

Agenda
Sacramento Suburban Water District
Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, January 23, 2017
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.

Swearing in Newly Elected Director

The District Secretary will swear in the newly elected director.

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 December 19, 2016 Regular Board Meeting
Recommendation: Approve subject minutes.

2. Agreement to Grant Easement to SMUD for Palm Well N6A Project
Recommendation: Approve subject easement.
3. Drug and Alcohol Program Policy (PL – HR 010)
Recommendation: Adopt subject policy.

Items for Discussion and Action

4. Presentation Regarding Resolution No. 16-28 Honoring Frederick A. Gayle as District Board Member
Presentation to honor Frederick A. Gayle as District Board Member.
5. Committee and Liaison Appointments for 2017
The Board President will consider committee and liaison appointments for 2017.
6. Catastrophic Leave Policy – (PL – HR 008)
Recommendation: Approve subject Policy
7. Sacramento LAFCo Call for Recommendations for Membership on Special District Advisory Committee (SDAC)
Consider submitting a nomination for Sacramento Local Agency Formation Commission (LAFCo) Special District Advisory Committee.

Information Items

8. Update on District Actions to Address Chromium 6 Contamination of Groundwater Wells
9. District Activity Report
 - a. Water Operations and Exceptions Report
 - b. Water Conservation and Regional Water Efficiency Program Report
 - c. Customer Service Report
 - d. Community Outreach Report
10. Engineering Report
 - a. Major Capital Improvement Projects
 - b. County and City Projects/Coordination

- c. McClellan Business Park
 - d. Groundwater Quality Projects
 - e. General
 - f. Planning Studies
 - g. Other
11. Financial Report
- a. DRAFT - Financial Statements – December 2016
 - b. Investments Outstanding and Activity – December 2016
 - c. Cash Expenditures – December 2016
 - d. Credit Card Expenditures – December 2016
 - e. Directors Compensation and Expense Accounting – Through December 2016
 - f. Market Report Yields – January 2010 through December 2016
 - g. DRAFT - District Reserve Balances – December 2016
 - h. DRAFT - Information Required by Bond Agreement
12. 2016 Budget Reallocations
13. Financial Markets Quarterly Report
14. DRAFT -Year-to-Date Interest Expense Quarterly Report
15. San Juan Water District Wholesale Water Rates
16. California Water Fix Update
17. Human Resources Quarterly Report
18. CIP Projects Quarterly Report
19. Annual Environmental Compliance Activity Report

20. Preventive Maintenance Annual Report
21. Lead and Copper Rule Monitoring and Lead Sampling in Schools
22. 5220 Palm Avenue Water Main Failure
23. Electric Vertical Turbine Well Pump Motor Failures
24. CEQA Exemptions for Water Facility Projects: Parkland Estates Main Replacement Project and Hurley Way - Jonas Avenue Water Main Extension Project
25. Comments on Making Conservation a California Way of Life Letter
26. State Water Resource Control Board Draft Executive Order Implementation Proposal
27. Legislative and Regulatory Update
28. General Manager's Report
 - a. McClellan Park Improvement Issues Update
 - b. Long Term Warren Act Contract Update
 - c. County of Sacramento Proposed Paving Requirements
 - d. City of Sacramento Wholesale Water Rates and 9,023af of Area D Water
 - e. McClellan Restoration Advisory Board (RAB) Meeting
 - f. RWA 2017 Executive Committee Elections
29. Upcoming Policy Review
 - a. Electronic Mail Management and Retention Policy (PL – IT 003)
 - b. Investment Policy (PL – Fin 003)
30. Upcoming Water Industry Events

Committee Reports

31. a. Facilities and Operations Committee (Director Locke)
Agenda for the January 20, 2017 meeting.

- b. Finance and Audit Committee (Director Thomas)
No report.
- c. Government Affairs Committee (Director Locke)
No report.
- d. Ad Hoc Water Banking and Transfer Committee (Director Wichert)
No report.

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

- 32. a. Regional Water Authority (Director Thomas)
Agenda for the January 12, 2017 meeting.

Regional Water Authority Executive Committee (General Manager Roscoe)
No report.
- b. Sacramento Groundwater Authority (Director Schild)
No report.
- c. Water Forum Successor Effort (General Manager Roscoe)
Agenda from the December 15, 2016 Meeting.

Carryover Storage Working Group Meetings
No report.

Water Forum Dry Year Conference Meeting
No report.

Water Caucus Meeting
Agenda from the December 14, 2016 Meeting.
- d. Other Reports

Miscellaneous Correspondence and General Information

- 33. Correspondence received by the District
- 34. 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)

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

Adjournment

Upcoming Meetings

Monday, February 27, 2017 at 6:30 p.m., Regular Board Meeting

I certify that the foregoing agenda for the January 23, 2017 meeting of the Sacramento Suburban Water District Board of Directors was posted by January 19, 2017 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: 19

Date: January 7, 2017

Subject: Annual Environmental Compliance Activity Report

Staff Contact: James Arenz, Operations Manager

All District staff share a collective responsibility to ensure that the District's operational activities comply with existing regulatory requirements. Because environmental compliance applies to many aspects of work in the District, various staff members act in lead and/or supporting roles. That role is generally determined by the regulatory requirement and what is necessary for the District to remain in compliance. The District's Environmental Compliance staff also makes concerted efforts designed to ensure all stakeholders are aware of upcoming regulations. Whenever possible, staff endeavors to provide compliance solutions that are environmentally conscious and provide the most value to the District's ratepayers.

The District's Environmental Compliance Program provides assistance with activities such as reporting, providing training and drafting guidance for District staff. Daily operational activities are impacted by regulatory requirements from several different agencies including the:

- State Water Resources Control Board, Division of Drinking Water (DDW),
- U.S. Environmental Protection Agency (USEPA),
- Central Valley Regional Water Quality Control Board (CVRWQCB),
- Sacramento County Environmental Management Department (SCEMD),
- Sacramento Metropolitan Air Quality Management District (SMAQMD),
- California Air Resources Board (CARB), and the
- Federal Communications Commission (FCC)

The following provides an overview of those agencies and what they required in 2016.

DDW and USEPA

The DDW is the primary regulatory agency that oversees the District. Overall in California, the DDW and to a lesser degree, the USEPA, enforce regulations designed to ensure that public water systems provide a continuous supply of safe, potable water to their customers.

Every month the District submits a report to DDW that provides details about the quality of the water produced. The DDW engineer that oversees the District also conducts an annual field inspection of approximately 81 well sites and 7 storage facilities.

Some of the District's efforts in 2016 related to DDW and USEPA requirements include:

- Ensured that over 2,000 samples were collected, analyzed, and reported in accordance with regulatory requirements.
- Responded to and documented customer water quality calls.
- Completed lead and copper monitoring and reporting in accordance with the District's revised Lead and Copper Monitoring Plan and regulatory requirements.
- Completed the Public Health Goals Report and related tasks.
- Analyzed water quality data and produced the Consumer Confidence Report (Annual Water Quality Report) that is distributed to District customers.
- Completed and submitted a three-year water quality monitoring plan.
- Drafted a contractual services agreement for laboratory services following a competitive bidding process.
- Submitted permit amendment packages for several wells.
- Revised the Bacteriological Sample Siting and Groundwater Rule Monitoring Plans.
- Responded to both internal and external requests for data (such as well information, production data, and water quality data) in order to assist engineers, consultants, and agencies, including DDW, Sacramento Groundwater Authority, Wood Rodgers, Luhdorff and Scalmanini, and URS Corporation.

There are approximately 4,554 backflow prevention assemblies (Assemblies) installed on services throughout the District. District staff ensured that each Assembly at an active service connection was tested in 2016. In order to facilitate program compliance and prevent terminating the customer's service, District staff had approximately 555 Assemblies tested by contract testers. The contracted tests were performed after customers did not respond to District letters notifying them of the testing requirement. The customers were subsequently billed for this service. Also, District staff had 63 Assemblies installed at existing customer service connections, thereby satisfying the DDW directive that at least 50 Assemblies are added to the system each year.

CVRWQCB

The CVRWQCB is the regulatory agency that enforces the provisions of the federal Clean Water Act. Most discharges to Waters of the U.S. are regulated through "Waste Discharge Requirements" that pertain to specific types of discharges. Each day, every potable water discharge by operations staff must be conducted in accordance with the District's National Pollutant Discharge Elimination System (NPDES) permit. In 2016, the District transitioned to the new NPDES permit for water utilities. Coverage under the new permit began on the first day of the CVRWQCB fiscal year (July 1, 2016). Discharge and reporting requirements have been streamlined so that they better reflect the minimal environmental impact associated with these types of discharges.

The new NPDES permit resulted from a grass roots effort that began over five years ago by District staff and other area water purveyors. Those stakeholders came together with the intent of working collectively with State Water Resources Control Board and CVRWQCB staff to develop a General Order NPDES Permit specifically for water purveyors that considered federal and state regulatory requirements for public water systems.

SCEMD

The SCEMD is the local Certified Unified Program Agency (CUPA) that oversees hazardous materials handling and hazardous waste disposal activities for Sacramento County. In order to protect human health and safety and the environment, facilities that have hazardous materials in excess of specific thresholds must be permitted through the local CUPA.

In 2016, District staff revised and submitted Hazardous Materials Business Plans and site maps for the 62 District facilities where hazardous materials in reportable quantities are stored. Those hazardous materials are mainly Sodium Hypochlorite, Hydrofluorosilicic Acid, and diesel in the emergency generator fuel tanks. District staff also accompanied SCEMD on inspections to a limited number of those facilities.

To alleviate SCEMD concerns about waste handling and disposal, the District invited SCEMD staff to observe sampling of backwash sludge at the Eden/Root Treatment Plant. The sludge was non-hazardous and disposed of accordingly. The District also disposed of approximately 3.7 tons of primarily liquid, non-RCRA hazardous waste. The hazardous waste generated consisted of used hazardous materials generated through routine District operations.

SMAQMD and CARB

SMAQMD and CARB enforce specific portions of air quality regulations. In general, SMAQMD enforces air quality regulations that pertain to stationary sources of air pollution and CARB enforces air quality regulations that pertain to mobile sources of air pollution. CARB enforces emission standards that apply to the District's large diesel-powered trucks and off-road equipment. SMAQMD is the permitting agency for the District's 19 diesel, 16 natural gas, and two propane-powered internal combustion engines (Engines).

At the end of January each year, SMAQMD requires annual usage reporting for all Engines. SMAQMD permits for all Engines have numerous operational, maintenance and record-keeping requirements. Production staff checks each Engine every day that a facility is visited. The Engines are maintained, tested, and serviced in accordance with air quality regulations and the District's Internal Combustion Engine Operations Plan (ICEOP). The ICEOP was drafted in 2015 by the District to help ensure that Production staff adhere to regulatory requirements and properly document their activities. SMAQMD and District staff inspected 36 of the 37 Engines during the first part of August. The remaining Engine was added later in the year as an emergency power supply for the Rutland Well (N39).

FCC

The FCC is the federal agency that licenses and regulates users of radio frequencies. The District has 10 active licenses for frequencies that are used for operation of the District's SCADA system, two-way radios and remote meter reading system. The term of each license is 10 years.

No licenses required renewal in 2016. Three radio license frequencies are scheduled for renewal in 2018.



Agenda Item: 20

Date: January 10, 2017

Subject: Preventive Maintenance Annual Report

Staff Contact: Jim Arenz, Operations Manager

Preventive Maintenance (PM) has historically always been performed at some level on District facilities from distribution system appurtenances such as hydrants, valves, and meters to production facility equipment such as well pump motors, motor control panels and engine generators. In 2007, the implementation of Cityworks, the District's Computerized Maintenance Management System (CMMS), allowed staff to more effectively schedule and track PM. As a result several PM Programs were implemented. The most robust of these was the Distribution Department Program for hydrants and main line valves, but separate Programs for meters and production facilities were also implemented.

On an annual basis, staff has been providing the Board with a report of the actions taken by the Distribution Department PM crew along with their findings. This year staff would like to expand the Preventive Maintenance Annual Report to include information on PM activities performed by Field Services Department staff on the District's water meters as well as PM activities performed and/or supervised by Production Department staff on production facility equipment.

DISTRIBUTION DEPARTMENT

As noted above, the Distribution Department PM Program (Program) was designed specifically for fire hydrants and main line valves. To facilitate the Program two additional Distribution Operators (DO) were added to the Distribution Department and specialized valve exercising equipment was purchased in 2007. The Program has experienced continued success in the 10 years since its implementation and its effectiveness is reflected in the greatly improved reliability of the District's main line valves and fire hydrants. In 2011 the Program was expanded to include the PM of distribution system blow-offs and in 2014 combination air release valves were added.

The PM Program ran consistently for a few months in the beginning of 2016, ran only intermittently through July, and finally was placed on hold altogether for the remainder of the year due to reduced staffing levels. However, while operational, staff focused the efforts of the Program in the three areas as listed below:

1. Completing the inspection and exercising of distribution system fire hydrants and fire hydrant isolation valves.

2. Beginning the inspection and exercising of distribution system main line valves.
3. Inspection and exercising of valves in high traffic areas.

The Program was also tasked with additional peripheral duties that include the following:

1. Assisting with scheduled shutdowns by performing trial shutdowns and noticing District customers of scheduled water outages.
2. Assisting with Capital Improvement Program projects by confirming valves are accessible and operating properly.
3. Assisting with Water Quality issues by identifying valves suspected of unusual or faulty operation possibly creating dead-end, stagnate water conditions, then confirming the suspect valve's operational position. This work often results in performing trial shutdowns.
4. Assisting with distribution system flushing and bacteriological water sampling as a result of new construction on the distribution system.

The following is a summary of the inspections and findings of the various appurtenances completed this year:

- Fire Hydrants: 251 fire hydrants were inspected with 23 significant findings. These findings included, but were not limited to, issues such as non-operational hydrants, hydrants that were non-accessible due to access issues, hydrants that were leaking, and hydrants that were non-visible due to overgrown vegetation.
- Fire Hydrant Isolation Valves: 245 fire hydrant isolation valves were inspected with 206 of these being exercised. There were 75 significant findings, including issues such as broken valves, valves identified as closed, valve cans that were full of debris, and valve boxes that were either buried or overlaid with asphalt.
- Main line Valves: 880 main line valves were inspected with 710 of these being exercised. Of the 880 main line valves inspected, 108 were located in high traffic areas; 63 high traffic valves were targeted and exercised. There were 237 significant findings that included many of the same issues noted in the Fire Hydrant Isolation Valve section above. Those findings have all been, or are currently scheduled to be, mitigated, repaired or replaced.

The Distribution Department's PM plan for 2017 will be focused on main line valve inspections and exercise, and the formulation of a plan to identify, inspect and exercise high traffic valves. The District continues to experience the benefit of the Program's effectiveness daily as staff is able to quickly identify and operate valves when performing a shutdown thus decreasing the District's exposure to loss.

FIELD SERVICES DEPARTMENT

The Field Services Department began conducting Water Meter PM in 2007. With the passing of AB 2572 in 2004, requiring all water suppliers to install water meters on all customer connections by January 1, 2025, the District has steadily been upgrading flat rate service connections to metered service connections. The addition of thousands of new meters has resulted in an increased workload in the department. This increased workload resulted in longer response times to customer requests and resulted in the Meter PM Program (Program) falling behind schedule prior to 2016. However, the District's Board of Directors approved the addition of one new DO position for the Field Services Department in 2016 and approved adding a second new DO position in 2017.

With the addition of the full-time DO in 2016, meeting the Program schedule was assigned a high priority. To accomplish the entire required annual testing and rebuilding of large meters required a two-member team for approximately 24 hours per week. However, even with the addition of this new staff member, the workload in the department was too great to dedicate existing resources to complete the requirements of the annual Meter PM. To meet the additional labor requirements, staff requested and received approval to hire a student intern working a maximum of 29 hours per week to assist with Meter PM.

The District's Water Meter Asset Management Plan, which follows the American Water Works Association standards, outlines the following PM schedule:

- All 1.5" and 2" meters, approximately 2,417 in total, to be rebuilt every ten years. That means that 242 of these meters must be rebuilt annually to stay on schedule. From 2007 to 2015, staff only managed to perform PM on an average of 88 meters each year.
- All 3" and 4" meters, approximately 404 in total, will be tested every 5 years, all 6" or larger meters, approximately 32 in total, will be tested annually. All large meters will be rebuilt if the meters are operating outside AWWA standards. Therefore, an estimated 114 total large meters must be tested and potentially rebuilt annually to stay on schedule. From 2007 to 2015, staff only managed to perform PM on an average of 42 meters total each year.
- 5/8", 3/4" and 1" meters should be replaced on a 20 year schedule or sooner if an excessive volume (typically 4 to 5 MG) has registered on the meter (estimated 2,100 meters per year).

The following is a summary of the worked performed by the Meter PM crew this year:

- 1.5" & 2" Meters: Staff completed 279 meter rebuilds in this category, also surpassing the required 242 scheduled for 2016 and again far exceeding the previous annual average of 88.
- 3" or Larger Meters: Staff completed 134 large meter tests, surpassing the required 114 scheduled for 2016 and far exceeding the previous annual average of 42. Meters that were operating outside of AWWA accuracy standards were rebuilt by staff immediately following the test. Staff rebuilt the high side of 19 meters and rebuilt the low side of 79

meters. The average initial meter accuracy on the meters tested was 75.6%. Final accuracy after being rebuilt was 99.5%.

- The Meter PM crew did not replace meters 1" and below in-house in 2016. Approximately 1,000 meters 1" and below were replaced by a contractor during the year as part of a CIP project. To effectively maintain a 20 year replacement schedule, approximately 2,100 meters 1" and below will need to be replaced annually. The current average contractor labor cost for the replacement of a 1" and below meter is \$185.00. The approximate labor cost for the replacement of 2,100 meters is \$388,500.

The Field Services Department intends to assign the additional DO to Meter PM in 2017, bringing the total of assigned staff to two. It is anticipated that two full-time DOs will be able to meet all Meter PM goals outlined in the AMP, including the replacement of the scheduled 2,100 meters 1" and below. This will result in a significant cost-savings for the District when compared to outsourcing the replacement of the meters.

PRODUCTION DEPARTMENT

The District has experienced continued success with Production Department PM Program (Program). Since the inception of the Program in 2007, two additional Production Operators and an Electrical and Instrumentation Technician were added to keep up with the ever increasing amount of PM necessary to keep the facilities operating efficiently and within regulatory guidelines. The effectiveness of the Program is reflected in the greatly improved reliability of the District's production facilities since the implementation of this Program.

In 2016, staff focused the efforts of the PM Program in the areas as listed below:

- Pneumatic Tank Air Compressor Inspection and Maintenance: Inspection and maintenance was performed on all 36 air compressors. This consisted of cleaning the site glass on the pneumatic tank, inspecting compressor and wiring for damage and/or wear, cleaning the compressor, chassis, and components, and adjusting compressor for optimal performance.
- Production Facility Air Release Valve Inspection and Maintenance: Inspection and maintenance was performed on all 21 air release valves (ARV). This consisted of inspecting the ARV for damage, exercising the isolation valve, flushing and cleaning the interior body of the ARV, inspection of the float seals, and inspection and cleaning of the vent screen.
- Chlorine and Fluoride Analyzer Inspection and Maintenance: Inspection and maintenance was performed on all 4 chlorine and fluoride analyzers. This consisted of replacing the tubing and cleaning the sensor eye and mixing magnet.
- Sodium Hypochlorite Feed System Inspection and Maintenance: Inspection and maintenance was performed on all 70 sodium hypochlorite (CL2) feed systems. This

consisted of a numbers of steps including, but not limited to, cleaning the injection quill, cleaning and/or replace the clear double containment tubing, rebuilding the positive displacement chemical pump, and verification of flow pacing set-points on PLC.

- Hydrofluorosilicic Acid (Fluoride) Feed System Inspection and Maintenance: Inspection and maintenance was performed on all 28 Fluoride feed systems. This consisted of a numbers of steps including, but not limited to, cleaning the injection quill, cleaning and/or replace the clear double containment tubing, rebuilding the positive displacement chemical pump, and verification of flow pacing set-points on PLC.
- Emergency Internal Combustion Engine (ICE) Maintenance: To adhere to Sacramento Metropolitan Air Quality Management District's requirements, and to ensure the ability of the Districts 36 emergency ICE to perform as intended, routine operation and maintenance is required. The following maintenance frequency is based on manufacturer's recommendations and/or regulatory requirements and is performed by District staff or when necessary by a vendor/contractor:
 - Weekly Maintenance Check – visual inspection and documentation by District staff.
 - Monthly Reliability Testing - operate ICE once a month for 50 minutes loaded with the existing facility load by District staff.
 - Annual Maintenance - oil and filter change and inspection of all hoses and belts performed by a vendor/contractor.
 - Once every 3 years – load bank test (at 100% of capacity) performed by a vendor/contractor.
 - In 2016, load bank testing was performed on 10 emergency ICE's.
 - Once every 3 years – battery replacement performed by a vendor/contractor.
 - In 2016, 8 emergency ICE's received battery replacements.
 - Once every 3 years – fuel sampling performed by a vendor/contractor.
 - In 2016, 5 emergency ICE's underwent fuel sampling.
- Pump Efficiency Testing: Testing was performed by an outside vendor assisted by District staff on 62 wells in 2016. In 2017, all active wells will be tested and the data will also be used for validating water production for SB-555 which requires urban water utilities to submit a validated Water Loss Audit of 2016 by October 2017.
- Hydraulic Valve Inspection and Maintenance: Inspection and maintenance was performed on 46 valves in 2016. This consisted of a numbers of steps including, but not limited to, inspect for damage and proper operation, flush valve body pilot controls, clean and exercise needle valves, and exercise actuator.
- Electric Vertical Turbine Well Pump Motor PM: Staff greased and changed the turbine oil on 91 motors at 71 facilities in 2016. This consisted of a numbers of steps including, but not limited to, inspecting for damage and/or issues, inspect/clean sight glass, de-

grease motor and pump base, inspect sanitary seal and vent screens, clean and adjust dripper setting and change mechanical packing material if necessary.

- Drainage Sump Maintenance: Staff completed PM of drainage sumps at 16 facilities in 2016. This consisted of a numbers of steps including, but not limited to, pulling the sump pump for inspection, service and cleaning, cleaning the sump basin, reinstallation of the pump and verification of proper operation.

Most of the PM items noted above are conducted annually, so the Production Department's PM plan will continue unchanged in 2017.



Agenda Item: 21

Date: January 19, 2017

Subject: Lead and Copper Rule Monitoring and Lead Sampling in Schools

Staff Contact: James Arenz, Operations Manager

In September 2016, the District finalized triennial Lead and Copper Rule (LCR) monitoring and reporting. The District's Lead and Copper Monitoring Program does not include sampling at Kindergarten through twelfth grade (K-12) schools. K-12 schools served by community water systems (CWS) are not included in LCR monitoring because they do not meet the selection criteria specified for Tier 1, 2, or 3 sites. LCR monitoring locations for CWS must meet the requirements of the lowest tier possible. The general requirements outlined in State and Federal regulations for each tier are as follows:

- Tier 1: Single family structures that contain lead pipes, have a lead service line, or have copper pipes with lead solder installed between 1983 and 1986
- Tier 2: Buildings, including multi-family residences that contain lead pipes, have a lead service line, or have copper pipes with lead solder installed between 1983 and 1986
- Tier 3: Single family structures that contain copper pipes with lead solder installed before 1983

Before LCR monitoring began, District staff took the necessary steps to ensure that the Lead and Copper Monitoring Program meets State and federal regulatory requirements. A minimum number of 50 samples were required based on system size; however, a total of 62 customers participated and submitted samples. Fifty-five of the samples collected were from sites selected based on Tier 1 criteria. The system-wide 90th percentile results for lead (none detected) and copper (0.230 parts per million [ppm]) were well below their regulatory Action Levels (ALs) of 15 parts per billion (ppb) and 1.3 ppm, respectively.

In an effort to ensure that drinking water in schools is monitored for lead, USEPA enacted the Lead Contamination Control Act (LCCA) in 1988. The LCCA specifies lead monitoring and reporting requirements for K-12 schools; however, the provisions are not enforceable. USEPA subsequently published additional guidance related to lead monitoring in schools, but no other regulatory requirements have been enacted. Because the provisions of the LCCA are not enforceable, few K-12 schools in the U.S. have performed the requisite lead monitoring. USEPA

indicated they intend to revise the LCR to include K-12 schools in the next round of monitoring during 2019. At this time, it is unclear how USEPA intends to implement this change.

Before beginning 2016 LCR monitoring, District management became increasingly concerned about news reports of elevated lead levels detected in the drinking water at several schools throughout the U.S., including some in California. In an effort to further demonstrate the Customer Service Values in the District's Strategic Plan, staff were directed to reach out and offer lead sampling assistance to previously-identified schools within the District's service area. District staff intended to include all K-12 schools within the District's service area. In August 2016, that offer of assistance came in letters that were sent to the superintendents and/or directors of those schools. While a total of 25 letters were sent to school administrators that oversee the 75 identified schools, the District received only one inquiry. That inquiry came from a small, private school who was subsequently contacted on two occasions by District staff to schedule subsequent activity but staff received no additional response.

On January 17, 2017, the State Water Resources Control Board, Division of Drinking Water (DDW) announced that all CWS serving K-12 schools are required to monitor the drinking water in those schools for lead. That regulatory requirement is in the form of a water supply permit amendment that makes CWS responsible for all tasks associated with lead monitoring and reporting, if requested to do so (in writing) by a school. While drafting those requirements, DDW solicited input from a select group of CWS and CWS organizations. Also on January 17, 2017, DDW posted a web page titled, "Lead Sampling of Drinking Water in California Schools" (http://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/leadsamplinginschools.shtml). That web page includes various links to detailed guidance, templates and other relevant information about the new lead monitoring requirements. The following provides a brief summary of those requirements.

The Department of Education (DOE) is responsible for notifying all K-12 schools served by CWS in the state about the availability of drinking water monitoring for lead. Following receipt of a written monitoring request from a K-12 school, the water supply permit amendment requires CWS to perform specific tasks associated with monitoring lead in the drinking water at that school. The CWS must oversee and absorb all costs associated with the following as well as other related tasks, including:

- Meeting with school representatives to develop a monitoring plan
- Sampling up to five locations per school
- Submitting the samples to a certified laboratory
- Reporting the sample results to the school
- Reporting the sample results to DDW via the State online reporting portal
- Conducting additional sampling at locations with sample results above the lead AL

DDW has made it clear that the schools are entirely responsible for corrective actions required to mitigate elevated lead levels (if present) in the drinking water on their campuses. The State Water Resources Control Board's Division of Financial Assistance will make some funding

available to schools requiring corrective action. If a school makes improvements to mitigate elevated lead levels at a sample location, the CWS is required to perform Corrective Action Check Sampling. The water supply permit amendment requirements will be in effect through November 1, 2019. Other time-bound requirements for CWS in the permit amendment include:

- Compiling a list of all K-12 schools in the CWS's service area from a DOE website by July 1, 2017
- Responding within 60 days to any written request from a school to perform sampling
- Completing sampling within 90 days following the receipt of any written request to sample
- Meeting and reporting monitoring results to the school within 10 business days following receipt of laboratory results
- Notifying the school of any lead sample results over the 15 ppb AL within two school business days of receiving the laboratory results

Because all of the lead monitoring in schools information and requirements were recently finalized and published two days ago, District staff are still in the process of reviewing those requirements and developing an approach to comply. If DDW had chosen to establish the lead monitoring in schools requirement through the formal regulatory process, it would have taken at least two years. It is likely that DDW took the unprecedented statewide CWS permit amendment approach to limit the timeframe between identifying concern about a potential problem and taking the necessary steps to confirm, and if necessary, mitigate it.

As mentioned previously, all requests from schools to perform lead monitoring of the drinking water must be submitted to the District in writing. Considering the District received only one previous inquiry, it is unclear what, if any, impact will result from the District now being responsible for the costs and management of monitoring plan development, sample collection and analysis, and regulatory reporting. A significant factor in determining the number of monitoring requests the District receives from schools will likely be associated with the level of effort the DOE puts forth in encouraging and publicizing the need to monitor drinking water for lead in K-12 schools.

