramento might not work. As a contingency, Reclamation is building a specially outfitted barge that would pump water to the city of Folsom if the lake fell below the city's intake valves.

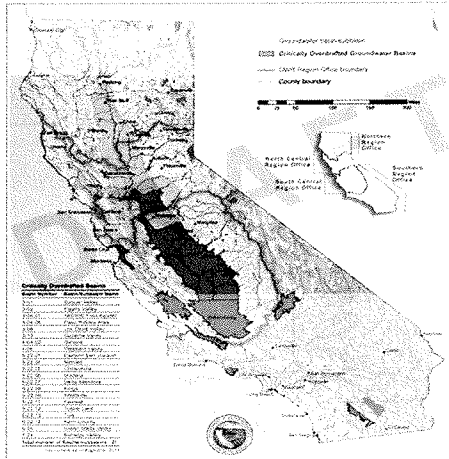
<http://www.sacbee.com/news/state/california/water-and-drought/article32980392.html>

State lists several Central Coast groundwater basins as 'Critically Overdrafted'

By KCBX NEWSROOM • AUG 18, 2015

Several Central Coast groundwater basins are on a California Department of Water Resources (DWR) draft list of water supplies that are tagged as being in critical overdraft.

Critically Overdrafted Groundwater Basins – August 6, 2015 Draft



These groundwater supplies include basins serving Los Osos, Paso Robles, Cuyama and a portion of the Salinas Valley.

The California Water Commission will address the list at a meeting in Los Angeles on Wednesday, and public comment will be welcomed by the DWR next week.

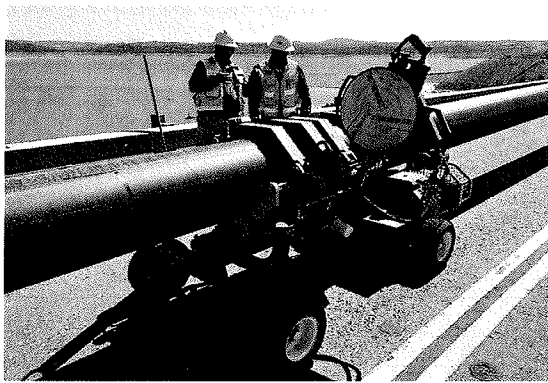
DWR Senior Engineering Geologist Dane Mathis said Tuesday that being on this list does not have any legal repercussions for those districts—like Paso Robles—working to form a local groundwater management entity.

The state lists seawater intrusion as a problem for the Los Osos basin... and vineyard expansion as a reason for the depletion in Paso Robles.

<http://kcbx.org/post/state-lists-several-central-coast-groundwater-basins-critically-overdrafted>

Crews begin work on drought fix at Folsom Lake

August 14, 2015



Workers inspect pipes along the top of Folsom Dam that will connect to a floating pumping barge. U.S. Bureau of Reclamation

By Ryan Sabalow and Phillip Reese
rsabalow@sacbee.com

As water regulators continue to rapidly drain Folsom Lake to bolster supplies downstream, crews have begun construction of a floating barge that could keep water flowing to the city of Folsom this fall.

The U.S. Bureau of Reclamation, which operates the reservoir, has allowed roughly 42 billion gallons to flow from Folsom Lake in the last 30 days. The lake now stands at its third-lowest point for this time of year in at least 40 years. At current outflows, Folsom Lake would reach record-low depths within weeks.

Local water agencies take water from Folsom Lake through huge intake valves well below the surface. The fear is that the reservoir level would drop to the point where the intakes would not function properly.

Several Sacramento suburbs, including Folsom, rely primarily on Folsom Lake for their water supply. In recent months, the Bureau of Reclamation has sharply decreased flows out of Lake Shasta and increased flows out of Folsom Lake to protect fish and maintain the right amount of salinity in the Sacramento-San Joaquin Delta.

The \$3.5 million barge under construction would pump drinking water to more than 60,000 people in the city of Folsom and the nearby state prison complex should the lake's water line drop below 330 feet above sea level.

As of Thursday, the lake level was at 376 feet. In the last four weeks, the lake has lost about 3 feet of depth every four days.

“Our goal is to never have to need (the barge),” said Erin Curtis, a spokeswoman for the Bureau of Reclamation. “But we don’t have total control over that.”