District laboratory and labor costs associated with the requirements discussed above are difficult to anticipate at this time. For each school that requests monitoring, the direct laboratory analysis and reporting cost to the District for five samples will be approximately \$50.00. As noted above, staff previously-identified 75 schools within the District's service area and proactively sent letters offering lead monitoring assistance to their superintendents or directors this past August. However, a recent review of the DOE website indicates that there may be as many as 92 K-12 schools in the District. A determination of the actual number of K-12 schools will require further clarification concerning DOE's definition of a "K-12" school.



Agenda Item: 22

Date: January 5, 2017

Subject: 5220 Palm Avenue Water Main Failure

Staff Contact: Jim Arenz, Operations Manager

On December 4, 2016, at approximately 4:15 a.m., the District's On-Call Technician was dispatched to 5220 Palm Avenue responding to concerns of a water main failure that occurred at approximately 4:00 a.m. (see Exhibit 1). Upon arriving staff observed a large volume of water flowing from Palm Avenue onto the Foothill Garden Apartment Complex. Staff immediately initiated a shutdown of the affected area in order to isolate the leak. The shutdown was completed at 4:45 a.m., affecting approximately 20 residences in the area.

Due to the topography of the Foothill Garden Apartment Complex, the water flowed from the point of failure south through the complex and exited between homes on Shaver Court. Four (4) residences were inundated with water, which may result in claims against the District (see Exhibit 2). The District's insurance provider has been and is currently working with contractors to finalize the remediation of the water damage to the affected residences.

Due to the severity and scope of the damage to the roadway caused by the water main leak, the District outsourced the work necessary to repair the water main and roadway. The contractor's staff worked the entire day to repair the water main and secure the roadway to a temporary state for traffic flow. The water main that failed was a section of 10" Mortar Lined Steel (MLS) pipe. The repair to the water main was accomplished by using two (2) full circle repair clamps at the locations where staff identified the main to have failed (see Exhibit 3).

The total cost incurred to date for the repair of the water main and roadway is \$25,777.50. Below is a breakdown of those costs:

- \$10,347.50 for the repair/replacement of water main and all incidentals, removal of initial asphalt, and clean-up of surrounding area.
- \$15,430.00 for the removal/replacement of unstable AB material, asphalt, concrete sidewalk and paint.

The above mentioned costs do not include billing for the Sacramento County Encroachment Inspectors. This invoice will be received at a later date. Costs also do not reflect any claims which may be received by affected customers, however, no claims have been received to date.

In addition to this leak, on the two days immediately preceding this leak this District experienced Distribution system failures in the same general area (see Exhibit 1).

On December 2, 2016, at approximately 3:00 a.m., the District's On-Call Technician was dispatched to 5350 Walnut Avenue responding to concerns of a water main failure. The On-Call Technician could not immediately isolate the failed section of water main due to concerns of leaving the roadway unattended. The road was very broken up and he did not know the integrity of the sub-surface road base. The On-Call Superintendent dispatched District staff to assist with the shutdown which was accomplished at 3:50 a.m. affecting 4 residences in the area.

Due to the size and severity of the damage to the roadway caused by the water main leak, the District outsourced the work necessary to repair the water main and roadway. The water main that failed was a section of 12" MLS pipe in very close proximity to a welded service connection. The repair to the water main was accomplished by using a full circle repair clamp.

The total cost incurred for the repair of the water main and roadway is \$46,878.27. Below is a breakdown of those costs:

- \$7,576.27 for repair/replacement of water main and all incidentals, removal of initial asphalt, and clean-up of surrounding area.
- \$39,302.00 for removal/replacement of unstable AB material, asphalt, concrete and paint.

On December 3, 2016, at approximately 12:00 a.m., the District's On-Call Technician was dispatched to 4920 Walnut Avenue responding to concerns of a water main leak. Upon arriving staff observed water surfacing between the asphalt roadway and the concrete gutter pan. Staff immediately initiated a shutdown of the affected area in order to isolate the leak, however staff was uncertain about the actual location and cause of the leak. Staff contacted the On-Call Superintendent to ask for direction.

Due to the water main being MLS and in close proximity to a fire hydrant lateral the superintendent opted to outsource this repair. Upon excavating the area, it was determined that the leak was on the fire hydrant lateral which was 6" O.D.S. pipe and was in extremely poor condition. The fire hydrant lateral did not have an isolation valve at the tee, and the tee was a fitting fabricated on site with a 22 1/2° offset to align the fire hydrant lateral so it did not impact a driveway apron but placed it in a poor location. Weighing all these factors, the superintendent directed the contractor to remove the tee, straight pipe the 8" MLS water main and remove the fire hydrant and lateral from service until such time that a more appropriate location for the fire hydrant could be determined.

The total cost incurred for the repair of the water main and roadway is \$21,026.00. Below is a breakdown of those costs:

- \$9,514.00 for the repair/replacement of water main and all incidentals, removal of initial asphalt, and clean-up of surrounding area.
- \$11,512.00 for the removal/replacement of unstable AB material, asphalt and paint.

All these leaks occurred immediately after a substantial period of rain which may have been a contributing factor.

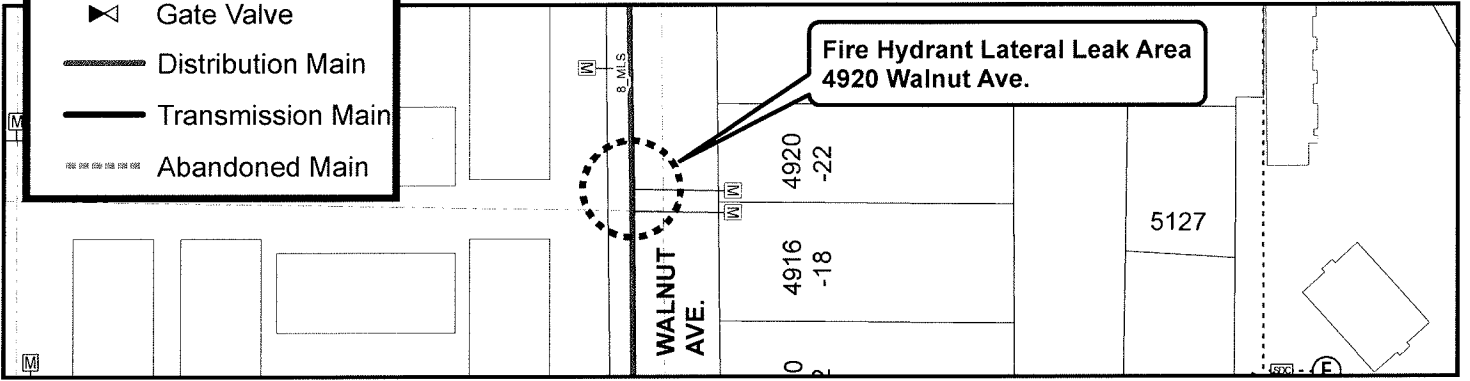
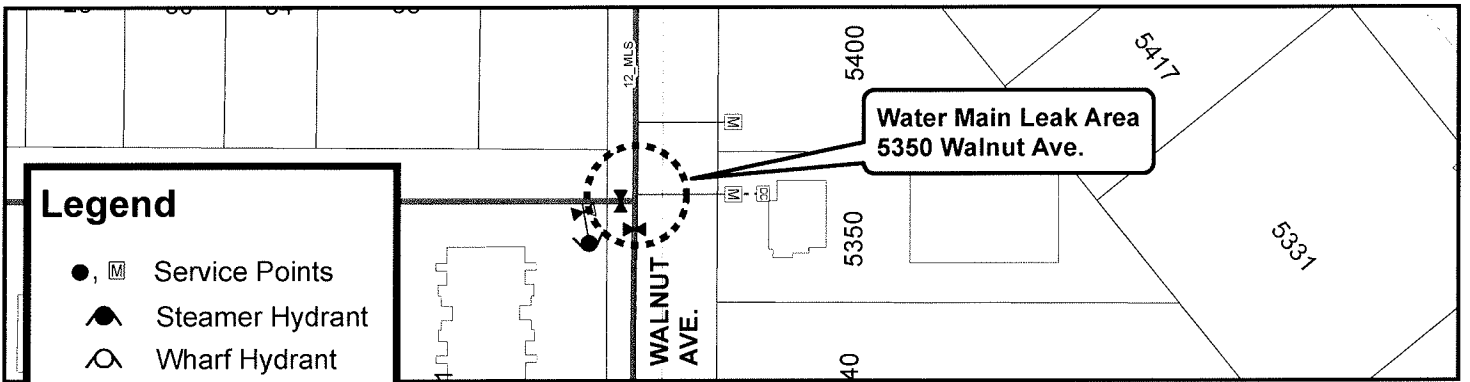
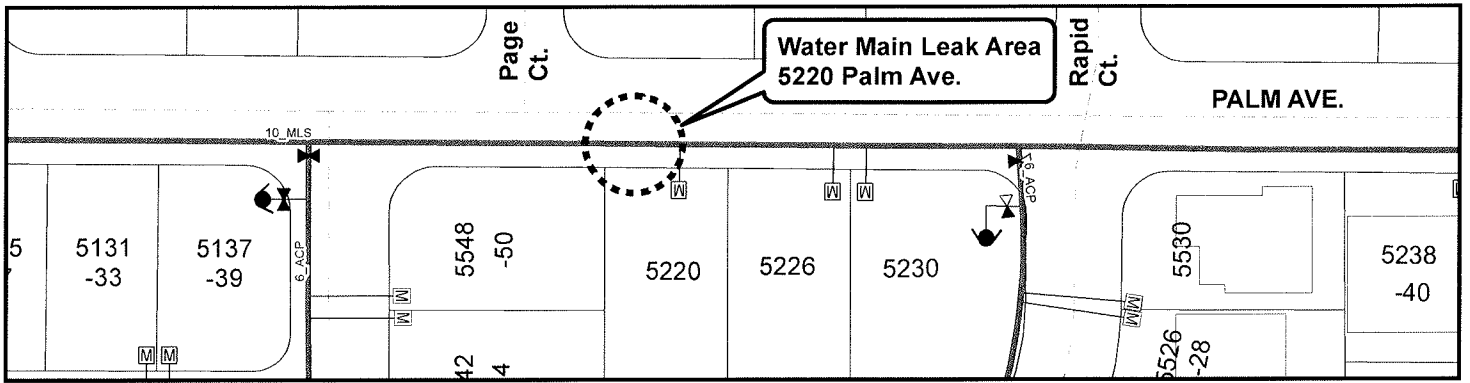
Strategic Plan Alignment:

Facilities and Operation – 2.A. The District will utilize appropriate planning tools, identify financial resources necessary, and prioritize system requirements to protect and maintain District assets and attain water resource objectives.

Facilities and Operations – 2.D. Implement protective, preventive and predictive maintenance programs on all District assets to extend their life and reduce service interruptions.

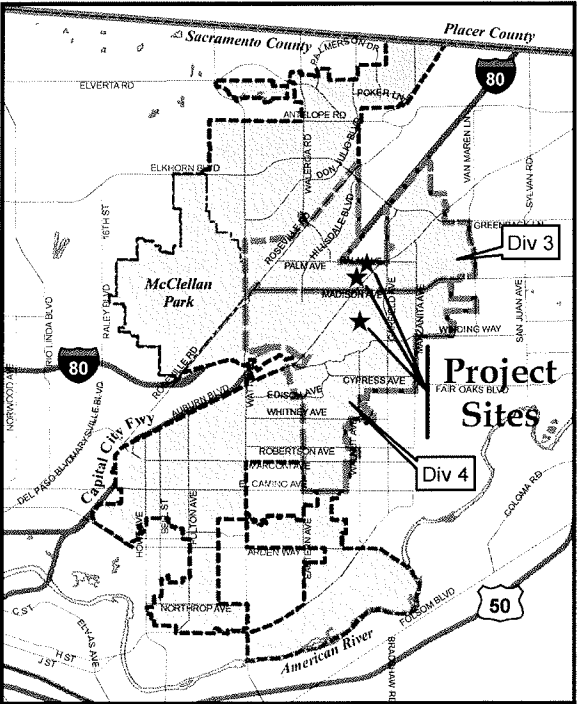
Finance – 4.A. Monitor District operations to ensure cost effective and competitive performance.

Staff utilized efficient means of repairing water mains and restored water service to the District customers in a timely manner.



Legend

- , [M] Service Points
- 🔥 Steamer Hydrant
- ⊕ Wharf Hydrant
- ⚡ Gate Valve
- Distribution Main
- Transmission Main
- - - Abandoned Main



NTS Partial of Sacramento Suburban Water District

EXHIBIT 1

Locations of Three Water Main Failures

(Voting Division 3 & 4)

SACRAMENTO SUBURBAN WATER DISTRICT

Base Data: Sacramento County Gis Base Map
 Projection: CA State Plane 2, NAD83
 Scale: As Shown
 Prepared by: D.A.V., SSWD
 Sacramento, Ca - December 2016
 Water Main Failures.mxd

Exhibit 2

5220 Palm Avenue



These photos illustrate the slope of the ground in relationship to the roadway.

Exhibit 3

5220 Palm Avenue



Location of first full
circle repair bands.



Location of second
full circle repair band.

These photos illustrate the use of full circle repair clamps being installed to repair two (2) failed sections of the 10" MLS water main. The bottom photo also illustrates the magnitude of the excavated area.



Agenda Item: 23

Date: January 11, 2017

Subject: Electric Vertical Turbine Well Pump Motor Failures

Staff Contact: James Arenz, Operations Manager

Over a four day period beginning on December 12, 2016, three electric motors on vertical turbine well pumps failed. The motor failures do not appear to have been related in any way as the affected well sites are several miles from each other and located in separate electrical utility substation blocks. Two well sites share an environmental profile that has the well pumps protected by a sound enclosure employing forced air ventilation. The other site has an exposed well pump. All three motors suffered a stator winding failure. The severity of collateral damage caused by the motor failures differed at each site. Staff will be seeking assistance from an outside consulting service to perform a forensic examination of the failed motors and affected components in the motor control panels. Below is a brief synopsis of each motor failure event and the steps taken by staff to investigate each incident.

Well 4B

The motor at this site failed at 10:41 a.m. on December 9, 2016, while attempting to start in response to a pump call from the programmable logic controller (PLC) based on specific pressure set points. Although the panel's main disconnect breaker and motor breaker both tripped as a result of the failure, the main arc flash breaker did not. An inspection of the motor revealed visual signs of a winding flash failure as well as the associated smell of burnt electrical components. An insulation resistance test performed on the motor indicated that the motor was shorted to ground further indicating a winding failure. Staff was able to reset the main panel breaker and perform additional testing to determine the extent of the collateral damage to panel components. With the motor leads removed, the motor disconnect breaker was turned on and the variable frequency drive (VFD) became active with a low input voltage alarm. Staff was able to reset the alarm condition and the VFD. However, until the pump motor is rewound and the facility is placed back into service under normal load condition, the extent of the collateral damage, if any, can not be fully determined. The 350 horsepower (HP) motor at this facility was not labeled for inverter duty and had approximately 25,800 hours of run time at the time of the failure.

Well 20A

The motor at this site failed at 10:47 a.m. on December 11, 2016, 8 minutes after it began operation in response to a pump call from the PLC based on specific pressure set points. The motor disconnect breaker was the only breaker that was tripped as a result of the failure. A visual

inspection revealed a winding flash failure evidenced by black smoke on the vent screen (See Exhibit 1) and soot on the distribution piping. An insulation resistance test performed on the motor indicated that the motor was shorted to ground further indicating a winding failure. This 100HP motor was rebuilt in April 2014 at which time it had been rewound with inverter duty wire. It had approximately 7,300 hours of run time at the time of the failure. The vendor that performed the motor rebuild was contacted regarding the failure, but was unable to adequately answer questions concerning the premature failure of the stator windings. The motor at this site is, and always has been, fully exposed to the elements as are many of the well pump motors throughout the District.

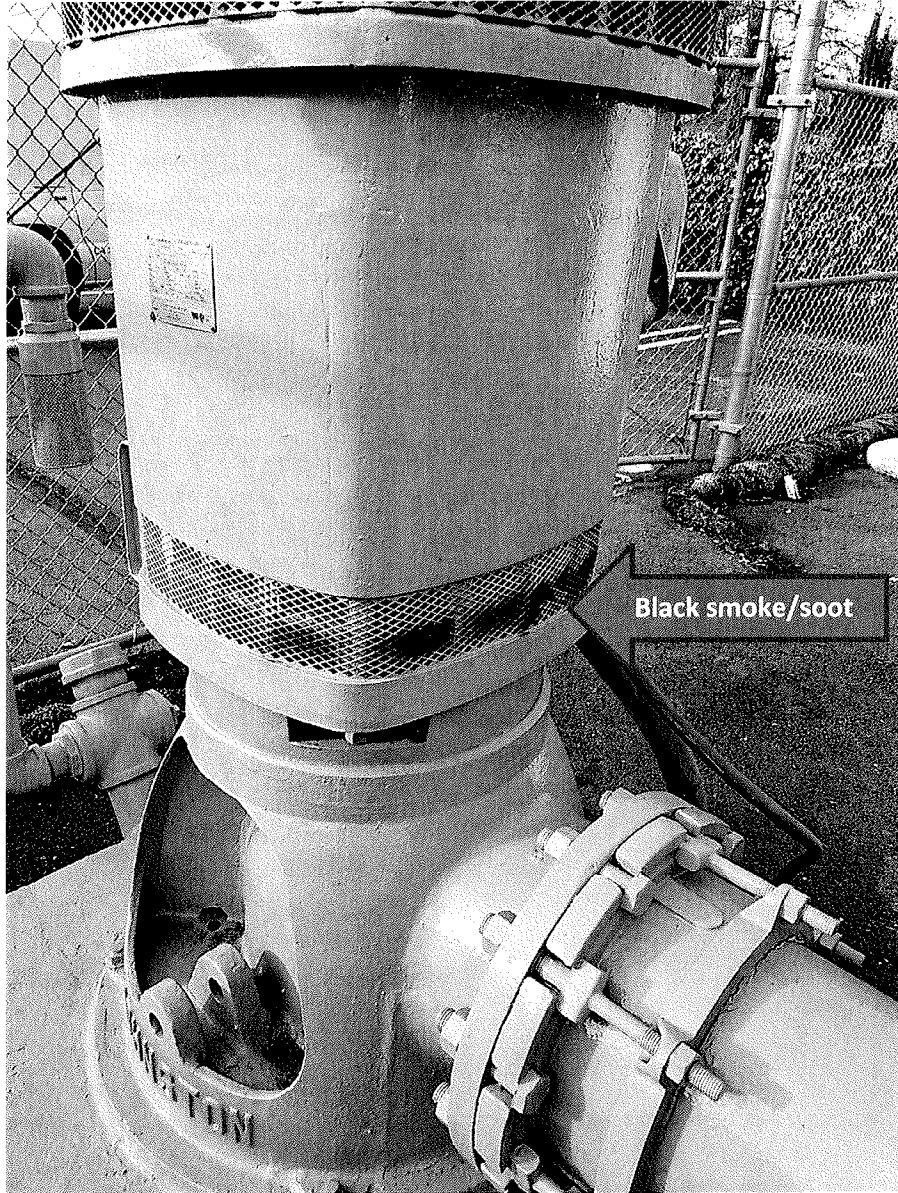
Well 56A.

The motor at this site failed at 12:30 p.m. on December 12, 2016, after 2 minutes of operation after starting in response to a pump call from the PLC based on specific pressure set points. The motor failure tripped the motor breaker, the arc flash breaker, and the panel main breaker. A visual inspection of the motor showed only minor indications of an arc flash in the windings. Although an insulation resistance test performed on the motor indicated that the motor was shorted to ground further indicating a winding failure. Staff was able to reset the main panel breaker and arc flash breaker and perform additional testing to determine the extent of the collateral damage to panel components. With the motor leads removed from the VFD the motor disconnect breaker was reset. This action resulted in an immediate trip of the motor breaker, the panel main breaker and the arc flash breaker and smoke was seen coming from the VFD section of the motor control center. It is likely that the motor disconnect breaker and the VFD were both damaged as a result of the motor failure. The VFD may need to be replaced as the repair cost may exceed replacement the cost. The 300HP motor at this facility was not labeled for inverter duty and had approximately 61,200 hours of run time at the time of the failure.

To date, all three motors are scheduled to be pulled and sent for analysis and repair the week of January 16, 2017. Staff has also contracted with a District consultant to perform the forensic analysis of the motor control center and purchase and install a replacement VFD at Well 56A which should be complete by mid-February.

System pressures in the area surrounding the well at the time of each event remained consistent as other wells responded quickly to the system demands. District customers in the area of each event likely would not have noticed any change in pressure beyond the normal daily fluctuation caused by daily demand periods.

Exhibit 1



Well 20A – 100HP Electric Vertical Turbine Well Pump Motor



Agenda Item: 24

Date: January 12, 2017

Subject: CEQA Exemptions for Water Facility Projects: Parkland Estates Main Replacement Project and Hurley Way - Jonas Avenue Water Main Extension Project

Staff Contact: Mitchell S. Dion, Technical Services Director

To comply with the California Environmental Quality Act (CEQA), the District prepared "Notice of Exemptions" for the Parkland Estates Main Replacement Project and Hurley Way - Jonas Avenue Water Main Extension Project. Both projects are located in the South Service Area. A description of each project follows below:

Parkland Estates Main Replacement Project

The Parkland Estates Main Replacement Project consists of the planned installation of approximately 29,000 feet of new water mains, 64 fire hydrants, and 581 non-metered services converted to metered services. The project is located in Sacramento County near Marconi and Eastern Avenues. See the attached Exhibit 1 for a location map.

Article 15302 of CEQA allows a "Class 2" Categorical Exemption for "replacement or reconstruction of existing structures and facilities where the new structure would be located in the same site as the structure replaced and will have substantially the same purpose and capacity of the structure replaced." For the Parkland Estates Project, new water mains will be installed below the street surface in public right of ways. No additional capacity will be provided from these water mains and they are not being constructed to accommodate growth. Therefore, this project meets the criteria of "Statutory Exemption", which qualifies it as being exempt under CEQA. The Parkland Estates project is located within Divisions 2 and 4 of the Sacramento Suburban Water District service area. See the attached Exhibit 1 for a location map.

The "Notice of Exemption" (NOE) for the Parkland Estates Project has been signed and was recorded with the Sacramento County Clerk/Recorder's Office on November 18, 2016. A copy of the NOE is attached as Exhibit 2 to this report.

There is a change in the processing for CEQA documents presented to the California Department of Fish and Wildlife. Under California state law the County Recorder submits the CEQA finding to the California Department of Fish and Wildlife on behalf of the District.

CEQA Exemptions for Water Facility Projects: Parkland Estates Main Replacement Project and Hurley Way - Jonas Avenue Water Main Extension Project

January 12, 2017

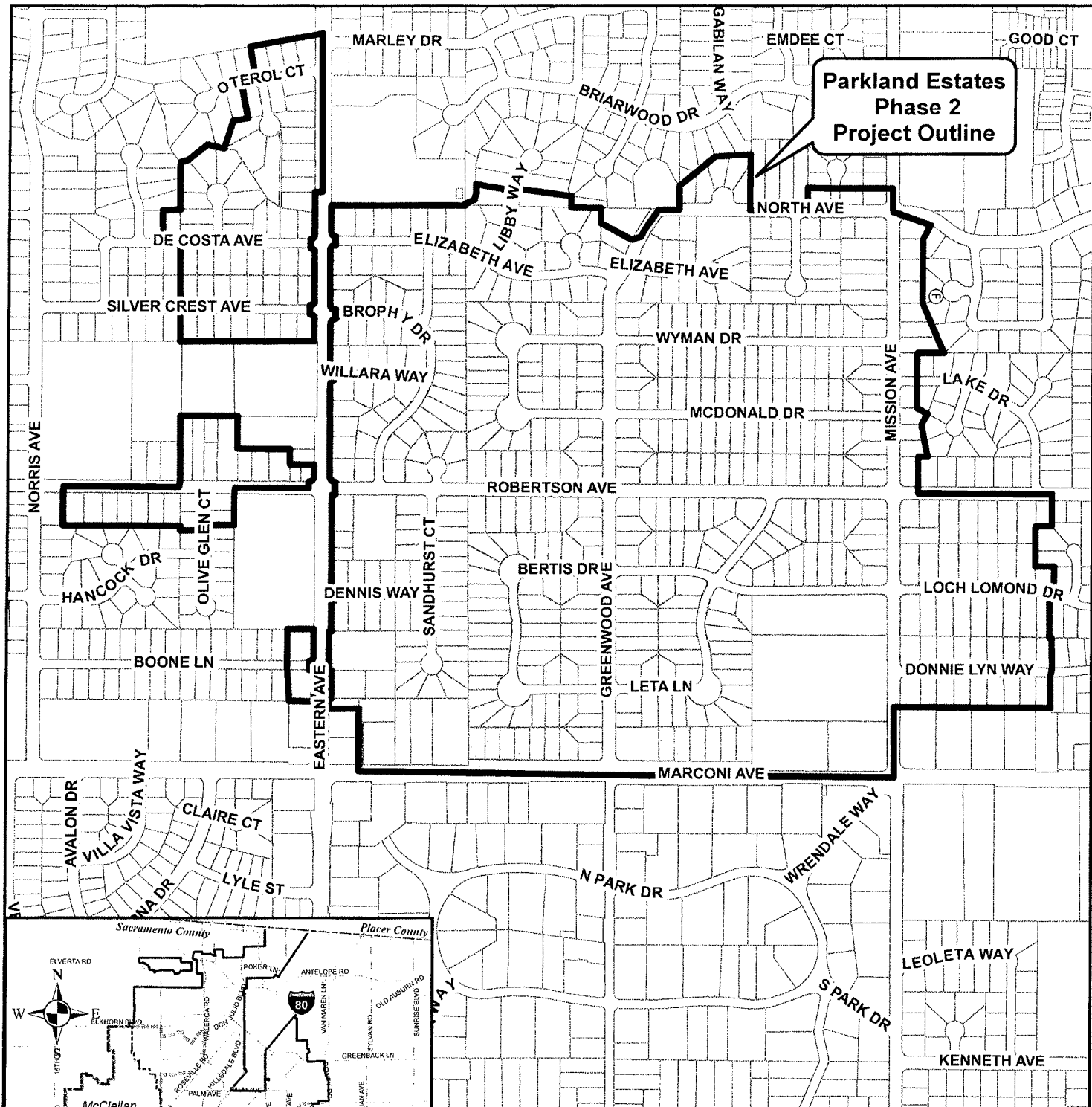
Page 2 of 2

Hurley Way - Jonas Avenue Water Main Extension Project

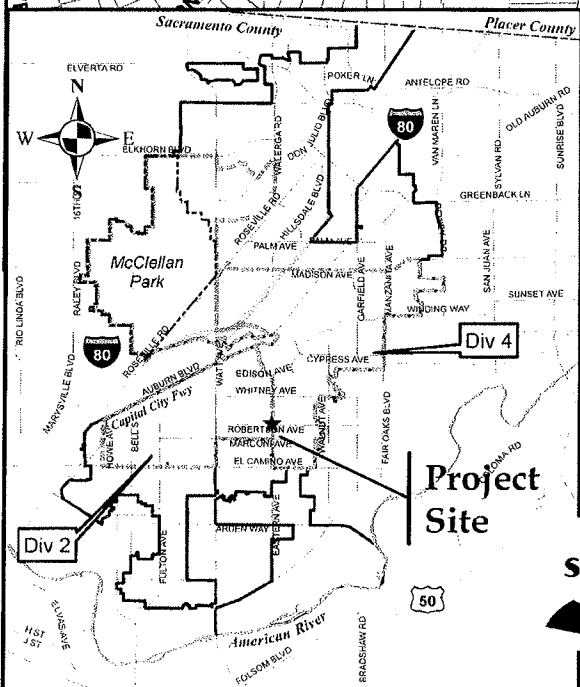
The Hurley Way - Jonas Avenue Water Main Extension Project will extend and loop a dead end water main and connect into the distribution system. This project is located in the South Service Area within Division 5 of the Sacramento Suburban Water District service area, on Hurley Way between Jonas and Morse Avenue. See the attached Exhibit 3 for a location map. The project will place a new water main on Hurley Way with the proposed installation of 1,050 feet of 12-inch water main and 150 feet of 8-inch water main. As a result of this project, approximately seven homes will be switched to the new water mains to be constructed in the street in the public right-of-way, completing a loop on Hurley Way and installing one fire hydrant near the front of Thomas Edison Elementary School. The pipeline will provide for better circulation, pressures and greater fire flow capacity for the area.

Article 21080.21 of the California Environmental Quality Act (CEQA) allows a Statutory Exemption for “any pipeline project of less than one mile within a public street or highway or any other public right-of-way for the installation of a new pipeline or the maintenance, repair, restoration, reconditioning, relocation, replacement, removal, or demolition of an existing pipeline or facilities located below surface”. For the Hurley Way - Jonas Avenue project, a new water main less than one mile in length will be installed below the street surface in the public right of way. No additional capacity will be provided from this water main. Therefore, this project meets the criteria of “Statutory Exemption,” which would qualify it as being exempt under CEQA.

The “Notice of Exemption” for the Hurley Way - Jonas Avenue Water Main Extension Project has been signed and sent to the Sacramento County Clerk’s Office for recording. A copy of the NOE is attached as Exhibit 4 to this report.



**Parkland Estates
Phase 2
Project Outline**



NO SCALE Portion of Sacramento Suburban Water District

EXHIBIT 1

NOT FOR RECORDING

**Parkland Estates
Phase 2
Project Outline**

(Voting Div. 2 & 4)

Base Data: Sacramento County
Gis Base Map
Projection: CA State Plane 2, NAD83
Scale: No Scale
Prepared by: DAV, SSWD
Sacramento, CA - December, 2016
Parkland_Estates2.mxd

**SACRAMENTO
SUBURBAN
WATER
DISTRICT**

THIS MAP SHOWS THE LOCATION OF THE PUE AND IS NOT PART OF EASEMENT DOCUMENTS

NOTICE OF EXEMPTION

To: County of Sacramento
County Clerk
600 8th St., Rm 101
Sacramento, CA 95814

From: Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5303

PROJECT TITLE: 2016/2017 Parkland Estates Waterline Replacement Project Phase 2
PROJECT LOCATION: Within Sacramento County in the Subdivision known as Parkland Estates. The project is located within the boundaries of Norris Avenue on the West, Whitney Avenue on the North, Marconi Avenue on the South, and Root Avenue on the East.
ASSESSOR'S PARCEL NUMBER(S): Public right-of-way and numerous residential and commercial lots.
DESCRIPTION OF PROJECT: Replacement and reconstruction of existing water mains and house service lines, consisting of approximately 29,153 linear feet of water main and installation of approximately 472 residential and commercial service lines.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Sacramento Suburban Water District

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: John Valdes, Engineering Department Manager, Sacramento Suburban Water District, (916) 972-7171

EXEMPT STATUS: (CHECK ONE)

- MINISTERIAL (Sec. 21080 (b); 15268);
- DECLARED EMERGENCY (Sec. 21080 (b) (3); 15269(a));
- EMERGENCY PROJECT (Sec. 21080 (b) (4); 15269(b));
- GENERAL RULE (Sec. 15061 (b) (3));
- CATEGORICAL EXEMPTION - State Type and Section No.:** Class 2, Guidelines § 15302, subd. (c)
- STATUTORY EXEMPTION - State Code Number:

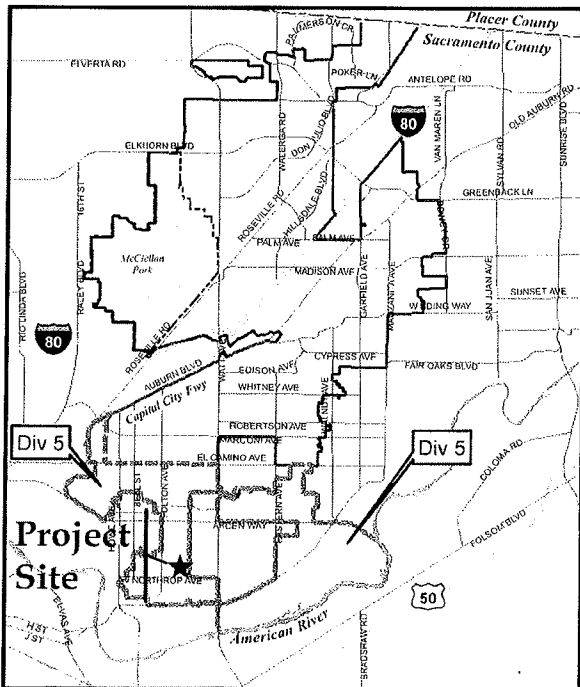
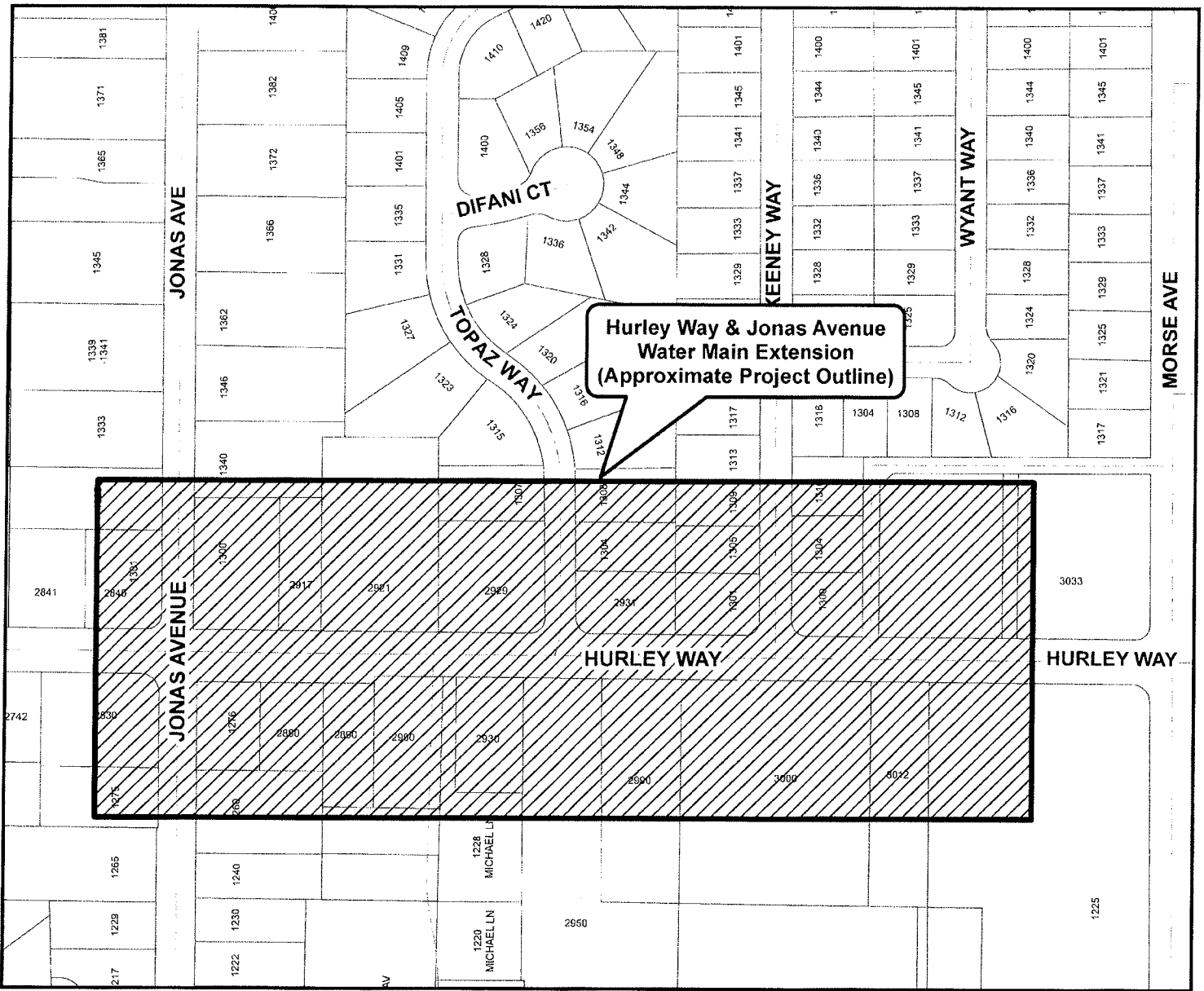
REASONS WHY PROJECT IS EXEMPT AND DOES NOT REQUIRE FURTHER ENVIRONMENTAL DOCUMENTATION:

The proposed project is part of the District's planned water main replacement program and involves negligible expansion of capacity and no increase in use, and is therefore, exempt from the provisions of CEQA.

SACRAMENTO SUBURBAN WATER DISTRICT

BY: 
Robert S. Roscoe, P.E.
General Manager

DATE: 11/18/16



MAP NOT TO SCALE

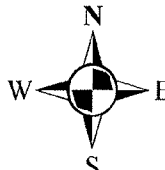
Portion of Sacramento Suburban Water District

EXHIBIT 3

NOT FOR RECORDING

**Hurley Way & Jonas Ave.
Water Main Extension
Location Map**

(Voting Division 5)



Base Data: Sacramento County Gis Base Map
 Projection: CA State Plane 2, NAD83
 Scale: No Scale
 Prepared by: DAV, SSWD
 Sacramento, CA - January 2017
 Hurley_Jonas_Loc.mxd

**SACRAMENTO
SUBURBAN
WATER
DISTRICT**

THIS MAP SHOWS THE LOCATION OF THE PROJECT SITE AND IS NOT PART OF THE EASEMENT DOCUMENTS

NOTICE OF EXEMPTION

To: County of Sacramento
County Clerk
600 8th St., Rm 101
Sacramento, CA 95814

From: Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5303

PROJECT TITLE: Hurley Way – Jonas Avenue Water Main Extension
PROJECT LOCATION: Within Sacramento County on the street Hurley Way. The project is located within the boundaries of Jonas Avenue on the West and Morse Avenue on the East.
ASSESSOR'S PARCEL NUMBER(S): Public right-of-way and a few residential lots.
DESCRIPTION OF PROJECT: Extension and construction of water mains and house service lines, consisting of approximately 1200 linear feet of water main, installation of approximately 7 residential service lines and the addition of 1 Fire Hydrant.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Sacramento Suburban Water District

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mitchell McCarthy, Assistant Engineer, Sacramento Suburban Water District, (916) 972-7171


EXEMPT STATUS:

- MINISTERIAL (Sec. 21080 (b); 15268);
- DECLARED EMERGENCY (Sec. 21080 (b) (3); 15269(a));
- EMERGENCY PROJECT (Sec. 21080 (b) (4); 15269(b));
- GENERAL RULE (Sec. 15061 (b) (3));
- CATEGORICAL EXEMPTION - State Type and Section No
- STATUTORY EXEMPTION - State Code Number: Article 21080.21

REASONS WHY PROJECT IS EXEMPT AND DOES NOT REQUIRE FURTHER ENVIRONMENTAL DOCUMENTATION:

The proposed project is part of the District's planned water main replacement program which its length is less than one mile in length will be installed below surface in the public right-of-way. No additional capacity will be provided from this water main extension. Therefore, this project meets the criteria of "Statutory Exemption", which would qualify it as being exempt under CEQA.

SACRAMENTO SUBURBAN WATER DISTRICT

BY: 
Robert S. Roscoe, P.E.
General Manager

DATE: 1/11/12



Agenda Item: 25

Date: January 11, 2017

Subject: Comments on Making Conservation a California Way of Life Letter

Staff Contact: Greg Bundesen, Water Conservation Supervisor

Discussion

On November 30, 2016 the State Water Resources Control Board (SWRCB) released the draft of their proposal (Proposal) to implementing the Governor's Executive Order B-37-16 (EO). Issued on May 9, 2016, EO B-37-16 called on the state's EO Agencies (SWRCB, California Department of Water Resources (DWR), the California Public Utilities Commission (PUC), the California Department of Food and Agriculture (DFA), and the California Energy Commission (CEC)) to develop a strategy that would make conservation a way of life in California. The elements of the EO include using water more wisely, eliminating water waste, strengthening local drought resilience, and improving agricultural water use efficiency and drought planning. The following is a summary of the draft proposal's key elements and their implementation schedule (due to the size of the Proposal, a copy was not provided as part of this report. The Proposal can be made available upon request).

As stated at the December Regular Board Meeting (Agenda Item 17) the District signed on to a comment letter drafted by ACWA (Exhibit 1) outlines some of the impacts the Proposal will have to California water agencies if it is allowed to pass through the state legislator and become law. Another letter drafted by the RWA on behalf of its member agencies (Exhibit 2) was also submitted to the SWRCB regarding the Proposal and outlines some of the challenges water agencies may have attempting to implement the Proposal's section regarding new water use targets based on strengthened standards. Staff will continue to offer comments to the SWRCB regarding the EO.

Exhibit 1

VIA EMAIL: wue@water.ca.gov; commentletters@waterboards.ca.gov

December 19, 2016

The Honorable Felicia Marcus, Chair
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

The Honorable Mark Cowin, Director
California Department of Water Resources
P.O. Box 942836, Room 1115-1
Sacramento, CA 94236-0001

SUBJECT: Comments on "Making Conservation a California Way of Life" November 2016 Public Review Draft

Dear Chair Marcus and Director Cowin:

The undersigned water suppliers and associations comprise designated members of the Urban Advisory Group (UAG) convened by the State to provide input on the framework for implementation of Executive Order B-37-16 (EO) and additional participants in the recent stakeholder outreach process. Many of us submitted a joint comment letter and detailed recommendations dated October 18, 2016, and we include that package with this letter, as it continues to be germane to the Public Review Draft. We would also like to draw your attention to a comment letter being submitted today from the American Water Works Association, California-Nevada Chapter, which pertains to portions of the Public Review Draft.

We would like to express our ongoing appreciation for the opportunities that the State has offered to provide input in this process. We continue to be committed to helping define a successful framework to help California prepare for and respond to future droughts, and to promote the long-term efficiency of water use. We would like to collaborate with you and your colleagues in the Brown Administration to craft a legislative package that we can all support.

While we are largely supportive of the initial recommendations in the Draft Report, we cannot support any policy that allows the State Agencies carte blanche in determining future water-use budgets, prohibitions or performance measures. We believe all new water-use target setting efforts must include a formal stakeholder involvement process, allowing for input on technical considerations and the potential for unintended consequences.

The conservation framework must take into account the One Water policy perspective, seeking a balanced and integrated approach to sustainable water management. Water sustainability and drought resilience must be measured in terms of BOTH water-use efficiency and the development of new supplies and storage.

To that end, we are concerned that the uncertainty associated with unknown future conservation regulations will serve as a significant *disincentive* for the development of new sustainable supply sources

and storage by local agencies, and we strongly believe that this would be an unwise direction for California to take. As such, several of our comments are aimed at improving incentives for new supply development while maintaining water-use efficiency principles.

Similar to the approach we took in October, we have identified the elements of the Public Review Draft that we support and which we believe will improve water management in the future, and we have provided specific feedback aimed at improving the proposal. We support the enforcement of water use efficiency targets in 2025, the transition to a five-year drought planning sequence in the Urban Water Management Plan, and the additional components proposed for the Water Shortage Contingency Plans – communication plan, specific compliance and exemption procedures, monitoring and reporting protocols and a regular review process. We also believe that providing State agencies with our annual supply and demand assessments will facilitate better understanding of hydrologic conditions throughout the state.

We have identified the following areas of continued concern, which we look forward to resolving with the Executive Order agencies in the final report (the citations in each comment refer to the relevant section(s) of the Public Review Draft).

Using Water More Wisely

Section 2.1 Emergency Conservation Regulations for 2017

- As the State Water Resources Control Board (SWRCB) considers extending the emergency regulation in January/February 2017, they must consider that many parts of the state are not experiencing emergency drought conditions due to improved hydrologic conditions, development of drought resilient supplies, or both. The SWRCB should rescind the emergency conservation regulations for those areas with adequate supplies, and focus on those communities that require assistance in meeting the water demands of their community. The SWRCB could continue its “stress test” demand reduction measures for areas in which supplies are inadequate in 2017 to meet normal demands.

Section 2.2 Permanent Prohibition of Wasteful Practices

- We request that the EO agencies include language to exempt residents from these prohibitions in the case of a public health or safety emergency and that uniform definitions of “measurable rainfall” and “street medians” be provided. We also ask that it be made clear in Section 2.2.4 that it will be the responsibility of local agencies to enforce these new regulations.

Section 2.4 Process for Determining Cost-Effectiveness of Water Conservation and Energy Efficiency

- It is stated in this section that the cost-effectiveness of potential appliance standards is based on the value of the water or energy saved, the effect on product efficacy for the consumer, and the life-cycle cost of complying with the standard to the consumer. The California Energy Commission (CEC) assesses the cost effectiveness of a proposed appliance standard by surveying and comparing the cost and operation of compliant and non-compliant appliances. Any increased costs must be offset by water and energy savings due to the increase in appliance

efficiency. We call on the CEC to include potential wastewater system impacts as a valid life-cycle cost associated with indoor appliances when conducting its cost-effectiveness analysis.

Section 3.1 New Water Use Targets

General

- Alternative Target-setting Approach (Sections 3.1.1 and 3.1.2.) We continue to request that the State include optional approaches to the strengthened standards target-setting process that build on the elements of SB x7-7, as is directed by the EO. Expansion of the State agencies' water budget based proposal to provide for alternative target-setting approaches that can be customized to unique local conditions, would be equally effective in reducing water use and would allow for alternative methods to reducing water demands that could be more cost-effective for some agencies to implement. This is particularly important for water agencies that lack resources or capacity to implement water budget programs, or for water agencies that would benefit from this additional flexibility. We also believe that a regional compliance approach should be allowed as an option.
- No Impact on Water Rights. The new water use efficiency program requirements must not adversely affect water rights or contracts held by water suppliers in California, and must explicitly recognize the ability of water suppliers to use or transfer the conserved water, pursuant to Water Code Section 1011. These provisions are already contained in Water Code Sections 10608 et seq. (SB x7-7), and must be maintained in any modifications thereto or in any new Water Code language to implement the Executive Order. We ask that language be added to the executive summary and introduction clearly stating the state's intent to preserve water rights as the elements of the Executive Order are implemented.
- Sustainable Water Management. When setting water use standards, it is imperative for the EO agencies to recognize that water conservation by itself is not going to result in a resilient supply that can manage severe shortage situations, which the state is likely to face in the future. As described in Governor Brown's California Water Action Plan, an integrated and sustainable approach must include both water use efficiency and local supply development. When considering lowering the standards on water use, the state must take into account local efforts in developing drought resilient supplies, as mentioned in section 4.2.2 of the Public Review Draft.

Indoor and Outdoor Standards

- Water Use Efficiency Standards and Reporting (Section 3.1.3.) We support the proposal to establish 55 gallons per capita per day (GPCD) as the indoor use standard and the use of MWEL0 standards in place when landscapes were installed as the outdoor use standard for residential properties, when using the proposed method, for determining compliance with the new efficiency targets in 2025. The landscape standard should be applied to irrigable areas of parcels. We support reporting on compliance with the 2025 targets in the 2025 Urban Water Management Plan. We do not support annual reporting on targets either before or after the

2025 Plan. Finally, while we are open to considering lower water use standards for residential customers in future years, we insist that any such consideration be inclusive of a public stakeholder process.

- Indoor Standards Workgroup (Section 3.1.3.) Similar to the Landscape Area Measurement Workgroup, which is to assist the state in developing the outdoor irrigation standard, the EO agencies should form an Indoor Standards Workgroup to assist the state in evaluating the data and research to be utilized in determining the 2025 indoor standard. As part of this effort, the EO agencies must conduct a scientific evaluation to identify potential impacts on wastewater systems and recycled water/potable reuse production before the indoor water use standard is reduced to a standard below 55 GPCD.
- Landscape Area Measurement Data (Section 3.1.3.) We request that the State provide to water suppliers either the detailed, verified landscape data for every parcel in a water agency that chooses to use the water use efficiency compliance method defined in the Public Review Draft or the funding for the agency to perform this analysis. A significant amount of data and technical assistance, as well as dedication of precious fiscal resources, will be required to implement these standards. The process and methods to obtain and disseminate the data will need to be transparent and technically sound in order to ensure credibility with the public and local decision makers.

In lieu of using state-supplied landscape data, water suppliers should be allowed to use self-supplied landscape data of equivalent or superior quality to develop targets. Additional landscape data provided by water suppliers could be used to address unique conditions in a service area such as agricultural land or to provide updated landscape area reflecting service area growth. Any landscape data provided by the water supplier would be required to incorporate landscape area assumptions and definitions consistent with those used in the state-supplied data set. We urge the State to take a deliberate and iterative approach that includes verification of accuracy by an independent third party and allows sufficient time to test the proposed standards and make refinements as necessary. In this regard, any delay in the availability of verified landscape data should be reflected in compliance deadlines for water suppliers.

- Variances (Section 3.1.3.) We request that the EO agencies develop and implement a variance process to allow for the establishment of indoor and outdoor water use standards according to a water supplier's unique conditions, such as providing more water than the average for large animals, swamp coolers, home food production, etc. We ask that the draft framework include the development of variances and a variance process through a collaborative effort with water industry stakeholders.
- Recycled Water (Section 3.1.3.) The recycling and reuse of water is considered an efficient use of supplies and therefore should be removed from the water production calculations for determining compliance with 2025 targets, consistent with SB x7-7 (as is noted on pages 3-2 and 3-3 of this report). This approach will ensure incentives for the continued development of

recycling and potable reuse projects, which are critical to a resilient and sustainable water supply future for California.

Commercial and Industrial Performance Standards

- Commercial, Industrial, and Institutional (CII) Performance Measures (Section 3.1.3.) We support the exemption of CII water uses from volumetric targets. We conceptually support the establishment of performance measures for the CII sector but recommend that a CII workgroup with representative members from a broad spectrum of industries be engaged in the establishment of performance measures rather than by dictate in this report. Participation by industry along with water supplier representatives will help ensure Performance Measures are appropriate, effective and result in efficient water use without impairing economic activity. Further, we believe the stakeholder process is essential for achieving long-term support of Conservation as a Way of Life in the CII sector. The development of Performance Measures should build on the CII taskforce report completed in 2013. We also request the language concerning audits be revised to read:

Work with willing CII customers to conduct representative water-use audits or water management plans for CII accounts over a specified size, volume, or percentage threshold or an equivalent measure determined by the CII workgroup.

Water Loss

- Water Loss Requirements (Sections 2.3.3 and 3.1.3.) The Draft describes the requirements of SB 555 and the actions planned by DWR, CPUC and the SWRCB in Section 2.3.3, including potential loss standards and enforcement tools. We do not support also including water loss requirements in overall efficiency targets, as doing so creates an unnecessary, redundant and potentially conflicting compliance requirement.
- Reporting, Compliance Assistance and Enforcement (Section 2.3.4.) We support submittal of validated water loss audit reports to the California Department of Water Resources (DWR) by October 1, 2017 as is already required by law. However, we do not support the provision to disqualify agencies that do not submit these reports by that date from eligibility for DWR grants and loans.

Implementation and Enforcement

- Legislative Role in Updates to Water Use Targets (Section 3.1.3.) Any revisions of the standards and CII performance measures beyond the 2025 compliance period must only be implemented through future legislation. The role of the Legislature in crafting and refining California's water use policies and water use efficiency standards is critical, as is the role of the Legislature in providing agency oversight and accountability.
- Enforcement Measures (Section 3.1.4.) The consequences for a water supplier that fails to meet its 2020 water use efficiency standard consist of that water supplier becoming ineligible for

State grant funding. Water Code Section 10608.56 includes additional provisions that condition the imposition of such sanctions. We believe that these sanctions provide adequate incentive for water suppliers to achieve the water use efficiency standards proposed in the Public Review Draft and that any other financial penalties or enforcement processes would be unnecessary and counterproductive.

- Timeline Feasibility (section 4.3.) The EO agencies have proposed a significant number of important tasks to be completed between 2017 and 2018. We request that the state provide additional details on specific timelines and hold a workshop to ensure the schedule is realistic by seeking input from water suppliers regarding the possible impacts/constraints on staff and budget.

Eliminating Water Waste

Section 2.2 Monthly Reporting and Permanent Prohibition of Wasteful Practices

- Existing Authority (Section 2.2.3.) The Public Review Draft notes that the EO agencies plan to implement monthly reporting requirements and permanent water use prohibitions through existing authority. We request that the State provide more detailed information about the specific statutes that provide this authority.
- Stakeholder Input (Section 2.2.3.) A stakeholder workgroup should be formed as part of the rulemaking process to ensure the reports submitted monthly serve a meaningful purpose to the state and public and that the statewide permanent prohibitions are appropriate for communities throughout the state.

Strengthening Local Drought Resilience

Section 3.2 Water Shortage Contingency Plans

- Water Shortage Contingency Plan, Recommendation Updated Contents of the Urban Water Management Plans (Section 3.2.3.) In order to acknowledge the benefit of developing drought resilient, hydrologically independent supplies consistent with the California Water Action Plan, we request that the following be added below 2. *Evaluation Criteria*:
 - e) *Drought resilient, hydrologically independent supplies such as potable reuse, recycled water and desalination are considered fully reliable under all historical drought hydrology and plausible climate change effects.*
- Water Shortage Contingency Plan , Recommendation , Contents of the Water Shortage Contingency Plans (Section 3.2.3.) This section should be clarified to acknowledge that in some cases where water suppliers have in place or may invest in drought resilient, hydrologically independent supplies, these agencies may in fact not experience shortages under drought

conditions. In light of this, we recommend the following language be added to 4. *Shortage Levels. Evaluation Criteria:*

- *Water suppliers with a substantial portfolio of drought resilient, hydrologically independent base supplies may not experience shortage conditions due to drought or climate change. Water suppliers with validated, reliable, base water supplies of this type shall only be required in WSCPs to address shortage levels up to the maximum percentage that can be feasibly caused by dry hydrologic conditions.*
- Additional Dry Year Analyses (Section 3.2.3). We do not support the State’s proposal to require “one or more <additional> dry years” to be analyzed as part of the annual water budget forecast. We would support an analysis of one additional dry year in the forecast, if conditions require a water supplier to implement its water shortage contingency plan.
- Water Shortage Contingency Plans (page 3-13). It must be made clear that should an agency implement its defined shortage response actions (SRA’s) that effectively move the agency out of a shortage condition, then there is no need for the agency to declare an emergency, or be considered to be in an emergency shortage condition by the DWR or SWRCB.
- Drought Planning for Small Water Suppliers and Rural Communities, Current Status (Section 3.3.1.) While SGMA implementation will be important to future water supplies in California, and sustainable groundwater management will be a key element of preparing for and responding to future droughts, we believe the Draft mischaracterizes the authority and responsibility of GSAs relative to Drought Planning for Small Water Suppliers and Rural Communities. We believe that drought planning for specific water systems and assurance of future water supplies is beyond the scope of SGMA, and recommends this reference (p 3-16, second column, lines 5-11) be removed from the document. While GSAs must consider the interests of all water users, they do not have an explicit obligation for water supply reliability to any user.
- Drought Planning for Small Water Suppliers and Rural Communities, Recommendations (Section 3.3.3.) We request that the framework clarify that those small water systems which have already established their own shortage plans should retain the flexibility to maintain the authority to implement their shortage plans and coordinate with their respective water wholesaler or County and not be subject to a new duplicative countywide effort.
- Drought Planning for Small Water Suppliers and Rural Communities, Recommendations (Section 3.3.3.) We support the effort to improve drought planning for small and rural water suppliers but do not recommend adding additional requirements to Groundwater Sustainability Plans without appropriate and necessary stakeholder input. We request the coordination language be revised to read:

5. *Coordination – Work with stakeholders to develop opportunities to coordinate SGMA efforts and drought planning. Evaluate options for reflecting drought planning and responses in Groundwater Sustainability Plans.*

Thank you for the opportunity to comment. We look forward to continued collaboration with staff of the State agencies to develop a framework by the January 2017 deadline that meets the objectives of the EO while preserving local water supplier authority and providing flexibility in implementation.