Federal officials say they felt it necessary to start building the barge as a precaution, even though they don’t think the lake will drop to levels that would require its use.

When it’s finished, the barge will float on the city side of the reservoir near the dam. It will consist of five floating platforms, each the size of a car and housing two submersible pumps. The pumps would funnel water through massive pipes along the top of Folsom Dam that would feed directly into the city’s intake system. The hope is to have the setup ready by Oct 1.

“We don’t want that to be operational,” said Marcus Yasutake, the city’s environmental and water resources director. “But we understand that’s the planning that Reclamation needs to do.”

Three cities and water districts serving more than 200,000 people rely on Folsom Lake for drinking water. Along with Folsom, they include the city of Roseville and the San Juan Water District, which serves Granite Bay and sells water to Fair Oaks, Citrus Heights and Orangevale.

To lessen their dependence on the shrinking reservoir, the region’s utility managers have been aggressively entering into water-sharing agreements or have beefed up groundwater supplies. Curtis said existing infrastructure should be adequate to supply Roseville and the San Juan district this summer and fall.

Our goal is to never have to need (the barge). But we don’t have total control over that.

Erin Curtis, U.S. Bureau of Reclamation

Shane Hunt, a Bureau of Reclamation special projects manager, said the barge project is smaller than one discussed earlier this year that would have served a larger segment of the Sacramento region’s urban water users if lake levels plummeted as low as originally feared.

Hunt said a larger barge or some other mechanism would be needed next spring only in the event “it’s really, really, really dry, and Folsom levels don’t come back up this winter.”

As of Thursday, there were about 242,000 acre-feet of water in Folsom Lake. Officials hope to keep the reservoir from dropping below 120,000 acre-feet at its lowest later this year. The lake has never fallen below 140,000 acre-feet, according to state records starting in 1976.

Hunt said that, thanks to reduced agricultural demand, Folsom Dam managers are beginning to ease off releases. In mid-July, the lake was losing 5,000 to 6,000 acre-feet of water each day. This month, that was lowered to 3,000 to 4,000 acre-feet per day.

In the fourth straight year of drought, water managers have leaned heavily on Folsom as well as the state-operated Lake Oroville on the Feather River. More water has been kept in Lake Shasta, the state’s largest reservoir, to store more cold water for endangered salmon.

<http://www.sacbee.com/news/state/california/water-and-drought/article31164809.html>

ACWA-Sponsored Chromium-6 Compliance Bill Sent to Governor for Signature

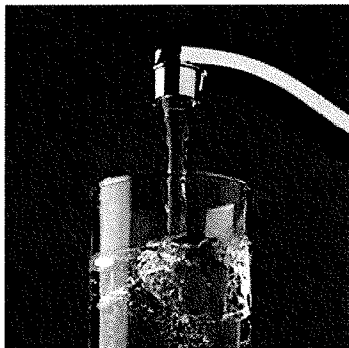
Submitted by Emily Allshouse on Tue, 08/25/2015

ACWA-Sponsored SB 385 (Hueso), related to compliance with California's chromium-6 drinking water standard, passed out of the Senate Monday with a 39-0 vote. With this vote, the Senate concurred with the amendments made in the Assembly. The bill will now be enrolled and sent to Gov. Jerry Brown for signature.

SB 385 would establish a carefully monitored process for public water systems to work toward and achieve compliance with the new chromium-6 standard. The measure would authorize the State Water Resources Control Board to grant a limited period of time for affected water systems to work toward achieving compliance without being deemed in violation as long as strict safeguards are met.

Authored by Sen. Ben Hueso (D-San Diego), SB 385 advanced through the Legislature without a single no vote due to strong advocacy efforts by ACWA and its members. ACWA would like to thank all of the member agencies and legislators that supported this important piece of legislation.

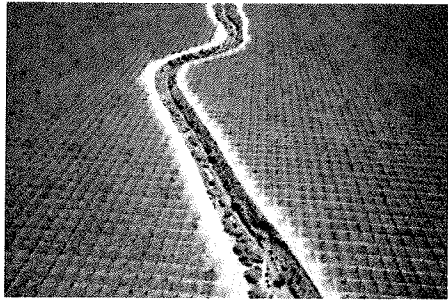
For questions on SB 385, please contact ACWA Deputy Executive Director for Government Relations Cindy Tuck at cindy@acwa.com or (916) 441-4545.