Sincerely,

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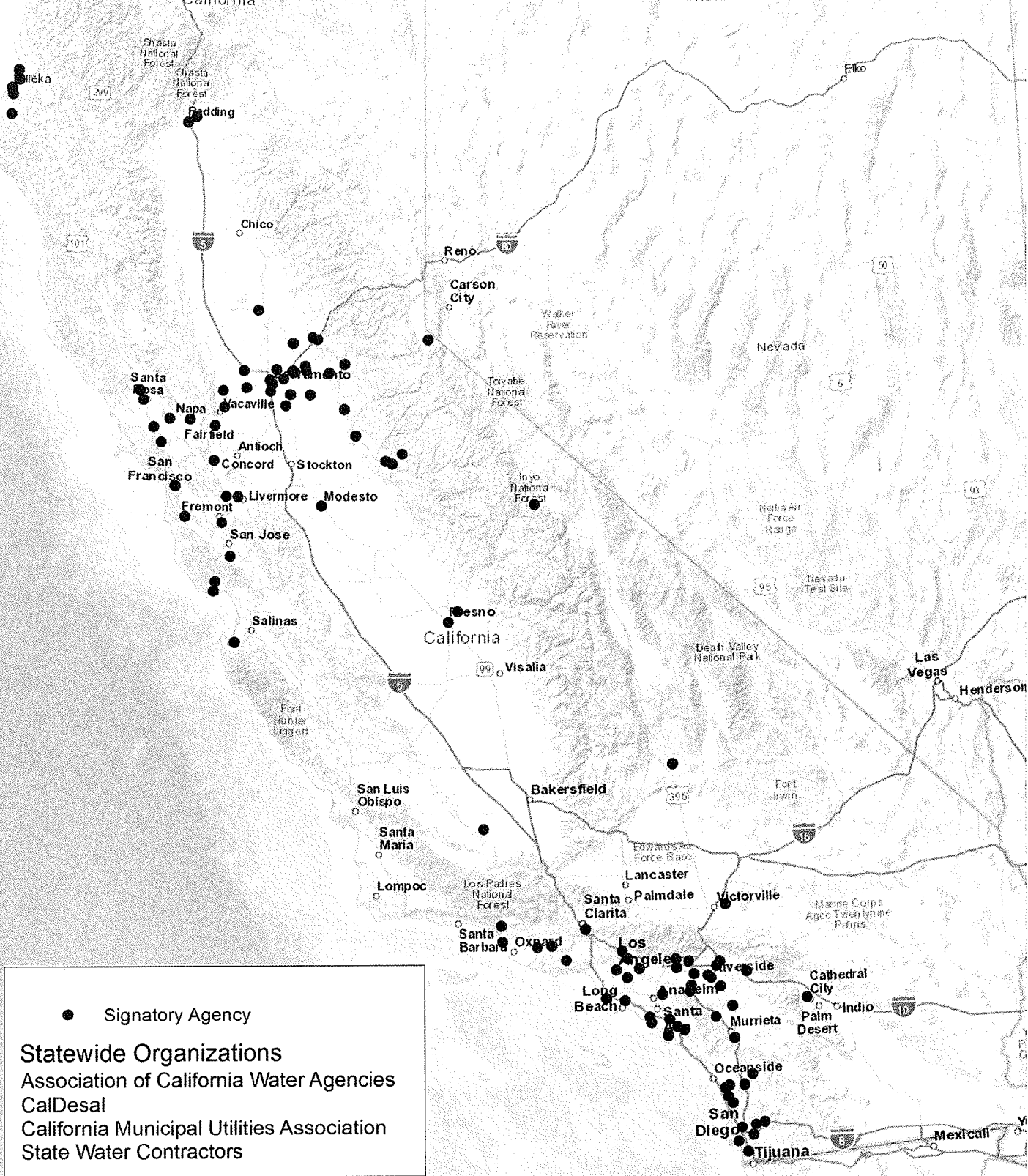
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The Honorable Frances Spivy-Weber, Vice Chair, State Water Resources Control Board
The Honorable Dorene D'Adamo, Member, State Water Resources Control Board
The Honorable Steven Moore, Member, State Water Resources Control Board
The Honorable Tam Doduc, Member, State Water Resources Control Board
Ms. Kim Craig, Deputy Cabinet Secretary, Office of Governor Edmund G. Brown Jr.
Mr. Tom Howard, Executive Director, State Water Resources Control Board
Mr. Eric Oppenheimer, Chief Deputy Director, State Water Resources Control Board
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Joint Comment Letter Signatories

“Making Conservation a California Way of Life” Public Draft Review

(Comment Letter Dated December 19, 2016)



● Signatory Agency

- Statewide Organizations**
 Association of California Water Agencies
 CalDesal
 California Municipal Utilities Association
 State Water Contractors

October 18, 2016

The Honorable Mark Cowin, Director
California Department of Water Resources
P.O. Box 942836, Room 1115-1
Sacramento, CA 94236-0001

The Honorable Felicia Marcus, Chair
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

SUBJECT: Comments on Current State Agency Draft Response to Executive Order B-37-16

Dear Director Cowin and Chair Marcus:

As urban retail and wholesale water suppliers serving tens of millions of Californians throughout the State, we have invested in water supplies for many years to reliably serve our residential, commercial, and industrial customers. We collectively responded to help achieve Governor Brown's goal of 25% water conservation in 2015 in response to the ongoing drought. We appreciate the State's recognition of water suppliers' past investments in water supply resiliency that resulted in the vast majority of the suppliers passing the State's "stress test," demonstrating their capacity to meet customer demand in the event of an ongoing drought.

The undersigned water suppliers and associations comprise designated members of the Urban Advisory Group (UAG) convened by the State to provide input on the framework for implementation of Executive Order B-37-16 (EO) and additional participants in the recent stakeholder outreach process. As such, we wish to express our appreciation for the extensive opportunities to understand and provide comments on the State's proposed implementation and we have provided substantial feedback. We are committed to helping define a successful framework to help California prepare for and respond to future droughts, and to improve the long-term efficiency of water use. We share the goal articulated by your staff in the UAG meetings to date of developing an implementation proposal that can be translated into a legislative package that we can all support.

The purpose of this letter is to identify the elements of the State agencies' current proposal that we support that will improve water management in the future, and to provide specific feedback to improve the proposal. We have the following areas of continued concern, which are described in more detail in Attachment 1, and which we look forward to addressing as the proposal is refined in coming weeks:

- **Five-year Drought Period.** We support the shift to planning for a five-year drought period based on historical hydrologic data, but suggest that the option remain to plan for a shorter period if it represents a more severe drought. We urge the State to continue with the current proposal with that adjustment and include that requirement as an element of the Urban Water Management Plan, rather than an annual assessment. More detailed comments on the Water Shortage

Contingency Plan proposal are included in Attachment 2 to this letter, which we anticipate are now closely aligned with the pending revisions to the staff proposal.

- **Adequate Process to Develop Standards.** We strongly urge the State to proceed with caution as it develops standards, outdoor water use standards, in particular. The State is proposing major changes in water management requirements, some of which are based on emerging methodologies. A large amount of data and technical assistance will be required to implement these standards. The process and methods to obtain and disseminate the data will need to be transparent and technically sound in order to ensure credibility with the public. We urge the State to take a deliberate and iterative approach that allows sufficient time to test the proposed standards and make refinements as necessary. Attachment 3 contains detailed comments on the standard and target-setting proposal.
- **Alternative Target-Setting Approach.** We urge the State to include additional approaches to the standards-based water budget target-setting process which build on the elements of SB x7-7, as directed by the EO. Expansion of the State agencies' proposal to provide for alternative target-setting approaches should be equally effective in reducing water use and would allow for more a cost effective means to reduce water demands. This is particularly important for water agencies that lack resources or capacity, or for water agencies that would benefit from additional flexibility. More detailed suggestions for alternative target-setting are included in Attachment 4.
- **Incentives to Support Continued Supply Investments.** We urge the State to develop and implement a framework that incorporates incentives for the development of drought resilient water supplies, including recycled water and potable reuse, desalination, storage and conjunctive use, stormwater capture, groundwater and other alternatives. Similarly, the State must ensure that the framework does not result in any adverse impacts to water rights.
- **Support for 2025 Schedule.** We support the State's proposal for full compliance of the permanent long-term water use efficiency targets in 2025, as documented in a 2026 compliance report and 2025 Urban Water Management Plan. The Urban water suppliers need adequate time to get the tools and resources in place to achieve the target. (i.e., water rate structure, water use efficiency programs, etc.)
- **Expand the Focus and the Tools.** To make conservation a way of life in California, significant and sustained behavioral changes by nearly 40 million residents will be required. Regulatory standards set on urban water suppliers alone will not be enough to achieve the desired results. We urge the State to use the proposed framework to expand its financial commitment for outreach and technical assistance for water conservation for water suppliers, as well as identifying other mechanisms at the State's disposal to effect changes by end-users of water.

Thank you for the opportunity to comment. We look forward to continued collaboration with staff of the State agencies to develop a framework by the January 2017 deadline that meets the objectives of the EO while preserving local water supplier authority and providing flexibility in implementation.

Sincerely,

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Mr. Eric Oppenheimer, Chief Deputy Director, State Water Resources Control Board
Mr. Gary B. Bardini, Deputy Director, Integrated Water Management, Department of Water Resources
Mr. Kamyar Guivetchi, Manager, Statewide Integrated Water Management, Department of Water Resources

Attachment 1

Comments on the Development of the Framework for Implementation of Executive Order B-37-16

The comments below include fundamental areas of agreement as well as a number of concerns with the current direction of the State's proposals. The comments are arranged under the topical areas defined in the Executive Order (EO): Eliminate Water Waste, Strengthen Local Drought Resilience, and Use Water More Wisely; as well as the Reporting, Compliance and Enforcement element defined by State staff. In some cases, additional detail is provided in attachments.

Eliminate Water Waste

- We support EO Directive 4 that permanently prohibits practices that waste potable water.
- We support the State's intention to continue the ongoing process for implementation of SB 555, passed in 2015, in satisfaction of this element of the EO.

Strengthen Local Drought Resilience

- We strongly support the State's stated objective to create a framework for water shortage contingency planning to be implemented by urban water suppliers that will mitigate the future need for emergency water conservation mandates from the State. Further, we support the State's proposed position that specific actions to be taken to respond to real or potential shortages should be entirely at the discretion of individual water suppliers in their own service areas.
- We support the proposal to assess the impact of a five-year drought period in the urban water management plan (UWMP) process, which will be updated every five years.
- We support an annual drought risk assessment that looks at current year supplies as the basis for making the local decision to implement demand reduction measures. These annual assessments will provide the necessary information on potential shortages to determine specifically which urban water suppliers are in a drought concern area and require technical and/or financial assistance from the State.
- We support the State addressing the needs of small water suppliers that do not meet the statutory threshold to prepare and adopt urban water management plans. The small suppliers may not have the resources to plan for, acquire and manage the necessary water supplies in their community. Indeed, some small suppliers suffered enormously in the past couple of years. It should be acknowledged that urban water agencies have had access to planning and guidance documents prepared by the State, as well as utilizing their own planning and financial resources which have resulted in urban water agencies being well prepared during this drought. We look forward to collaborating in the continued development of tools and resources for small water suppliers.
- **Attachment 2** has been provided to State staff and offers additional specific feedback on the State's proposal for Strengthening Local Drought Resilience.

Use Water More Wisely

- While we recognize that the EO calls for standards to be developed for indoor residential water use, outdoor irrigation, CII water use, and water loss, we offer additional mechanisms that fit within the methodology to set targets. Much like in SBX7-7, we believe multiple target setting mechanisms can be developed to provide flexibility to water suppliers, while meeting the goal of increased water savings beyond the 2020 requirements. We also believe the regional compliance approach allowed in SBx7-7 should be maintained as an option. **Attachment 4** provides more detail on potential compliance mechanisms.
- We appreciate the State's recognition that a standardized percentage reduction for CII water use would be potentially damaging to the State's economy. We look forward to working with the State to develop performance standards for water use for various business types in fulfillment of the EO's CII water use element.
- The proposed standards for indoor water use of 55 gallons per person per day (GPCD) and outdoor water use that is a function of landscape area and evapotranspiration are a useful starting point for discussion. However, this method requires a large amount of landscape information that will require validation and indoor standards either need to reflect the unique conditions of the community such as widespread use of swamp coolers or the age of the housing stock, or provide a variance process. We offer detailed feedback on the State's proposal in **Attachment 3**.
- The State agencies' proposal inappropriately applies outdoor standards based on the Model Water Efficient Landscape Ordinance to properties built before 1993.
- In order to develop a permanent framework that supports the state's goals for long-term water use efficiency as outlined in the EO, we recommend an iterative process that allows sufficient time to test the proposed standards for each of the sector budgets and to make refinements as necessary. The long-term water use efficiency framework should provide a broad policy outline on the approach to calculating the new water use targets and include the potential for alternative methods. The state should then allow sufficient time to pilot test the proposed target-setting methodology with water suppliers and incorporate needed refinements.
- Recycled water should also be recognized as an efficient alternative to the use of potable water. We understand that all water should be used efficiently, and the use of recycled water is already highly regulated under the Regional Water Quality Control Board National Pollutant Discharge Elimination System permits that prohibits certain practices, such as runoff or ponding. The efficient use of recycled water should not be limited. Recycled water is by its nature an efficient use of water and barriers to its use should be minimized. The state's proposal on water waste prohibitions should remain consistent with the intent of the Executive Order.
- If California is to be successful in making conservation a California way of life, a much more comprehensive set of actions must be implemented beyond establishing regulatory water use efficiency targets. The State is proposing enforceable standards applied to water suppliers as the sole mechanism by which to achieve the targets set through the process, and neglecting the opportunity to effect change with end users. We urge the State to consider other mechanisms, both incentives and disincentives, that more directly focus on specific uses and users of water including: State investment in water conservation messaging and outreach, the role of land use agencies in residential and commercial landscaping, and appropriate requirements on businesses and other water users.

- Water suppliers have identified a number of potential unintended consequences of decreasing urban water use that must be more fully evaluated prior to standard and target setting, including, reduced flows that impact the effective operation of wastewater collection and treatment systems; reduced flows that impact drinking water quality, and the higher costs of water efficiency measures that will necessitate increased water rates, further exacerbating affordability issues in urban disadvantaged communities.

Reporting, Compliance and Enforcement

- We appreciate the State's commitment to streamlining both existing and new reporting requirements to minimize the burden on water suppliers.
- The State is proposing a significant paradigm shift in water efficiency requirements from that in SBX7-7. We support the State's proposal to provide a period of five years or more for implementation of new standards and targets before enforcement action is considered. We believe the enforcement timeline must also reflect the need for the State to meet its commitments to provide necessary validated irrigable landscape data, and technical and financial assistance to reduce water loss.
- We urge the State to support collaboration of water suppliers by considering mechanisms by which compliance can be achieved regionally.

Attachment 2

Proposed Drought Planning and Response Structure

The table below identifies a framework for drought planning and response in California and identifies the roles and responsibilities of urban water suppliers and state agencies. The structure includes: Planning – the preparation of Urban Water Management Plans and their specific elements related to potential shortages; Assessment – an annual evaluation by the water supplier of demand, supplies, and potential shortages; and Response – specific actions identified to reduce demand. As the structure is in response to the directives in Executive Order B-37-16, it does not address planning for potential water shortages that result from causes other than drought. Such shortages can be readily incorporated into the structure by each urban water supplier depending on their specific conditions.

	Planning/Response Element	Urban Water Supplier	State Agencies
PLAN	Urban Water Management Plan (UWMP)	<ul style="list-style-type: none"> • Includes long-term “drought risk assessment” consistent with Water Code (WC) 10631(c), 10632(a)(2) and 10635(a): <ul style="list-style-type: none"> ○ Revise WC 10632(a)(2) to require agencies to evaluate drought lasting at least five years - suppliers will analyze supply and demand for five years from the year of the UWMP forward, assuming conditions equivalent to supplier’s five consecutive historic driest years ○ Suppliers will analyze at least five dry years, as part of the multiple dry year assessments in WC 10631(c) and 10635, assuming conditions equivalent to supplier’s five consecutive historic hydrologic driest years ○ Suppliers should be able to utilize a shorter period if it represents a more severe drought than the five-year period. 	<ul style="list-style-type: none"> • DWR prepares UWMP Guidebook. • As part of Guidebook, DWR provides guidance on characterizing the five-year drought cycle. • DWR receives and reviews UWMP for completeness and compliance with statutory requirements.
	Water Shortage Contingency Plan (WSCP) Required element of UWMP <i>This proposal focuses the drought planning aspect of WSCP. The planning for catastrophic events remains unchanged.</i>	<ul style="list-style-type: none"> • Revise WC 10632 to expand the elements of the current water shortage contingency analysis to require a water shortage contingency plan which would include: <ul style="list-style-type: none"> ○ Stages of water shortages and actions that would be taken by suppliers to address each stage. ○ Conditions which would trigger each stage of water shortage. ○ The supplier’s communications strategy to implement the plan. ○ A discussion of the supplier’s WSCP implementation 	<ul style="list-style-type: none"> • As part of UWMP Guidebook, DWR works with stakeholders to develop potential actions that will accomplish the demand reductions. <ul style="list-style-type: none"> ○ Include updated range of savings from water use restrictions and consumption reduction methods, taking into account results from implementation of long-term water use targets.

Attachment 2

		<p>authority.</p> <ul style="list-style-type: none"> ○ An assessment of the financial impacts of implementing each stage. ○ A discussion of the process the supplier will use to report to its community, its governing body and state agencies on implementation of the WSCP; ○ A discussion of customer compliance and enforcement provisions in the plan, as well as any customer exemption processes. ○ A review and improvement process for the plan. 	<ul style="list-style-type: none"> ● DWR offers technical assistance for the development of WSCPs for agencies requesting it. ● DWR reviews WSCP for completeness and compliance with statutory requirements.
ASSESS	Annual Drought Risk Assessment	<ul style="list-style-type: none"> ● Urban water suppliers will be required to prepare an annual water supply assessment (Add a new section to WC) <ul style="list-style-type: none"> ○ Prepare by May 30th of each year ○ Include projected demand and total supplies available for the upcoming year, which includes any supply augmentation. ○ If assessment shows a shortage of supply in the year analyzed, the agencies must identify the appropriate water shortage stage and associated responses to manage the shortage. ● Suppliers can submit the assessment on a regional basis, based on a region identified by water suppliers. 	<ul style="list-style-type: none"> ● As part of DWR Guidebook, DWR provides common standards on preparation of the assessments and the supply and demand documentation required to verify availability of the supply. (e.g., contracts, agreements, etc.)
RESPOND	Implement Water Shortage Contingency Plan	<ul style="list-style-type: none"> ● Suppliers will submit their annual drought assessment to DWR by May 30th. ● Should a water supplier identify a shortage in their assessment, the supplier shall implement the relevant stage of response actions in its WSCP (including the communications, reporting, and customer compliance elements) ● In the Supplier's SWRCB monthly report, the supplier shall provide information on implementation of its WSCP, until the hydrologic condition triggering the WSCP actions dissipates 	<ul style="list-style-type: none"> ● DWR will evaluate hydrologic conditions statewide ● From the annual drought assessments, DWR/SWRCB will know the shortage level, if any, of urban water supplier and/or region can take the following actions, if warranted: <ul style="list-style-type: none"> ○ Identify communities that are of "drought concern" ○ Provide assistance (e.g. financial, technical) to those agencies experiencing shortages in order to

Attachment 2

			<p>manage the drought.</p> <ul style="list-style-type: none">○ DWR/SWRCB monitor implementation of WSCP through monthly reporting.
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Attachment 3
Analysis of State Proposed Long Term Conservation
Target Framework
(September 20, 2016 UAG Meeting)
UPDATED – October 17, 2016

Overall Requirements	
<p>State Agency Proposal:</p> <ul style="list-style-type: none"> • State would allow suppliers to achieve the target in aggregate, and would not regulate or require targets for suppliers’ individual customer groups or classes. • The effective start date of the reporting and compliance period would be six months after the State agencies provide each urban water supplier: <ul style="list-style-type: none"> • The data base of measured irrigable area for all residential and separately metered irrigable landscape areas 	<p>Proposed Response:</p> <ul style="list-style-type: none"> • Support the proposal with the following changes: <ul style="list-style-type: none"> – Specify that for compliance purposes, suppliers would be allowed to implement any method of conservation that best meets the needs of the supplier and its customers. Suppliers will have the sole discretion to design and utilize rate structures or implement other conservation tool as the supplier deems appropriate to achieve long term conservation targets. – The state provides additional support for creating targets (See below). <p>State Agency Requirements:</p> <ul style="list-style-type: none"> • Provide a functioning data portal with downloadable reference evapotranspiration data for representative climate zones for each supplier. Provide a data base of validated aerial imagery with measured irrigable area for all residential and separately metered irrigable landscape areas correlated at the assessor parcel level. • Provide a calculated target for suppliers requesting state assistance. • Specific compliance dates included in the State’s proposal would be extended to reflect the length of any delay in providing these items.

1. Indoor Residential Water Use Standard

<p>State Agency Proposal:</p> <ul style="list-style-type: none">• The indoor residential water use standard is a volume of water used by each person per day. The standard is in units of gallons per capita per day (GPCD).• The provisional standard is proposed as 55 GPCD beginning in 2018.• Revised downward in 2018, to be achieved by 2025• State will reevaluate standard every five years, beginning in 2025.<ul style="list-style-type: none">– The standard will be revised downward to reflect increased usage of efficient fixtures and appliances in 2025 and 2030.	<p>Proposed Response:</p> <ul style="list-style-type: none">• Support the initial standard of 55 GPCD.• Indoor target of 55 GPCD standard multiplied by the population in the year of compliance (to adjust for growth).• Suppliers’ produced Potable Reuse water is excluded from supply when calculating and reporting compliance with the total target. <p>State Agency Requirements:</p> <ul style="list-style-type: none">• Develop and adopt a variance process for water agencies with a workgroup to address special conditions such as the age of the housing stock, use of swamp coolers, seasonal population, etc.• Develop a stakeholder workgroup to consider the impact of lower indoor GPCD standards on wastewater systems and recycled water prior to revising standards starting in 2025.
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2. Outdoor Water Use Standard	
<p>State Agency Proposal:</p> <ul style="list-style-type: none"> • Using the landscape area option selected by the State above, the outdoor water use budget is calculated as the sum of the individual budgets for all parcels within that landscape area, using a provisional <i>Evapotranspiration Adjustment Factor (ETAF)</i> as follows: <ol style="list-style-type: none"> 1. Landscape area for parcels developed pre-2010 x 0.8 ETo; 2. Landscape area for parcels developed between 2010 and 2015 x 0.7 ETo; 3. Landscape area for parcels developed post 2015 x 0.55 ETo (0.45 for Commercial landscape); and 4. Special Landscapes (parks, fields) area x 1.0 ETo. • A pilot study will be conducted with 30 agencies. • The outdoor standard will be revised lower based on the results of DWR’s review of existing budgets and a study of landscape irrigation use in a representative statewide sample of suppliers. Revised standards will be available from the state in 2018. • Compliance with standards required in 2025 • Standards based on irrigable area. • State will reevaluate every 5 years, beginning in 2025. 	<p>Proposed Response:</p> <ul style="list-style-type: none"> • Support initial proposed structure and pilot study with the following conditions: <ul style="list-style-type: none"> – Inclusion of an additional ETAF of 1.0 ETo for pre-1992 installed landscapes. – Standards will only be revised in 2018 if total statewide targets are not lower than the current SBX7-7 target. – Landscape areas irrigated with recycled water and commercial agriculture are excluded from suppliers’ outdoor water use portion of target. • Outdoor target in the year of compliance adjusted for landscape area increases due to growth that occurred during reporting period. Target adjustment based upon supplier submitted increased landscape area and irrigation data, or percentage population increase. • Recommend mixed use CII and outdoor water use other than irrigation (i.e. construction water) be handled separately (see below). <p>State Agency Requirements:</p> <ul style="list-style-type: none"> • Provide a database of third-party validated aerial imagery with measured irrigable area for all residential and separately metered irrigable landscape areas, and age of parcels correlated at the assessor parcel level. <ul style="list-style-type: none"> – Aerial imagery data shall be suitable such that it provides for the appropriate amount of irrigation for a variety of vegetation (i.e. large trees, irrigable area under native tree canopy, etc.). • Provide a data portal that contains downloadable reference evapotranspiration data with representative climate zones for all urban water suppliers in the State. • Provide the computation of the supplier level outdoor irrigation water target for any urban water supplier requesting State assistance due to inadequate resources. • Provide updated aerial imagery and measured irrigable area at least by 2025 and every five years thereafter. • Through a workgroup process, develop and adopt: <ul style="list-style-type: none"> – Standards and processes for developing the landscape area data; – A variance process for water agencies with special conditions of outdoor use. Special conditions could include livestock, food production, or water used for firefighting; and – Guidelines for calculating areas for Special Landscapes.

3. CII Water Use Performance Measures

State Agency Proposal:

- All dedicated irrigation accounts will be on a budget using outdoor standards.
- Require classification using the North American Industry Classification System (NAICS) by 2021, develop benchmarks.
- Require all mixed meter accounts to split off landscape greater than a size threshold to dedicated irrigation accounts (or equivalent technology) by 2021.
- Audits and water management plans for reporting efficiency in CII water use.
 - Audits and plans for subset of CII customers, based on volume, percentage, or number.
- CII reporting requirements.

Proposal Response:

- Support the proposal and the development of performance measures using the following process
 - Form a CII Technical Workgroup comprised of industry representatives, economic development and business community leaders, water agencies and state agencies. The Workgroup will be tasked with the following requirements:
 - Develop appropriate CII classifications.
 - Complete defining classifications for reporting by 2019; and
 - Support using appropriate NAICS classifications as baseline.
 - Classifications should be detailed enough to include uses of water that are not normally thought of as CII sector water (example: dust control for grading).
 - Develop applicable performance measures for CII classifications by 2021. In developing the performance measures, the Workgroup would gather the data deemed necessary to develop the measures, such as water use, and utilize recommendations from the 2013 *CII Task Force Water Use Best Management Practices Report to the Legislature*.
 - Water suppliers would be required to request that representative industries in the top 5% of their CII users participate in audits and water management plans for each of the CII classifications by 2021, with State reimbursement for suppliers' costs.
 - Suppliers not staffed to conduct audits can request and have audits conducted directly by the State, subject to supplier review.

State Agency Requirements:

- Supply staff resources and funding assistance to develop classifications and performance measures for CII uses within the timelines.
- Through a workgroup process, assess the feasibility criteria and cost-effectiveness of splitting mixed use meters and options, including costs, for installing equivalent technologies. Provide grant funding to split mixed use meters or to install new equivalent technology
- Provide grant funding and technical support for audits and management plans.

4. Water Loss Standard	
<p>State Agency Proposal:</p> <ul style="list-style-type: none">• The standard for water system loss will be established through the SB 555 process, and will be expressed in terms of a volume per capita or volume per connection, accounting for relevant factors such as infrastructure age and condition.• Will include real and apparent losses.• The water system loss standard will be set by 2019, to be achieved by 2025.• State will reevaluate standard every five years, beginning in 2025.	<p>Proposal Response:</p> <p>Support the development of appropriately measured standards through the SB 555 process.</p> <ul style="list-style-type: none">• Base the target water loss standard on relevant factors identified through the SB 555 process.• Water system loss standard will be for potable water systems only. <p>State Agency Requirements:</p> <ul style="list-style-type: none">• Provide financial assistance to address data gathering and water loss prevention efforts.
5. Reporting, Compliance and Enforcement	
<ul style="list-style-type: none">• Progress reports beginning in 2019• Full compliance in 2025 reporting period, as documented in 2026 compliance report and 2025 UWMP update (submitted in July 2026)<ul style="list-style-type: none">– State Board enforcement• State agencies are developing methods to encourage compliance from 2021 through 2025.	<p>Proposal Response:</p> <ul style="list-style-type: none">• Support the proposed timeline with the requirement that all data (i.e. landscape area data, reference evapotranspiration data portal, etc.) and guidance targets dates are met, as proposed.• Need more specificity on proposed State Board enforcement process. <p>State Agency Requirements:</p> <ul style="list-style-type: none">• Meet target deadlines for data and guidance as proposed.

Attachment 4

Conceptual Approach to “Use Water More Wisely”

Executive Order

Governor Brown’s Executive Order B-37-16 #02 directs the Department of Water Resources and the State Water Resources Control Board to work together to develop new water use targets that build on the goal defined in SB x7-7 of 20% reduction in statewide water use by 2020. The Order further states that the targets will be customized to the unique conditions of each water agency, shall generate more statewide water conservation than existing requirements and will be based on strengthened standards for indoor water use, outdoor irrigation, CII uses and water loss through leaks.

Proposed Approach

- Water agencies will support a stronger statewide goal – a new water use target – that builds on and goes beyond 20% reduction statewide by 2020. The goal would be based on achieving reductions compared to the existing baselines developed pursuant to SB x7-7. Further revisions to a statewide goal would be developed after analyzing progress in 2030, and would be implemented via new legislation.
- In SBX 7-7 four methods were originally developed to provide mechanisms for water agencies to contribute to achieving the 2020 statewide goal – these methods allow for the creation of targets that are customized to the unique conditions of each water agency – allowing water agencies to select the most effective, and cost-effective means of reducing water use.
- These methods accommodate the diversity of hydrologies, individual water system and service area characteristics, sources of supply, demand patterns and investments already made by water agencies in alternative sources and demand reduction and should be maintained and each made more stringent.
- These methods will be strengthened, per the direction provided in the Executive Order. Every water agency will demonstrate that it will achieve greater reductions in water use than would otherwise be achieved under the current requirements of SB x7-7, no matter what method is chosen.
- These alternate methods do not rely solely on remote sensing data and provide the necessary flexibility to avoid the adverse unintended consequences on recycled water supplies, as well as wastewater collection systems.
- Each water agency will evaluate the four alternate methods of compliance and select the most appropriate method for their agency’s local conditions and unique circumstances.

Attachment 4

Compliance Methods

- Method 1 would be modified to reflect the EO requirement to achieve greater water savings than existing requirements. Building on the 20% reduction required in SBX7 7, Method 1 would apply enhanced numerical water use reduction targets for the years 2025 and 2030 to the existing baseline water use (for example 25% by 2025).
- Method 2 (efficiency standards for indoor and outdoor use, CII and leaks) is proposed to be modified per the language in the document entitled “Analysis of State Proposed Long Term Conservation Target Framework – Method 2”. This method requires significant time and expense to determine outdoor use standards, but may become more viable after considerable effort is invested to refine, test and validate it.
- Method 3 would be modified to include an updated regional hydrologic target, and agencies would be required to achieve a 5% reduction from this regional target by 2025. In 2025 an updated regional hydrologic target would be set and agencies would be required to meet an objective 5% reduction from this new regional target by 2030.

Regional Water Authority
Building Alliances in Northern California

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December 19, 2016

The Honorable Felicia Marcus, Chair
State Water Resources Control Board
1001 I Street, 24th Floor
Sacramento, CA 95814

The Honorable Mark Cowin, Director
California Department of Water Resources
P.O. Box 942836, Room 1115-1
Sacramento, CA 94236-0001

Spencer Short, Chair
Jim Peifer, Vice Chair

Members

- California American Water
- Carmichael Water District
- Citrus Heights Water District
- Del Paso Manor Water District
- El Dorado Irrigation District
- Elk Grove Water District
- Fair Oaks Water District
- Folsom, City of
- Golden State Water Company
- Lincoln, City of
- Orange Vale Water Company
- Placer County Water Agency
- Rancho Murieta Community Services District
- Roseville, City of
- Rio Linda / Elverta Community Water District
- Sacramento, City of
- Sacramento County Water Agency
- Sacramento Suburban Water District
- San Juan Water District
- West Sacramento, City of
- Woodland-Davis Clean Water Agency
- Yuba City, City of

SUBJECT: Comments on "Making Water Conservation a California Way of Life" November 2016 Public Review Draft

Dear Chair Marcus and Director Cowin:

The Regional Water Authority (RWA) appreciates the opportunity to comment on the "Making Water Conservation a California Way of Life" November 2016 Public Review Draft (Draft). RWA is a Joint Powers Authority that represents 21 water suppliers in the greater Sacramento region. Collectively, these agencies provide reliable water supplies to over two million residents and thousands of businesses.

The Sacramento region is dedicated to preparing for future droughts and continuing water reliability investments through a balanced approach of supply augmentation and demand management. To increase reliability, our region's suppliers have planned and built numerous projects, including system interties, expanded groundwater extraction capacity, and increased surface water diversion and treatment as a part of an integrated conjunctive use program. Our region's customers have decreased total water demand 9% from 2000 to 2013, while population increased 17%, demonstrating a commitment to long-term water efficiency. Additionally customers saved 19% in 2014 under voluntary conservation targets and 30% from June 2015-June 2016 under State mandated conservation targets, demonstrating the ability to aggressively conserve in times of potential shortage. Through ongoing planning, investment, efficiency and conservation efforts, we are good stewards of our water resources and we will continue to be in the future.

With this shared sense of stewardship, we appreciate the EO agencies' continued commitment to implementing Governor Brown's Executive Order B-37-16. We support the following recommendations in the Draft:

- **Update Urban Water Management Plans to include a 5-Year Drought Risk Assessment**, following a similar methodology to the current 3-Year assessment.
- **Update Water Shortage Contingency Plans to include an Annual Water Budget Forecast**, focusing only on a single current year (not multi-year) analysis.
- **Require monthly reporting and transparency of data**, dependent on the State clearly identifying existing statutory authority to implement this requirement.
- **Develop performance measures for the Commercial, Industrial and Institutional (CII) sector in lieu of an overall CII percent reduction**, implemented through a joint committee of water agencies, CII leadership and other interested parties while

Associates

- El Dorado County Water Agency
- Sacramento Area Flood Control Agency
- Sacramento Municipal Utility District
- Sacramento Regional County Sanitation District

incorporating previous work from the CII Task Force Water Use Best Management Practices Report to the Legislature (dated October 21, 2013).

Our main concern with the Draft is that Section 3.1 New Water Use Targets Based on Strengthened Standards (target method) falls short of Executive Order B-37-16's stated intent that, "targets shall be customized to the unique conditions of each water agency." A number of unique conditions are neglected in the Draft as described below, including water rights and the availability and reliability of water; local authority, planning and decision making; cost effectiveness; local need; and quality of life. The Draft should be revised to incorporate consideration of these unique conditions.

- **Water rights are not adequately recognized or protected, and local water availability and reliability are not considered in the target method, potentially resulting in "rationing" of water rather than its efficient use, while stranding current investments and stifling similar future investments.** The ability for suppliers to bank or transfer conserved water in conjunction with the target method must be assured. The methodology should consider the relative availability of water supply at the local level, in both target setting and compliance timelines. Water supplier revenue is returned to customers through investments in both supply and infrastructure reliability. We applaud the State for contributing to these causes through numerous grant programs for billions of dollars over the last decade via Propositions 50 and 84. Customers have paid for these investments through water rates and State bonds. By not allowing local suppliers to use these investments, we are betraying the trust of customers and those who voted for these propositions in good faith.
- **The target method is "one size fits all" and is not fully customized to local conditions.** One method with a singular "customizable" component like population in the indoor use calculation does not account for the age of housing stock, use of swamp coolers and other factors. More importantly, the target method completely disregards the difference between consumptive and total indoor use. We estimate that more than 40% of the region's potable use is returned to the Sacramento River watershed for downstream use by others or the environment, substantially decreasing our net or consumptive use. These local conditions are integrated into local planning and decision making efforts (e.g. infrastructure investments) by water suppliers and elected officials. The target method undermines those decisions and discredits the effective leadership and planning that has been successfully demonstrated in the recent drought by a majority of the water suppliers statewide.
- **The target method is unnecessarily data intensive and out of portion to the water savings benefits.** Success of the target method is critically dependent on the ability to accurately calculate parcel-specific landscape areas statewide. Methods for calculating landscape areas at this scale have broadly documented errors and have been implemented locally by very few urban water suppliers, at great expense and for very specific local purposes. Establishing permanent statewide policy on such limited experience takes a gamble with public resources and potentially puts both state and local staff in an uncomfortable position to defend the investment, especially considering the aggressive timeline for implementation outlined in Section 3.1.3. The State should adjust the timeline to ensure the landscape area methodology has a level of accuracy to facilitate expected levels of water savings. In addition, a simpler alternative approach, like the percent reduction used in the successful implementation of SBX7-7, should be included to achieve the same level of savings through local decision making without the vast resources required with the target method.

- **The State provides no clear definition of the purpose of the water savings that would be required under the target method.** A need for improvement in long term efficiency by any specific water supplier should be documented in the supplier’s urban water management plan as a part of its comprehensive water management strategy. With respect to conservation during drought, the State identifies (Section 3.2.3) the intent to “allow for local control in defining the risk tolerance.” The State should base water use standards on a clearly identified need at either the local or statewide level, neither of which are included in the Draft.
- **Any future changes to quantitative standards in the target method must be made through legislation to maintain local quality of life values for all of California’s communities.** Section 3.1.3 states the target method standards will be reevaluated every 5 years starting in 2025 and may be revised “downward.” There is a threshold in which water targets go beyond efficiency and eliminating waste and move to redefining customer quality of life values. Movement toward this threshold is outside of this Draft’s scope and should be decided through a public and inclusive legislative process.

Executive Order B-37-16 and the California Water Action Plan prioritize “making water conservation a California way of life.” However, the Draft focuses implementation and enforcement solely on water suppliers and is not inclusive of all of California’s water users and associated entities. For example, the target method would task water suppliers with requirements for actions that are outside their authority, such as controlling landscaping choices of California citizens. For success, we need a shared responsibility among water suppliers, the State, and all water use sectors, which starts with identifying authority and targeting the appropriate entities to get the job done. In addition, extensive outreach efforts will be needed to educate the public on how to become more water efficient. The Draft states (Section 3.1.3) that “the EO agencies will actively communicate the need for water use targets and their implementation through public outreach and engagement, sharing the responsibility for public education with water suppliers.” As a first step, the State should robustly fund Save Our Water (SOW) and continue to promote it as the “go to” customer resource for statewide efficiency information. The historical SOW budget (\$1-\$4 million annually) is grossly insufficient for a State of 39 million people.

The comments above build on those provided by RWA and a number of signatories throughout the State on multiple occasions, which we fully support. RWA is also a signatory to a comment letter signed by over 100 water suppliers and partners from around the State that provides additional feedback on components of the Draft and identifies areas of shared concern.

Executive Order B-37-16 states “strengthening local and regional drought planning are critical to California’s resilience to drought and climate change.” We couldn’t agree more. Water agencies need the flexibility to plan and make investments in infrastructure and efficiency programs that take locality into account not an unproven methodology that could inhibit local solutions.

Respectfully,



John Woodling
Executive Director



Agenda Item: 26

Date: January 12, 2017

Subject: State Water Resources Control Board Draft Executive Order Implementation Proposal

Staff Contact: Greg Bundesen, Water Conservation Supervisor

Discussion

On January 6, 2017 the State Water Resources Control Board (SWRCB) announced that they will be holding an Urban Water Conservation Workshop on January 18, 2016 to solicit input regarding an extension and possible modification of the current Emergency Regulation for Statewide Urban Water Conservation. The SWRCB will be seeking comment on the following questions:

1. What elements of the existing May 2016 Emergency Regulation, if any, should be modified? Should the State Water Board wait until the hydrology for the current water year is known (April or later) before proposing adjustments to the current method for calculating conservation standards? And, should the State Water Board allow suppliers to update or modify their conservation standard calculations (and if so, how)?
2. Should the State Water Board account for regional differences in snowpack, precipitation, and lingering drought impacts differently than under the current emergency regulation, and if so, how?
3. Executive Order B-37-16 requires the Board to develop a proposal to achieve a mandatory reduction in potable water use that builds off the mandatory 25 percent reduction in previous Executive Orders and lessons learned through 2016. The Board, however, is not required to act on this proposal. Should the Board act now, or later if conditions warrant, to a conservation standard structures like the one the Board adopted in February 2016 to achieve a mandatory reduction in water use? Should the Board set a conservation floor, individually or cumulatively?

In response to the questions proposed by the SWRCB, the District has drafted a comment letter that was sent on January 12, 2017 (Exhibit 1). Staff also attended the Workshop on January 18, 2017 and provided additional comments.

General Manager

Robert S. Roscoe, P. E.

Exhibit 1



Board of Directors

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

January 12, 2017

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th floor
Sacramento, CA 95814

via email to: commentletter@waterboards.ca.gov

SUBJECT: Comment Letter – Urban Water Conservation Workshop

Dear Ms. Townsend:

Sacramento Suburban Water District (District) appreciates the opportunity to comment on the Notice of Public Workshop regarding the Emergency Regulation for Statewide Urban Water Conservation dated January 6, 2017. The District is a County Water District that serves over 178,000 customers in Sacramento County. Collectively, the District operates over 80 groundwater wells and has access to surface water from both Folsom Lake and the American River if specific hydraulic conditions are met.

Water supply conditions have drastically improved since the Emergency Regulation was first adopted in May 2015. In many parts of the State, precipitation levels are now at or above average historical levels, reservoirs are spilling to ensure flood protection, and snowpack is at or above historical averages. Exhibit 1 attached is a copy of the current summary water conditions plot from the Department of Water Resource Data Exchange (CDEC) for the Sacramento 8-station index showing current water conditions are the wettest on record. We believe that current conditions no longer constitute a statewide drought emergency that calls for State intervention in local water management decisions. We recommend the State Water Resources Control Board (State Water Board) allow the current Emergency Regulation to expire in February 2017. We recognize that some limited areas of the State may still face potential water shortages in 2017, and urge the State Water Board to focus on those communities that require assistance in meeting their water needs.

In May 2016, the State Water Board adopted an Emergency Regulation that focused on a demonstration by water suppliers of whether they had adequate supplies to respond to three additional dry years. Unfortunately, this new standard was widely misinterpreted as “backsliding” from the prior mandatory conservation targets, when in fact it represented a sound water management approach given improved conditions. In light of current hydrologic conditions, there is no justification to consider a return to mandatory conservation targets on a statewide basis. Instead, the most productive action now would be to shift our focus to developing a credible longer term approach to planning for drought and improving water use efficiency over time.

Since the enactment of the state mandated water conservation targets in June 2015, District customers have saved 27.3%. During the period of June 2016 to date, the District set a voluntary Water Conservation Goal of 10% and customers saved 22% demonstrating the District’s ability to aggressively

conserve in times of real or potential shortage. We are well situated to respond quickly if our region or the State should return to severe drought conditions in the future. In addition, our District has conjunctively banked over 200,000 acre feet of water in our local groundwater basin over the past 15 years, representing over a 6-year supply.

Furthermore, the State's current water supply conditions, including flood control releases from major reservoirs, highlight the necessity of embracing all of the actions in the California Water Action Plan. For example, expanding water storage capacity and promoting safe and effective water transfers would allow California to take advantage of these recent storms. To truly prepare for the effects of climate change, the State needs to implement a portfolio of solutions, in which conservation is but one important action among many others.

The District is dedicated to preparing for future droughts and advancing water supply reliability through a balanced approach. That approach includes the continued development and continued use of our conjunctive use system, which allows the District to reduce groundwater pumping when surface water is abundant. We believe continuing to extend emergency conservation regulations when local agencies are fighting floods in the wettest year on record causes an extreme problem with public messaging. We look forward to working together to implement the comprehensive California Water Action Plan. Let's move on from crisis management and focus on building a sustainable and resilient future.

Respectfully,



Robert S. Roscoe, P.E.

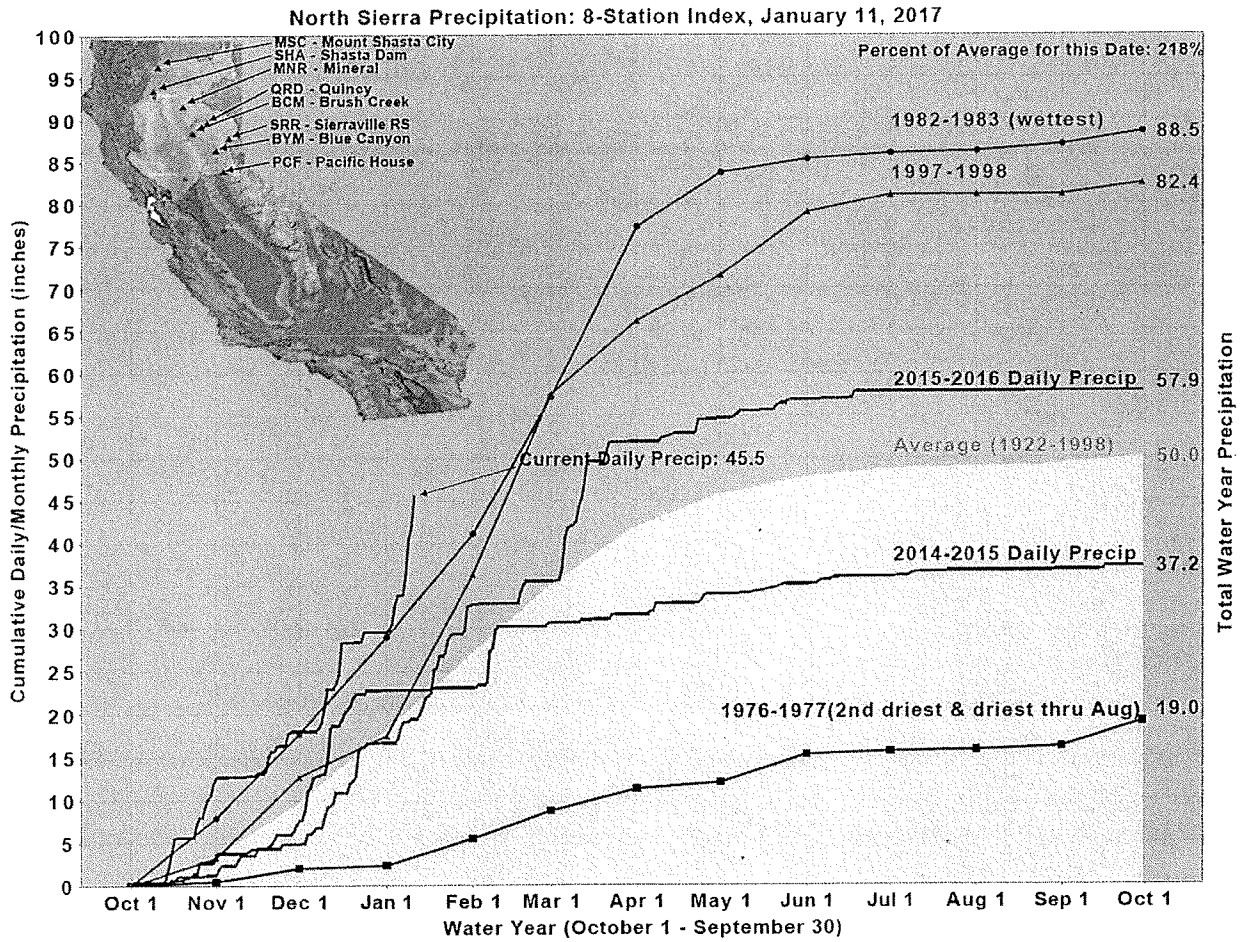
General Manager

Sacramento Suburban Water District

Exhibit 1

https://cdec.water.ca.gov/cgi-progs/products/PLOT_ESI.pdf

January 11, 2017



EDMUND G. BROWN JR.
GOVERNORMATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION**State Water Resources Control Board****NOTICE OF PUBLIC WORKSHOP****Urban Water Conservation****Wednesday January 18, 2017
(will not begin before 10:00 a.m.)****Joe Serna Jr. - CalEPA Headquarters Building
Coastal Hearing Room
1001 I Street, Second Floor
Sacramento, CA 95814**

NOTICE IS HEREBY GIVEN that the State Water Resources Control Board (State Water Board or Board) will hold a public workshop to receive input on extension and potential modification of the current Emergency Regulation for Statewide Urban Water Conservation. This will be an informational workshop only and the State Water Board will take no formal action.

BACKGROUND

On April 1, 2015, Governor Brown issued the fourth in a series of executive orders on actions necessary to address California's severe drought conditions. On May 5, 2015, the State Water Board adopted an Emergency Regulation to address specific provisions of the April 1 Executive Order, including the mandatory 25 percent statewide reduction in potable urban water use between June 2015 and February 2016. On November 13, 2015, Governor Brown issued Executive Order B-36-15, which directed the State Water Board to extend the May 2015 Emergency Regulation, if drought conditions persisted. Drought conditions continued and the emergency regulation was extended in February 2016 for another 270 days.

The State Water Board adjusted the Emergency Regulation in May 2016, in response to improved hydrologic conditions through April 2016. The May 2016 Emergency Regulation allowed urban water suppliers to self-certify information upon which a new, supply reliability-based conservation standard was imposed, based on the amount of potable water that would be available following three additional years of drought. Suppliers whose supply analysis showed a supply shortfall at the end of three additional years of drought were issued a mandatory conservation standard equal to that supply shortfall. The self-certification was voluntary; some suppliers chose to retain their mandatory conservation standard from the February 2016 emergency regulation. The Office of Administrative Law approved the extended Emergency Regulation on May 31, 2016. The Emergency Regulation is scheduled to expire on February 28, 2017 if the Board does not act to extend it. A copy of the adopted and approved regulation is located on the Water Conservation Portal - Emergency Conservation Regulation webpage.

Additionally, on May 9, 2016, Governor Brown issued Executive Order B-37-16. The Executive Order notes that while California has suffered through a severe multi-year drought, and that Californians have responded to the drought by conserving at unprecedented levels, severe drought conditions persist in many areas of the state. Issues of limited drinking water supplies, diminished water for agricultural production and environmental habitat, and severely-depleted groundwater basins have persisted, despite better precipitation during the 2015-16 water year. The Executive Order calls out four directives to help the state transition to permanent, long-term improvements in water use, including: using water more wisely, eliminating water waste, strengthening local drought resilience, and improving agricultural water use efficiency and drought planning.

Executive Order B-37-16 called on the State Water Board to adjust emergency water conservation regulations through the end of January 2017 in recognition of differing water supply conditions across the state. The State Water Board responded to this directive by updating the Emergency Regulation in May 2016 to include the self-certification process described above that recognizes supplier-specific supply conditions and drought levels.

Executive Order B-37-16 also calls on the State Water Board to develop, by January 2017, a proposal to achieve a mandatory reduction in potable urban water usage that builds off of the mandatory 25% reduction called for in earlier executive orders and lessons learned through 2016. The workshop will provide an opportunity to receive stakeholder input regarding extension and potential modification of the Emergency Regulation.

From June 2015 through November 2016, customers of the state's 411 urban water suppliers have saved 2.35 million acre-feet of water, which equates to a 18-month cumulative savings of 22.6 percent relative to the 2013 baseline. Compliance and water savings with the May 2016 Emergency Regulation remains positive. The supply reliability-based regulation that went into effect in June 2016 resulted in many suppliers having a zero percent conservation mandate, and nearly all of those suppliers are in compliance by having water production levels below 2013 levels (the baseline year for the emergency regulation). Thirty eight percent of suppliers reporting in October 2016 achieved water savings between 10 and 20 percent compared to the same month in 2013; these suppliers serve almost 18 million people. Fifty percent of suppliers, serving more than 14 million Californians, reported water savings of 20 percent or more.

WORKSHOP OVERVIEW

With California still experiencing severe drought in large portions of the state, the State Water Board is proposing to extend the May 2016 Emergency Regulation. Although precipitation levels from October through December have been promising in Northern California, southern California has remained dry. Severe drought conditions over multiple years have decreased water levels in many of California's reservoirs and groundwater basins, and reduced flows in the state's rivers. Rains in parts of California this water year are encouraging so far and above normal for this date. In some regions, however, the drought continues to present challenges including water shortages, over-drafted groundwater basins and land subsidence, dying trees and increased wildfire activity, diminished water for agricultural production, degraded habitat for many fish and wildlife species, and an increased threat of saltwater intrusion. Hydrologic conditions for the water year are not yet known, making it prudent to prepare for continued drought conditions and consider adjustments when hydrologic conditions are better known.

A readopted Emergency Regulation would extend through October 2017. The State Water Board is interested specifically in public comment on the following questions at this workshop:

1. What elements of the existing May 2016 Emergency Regulation, if any, should be modified? Should the State Water Board wait until the hydrology for the current water year is known (April or later) before proposing adjustments to the current method for calculating conservation standards? And, should the State Water Board allow suppliers to update or modify their conservation standard calculations (and if so, how)?
2. Should the State Water Board account for regional differences in snowpack, precipitation, and lingering drought impacts differently than under the current emergency regulation, and if so, how?
3. Executive Order B-37-16 requires the Board to develop a proposal to achieve a mandatory reduction in potable water use that builds off the mandatory 25 percent reduction in previous Executive Orders and lessons learned through 2016. The Board, however, is not required to act on this proposal. Should the Board act now, or later if conditions warrant, to a conservation standard structure like the one the Board adopted in February 2016 to achieve a mandatory reduction in water use? Should the Board set a conservation floor, individually or cumulatively?

If the Board extends the Emergency Regulation essentially unchanged, each urban water supplier (serving more than 3,000 connections or more than 3,000 acre-feet of water annually) would continue to either 1) be assigned a conservation standard between 8 percent and 36 percent, based on their residential gallons per capita per day (R-GPCD) for the months of July through September 2014, with some adjustment factors, or; 2) self-certify a conservation standard based on the supplier's water supply reliability assessment that demonstrates the degree sufficient supplies are available to meet demand should drought conditions persist through 2019. Additional information on the Emergency Regulation and conservation standards is available at the Water Conservation Portal referenced above

The purpose of this workshop is to solicit input on potential adjustments to the May 2016 Emergency Regulation in response to precipitation levels and other drought indicators across the state since May 2016, for consideration and possible action by the State Water Board in February 2017. The workshop will include a staff presentation and information on water supply conditions followed by public comments and Board Member discussion.

PROCEDURAL MATTERS

The workshop will be informational only. While a quorum of the State Water Board may be present, the Board will not take formal action at the workshop. There will be no sworn testimony or cross-examination of participants, but the State Water Board and its staff may ask clarifying questions. The workshop is an opportunity for interested persons to provide input to the State Water Board. To ensure a productive and efficient workshop, oral comments may be limited to three (3) minutes or otherwise limited at the discretion of the Board Chair or any Board member present. So that all commenters have an opportunity to participate, presentations and questions may be time-limited.

SUBMISSION OF WRITTEN COMMENTS

Interested persons must submit written comments by **12 noon on Thursday, January 12, 2017.**

Written comment letters must be submitted to the attention of:

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
1001 I Street, 24th floor
Sacramento, CA 95814

Comment letters may be submitted to the Clerk of the Board via email at: commentletters@waterboards.ca.gov (15 megabytes, or less, in size) or by fax at (916) 341-5620.

ADDITIONAL INFORMATION

Please indicate in the subject line **“Comment Letter – Urban Water Conservation Workshop.”**

Comments may also be hand delivered. Couriers delivering comment letters must check in with lobby security personnel on the first floor of the CalEPA Building at the above address. Questions on comment submittals may be directed to Ms. Townsend, at (916) 341-5600.