<http://www.acwa.com/news/water-quality/acwa-sponsored-chromium-6-compliance-bill-sent-governor-signature>

Drought's Economic Toll to California Estimated at \$2.7 Billion in 2015

Submitted by Pamela Martineau on Tue, 08/18/2015



California's ongoing drought will pack a \$1.84 billion direct hit to the state's agricultural sector this year, eliminating more than 10,000 seasonal jobs. Its multiplier effects to the general economy push its losses to all economic sectors to as high as \$2.74 billion and nearly 21,000 total jobs.

That's one of the key findings in a new report released Aug. 17 by the UC Davis Center for Watershed Sciences. The study examined the impacts of the drought in 2015, its fourth year. The report, compiled with assistance from the California Department of Water Resources, also states that the use of groundwater is continuing to blunt the impact of the drought by offsetting the loss of surface water.

The study estimates a 2015 surface water shortage of 8.7 million acre-feet and a groundwater replacement of that shortage of 6 million acre-feet. It also estimates that 540,000 acres of crop land have been idled due to drought conditions.

If the drought continues into 2016 and beyond, these estimates losses will compound, the report states.

The report also states that the impacts of the drought are distributed unevenly throughout California, with the Central Valley being hardest hit. The report is available [here](#).

<http://www.acwa.com/news/water-supply-challenges/drought%E2%80%99s-economic-toll-california-estimated-27-billion-2015>

DWR Announces \$30 Million in New Rebates to Replace “Turf and Toilets”

Submitted by Emily Allshouse on Wed, 08/12/2015

The California Department of Water Resources Wednesday announced two new statewide rebates to help Californians replace inefficient toilets and remove thirsty turf.

The “turf and toilets” program, funded by Proposition 1, will pay out a total of \$30 million in rebates – \$24 million for turf and \$6 million for toilet replacements. The turf program will offer rebates of up to \$2 per square foot of turf, up to \$2,000 per household. The program will target \$12 million towards assisting residents in disadvantaged communities. The toilet program will offer a \$100 customer rebate per household for replacing an old toilet with a high-efficiency model.

According to DWR, the programs will help the state meet Gov. Jerry Brown's conservation mandate by replacing more than 10 million square-feet of lawn and more than 60,000 inefficient toilets.

For more information or to apply for a rebate, please visit www.SaveOurWaterRebates.com.

<http://www.acwa.com/news/conservation/dwr-announces-30-million-new-rebates-replace-%E2%80%9Cturf-and-toilets%E2%80%9D>

Governor Indicates Willingness to “Adjust” Conservation Mandates to Credit Past Water Supply Investments

Submitted by Emily Allshouse on Wed, 08/12/2015

During a meeting with San Diego area leaders Tuesday, Gov. Jerry Brown indicated that he is willing make “adjustments” to mandated conservation targets to provide consideration for agencies that have developed new water supplies since 2013.

Brown spent 90 minutes discussing the drought, progress towards conservation targets and remaining water challenges with various San Diego area leaders including City of San Diego Mayor Kevin Faulconer, Olivenhain Municipal Water District Board President Ed Sprague and San Diego County Water Authority General Manager Maureen Stapleton.

According to SDCWA Board Chair Mark Weston, who also participated in the meeting, the group discussed the importance of both demand reduction and supply creation, citing projects like the Carlsbad Desalination Project and Pure Water San Diego. The discussion also highlighted the economic challenge of drawing businesses to the San Diego region due to current water uncertainties despite the development of these new reliable water supplies.

Following the meeting, Brown and Faulconer held a joint news conference in which the governor applauded the San Diego region for its water supply investments and conservation efforts and indicated his willingness to revisit mandatory conservation tiers.

“You are doing an excellent job. The conservation is meeting the state targets and you’re doing a lot on your own particularly in this field of recycling,” said Brown in a recorded interview.

Earlier this year, ACWA and others suggested that the State Water Resources Control Board consider providing some type of credit or adjustment for past water supply investments as well as for variations in state climate when creating conservation targets. The final emergency regulations did not incorporate those suggestions.

No official comment has been released from the Brown Administration on how or when potential adjustments will be addressed.

<http://www.acwa.com/news/conservation/governor-indicates-willingness-%E2%80%9Cadjust%E2%80%9D-conservation-mandates-credit-past-water-su>