More information on the State Water Board’s Emergency Water Conservation Regulation can be found here:

http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/emergency_regulation.shtml

For directions to CalEPA, visit: <http://www.calepa.ca.gov/EPABldg/location.htm>


Notices and submittals are available electronically at:

http://www.waterboards.ca.gov/board_info/calendar/index.shtml

All visitors must check-in upon arrival to CalEPA and then proceed to the meeting room. Individuals who require special accommodations are requested to contact the Clerk to the Board at (916) 341-5600.

Please direct other questions about this notice to Kathy Frevert at (916) 322-5274 or kathy.frevert@waterboards.ca.gov.

January 6, 2017
Date



Jeanine Townsend
Clerk to the Board



Agenda Item: 27

Date: January 17, 2017

Subject: Legislative and Regulatory Update

Staff Contact: Dan York, Assistant General Manager

RWA Government Affairs Committee

The 2017-18 Legislative Term began in December 2016. To date, 361 bills have been introduced. Currently there are three bills included on the RWA Legislative Summary, attached as Exhibit 1, that are the only substantive water bills RWA is currently tracking.

The Regional Water Authority (RWA) Government Affairs Committee met in November 2016 to complete development of RWA's legislative and regulatory advocacy work plan for 2017, attached as Exhibit 2.

California Legislators have until February 17, 2017 to introduce bills; additional bills will be introduced over the next few weeks. As the Legislative session advances, RWA will continue to regularly update the bill list, and as the Lobbyist Subscription Program begins to adopt positions, the development of the Hot List will ensue.

The Legislature adjourned August 31, 2016, giving Governor Brown until September 30, 2016 to take action on bills that reached his desk and officially close the 2015-16 two-year legislation session. Of the nearly 100 bills that RWA tracked, including the top priority "hot bills", eleven were signed into law by the Governor. The Legislative Summary is attached as Exhibit 3 to this report.

2016 was a significant year for RWA Advocacy Program. The RWA was successful in obtaining Adam Robin as the new Legislative and Regulatory Affairs Program Manager. The Advocacy Program highlights are attached as Exhibit 4.

State

Following 10 years of study and hundreds of public meetings, on December 22, 2016, state and federal officials released the final, refined environmental documents for California WaterFix, an effort to modernize the state's water infrastructure in the Sacramento-San Joaquin Delta.

The project's lead agencies, the California Department of Water Resources and U.S. Bureau of Reclamation, identified WaterFix as the preferred alternative to modernize California's primary water delivery system in the Delta. Officials believe the plan is the best way to guard against water supply disruptions, and improve conditions for threatened and endangered fish. The project

consists of three new intakes in the northern Delta and two 35-mile-long tunnels to transport water to the existing pumping plants in the south Delta. New intakes and tunnels also would help guard water supplies against saltwater intrusion as sea levels rise and in the event of an earthquake or storm powerful enough to destroy levees in the low-lying Delta.

On January 11, 2017, Governor Jerry Brown released a \$177.1 billion spending plan that contains funds for drought, water rights management, continuation of the statewide conservation program Save Our Water and other key water programs. In releasing his budget proposal, Governor Brown warned of a possible economic downturn due to a slowing of revenue increases. The budget contains \$3.2 billion in what the governor's statement calls "solutions" that would close a potential a \$2 billion deficit. Among those "solutions" are proposals such as adjusting Proposition 98 spending and "recapturing" unspent allocations from 2016.

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.
- e. **HR 353 – Weather Research and Forecasting Innovation Act of 2017 (Lucas)** – The District intends to support this bill to improve the National Oceanic and Atmospheric Administration's weather research through a focused program of investment on affordable and attainable advances in observational, computing, and modeling capabilities to support substantial improvement in weather forecasting and prediction of high impact weather events, to expand commercial opportunities for the provision of weather data, and for other purposes.

Exhibit 1
RWA Legislative Summary
1/16/2017

AB 18 **(Garcia, Eduardo D) California Clean Water, Climate, and Coastal Protection and Outdoor Access For All Act of 2018.**

Current Text: Introduced: 12/5/2016 [Text](#)

Summary: Would enact the California Clean Water, Climate, and Coastal Protection and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,005,000,000 pursuant to the State General Obligation Bond Law to finance a clean water, climate, and coastal protection and outdoor access for all program. This bill contains other related provisions.

SB 5 **(De León D) California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018.**

Current Text: Introduced: 12/5/2016 [Text](#)

Summary: Would enact the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,000,000,000 pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program.

SB 57 **(Wilk R) Water resources: permit to appropriate: application procedure.**

Current Text: Introduced: 12/8/2016 [Text](#)

Summary: Current law allows interested persons to file a written protest with regard to an application to appropriate water and requires the protestant to set forth the objections to the application. Current law declares that no hearing is necessary to issue a permit in connection with an unprotested application, or if the undisputed facts support the issuance of the permit and there is no disputed issue of material fact, unless the board elects to hold a hearing. This bill, if the State Water Resources Control Board has not rendered a final determination on an application for a permit to appropriate water within 25 years from the date the application was filed, would require the board to issue a notice and provide an opportunity for protests before rendering a final determination, with specified exceptions.

Total Measures: 3
Total Tracking Forms: 3

EXHIBIT 2

2017 Advocacy Program Work Plan Matrix – Approved Version

11/21/16

Priority Goals

- Continue building RWA's reputation as a respected, trusted and recognized leader in California water solutions
- Demonstrate how Sacramento-area water managers have been responsible stewards of local water resources over time and during drought
- Promote the region's success with groundwater management, conservation and other accomplishments
- Demonstrate this region's previous investments made to assure water supply reliability and drought resiliency
- Demonstrate how local actions support the California Water Action Plan
- Lay a foundation for further investment in the region's water supply reliability (specifically key projects such as the Northern California Groundwater Bank, River Arc and Modified Flow Management Standard)

Tentative Priority Issues

- Enhanced Public Relations Campaign
- Long Term Water Efficiency Regulations/Legislation
- Water Supply Reliability
- Funding for Water Efficiency/Conservation
- Public Goods Charge
- Water Transfers
- Water Quality Control Plan Update
- SGMA Implementation
- Lead - Pending Regulatory Action
- Monitor Cal Water Fix

Target Audience/Goals	Activities	Timeframe	Lead Person(s) with Work Group Support
<p>State Legislators/Staff and Agencies</p> <ol style="list-style-type: none"> 1. Continue to strengthen relationships with local delegation 2. Develop relationships with newly elected officials 3. Expand influence outside Sacramento area 4. Foster relationships with regulators 	<p>Pre-Session 1-on-1's with local delegation</p> <p>Host Luncheon with "Keynote Speaker" for local delegation (plus new non-local reps)</p> <p>Post-Election meetings with key new members/staff</p> <p>Water Quality Tour</p> <p>Spring Tour? (New members plus local delegation)</p> <p>Continue participating on Urban Advisory Group. Meet with SWRCB members as appropriate.</p>	<p>November - December</p> <p>January</p> <p>January-February</p> <p>November 15</p> <p>Spring recess</p> <p>Ongoing</p>	<p>Soyla/John/Dave</p> <p>Christine/Michelle</p> <p>Soyla/John</p> <p>Workgroup</p> <p>?</p> <p>John and Jim</p>
<p>Coalitions/Alliances (Water Orgs and Business Community)</p> <ol style="list-style-type: none"> 1. Build upon existing coalitions 2. Establish new coalitions 3. Develop relationships with BIA, Cal 	<p>MWD/So.Cal water agencies tour</p> <p>Meet with individual coalition partners</p> <ul style="list-style-type: none"> • Identify RWA lead for each partner agency/org <p>Meet with BIA, Cal Chamber Legislative staff</p>	<p>October/November</p> <p>October – March</p> <p>October-March</p>	<p>Jim/Christine/Michelle</p> <p>Various Depending on Agency/Organization</p> <p>John/Dave</p>

Target Audience/Goals	Activities	Timeframe	Lead Person(s) with Work Group Support
Chamber, CBPA, etc. 4. Continue growth as recognized leaders and team players	Regular meetings with SACOG	Quarterly	John/Dave
Media 1. Expand media relations to outside Sacramento area 2. Partner with credible third-party partners when possible to develop op-eds and letters 3. Fund a public relations firm to assist improving the region's water efficiency image	Develop and prioritize a list of media outlets, reporters and bloggers throughout California to target for relationship building and for story/op-ed placement Develop a list of potential third-party experts to support and write about topics important to achieving RWA's goals. Work with experts to write and place op-eds in targeted media outlets Solicit and hire well regarded public relations professional(s)	October - December January - June On board by January 15th	Dave/Christine/Michelle John/Christine/Soyla
Local Officials 1. Develop Pool of Local Elected Officials Who are Engaged in Water	Hosted Meetings with Local Officials and RWA Tour of our water system - potentially	January - March Spring	John/Dave/Christine/Michelle Christine/Michelle/John/Dave

Target Audience/Goals	Activities	Timeframe	Lead Person(s) with Work Group Support
Issues and Willing to Support RWA's Positions 2. Expand Support for RWA Advocacy efforts	partner locals with those attending state tour to help cultivate those elected ties Develop and Distribute Annual Advocacy Report	November/December	Christine/Michelle/John

Other Activities:

1. Produce 2016 Annual Report for November 2016 Board meeting. Distribute Annual Report broadly to local agencies and coalition partners.
2. Review RWA Adopted Advocacy Program and adopted positions. Make recommendations regarding modifications, if any, to the Board at November Board Mtg
3. Brief Boards of RWA Members to expand Lobbyist Subscription Program participation
4. Fill RWA Legislative/Regulatory Affairs Position
5. Develop 2017 Advocacy Priorities

Exhibit 3

October 26, 2016

AGENDA ITEM 5: LEGISLATIVE WRAP-UP

BACKGROUND:

Legislative Summary

The California Legislature adjourned August 31st giving the Governor until September 30th to take action on the bills that had reached his desk and officially close the 2015-2016 two-year legislative session. Of the nearly 100 bills that RWA tracked and monitored, including the 37 top priority “hot bills”, eleven were signed into law by the Governor. The remaining hot bills were either amended to issues of no concern to RWA; failed to make it out of the legislature; or were vetoed by the Governor.

The RWA “Hot List” bills signed into law are shown in the table below:

Bill (Author)	Bill Title (or Abbreviation)
AB 935 (Salas)	Water Projects
AB 1716 (McCarty)	Lower American River Conservancy Program
AB 1755 (Dodd)	The Open and Transparent Water Data Act
AB 2480 (Bloom)	Source Watershed Financing
AB 2551 (Gallagher)	Contract Procurement: Surface Storage Projects
SB 7 (Wolk)	Housing: Water Meters: Multiunit Structures
SB 552 (Wolk)	Public Water Systems Consolidations
SB 814 (Hill)	Drought: Excessive Water Use
SB 1262 (Pavley)	Water Supply Planning
SB 1263 (Wieckowski)	Public Water Systems: Permits
SB 1398 (Leyva)	Public Water Systems: Lead User Service Lines

Three of the bills signed by the Governor - SB 7, SB 814, and SB 1398 - will have impacts to all RWA member agencies. A summary analysis of these three bills and their impact is provided below (full analysis and bill text of these three bills and all top priority bills are available on the RWA website):

SB 7 – Water meters for new multiunit structures. Beginning January 1, 2018, this bill requires any water purveyor that delivers water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure for which a new water connection is required to ensure each individual unit be metered or sub-metered as a pre-condition to a new water service. The developer and/or owner of the newly constructed structure is required to install, certify, maintain, test and read the sub-meters unless the water purveyor agrees otherwise. This bill prohibits the water purveyor from imposing an additional capacity or connection fee or charge for a sub-meter that is installed by an owner or his or her agent.

October 26, 2016

This bill further provides consumer protections for tenants; requirements that put the onus on the developer to ensure sub-meters are installed in compliance with all applicable laws and regulations; and directs the State Department of Housing and Community Development to propose state building standards requiring sub-meters in newly constructed multiunit residential structures or mixed use residential and commercial structures as part of triennial building code cycle.

SB 814 – Excessive water use during drought conditions. This bill prohibits excessive water use by metered residential customers during specific types of drought emergencies. The specific “types of drought emergencies” for which this prohibition applies are all based on local drought conditions.

The bill requires, as part of scheduled updates to Urban Water Management Plans (years ending in “0” and “5”), every urban retail water supplier, **except those not fully metered**, to establish a method to identify and discourage excessive water use during drought conditions through one of the following options:

- a. Establishing a rate structure that includes block tiers, water budgets, or rate surcharges over and above base rates for excessive water use by a residential water customer or,
- b. Establishing or amending excessive water use ordinance that includes a procedure to identify and address excessive water use by metered residential customers. Under this option, urban water suppliers:
 - i) Must measure excessive water use in terms of either gallons or hundreds of cubic feet of water used during the urban retail water supplier’s regular billing cycle.
 - ii) May consider, in establishing the definition of excessive use, factors that include, but are not limited to, all of the following:
 - (1) Average daily use.
 - (2) Full-time occupancy of households.
 - (3) Amount of landscaped land on a property.
 - (4) Rate of evapotranspiration.
 - (5) Seasonal weather changes.
 - iii) Must issue an infraction or administrative civil penalty for violations of an excessive use ordinance. The penalty for a violation **may** be based on conditions identified by the urban retail water supplier and may include, but is not limited to, a fine of up to \$500 for each hundred cubic feet of water, or 748 gallons, used above the excessive water use threshold established by the urban retail water supplier in a billing cycle.
 - iv) Must establish a process and conditions for the appeal of a fine imposed pursuant to an excessive use ordinance.
- c. Agencies that are **not yet fully metered** are exempt from the above requirements until such time as they become fully metered. In lieu of the

October 26, 2016

above requirements, these agencies are required to prohibit certain water use practices (such as specific non-watering days, no runoff, etc.) and impose penalties for prohibited uses of water. The urban retail water supplier may include a process to issue written warnings prior to imposing penalties as well as increased penalty amounts for successive violations.

SB 1398 – Lead user service lines. The intent of the Legislature is to ensure that any known lead water pipes are identified and replaced as promptly as possible and that appropriate action is taken on water service lines of unidentified composition to ascertain whether they contain lead so that water suppliers can manage the replacement of service lines on a schedule that is commensurate with the risks and costs involved. Specifically, this bill requires:

- a. By July 1, 2018, public water suppliers are to compile an inventory of known lead user service lines in use in its system and identify areas that may have lead user service lines. A timeline for replacement of the known lead user service lines in its distribution system must be submitted to the State Water Resources Control Board (SWRCB) for approval.
- b. By July 1, 2020, public water suppliers who identified areas within their system, as “may have lead user service lines” must do either of the following:
 - i. Determine the existence or absence of lead user service lines in use in their distribution systems and provide that information to the SWRCB;
 - or,
 - ii. Provide a timeline for replacement of those user service lines whose content cannot be determined to the SWRCB for approval.
- c. The bill prohibits the SWRCB, where a portion of a distribution system is located within in a Superfund site under an active federal cleanup order, from proposing a timeline for lead user service line replacement that does not conform to any applicable federal regulatory requirements or timelines.

Of note during this legislative session were bills that failed to move forward. For example, at the start of the 2016 session, RWA and other water organizations geared up in anticipation that a carry-over bill from the first year of the session, SB 20 (Pavley), would be taken up as the vehicle for imposing a public goods charge. While that bill was later gutted and amended and the public goods charge discussion never materialized, the topic of a public goods charge is not dead. RWA has an adopted policy acknowledging the need for helping disadvantaged communities but opposing a PGC that would be imposed on our member’s customers. It is recommended that RWA continue to keep a close eye on future legislation that would consider imposition of such a charge.

Other bills of note that died included a bill that would have circumvented time schedules of the Sustainable Groundwater Manager Act by imposing on counties a

October 26, 2016

permitting requirement on new groundwater wells throughout the State. These topics will most likely continue to crop up in future legislative sessions.

2017 Advocacy Work Plan

As part of that 2017 Work Plan development process, we have reviewed the Policy Principles adopted by the RWA Board in 2016 and intend to recommend the Board affirm those principles without amendments at its November 2016 meeting. The 2017 Work Plan will focus on preparing for the upcoming 2017 legislative session, continuing to expand RWA's advocacy efforts, and fostering existing and new partnerships and coalitions. Already on the agenda as part of the Work Plan is a water quality tour with legislative staff members on November 15th.

Staff will be reaching out to RWA members to see if other agencies are interested in joining the subscription-based program to employ the contract lobbyist. As part of this process, staff is also evaluating the fee structure for the LSP and anticipates proposing a tiered rate structure to the Program Committee in November. The new fee structure will not result in a fee increase for any of the member agencies.

STAFF RECOMMENDATION:

Information Presentation: Dave Brent, Water Policy Advisor

The Regional Water Authority

2016 ADVOCACY PROGRAM HIGHLIGHTS

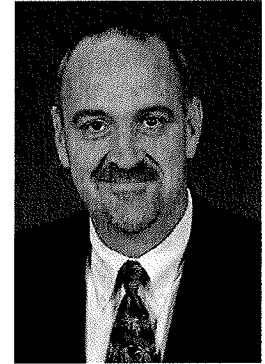
A Note From The Executive Director

2016 was a significant year for the Regional Water Authority's Advocacy Program. Over several years we had set up the structure, identified priorities, set goals and engaged RWA members. This was the year to fully execute the program. I am proud of our team and our region for all we have accomplished.

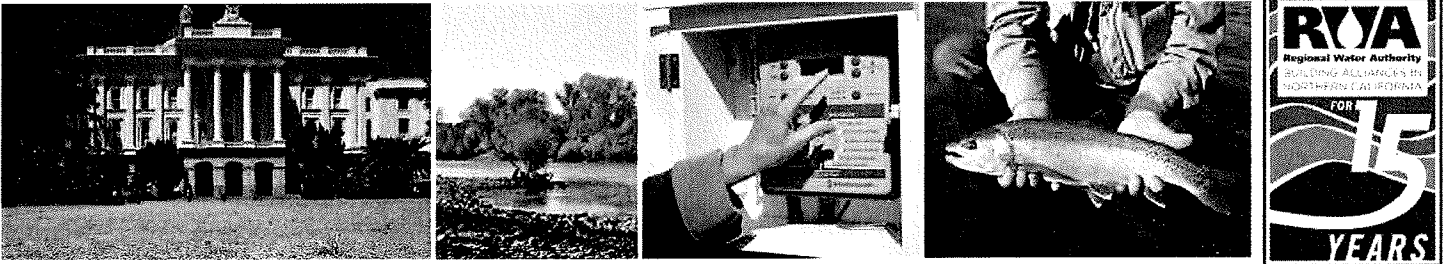
Keeping our eye on the goal of ensuring that regional needs and concerns are positively represented, our team identified Water Use Efficiency and Conservation, Water Efficiency Funding, Public Goods Charge, Water Transfers and Consolidation as key priorities. We needed to be nimble as bills were introduced, amended, gutted and in some cases brought to the floor. We increased our capacity to be both proactive on issues and reactive to changing circumstances.

We continued to build upon our success and strengthened our statewide position. I am so proud that we have continued creating strong, long-term relationships I believe will help reach RWA's ultimate goals.

There is and will always be much more work to be done, and each year we will continue to grow and position ourselves in the strongest manner possible. As RWA marked its 15-year anniversary in 2016, I am encouraged about our future and look forward to working together to continue building on our momentum.



– John Woodling



2016 ADVOCACY PRIORITIES

1. EMERGENCY DROUGHT REGULATIONS

Emergency drought regulations adopted to battle California's historic drought call on water suppliers to conserve well beyond the 20 x 2020 mandate. The laudable actions taken by RWA members, and other water agencies across the state and their customers to mitigate an emergency situation should not become the "new normal."

RESULT: RWA, in partnership with water agencies throughout the state, successfully argued for changes from the mandatory water conservation regulations that were implemented in 2015. Through these efforts, the State Water Resources Control Board refocused its strategy on drought preparedness, providing for water suppliers to demonstrate adequate supplies to respond to an additional three dry years.

2. STATE FUNDING FOR TURF REPLACEMENT AND WATER EFFICIENCY PROGRAMS

A major component of long-term water supply sustainability and drought resilience is decreasing outdoor irrigation. Many RWA member agencies dedicate a portion of their revenues to fund turf replacement and other water efficiency programs. State funding to augment local programs (from existing sources such as the Proposition 1 Water Bond and the Greenhouse Gas Reduction Fund) would benefit California's water agencies and improve drought resilience.

RESULT: While state funding has been targeted at turf replacement and replacement of plumbing fixtures, it has been through a state-run program that lacks the efficiency that could be brought to bear by local water suppliers. RWA has been successful at obtaining grant funding for water efficiency programs, and will continue to advocate for water efficiency funding in 2017.

3. PUBLIC GOODS CHARGE

A public goods charge may be considered in the upcoming legislative session as a way to fund needed water supply improvements throughout the state. While there is a clear need for sensible, long-term funding solutions to assist disadvantaged communities that do not have safe drinking water, a state tax on water bills that is redirected away from local needs is not the solution.

RESULT: At the beginning of the 2016 legislative session, there was concern that SB 20 (Pavley) would become a vehicle for imposing a public goods charge. This did not arise, but the pressure for a source of public funding will continue in 2017. RWA will be diligent in advocating on the issue, consistent with our adopted policy position.

4. WATER TRANSFERS

RWA believes that transparency and open data concepts could improve the water transfer process and enable increased access to and use of the water transfer market. But, improvements to transparency and data management must not be bundled with conditions that constrain the water rights that make transfers possible or otherwise hinder water transfers.

RESULT: There was broad discussion on water transfer bills during 2016, and RWA actively advocated for sound policy. Ultimately, the only related bill that passed the legislature and became law was AB 1755 (Dodd) the Open and Transparent Water Data Act. RWA will continue to advocate for legislation that streamlines water transfers between willing buyers and sellers.

INFLUENCER OUTREACH

State Legislative Leaders

Building upon 2015 efforts, RWA staff and member agency representatives continued to hold one-on-one meetings with legislative members and staff to advocate for 2016 key issues. Meetings included those with legislators representing the five-county Sacramento region as well as members of key policy and budget committees.

In preparation for the 2016 legislative session, RWA hosted a water supply tour in November 2015 for our local legislative delegation highlighting the region's cooperative, innovative approach to water supply reliability and the important role Folsom Lake plays. As a result of this relationship building, RWA is becoming a go-to organization for legislative staff seeking information and input. In November 2016, at the request of Assembly staff, RWA is hosting a tour for staff interested in learning about water quality issues and the drinking water treatment process.

Local Leaders

Throughout the year, Advocacy Program members met with local elected officials to update them on priority policy principles and seek their future support with state legislative leaders. A key objective of this outreach effort was to develop a strong team of local elected officials RWA and its members can call upon to provide political support and advocacy for water-related issues important to this region.

LOOKING BACK: 15-YEAR ANNIVERSARY EVENT

In July, RWA celebrated 15 years of success with an event that attracted nearly 30 federal, state and local policymakers and their staff. Wrote Congresswoman Doris Matsui, "The Regional Water Authority has made our region stronger and more resilient. It has created a forum that works for the greater good of the region—through wet years and dry years, times of peace and times of conflict. Without RWA's guidance we would not be as far along in balancing the many needs within our watershed. I thank RWA for what they do and wish them well for another 15 years of service."

LOOKING AHEAD TO 2017

The Advocacy Program was established to build RWA's reputation as a respected, trusted and recognized leader in California water issues and solutions. As demonstrated by RWA's prominent roles in a number of statewide organizations and initiatives, increased accessibility to and credibility with legislative staff, and reliable presence at the Capitol, the Advocacy Program is succeeding in growing that positive reputation. The program is staged to continue this trend by bringing in a full-time staff member that will focus on building stronger relationships with state and local leaders, expanding media opportunities and becoming more proactive on legislative and regulatory issues.



State Senator Ted Gaines and Assemblymember Beth Gaines recognize RWA for its achievements.

LEGISLATION HIGHLIGHTS

By the Numbers

- 20** Number of two-year bills monitored at the start of the 2016 session
- 95** Number of bills introduced in the 2016 session with identified potential impacts on RWA members
- 37** Number of 2016 bills identified as high or medium priority (“hot list”) at the start of the session
- 11** Number of hot list bills that were signed into law
- 4** Number of hot list bills vetoed by the Governor

Three of the bills signed by the Governor—SB 7, SB 814 and SB 1398—will have impacts to all RWA member agencies. A full analysis, as well as text of these three bills and all top priority bills, are available at rwah2o.org.

At the start of the 2016 legislative session, RWA identified nearly 100 new bills that had potential impacts on our members, 37 of which were identified as “hot list” bills. As the 2016 session came to a close, many of the hot list bills died, which allowed us to focus on working with our partner organizations on priority issues. Specifically, we worked to successfully modify SB 814 (Hill) dealing with excessive water use during times of drought and worked closely with Senator Leyva’s staff on SB 1398, a bill that was amended late in the session requiring water agencies to locate and remove any lead service lines found within the public water system. These two bills, along with SB 7, would have created significant and unnecessary burdens on local water suppliers before they were favorably amended. Both of these bills, with RWA’s support, were signed into law by the Governor. A recap of RWA’s involvement in these and two other pieces of legislation is provided below:

LEGISLATION	TOPIC	RWA INVOLVEMENT AND OUTCOME
SB 7 (Wolk)	Water Submeters	Over several years, RWA worked with partner organizations to ensure that submetering of multi-family residential buildings would be the responsibility of the building owner rather than the water supplier
SB 552 (Wolk)	Consolidations	RWA opposed original version along with ACWA and CMUA Amendments provide better assurances for water agencies tasked with subsuming a troubled water system
SB 1398 (Leyva)	Lead Pipe Replacement	RWA worked closely with the Senator to amend - Assured water suppliers were not responsible for private water lines - Established practical approach to infrastructure replacement
SB 814 (Hill)	Excessive Water Use During Periods of Drought	RWA worked closely with the East Bay Municipal Utility District and other agencies/organizations to amend Resulted in a more practical bill that should not have major impact on RWA members
SB 1317 (Wolk)	Groundwater Extraction Permit	This bill circumvented the Sustainable Groundwater Management Act. RWA worked with partner organizations to ensure that it did not pass out of the 2nd House

COALITION BUILDING

Building relationships is a critical component of the Advocacy Program. These relationships will forge long-term coalitions and build trust with key office holders to ensure that RWA has a seat at the table for future discussions.

Continuing its leadership role, RWA staff served as the chair of the Practitioner Advisory Panel convened by the California Department of Water Resources (DWR) to provide leadership and policy input on Sustainable Groundwater Management Act implementation, as well as chair of the Association of California Water Agencies (ACWA) Groundwater Committee. RWA was also invited to participate in the Urban Advisory Group convened by the state to provide input on a framework for California's first-ever permanent water conservation targets. RWA and member agency staff and officials serve on the ACWA State Legislative Committee and the ACWA Board of Directors.

In 2016, we worked to strengthen existing relationships with state and local organizations and started creating new ones. For example, working to expand coalitions with water providers in Southern California, RWA presented its perspective on state water issues and how both North and South can work together in board meeting and lunchtime presentations to the Southern California Water Committee in July. In this same vein, the RWA Board of Directors received presentations from the Metropolitan Water District of Southern California and the San Luis and Delta Mendota Water Authority.

The relationships built with water providers throughout the state, combined with RWA's leadership, led to a powerful letter to the State Water Resources Control Board and DWR, signed by 63 water providers and water associations, urging the state to adopt sensible policies for implementation of a long-term policy framework for water conservation. This unprecedented consensus will be important as the state's proposals move to the Legislature.

Forging partnerships will always be a key priority of this program, and in 2017 we will look to diversify our reach with groups representing the agriculture, environmental and business communities.

ADVOCACY THROUGH MEDIA OUTREACH

RWA continued both proactive and reactive media outreach to convey RWA's perspective and the region's accomplishments. Outreach included meeting with reporters to discuss regional water issues and build relationships and issuing nearly 20 press releases, media statements and opinion-editorials, including an op-ed in the *Sacramento Bee* by RWA Executive Committee member Rob Roscoe outlining the region's perspective on continued conservation in light of improved water supply conditions.

LOBBYIST PROGRAM MEMBERS

The Lobbyist Subscription Program consists of 10 member agencies (listed below) that have shared cost equally the past few years to pay for the contract lobbyist, Fernandez Government Solutions. As we move forward into 2017, that program will consist of at least one new member agency, the Elk Grove Water District. Also in 2017, a more equitable cost sharing system will be used so that small and large agencies pay a proportional share. We are able to do this without any fee increases to the member agencies. We are hoping to add more members as the program continues to provide valuable results for RWA and the region.

City of Folsom | City of Lincoln | City of Roseville | City of Sacramento | Carmichael Water District | Del Paso Manor Water District
Placer County Water Agency | Sacramento County Water Agency | Sacramento Suburban Water District | San Juan Water District

STAFF

For any questions or more information, please contact RWA Executive Director John Woodling.



Agenda Item: 28

Date: January 16, 2017

Subject: General Manager's Report

Staff Contact: Robert Roscoe, General Manager

a. McClellan Park Improvement Issues Update

As previously reported, on September 7, 1999, Northridge Water District (NWD) executed the Operations Agreement (Agreement) between Sacramento County (County) and NWD for the Conveyance of the McClellan Water Distribution System for ownership, operation, and maintenance of the potable water system. Included in the Agreement was a Capital Improvement Plan (CIP) consisting of ten items that were included in the proposal. In Section 2 of the Agreement, NWD was required to provide "upgrades" to the existing potable water system to bring it up to current standards. The "upgrades" are itemized in the Agreement for a total estimated cost of \$5,062,000. There are three items from the CIP list that have yet to be 100% completed. Staff recommendation is to distinguish who is responsible for system improvements within McClellan Park (MP) and place closure to existing agreement and negotiate a new agreement.

On August 3, 2016, the District provided a letter to MP stating its interpretation of the agreement, along with a Legal Opinion generated by District legal counsel. On December 5, 2016, staff received MP's written Legal Opinion. The Legal Opinion received from MP has been forwarded to District legal counsel for review and comments. District staff met with MP executive staff on January 6, 2016, per their request, to discuss the interpretation of both opinion letters in hopes to move forward with limited legal involvement. The meeting was very productive. Both the District and MP were in agreement that further discussions need to be developed on amending the Agreement, with focus based on what improvements are required based on improvements to an existing facility or new development.

Due to the fact the Agreement is between the District and County, on January 10, 2017, the District met with the County Director of Economic Development and his key staff. This is the first such meeting with County staff pertaining to the subject issue. The purpose of the meeting was to inform the County of the ongoing issues that need to be resolved at MBP. The County realizes the issue needs to be resolved and will be scheduling future meetings with both the District and MBP to continue discussions and ultimately amend the Agreement. The Director of Economic Development has appointed

Kent Craney, Principal Engineer, to be the County's representative in the future discussions on implementing the District's standards and regulations in coordination with MBPs future development. Staff is bringing this to the F&O Committee on January 20, 2017 and the full Board in February 2017.

b. Long Term Warren Act Contract Update

Staff was notified by Bureau of Reclamation (Reclamation) staff on January 13, 2017, stating they have been given direction to proceed processing a 25 year Long Term Warren Act Contract by submitting the Biological and Environmental Assessments. Reclamation staff will begin discussions with US Fish and Wildlife Services (USFWS) and National Marine Fisheries Service (NMFS). Reclamation informed staff that they met with Central Valley Operations staff to discuss the District's Environmental Assessment and how to proceed presenting a 25 year LTWAC. The District's current 5-year Warren Act Contract expires February 28, 2018. Reclamation's goal is to have a 25 year LTWAC signed no later than October 2017.

c. County of Sacramento Proposed Paving Requirements

The County is proposing new trench cut restoration requirements that greatly increase paving requirements compared to the existing standards. All trench restoration would require pavement overlay that covers a minimum of a lane width, plus shoulder and bike lane, up to the entire roadway in some cases. The thickness and the limits of the overlay are also significantly increased. The proposed requirements were developed without an analysis to quantify actual utility trench impacts, or consider factors such as existing pavement age and PMI. The proposed paving requirements were initially scheduled to be adopted by the County Supervisors on August 9, 2016. In an effort to communicate with County Department of Transportation (DOT) staff to propose other scenarios that could assist with the paving requirements, local utilities (e.g., water, electric, gas and communications) developed a Utility Workgroup. The proposed paving requirements have been temporarily postponed. However, the subject topic is planned to be placed on the County Supervisors agenda in February 2017. Currently the Workgroup's legal counsels have drafted a letter, addressed to County Supervisors and County counsel, that is a legal opinion letter disputing the proposed paving requirements. The legal opinion letter is scheduled to be finalized and delivered the week of January 23, 2017.

d. City of Sacramento Wholesale Water Rates and 9,023 af of Area D Water

The District and the City entered into a Wholesale Water Supply Agreement in January 2004. The Agreement was for the right to divert up to 26,064 acre feet (af) of water per year from the American River under the City's Permit Supply. The cost per af in 2004 was \$110. In 2016, the cost per af was \$428. Due to the substantial increase per af, District staff has met with City staff numerous times informing them of the concerns related to the increases that will basically price the City out of selling their water to the District. Both agencies concur that it is advantageous to amend the Agreement that will hopefully lower the cost per af that would allow the City to utilize their water supplies and allow the District to purchase the water to benefit its Conjunctive Use Program. In addition, as previously reported to the Board in 2016, the City is currently negotiating

with the environmental caucus to provide for increased opportunities to wholesale water in the region. Currently, the City is prevented from wholesaling water to the District during low "Hodge" flows in the lower American River, but the environmental caucus may be open to removing or amending this restriction through a demonstration that the City would increase diversions off the Sacramento River rather than the American River during lower American River flows. The final outcome may bring forth opportunities to have a more consistent and flexible wholesale agreement between the City and the District. An informal agreement was made to allow the City to conduct a pilot test on how the reporting mechanism for water being utilized from the Sacramento and Fairbairn treatment plants. The pilot test began on November 5, 2016 and concluded on November 21, 2016, during which the District received the 435 af of surface water owed by the City previously provided to them during emergency scenarios in 2014 and 2015.

Staff met with City staff to discuss their Wholesale Rates in October and November 2016. Staff informed the City that if the Wholesale Rates were lowered, it would enable the use of the District's contract water rights in a manner that provides better cost benefit to its customers. The City is willing to continue discussions regarding amending the existing agreement for the purpose of how their water from the treatment plants is delivered to their wholesale customers, as well as the potential of lowering their Wholesale Rates. The District is in the process of developing guiding principles for updating the Agreement, and expects to meet again with City staff in February.

The City entered into an agreement with the former Northridge Water District on January 31, 1980, under which the City granted NWD the right, subject to specified conditions, to divert up to 9,023 af per year from the American River for use within the portion of service area of NWD, referred to as Area D. The conditions specified in the agreement were not fulfilled. The operative date of the agreement was the first day of the calendar year in which NWD diverted any water under the agreement, but no later than January 1, 1982. Water was never diverted under the agreement. Per the agreement, NWD was required to pay twice annually. It is unknown at this time if NWD provided payments to the City, or, if it did, when it ceased making payments. SSWD has not made payments to the City for this 9,023 af since SSWD was formed.

District staff has met with City staff to discuss the 9,023 af of surface water supply to determine if it can be reallocated to the District. District and City staff met with City and District legal counsel to determine if there are any legal issues that may hinder the process. Upon conclusion of that meeting, it was determined that there are no legal issues that would hinder the process of the City reallocating the 9,023 af of surface water to the District.

District staff would prefer to place the 9,023 af of surface water in the amended 2004 Agreement. However, to expedite the approval process for allocating to the District the 9,023 af of surface water, District staff has prepared a draft agreement that would allocate to the District the subject surface water until the City is prepared to amend the

Agreement, and will present this to the Facilities and Operation Committee on January 20, 2017.

e. McClellan Restoration Advisory Board (RAB) Meeting

On December 14, 2016, the McClellan RAB meeting was held at the North Highlands Recreation Center. Purpose of the meeting was to conduct the following:

- Approve meeting minutes of the September RAB meeting
- Air Force updates on Hexavalent Chromium, field season updates, property transfer updates, regulatory update, and local reuse authority update.

The next RAB meeting is tentatively scheduled for March 15, 2017, 6:30 pm, at the North Highlands Recreation Center.

f. RWA 2017 Executive Committee Elections

Elections for the Regional Water Authority (RWA) 2017 Executive Committee, Chair and Vice Chair were held at the January 12, 2017 RWA Board meeting. The following were elected to the 2017 Executive Committee, including Chair and Vice Chair:

Jim Peifer, City of Sacramento, Chair
Kelly McKinney, City of Roseville
Kerry Schmitz, Sacramento County Water Agency
Marcus Yasutake, City of Folsom, Vice Chair
Pam Tobin, San Juan Water District
Paul Schubert, Golden State Water Company
Robert Dugan, Placer County Water Agency
Robert Roscoe, Sacramento Suburban Water District
Ron Greenwood, Carmichael Water District



Agenda Item: 29 a.

Date: January 13, 2017

Subject: Upcoming Policy Review – Electronic Mail Management and Retention Policy (PL - IT 003)

Staff Contact: Dan York, Assistant General Manager

Discussion:

Included with this report is the updated Electronic Mail Management and Retention Policy (PL – IT 003) for the Board’s review and comment. The Electronic Mail Management and Retention Policy was last revised in March 2015. Staff has no recommended changes, other than one minor technical edit.

This policy will be brought before the Board for consideration at the February 27, 2017 regular Board meeting. All director comments received by the end of business on Monday, February 13, 2017, will be included in the draft version for the February regular Board meeting.

Sacramento Suburban Water District

Electronic Mail Management and Retention Policy

Adopted: February 25, 2008

Revised: February 22, 2010, March 21, 2011, March 16, 2015, February 27, 2017

100.00 Purpose

The Sacramento Suburban Water District (SSWD) provides electronic mail (“e-mail”) for the employees to conduct SSWD business. In return for providing e-mail, SSWD expects the employees to manage and protect records resulting from the e-mail communications. This policy is adopted by the Board for the purposes of stating the responsibilities of all SSWD employees concerning the creation, removal, storage, and retention of e-mails that are designated official SSWD records.

SSWD e-mail and e-mail systems are intended solely as a means of communicating District information. All SSWD e-mail users are forbidden from using the SSWD e-mail system other than for the storage and maintenance of SSWD records. To ensure the SSWD e-mail system functions as intended, it is imperative that all SSWD employees and e-mail users regularly delete e-mails from the system as provided in this policy.

This policy supplements and is intended to be carried out in concert with SSWD’s Records Inspection, Retention and Disposal Policy (PL – Adm 002, “Records Policy”). While not all e-mail communications are SSWD records, all e-mail communications are subject to discovery and can be used as electronic evidence in the event of litigation. Unmanaged and unidentified e-mails residing on SSWD computers could create expensive and unmanageable problems in the event of litigation and pose a threat to SSWD’s ability to properly and coherently document and reconstruct business and decision-making processes.

The Board makes the following findings concerning specific features of SSWD’s computer network and related hardware and software that comprise the SSWD e-mail system:

1. SSWD performs an electronic back-up of its computer network, including the e-mail system, on a regular schedule. Those back-ups are an electronic recording of the status of SSWD’s computer systems at a particular moment in time and cannot accurately capture or reflect all e-mail or other activity that occurred on SSWD’s computer network on a specific day. For

example, a back-up does not capture items on employees' desktops or in their non-networked drives.

2. SSWD maintains a particular computer system back-up for a set period of time, after which that back-up is completely over written. Such overwriting is necessary for management and security reasons and to aid the recovery of the computer system in case of a complete failure. Because the process is transitory, a back-up is not reliable and cannot constitute official SSWD records.
3. SSWD maintains an e-mail filter which reduces SPAM, Phishing, viruses, and other unwanted e-mail from entering the District's system. Employees of the District are responsible for reviewing summary e-mail lists from the e-mail filter to determine if valid e-mails were captured by the filter. The e-mail filter system automatically deletes filtered e-mail after a certain set time period.
4. SSWD has implemented a Records Management System (RMS) which serves as the repository of all District records for future storage and retrieval, retention control, and document protection. The RMS will be used to notify District employees of all records that have met retention policy requirements and are available for deletion from the system.

100.10 Scope

E-mail communications are considered public records and therefore, the retention and disposition of public records is governed by SSWD's Records Policy. In general, e-mail communications fall into three categories:

1. E-mails that document official SSWD business, which include without limitation, approvals for staff action initiating a business transaction, requests and replies to a request for public information, and direction to employees or consultants. Such e-mail communications generally should be transferred to the RMS and retained in accordance with SSWD's Records Policy.
2. E-mails that provide general information, such as announcing the date and time of a meeting, responses to professional organizations in which an employee participates, external colleague communications, and for information about SSWD other than for public records. Such e-mail communications are not considered SSWD records that must be managed according to SSWD's Records Policy and shall be routinely deleted from the SSWD e-mail system. If a SSWD employee believes that any e-mail of this type constitutes a SSWD official record, such an e-mail or e-mail attachment should be transferred to the RMS and retained in accordance with the SSWD Records Policy.

3. Electronic documents such as personal e-mail correspondence, informal e-mail communications between SSWD employees, and working notes and drafts (unless intentionally saved for an official purpose). Such documents are not SSWD records and should be deleted from SSWD's computer network as soon as they are received and read, or are otherwise superseded or subject to deletion under this policy.

200.00 Policy

It is the Policy of SSWD that any e-mail communication containing information that documents SSWD business must be saved into the RMS in accordance with the SSWD Records Policy. Responsibility for complying with this policy is imposed on each SSWD employee. If an employee has any question or concern about retaining an e-mail or attachment or other issues of compliance with this policy, he or she should discuss the issue with the General Manager or his/her designee. If deemed necessary, the Assistant to the General Manager may consult with legal counsel about any e-mail retention or removal issue.

200.10 Violation of Policy

While the Board recognizes that occasional lapses in the use and management of e-mail occur in the process of business, a failure to adhere to this policy also could have serious legal and financial consequences for SSWD. Therefore, violations of this policy will be reviewed on a case-by-case basis. In appropriate cases, as determined by the General Manager, a violation may result in disciplinary action against an employee, up to and including termination.

200.20 Procedures

The General Manager will prepare procedures outlining implementation protocols for this policy.

300.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 29 b.

Date: January 10, 2017

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

Staff Contact: Daniel A. Bills, Finance Director

The Investment Policy (PL – Fin 003) was last reviewed by the Board in February 2015.

Staff is recommending certain Policy changes based on changes made to the California Government Code (Code). Specifically, staff is proposing to revise the ratings language for negotiable CDs, commercial paper, corporate notes, and supranationals to reflect changes caused by Senate Bill 974, which took effect on January 1, 2017. This bill clarifies that the Code's rating requirements apply to the rating category required at purchase without regard to modifiers such as "+", "-", or 1, 2, and 3. This change codified the interpretation used by most public agencies. This revision applies to all of the Policy's sections that specify a credit rating requirement for purchase. See sections 504.00 d., 505.00 b., 508.00 b., 509.00 b., and 513.00 c.

Also, see change to Appendix A, Note (2) for an increase in the LAIF investment ceiling.

The policy was reviewed by the PFM Group which is the District's financial and investment advisors. It was not reviewed by General Counsel.

The policy is scheduled for Board consideration and adoption at the February Board meeting. If a Director wishes to have his comments included in Board packet for Director review and consideration, please provide those comments to staff by Monday, February 7, 2017.

Sacramento Suburban Water District

Investment Policy

Adopted: December 16, 2002

Revised: August 20, 2007; August 17, 2009; August 15, 2011; December 17, 2012;
November 17, 2014; February 23, 2015; February XX, 2017**100.00 Investment Authority**

In accordance with section 53600 et. seq. of the Government Code of the State of California (Government Code), the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the Finance Director /District Treasurer. Investments by the Finance Director /District Treasurer, or his designee, pursuant to the delegation made by this Investment Policy are limited to those instruments described herein (the "Policy").

200.00 Statement of Objectives

In order of importance, four fundamental criteria will be followed in the investment program:

210.00 Safety of Principal

Investments will be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio. Each investment transaction will be entered into seeking quality in issuer and in underlying security or collateral. Market risk will be reduced by diversifying the portfolio, by limiting the average maturity of the portfolio, by limiting the maximum maturity of any one security, and by performing cash flow analyses to avoid the need to sell securities prior to maturity.

220.00 Liquidity

Investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without a significant loss in value.

230.00 Interest Rate Risk Hedging

The District's investment portfolio will be designed with the objective of mitigating interest rate risk that arises due to adjustable-rate debt financing or other contractual arrangements, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

240.00 Return on Investment

The District's investment portfolio will be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

300.00 Prudent Investor Standard

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing the District's funds, the Board and those to whom investment authority has been delegated shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District. This standard will be applied in all investment decisions, including those related to hedging interest rate risks associated with debt financing.

400.00 Portfolio Management

Any reference to the District's portfolio will mean the total of the cash and securities under management by the Finance Director /District Treasurer, excluding cash and securities held in escrow or in trust on behalf of the District. Any reference to the Finance Director /District Treasurer herein will include his/her designee or designees (such as a professional portfolio manager or financial advisor). The Finance Director /District Treasurer may invest in any security authorized for investment under this Policy, subject to the limitations described below:

410.00 Maturity Limitations

- a. With the exception of securities underlying repurchase agreements, the Finance Director /District Treasurer is authorized to invest the District's fund balances to a maximum term of five years, unless a longer maturity would be warranted and has been approved by the Board at least 90 days in advance of the investment. Investment of bond proceeds held by the bond Trustee such as bond reserve funds, construction funds or funds established for the refunding and defeasance of bonds shall be subject to the applicable provisions set forth in the bond agreements, rather than the provisions of the Government Code.
- b. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein.

420.00 Purchase and Sale of Securities

- a. Information concerning investment opportunities and market developments will be gained by maintaining contact with the financial community together with information provided by financial advisors to the District.
- b. The purchase of any investment other than those purchased directly from the issuer will be, to the extent possible, purchases from a firm designated as a Primary Dealer (dealers) by the Federal Reserve Bank of New York.
- c. All dealers will be required to provide confirmations of all purchases or sales directly to the Finance Director /District Treasurer.
- d. Initially, and when there are material changes to this Policy, the Finance Director /District Treasurer will transmit a copy of the current Policy to its professional portfolio manager or financial advisor, requiring them to return a signed statement indicating receipt and understanding of the Policy.
- e. When practicable, the Finance Director /District Treasurer will solicit more than one quotation on each trade. Investment trades will be awarded on a competitive bid basis.
- f. Prohibited investments include inverse floaters, range notes, interest-only strips derived from a pool of mortgages (Collateralized Mortgage Obligations), and any security that could result in zero interest accrual if held to maturity. (Zero interest accrual means the security has the potential to realize zero earnings through its maturity.)
- g. If the District uses a professional portfolio manager, the portfolio manager may use its own list of approved brokers, dealers, and financial institutions to conduct security transactions on behalf of the District subject to the provisions of Government Code section 53601.5.

430.00 Exchange of Securities

An exchange of securities is a shift of assets from one instrument to another and may be done for a variety of reasons, such as for interest rate risk hedging purposes, to increase yield, to lengthen or shorten maturities, to realize a profit, or to increase investment quality. In no instance will an exchange be undertaken for speculative purposes. Exchanges, to the extent practicable, will be simultaneous (same day execution of sale and purchase).

440.00 Portfolio Adjustments

- a. District portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity, if deemed necessary, to avoid losses.
- b. When no loss is indicated, the Finance Director /District Treasurer will consider restructuring the portfolio basing his/her decision in part on the expected length of time the portfolio will be imbalanced.
- c. In the event a security held by the District is subject to a ratings change that brings it below the minimum ratings specified in this Policy, the Finance Director /District Treasurer shall notify the Board of the change. The course of action to be followed will be decided on a case-by-case basis, subject to Board approval, considering such factors as the reason for the ratings drop, prognosis for recovery or further ratings drops, and the market price of the security.
- d. The Finance Director /District Treasurer may at any time further restrict the securities approved for investment as deemed appropriate.

450.00 Safekeeping

- a. All securities transactions, including collateral, for repurchase agreements entered into by the District will be conducted on a delivery versus payment (DVP) basis.
- b. Securities will be held in safekeeping pursuant to a safekeeping agreement by an independent custodian, which does not act as a principal or secondary broker-dealer.
- c. All financial institutions which provide safekeeping services for the District will be required to provide reports or safekeeping receipts directly to the Finance Director /District Treasurer to verify securities taken into their possession.
- d. A counterparty bank's trust department or separate safekeeping department may be used for physical delivery of a security. The security must be held in the District's name.

500.00 Authorized Investments

The following are types of securities that may be purchased subject to the limitations specified. A summary of these security types and the limitations on the percentage of portfolio is shown in Appendix A.

501.00 U.S. Government, Agencies, and Government Sponsored Enterprises

- a. Investments in U.S. Treasury obligations will not be subject to any limitations. Purchases may be affected through the Federal Book Entry System which includes acceptance of a Federal Reserve receipt on behalf of the District.
- b. Investments in direct obligations of federal agencies guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B.)
- c. Investments in federal agency obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B.)
- d. Investments in government sponsored enterprise obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B.)

502.00 Municipal Obligations

- a. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
- b. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United, in addition to California.

503.00 Bankers' Acceptances

Restrictions are as follows:

- a. Investments in prime bankers' acceptances will not exceed 40 percent of the portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the total portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. Eligible bankers' acceptances will be rated in the highest short-term ratings category by NRSRO.
- d. The maximum maturity will be limited to 180 days.

504.00 Negotiable Certificates of Deposit

Restrictions are as follows:

- a. Investments in negotiable certificates of deposit will not exceed 30 percent of the total portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. To be eligible, a certificate of deposit must be issued by a nationally or state-chartered bank, a state or federal savings and loan association or savings bank, or a federally- or state-licensed branch of a foreign bank.
- d. Eligible negotiable certificates of deposits will be rated in a rating category of "A" long-term or "A-1" short-term, or its equivalent, or better by at least one NRSRO.
- e. The investment will not exceed the Districts' equity in any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.
- f. The investment will not exceed the total of the net worth of any depository savings and loan association, except that investments up to a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such investments are insured or secured as required by law.
- g. The District's Board and the Finance Director /District Treasurer or other official of the District having legal custody of the moneys are prohibited from investing District funds, or funds in the custody of the District, in negotiable certificates of deposit issued by a state or federal credit union if a member of the District's Board, or a person with investment decision making authority at the District also serves on the board of directors of the credit union, or any committee appointed by the credit union board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.
- h. The maximum maturity will be limited to five years.

505.00 Commercial Paper

Restrictions are as follows:

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by Moody's Investors Services or Standard & Poor's Corporation, may be purchased.

b. Investment of the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria:

- a. Is organized and operating in the United States as a general corporation.
- b. Has total assets in excess of five hundred million dollars (\$500,000,000).
- c. Has debt other than commercial paper, if any, that is rated in a rating category of "A", its equivalent, or higher by a nationally recognized rating service.

(2) The entity meets the following criteria:

- a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
- b. Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
- c. Has commercial paper that is rated in a rating category of "A-1", its equivalent, or higher, by a nationally recognized rating service.

c. Investments in commercial paper will not exceed 25 percent of the District's portfolio.

d. Each investment will not exceed 270 days maturity.

e. No more than 10 percent of the outstanding commercial paper of an issuing corporation may be purchased.

f. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.

506.00 Repurchase Agreements

A repurchase agreement is a purchase of authorized securities (other than commercial paper) with terms including a written agreement by the seller to repurchase the securities on a later specified date for a specified amount. Restrictions are as follows:

a. The percentage limit for investment in repurchase agreements will be 50 percent of the total portfolio.

b. Repurchase agreements will be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally- or state-chartered bank that has had a significant banking relationship with the District. The bank must be rated in the highest short-term ratings category by an NRSRO.

- c. Such investments will provide for purchased securities with a market value of at least 102 percent of the amount of the invested funds. The value will be adjusted not less than quarterly.
- d. Purchased securities are limited to those protected by United States Bankruptcy Code, Treasury bills, bonds and notes, or other investments that are direct obligations of or fully guaranteed as to principal and interest by the United States or any agency thereof. Zero coupon and stripped coupon instruments are not acceptable.
- e. Such investments will provide for transfer of ownership and possession of the purchased securities either to the District directly or to a custodian depository institution which will take record title and will establish and maintain a sub-account in its financial records for the securities in the District's name, and such custodian will not be the dealer from which the securities were purchased.
- f. Each repurchase agreement will have a valid and perfected first security interest therein under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. Part 306 and/or 31 C.F.R. Part 357.
- g. The term of a repurchase agreement may not exceed one year.

507.00 Time Deposits

For purposes of this policy, collateralized time deposits will be considered investments. The following criteria will be used in evaluating financial institutions and form of collateral to determine eligibility for deposits:

- a. Must have been in existence for at least five years.
- b. Must have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities. Eligibility for deposits will be limited to those financial institutions that have a branch in the State of California and maintain a rating equivalent to Thompson BankWatch Service of "B" or better. Credit requirements may be waived for a time deposit that is federally insured.
- c. The deposit will not exceed the shareholders' equity of any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.
- d. The deposit will not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of \$500,000 may

be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.

- e. Deposits must be insured up to the FDIC's current limit. For uninsured deposits, the financial institution will maintain in the collateral pool securities having a market value of at least 10 percent in excess of the total amount deposited. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds. Promissory notes secured by real estate mortgages or deeds of trust are not acceptable as collateral.
- g. When other factors are equal, appropriate consideration will be given to a financial institution that either individually or as a member of a syndicate bids on or makes a substantial investment in the District's securities, contributes service to the District, and offers significant assistance to the District, so as to provide for distribution of total deposits among eligible financial institutions.
- h. Purchased time deposits will be limited to a maximum maturity of one year.

508.00 Medium-Term Notes

Restrictions are as follows:

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- b. Notes eligible for investment under this subdivision will be rated in the rating category of "A", its equivalent, -or better by at least one NRSRO.
- c. Purchases of medium-term notes may not exceed 30 percent of the District's portfolio.
- d. Purchases of medium-term notes will be limited to a maximum maturity of five years.

509.00 Mortgage Obligations and Asset Backed Securities

The District may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.

Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Securities eligible for investment must be rated in a rating category of “AA”, its equivalent, or better by an NRSRO, and issued by an issuer having an “A”, its equivalent, or higher rating for the issuer’s debt as provided by an NRSRO.
- c. Purchase of securities authorized by this subdivision may not exceed 20 percent of the District’s portfolio.

510.00 Local Agency Investment Fund Deposits

Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted from time to time by State Treasury policy.

511.00 Shares of Beneficial Interest (Money Market Funds)

The Finance Director /District Treasurer may invest, for temporary periods pending disbursement or reinvestment, in shares of beneficial interest issued by eligible diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. These companies must meet the following criteria:

- a. Attain the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating agencies, or retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market funds with assets under management in excess of \$500 million.
- b. The purchase price of the shares will not include any commission that the companies may charge and will not exceed 20 percent of the District’s portfolio.

512.00 Shares of Beneficial Interest Issued by a Joint Powers Authority (Local Government Investment Pools)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not

less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive. (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

513.00 Supranationals

Beginning January 1, 2015. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Must be eligible for purchase and sale within the United States.
- c. Notes eligible for investment under this subdivision will be rated in a rating category of "AA", its equivalent, or better by at least one NRSRO.
- d. Purchases of these securities may not exceed 15 percent of the District's portfolio.

600.00 Reporting

On a monthly basis, the Finance Director /District Treasurer will provide a report to the Board of Directors showing the holdings and investment transactions, issuers, maturity dates, par and dollar amounts invested, cash balances, amounts held by the Local Agency Investment Fund and any other amounts under the management of contracted parties.

700.00 Grandfather Clause

Any investment held by the District at the time this Policy is adopted or amended will not be sold to conform to any part of this Policy unless its sale is judged to be prudent by the Finance Director /District Treasurer.

800.00 Conflicts of Interest

The Finance Director /District Treasurer and his designees will perform duties under this Policy in accordance with sections 1090 and 1126 of the Government Code as well as any other state law referred to in this policy.

900.00 Conflicts

In the event any provision of this Policy is in conflict with any of the statutes referred to herein or any other state or federal statute, the provision of such statutes will govern.

1000.00 Policy Review

This policy shall be reviewed at least biennially.

APPENDIX A

State Authorized Investments vs. District's Statement of Investment Policy

Investment Type	Maximum Maturity ⁽¹⁾	Maximum Percentage of Portfolio	Percentage By Any Issuer or Bank
U.S. Treasury Obligations:			
State Code	5 years	100	--
District Policy	5 years	100	--
Federal Agencies and Government Sponsored Enterprises:			
State Code	5 years	100	--
District Policy	5 years	100	--
Municipal Obligations:			
State Code	5 years	100	--
District Policy	5 years	100	--
Repurchase Agreements:			
State Code	1 year	100	--
District Policy	1 year	50	--
Bankers Acceptances:			
State Code	180 days	40	30
District Policy	180 days	40	5
Commercial Paper:			
State Code	270 days	25	--
District Policy	270 days	25	5
Negotiable Certificates of Deposit:			
State Code	5 years	30	--
District Policy	5 years	30	5
Medium Term Notes:			
State Code	5 years	30	--
District Policy	5 years	30	5
Time Deposits:			
State Code	--	100	--
District Policy	1 year	100	--
Mortgage Backed and Asset Backed Obligations:			
State Code	5 years	20	--
District Policy	5 years	20	--
Local Agency Investment Fund:			
State Code	N/A	(2)	--
District Policy	N/A	(2)	--

Shares of Beneficial Interest (Money Market Fund):			
State Code	N/A	20	--
District Policy	N/A	20	10
Shares of Beneficial Interest (Local Government Investment Pools):			
State Code	N/A	100	--
District Policy	N/A	100	--
Supranationals:			
State Code	5 years	30	--
District Policy	5 years	15	--

Note: For funds established by Indentures of Trust, the provisions of such Indentures will govern investments.

- (1) California Government Code provides authority to the Board to permit maturities beyond five years with certain restrictions. The current Policy provides for maturities longer than five years for funds established by Indentures of Trust.
- (2) Maximum allowed by LAIF is \$~~6550~~ million for general reserve funds. There is no limit for bond-proceed funds.

APPENDIX B

Securities of Government-Sponsored Enterprises, Agencies and International Institutions

<u>Issuer</u>	<u>Explicit U.S. Govt. Guarantees</u>
Agency for International Development	(AID) Yes
Export-Import Bank	Yes
Farmers Home Administration	(FmHA) Yes
Federal Housing Administration	(FHA) Yes
Financial Assistance Corporation	(FAC) Yes
General Services Administration	(GSA) Yes
Private Export Funding	(PEFCO) Yes
Small Business Administration	(SBA) Yes
U.S. Department of Housing & Urban Development	(PHAs) Yes
U.S. Maritime Administration	Yes
Veterans Administration	(VA) Yes
Washington Metropolitan Area Transit	Yes
Government National Mortgage Association	(GNMA) No
Federal Farm Credit Bank	(FFCB) No
Federal Home Loan Bank	(FHLB) No
Federal Home Loan Mortgage Corporation	(FHLMC) No
Federal National Mortgage Association	(FNMA) No
Financing Corporation	(FICO) No
Resolution Funding Corporation	(Refcorp) No
Tennessee Valley Authority	(TVA) No
U.S. Postal Service	(USPS) No
World Bank	(WB) (IBRD) No

Sacramento Suburban Water District

Investment Policy

Adopted: December 16, 2002

Revised: August 20, 2007; August 17, 2009; August 15, 2011; December 17, 2012;
November 17, 2014; February 23, 2015; February XX, 2017**100.00 Investment Authority**

In accordance with section 53600 et. seq. of the Government Code of the State of California (Government Code), the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the Finance Director /District Treasurer. Investments by the Finance Director /District Treasurer, or his designee, pursuant to the delegation made by this Investment Policy are limited to those instruments described herein (the "Policy").

200.00 Statement of Objectives

In order of importance, four fundamental criteria will be followed in the investment program:

210.00 Safety of Principal

Investments will be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio. Each investment transaction will be entered into seeking quality in issuer and in underlying security or collateral. Market risk will be reduced by diversifying the portfolio, by limiting the average maturity of the portfolio, by limiting the maximum maturity of any one security, and by performing cash flow analyses to avoid the need to sell securities prior to maturity.

220.00 Liquidity

Investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without a significant loss in value.

230.00 Interest Rate Risk Hedging

The District's investment portfolio will be designed with the objective of mitigating interest rate risk that arises due to adjustable-rate debt financing or other contractual arrangements, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

240.00 Return on Investment

The District's investment portfolio will be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

300.00 Prudent Investor Standard

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing the District's funds, the Board and those to whom investment authority has been delegated shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District. This standard will be applied in all investment decisions, including those related to hedging interest rate risks associated with debt financing.

400.00 Portfolio Management

Any reference to the District's portfolio will mean the total of the cash and securities under management by the Finance Director /District Treasurer, excluding cash and securities held in escrow or in trust on behalf of the District. Any reference to the Finance Director /District Treasurer herein will include his/her designee or designees (such as a professional portfolio manager or financial advisor). The Finance Director /District Treasurer may invest in any security authorized for investment under this Policy, subject to the limitations described below:

410.00 Maturity Limitations

- a. With the exception of securities underlying repurchase agreements, the Finance Director /District Treasurer is authorized to invest the District's fund balances to a maximum term of five years, unless a longer maturity would be warranted and has been approved by the Board at least 90 days in advance of the investment. Investment of bond proceeds held by the bond Trustee such as bond reserve funds, construction funds or funds established for the refunding and defeasance of bonds shall be subject to the applicable provisions set forth in the bond agreements, rather than the provisions of the Government Code.
- b. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein.

420.00 Purchase and Sale of Securities

- a. Information concerning investment opportunities and market developments will be gained by maintaining contact with the financial community together with information provided by financial advisors to the District.
- b. The purchase of any investment other than those purchased directly from the issuer will be, to the extent possible, purchases from a firm designated as a Primary Dealer (dealers) by the Federal Reserve Bank of New York.
- c. All dealers will be required to provide confirmations of all purchases or sales directly to the Finance Director /District Treasurer.
- d. Initially, and when there are material changes to this Policy, the Finance Director /District Treasurer will transmit a copy of the current Policy to its professional portfolio manager or financial advisor, requiring them to return a signed statement indicating receipt and understanding of the Policy.
- e. When practicable, the Finance Director /District Treasurer will solicit more than one quotation on each trade. Investment trades will be awarded on a competitive bid basis.
- f. Prohibited investments include inverse floaters, range notes, interest-only strips derived from a pool of mortgages (Collateralized Mortgage Obligations), and any security that could result in zero interest accrual if held to maturity. (Zero interest accrual means the security has the potential to realize zero earnings through its maturity.)
- g. If the District uses a professional portfolio manager, the portfolio manager may use its own list of approved brokers, dealers, and financial institutions to conduct security transactions on behalf of the District subject to the provisions of Government Code section 53601.5.

430.00 Exchange of Securities

An exchange of securities is a shift of assets from one instrument to another and may be done for a variety of reasons, such as for interest rate risk hedging purposes, to increase yield, to lengthen or shorten maturities, to realize a profit, or to increase investment quality. In no instance will an exchange be undertaken for speculative purposes. Exchanges, to the extent practicable, will be simultaneous (same day execution of sale and purchase).

440.00 Portfolio Adjustments

- a. District portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity, if deemed necessary, to avoid losses.
- b. When no loss is indicated, the Finance Director /District Treasurer will consider restructuring the portfolio basing his/her decision in part on the expected length of time the portfolio will be imbalanced.
- c. In the event a security held by the District is subject to a ratings change that brings it below the minimum ratings specified in this Policy, the Finance Director /District Treasurer shall notify the Board of the change. The course of action to be followed will be decided on a case-by-case basis, subject to Board approval, considering such factors as the reason for the ratings drop, prognosis for recovery or further ratings drops, and the market price of the security.
- d. The Finance Director /District Treasurer may at any time further restrict the securities approved for investment as deemed appropriate.

450.00 Safekeeping

- a. All securities transactions, including collateral, for repurchase agreements entered into by the District will be conducted on a delivery versus payment (DVP) basis.
- b. Securities will be held in safekeeping pursuant to a safekeeping agreement by an independent custodian, which does not act as a principal or secondary broker-dealer.
- c. All financial institutions which provide safekeeping services for the District will be required to provide reports or safekeeping receipts directly to the Finance Director /District Treasurer to verify securities taken into their possession.
- d. A counterparty bank's trust department or separate safekeeping department may be used for physical delivery of a security. The security must be held in the District's name.

500.00 Authorized Investments

The following are types of securities that may be purchased subject to the limitations specified. A summary of these security types and the limitations on the percentage of portfolio is shown in Appendix A.

501.00 U.S. Government, Agencies, and Government Sponsored Enterprises

- a. Investments in U.S. Treasury obligations will not be subject to any limitations. Purchases may be affected through the Federal Book Entry System which includes acceptance of a Federal Reserve receipt on behalf of the District.
- b. Investments in direct obligations of federal agencies guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B.)
- c. Investments in federal agency obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B.)
- d. Investments in government sponsored enterprise obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. (See Appendix B.)

502.00 Municipal Obligations

- a. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
- b. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United, in addition to California.

503.00 Bankers' Acceptances

Restrictions are as follows:

- a. Investments in prime bankers' acceptances will not exceed 40 percent of the portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the total portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. Eligible bankers' acceptances will be rated in the highest short-term ratings category by NRSRO.
- d. The maximum maturity will be limited to 180 days.

504.00 Negotiable Certificates of Deposit

Restrictions are as follows:

- a. Investments in negotiable certificates of deposit will not exceed 30 percent of the total portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. To be eligible, a certificate of deposit must be issued by a nationally or state-chartered bank, a state or federal savings and loan association or savings bank, or a federally- or state-licensed branch of a foreign bank.
- d. Eligible negotiable certificates of deposits will be rated in a rating category of "A" long-term or "A-1" short-term, or its equivalent, or better by at least one NRSRO.
- e. The investment will not exceed the Districts' equity in any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.
- f. The investment will not exceed the total of the net worth of any depository savings and loan association, except that investments up to a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such investments are insured or secured as required by law.
- g. The District's Board and the Finance Director /District Treasurer or other official of the District having legal custody of the moneys are prohibited from investing District funds, or funds in the custody of the District, in negotiable certificates of deposit issued by a state or federal credit union if a member of the District's Board, or a person with investment decision making authority at the District also serves on the board of directors of the credit union, or any committee appointed by the credit union board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.
- h. The maximum maturity will be limited to five years.

505.00 Commercial Paper

Restrictions are as follows:

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by Moody's

Investors Services or Standard & Poor's Corporation, may be purchased.

b. Investment of the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria:

- a. Is organized and operating in the United States as a general corporation.
- b. Has total assets in excess of five hundred million dollars (\$500,000,000).
- c. Has debt other than commercial paper, if any, that is rated in a rating category of "A", its equivalent, or higher by a nationally recognized rating service.

(2) The entity meets the following criteria:

- a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
- b. Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
- c. Has commercial paper that is rated in a rating category of "A-1", its equivalent, or higher, by a nationally recognized rating service.

c. Investments in commercial paper will not exceed 25 percent of the District's portfolio.

d. Each investment will not exceed 270 days maturity.

e. No more than 10 percent of the outstanding commercial paper of an issuing corporation may be purchased.

f. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.

506.00 Repurchase Agreements

A repurchase agreement is a purchase of authorized securities (other than commercial paper) with terms including a written agreement by the seller to repurchase the securities on a later specified date for a specified amount. Restrictions are as follows:

a. The percentage limit for investment in repurchase agreements will be 50 percent of the total portfolio.

b. Repurchase agreements will be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally- or state-chartered bank that has had a significant banking relationship with the District. The bank must be rated in

the highest short-term ratings category by an NRSRO.

- c. Such investments will provide for purchased securities with a market value of at least 102 percent of the amount of the invested funds. The value will be adjusted not less than quarterly.
- d. Purchased securities are limited to those protected by United States Bankruptcy Code, Treasury bills, bonds and notes, or other investments that are direct obligations of or fully guaranteed as to principal and interest by the United States or any agency thereof. Zero coupon and stripped coupon instruments are not acceptable.
- e. Such investments will provide for transfer of ownership and possession of the purchased securities either to the District directly or to a custodian depository institution which will take record title and will establish and maintain a sub-account in its financial records for the securities in the District's name, and such custodian will not be the dealer from which the securities were purchased.
- f. Each repurchase agreement will have a valid and perfected first security interest therein under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. Part 306 and/or 31 C.F.R. Part 357.
- g. The term of a repurchase agreement may not exceed one year.

507.00 Time Deposits

For purposes of this policy, collateralized time deposits will be considered investments. The following criteria will be used in evaluating financial institutions and form of collateral to determine eligibility for deposits:

- a. Must have been in existence for at least five years.
- b. Must have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities. Eligibility for deposits will be limited to those financial institutions that have a branch in the State of California and maintain a rating equivalent to Thompson BankWatch Service of "B" or better. Credit requirements may be waived for a time deposit that is federally insured.
- c. The deposit will not exceed the shareholders' equity of any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.

- d. The deposit will not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.
- e. Deposits must be insured up to the FDIC's current limit. For uninsured deposits, the financial institution will maintain in the collateral pool securities having a market value of at least 10 percent in excess of the total amount deposited. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds. Promissory notes secured by real estate mortgages or deeds of trust are not acceptable as collateral.
- g. When other factors are equal, appropriate consideration will be given to a financial institution that either individually or as a member of a syndicate bids on or makes a substantial investment in the District's securities, contributes service to the District, and offers significant assistance to the District, so as to provide for distribution of total deposits among eligible financial institutions.
- h. Purchased time deposits will be limited to a maximum maturity of one year.

508.00 Medium-Term Notes

Restrictions are as follows:

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- b. Notes eligible for investment under this subdivision will be rated in the rating category of "A", its equivalent, or better by at least one NRSRO.
- c. Purchases of medium-term notes may not exceed 30 percent of the District's portfolio.
- d. Purchases of medium-term notes will be limited to a maximum maturity of five years.

509.00 Mortgage Obligations and Asset Backed Securities

The District may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Securities eligible for investment must be rated in a rating category of “AA”, its equivalent, or better by an NRSRO, and issued by an issuer having an “A”, its equivalent, or higher rating for the issuer’s debt as provided by an NRSRO.
- c. Purchase of securities authorized by this subdivision may not exceed 20 percent of the District’s portfolio.

510.00 Local Agency Investment Fund Deposits

Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted from time to time by State Treasury policy.

511.00 Shares of Beneficial Interest (Money Market Funds)

The Finance Director /District Treasurer may invest, for temporary periods pending disbursement or reinvestment, in shares of beneficial interest issued by eligible diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. These companies must meet the following criteria:

- a. Attain the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating agencies, or retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market funds with assets under management in excess of \$500 million.
- b. The purchase price of the shares will not include any commission that the companies may charge and will not exceed 20 percent of the District’s portfolio.

512.00 Shares of Beneficial Interest Issued by a Joint Powers Authority (Local Government Investment Pools)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive. (3)

The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

513.00 Supranationals

Beginning January 1, 2015. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Must be eligible for purchase and sale within the United States.
- c. Notes eligible for investment under this subdivision will be rated in a rating category of "AA", its equivalent, or better by at least one NRSRO.
- d. Purchases of these securities may not exceed 15 percent of the District's portfolio.

600.00 Reporting

On a monthly basis, the Finance Director /District Treasurer will provide a report to the Board of Directors showing the holdings and investment transactions, issuers, maturity dates, par and dollar amounts invested, cash balances, amounts held by the Local Agency Investment Fund and any other amounts under the management of contracted parties.

700.00 Grandfather Clause

Any investment held by the District at the time this Policy is adopted or amended will not be sold to conform to any part of this Policy unless its sale is judged to be prudent by the Finance Director /District Treasurer.

800.00 Conflicts of Interest

The Finance Director /District Treasurer and his designees will perform duties under this Policy in accordance with sections 1090 and 1126 of the Government Code as well as any other state law referred to in this policy.

900.00 Conflicts

In the event any provision of this Policy is in conflict with any of the statutes referred to herein or any other state or federal statute, the provision of such statutes will govern.

1000.00 Policy Review

This policy shall be reviewed at least biennially.

APPENDIX A

State Authorized Investments vs. District's Statement of Investment Policy

Investment Type	Maximum Maturity ⁽¹⁾	Maximum Percentage of Portfolio	Percentage By Any Issuer or Bank
U.S. Treasury Obligations:			
State Code	5 years	100	--
District Policy	5 years	100	--
Federal Agencies and Government Sponsored Enterprises:			
State Code	5 years	100	--
District Policy	5 years	100	--
Municipal Obligations:			
State Code	5 years	100	--
District Policy	5 years	100	--
Repurchase Agreements:			
State Code	1 year	100	--
District Policy	1 year	50	--
Bankers Acceptances:			
State Code	180 days	40	30
District Policy	180 days	40	5
Commercial Paper:			
State Code	270 days	25	--
District Policy	270 days	25	5
Negotiable Certificates of Deposit:			
State Code	5 years	30	--
District Policy	5 years	30	5
Medium Term Notes:			
State Code	5 years	30	--
District Policy	5 years	30	5
Time Deposits:			
State Code	--	100	--
District Policy	1 year	100	--
Mortgage Backed and Asset Backed Obligations:			
State Code	5 years	20	--
District Policy	5 years	20	--
Local Agency Investment Fund:			
State Code	N/A	(2)	--
District Policy	N/A	(2)	--

Shares of Beneficial Interest (Money Market Fund):			
State Code	N/A	20	--
District Policy	N/A	20	10
Shares of Beneficial Interest (Local Government Investment Pools):			
State Code	N/A	100	--
District Policy	N/A	100	--
Supranationals:			
State Code	5 years	30	--
District Policy	5 years	15	--

Note: For funds established by Indentures of Trust, the provisions of such Indentures will govern investments.

- (1) California Government Code provides authority to the Board to permit maturities beyond five years with certain restrictions. The current Policy provides for maturities longer than five years for funds established by Indentures of Trust.
- (2) Maximum allowed by LAIF is \$65 million for general reserve funds. There is no limit for bond-proceed funds.

APPENDIX B

Securities of Government-Sponsored Enterprises, Agencies and International Institutions

<u>Issuer</u>	<u>Explicit U.S. Govt. Guarantees</u>
Agency for International Development	(AID) Yes
Export-Import Bank	Yes
Farmers Home Administration	(FmHA) Yes
Federal Housing Administration	(FHA) Yes
Financial Assistance Corporation	(FAC) Yes
General Services Administration	(GSA) Yes
Private Export Funding	(PEFCO) Yes
Small Business Administration	(SBA) Yes
U.S. Department of Housing & Urban Development	(PHAs) Yes
U.S. Maritime Administration	Yes
Veterans Administration	(VA) Yes
Washington Metropolitan Area Transit	Yes
Government National Mortgage Association	(GNMA) No
Federal Farm Credit Bank	(FFCB) No
Federal Home Loan Bank	(FHLB) No
Federal Home Loan Mortgage Corporation	(FHLMC) No
Federal National Mortgage Association	(FNMA) No
Financing Corporation	(FICO) No
Resolution Funding Corporation	(Refcorp) No
Tennessee Valley Authority	(TVA) No
U.S. Postal Service	(USPS) No
World Bank	(WB) (IBRD) No



[Back to Agenda](#)

Agenda Item: 30

Date: January 17, 2017

Subject: Upcoming Water Industry Events

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

Below is a list of upcoming water industry events:

Upcoming Events

1. Board Member Best Practices Workshop
February 3, 2017
Sacramento, CA
www.csda.net
2. ACWA Water 101
February 2-3, 2017
West Sacramento, CA
<http://www.acwa.com/events/water-101>
3. Special District Leadership Academy Conference
February 26, 2017
La Jolla, CA
www.csda.net
4. ACWA DC 2017 – ACWA’s Annual Washington D.C. Conference
February 28 – March 2, 2017
Washington D.C.
http://www.acwa.com/events/acwa-dc2016-washington-dc-conference?cm_mid=6245117&cm_crmid=224f0185-c871-e311-8d83-b4b52f67d656&cm_medium=email
5. ACWA’s 2017 Legislative Symposium
March 8, 2017
Sacramento Convention Center
<http://www.acwa.com/events/acwa-2017-legislative-symposium>
6. 2017 Water Education Foundation – Executive Briefing
March 23, 2017
Sacramento, CA
<http://www.watereducation.org/foundation-event/2017-executive-briefing>

Upcoming Water Industry Events

January 17, 2017

Page 2 of 2

7. Metro Chamber Cap to Cap
April 29 – May 3, 2017
Washington DC
<http://metrochamber.org/events/capitol-to-capitol/>

8. ACWA 2017 Spring Conference
May 9-12, 2017
Monterey, CA
<http://www.acwa.com/events/acwa-2017-spring-conference-exhibition>

9. CSDA Special Districts Legislative Days
May 16-17, 2017
<http://www.csda.net/conferences/>

10. 2017 AWWA Annual Conference and Exposition
June 11-14, 2017
Philadelphia, PA
http://www.awwa.org/store/productdetail_event.aspx?productId=59323626

Item 31 a.

Agenda
Sacramento Suburban Water District
Facilities and Operations Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Friday, January 20, 2017
3:00 p.m.

Public documents relating to any open session item listed on this agenda that are distributed to the Committee members less than 72 hours before the meeting are available for public inspection in the customer service area of the District’s Administrative Office at the address listed above.

The public may address the Committee concerning any item of interest. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The Committee Chair will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at (916)679-3972. Requests must be made as early as possible and at least one-full business day before the start of the meeting.

Call to Order

Roll Call

Public Comment

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

Consent Items

The committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any member of the Committee, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

- 1. Minutes of the December 9, 2016 Facilities and Operations Committee Meeting**
Recommendation: Approve subject minutes.

Items for Discussion and Action

- 2. McClellan Park Reservoir Tank Property
Receive written staff report and direct staff as appropriate.
- 3. McClellan Business Park and Operations Agreement Update
Receive written staff report and direct staff as appropriate.
- 4. Water System Master Plan Update
Receive written staff report and direct staff as appropriate.
- 5. City of Sacramento Wholesale Water Rates and 9,023 af of Area D Water
Receive written staff report and direct staff as appropriate.
- 6. Operations and Maintenance Cost Accounting
Receive written staff report and direct staff as appropriate.

Adjournment

Upcoming Meetings:

Monday, January 23, 2017 at 6:00 p.m., Financing Corporation Meeting
Monday, January 23, 2017 at 6:30 p.m., Regular Board Meeting

I certify that the foregoing agenda for the January 20, 2017, meeting of the Sacramento Suburban Water District Facilities and Operations Committee was posted by January 17, 2017 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

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

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS**

Thursday, January 12, 2017, 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

- a. Information: Final minutes of the October 26, 2016 Executive Committee meeting and draft minutes from the December 7, 2016 Executive Committee meeting
- b. Minutes from the November 10, 2016 RWA regular board meeting
Action: Approve November 10, 2016 RWA Board meeting minutes
- c. Adopt proposed RWA Board Meetings Scheduled for 2017
Action: Adopt proposed RWA Board Meetings scheduled for 2017
- d. Accept the 2016 RWA Financial Audit Report
Action: Accept the 2016 RWA Financial Audit Report
- e. Approve contractor selection for Water Efficiency Direct Install Program
Action: Approve contractor selection for Water Efficiency Direct Install Program
- f. Approve Resolution No. 2017-01 A resolution of the Regional Water Authority Regarding Water Conservation Incentives
Action: Approve Resolution No. 2017-01 a Resolution of the Regional Water Authority Regarding Water Conservation Incentives

4. ACWA JPIA DIRECTOR REPRESENTATION

Action: RWA Chair to appoint a new ACWA JPIA Director Representative

5. REGIONAL WATER PLANNING EFFORTS UPDATE

Presentation: Rob Swartz, Manager of Technical Services

Action: Approve Resolution No. 2017-02 Authorizing the Executive Director to Execute a Memorandum of Agreement with the Bureau of Reclamation to Participate as a Non-Federal Partner in the American River Basin Study

Action: Authorize the Executive Director to Submit a Letter to DWR Supporting Yuba County Water Agency as the Applicant and Fiscal Lead for Disadvantaged Community Involvement Program Funding on behalf of the Sacramento River Funding Area

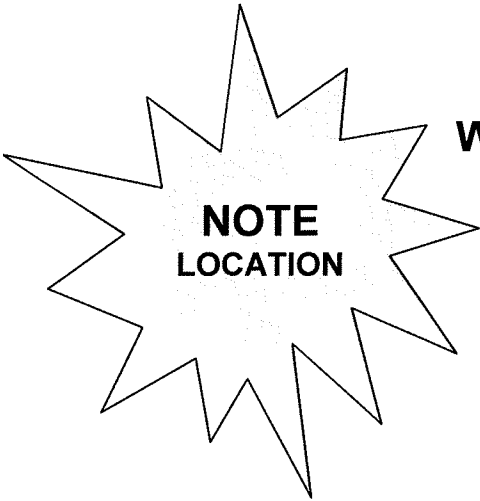
- 6. ELECT 2017 RWA EXECUTIVE COMMITTEE**
Action: Elect the Executive Committee of the RWA Board of Directors
- 7. ELECT 2017 RWA CHAIR AND VICE-CHAIR**
Action: Elect Chair and Vice-Chair of the RWA Executive Committee and RWA Board of Directors
- 8. EXECUTIVE DIRECTOR'S REPORT**
- 9. DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, January 25, 2017 and February 22, 2017, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, March 9, 2017, 9:00 a.m., at the RWA Office.



WATER FORUM SUCCESSOR EFFORT

Thursday, December 15, 2016

5:30 PM – 8:30 PM

WATER FORUM
1330 21st Street, Ste. 103
Sacramento, CA 95811

Agenda

5:30 DINNER

5:45 INTRODUCTIONS

6:00 DISCLOSURES/ REPORT BACKS / ANNOUNCEMENTS

6:15 PRESENTATION The Valley Foothill Watershed Collaborative
- Gregg Bates and Christine Flowers

6:45 PRESENTATION Upland / Lowland Forest Management
- Elizabeth Bettencourt

7:30 UPDATES River and Water Supply Conditions – Tom Gohring
FMS – Tom Gohring
Habitat Management – Lilly Allen
Water Supply & River Conditions – Tom Gohring
Groundwater Facilitation – Tom Gohring

7:15 ANNOUNCEMENT Re-printed Water Forum Agreement – Tom Gohring

8:00 ADJOURN

Water Forum office: located on the corner of 21st and N streets in midtown Sacramento. See map for parking information.

WATER CAUCUS
Wednesday, December 14, 2016
11:30 AM – 1:00 PM
Regional Water Authority
5620 Birdcage St., Citrus Heights

Agenda

1. California Water Fix Hearing Update
2. Flow Management Standard Update
3. Water Quality Control Plan Update/Strategy
4. Regional Reliability Plan Update
5. Water Efficiency Update

Item 33

NO DIV

From: Greg Bundesen
Sent: Wednesday, December 21, 2016 11:13 AM
To: bugs@
Cc: Annette O'Leary
Subject: RE: Greg Bundesen

Mr. Zien,

Thank you for the kind comments and all of your hard work regarding the Garden on Eden project. The web page for the Garden is still under construction. I hope to have it up in a week or two. We are still finalizing our plans for the Howe Park Training course. I will let you know when that is ready for registrations (I'm sure there will be plenty of advertising though). Thank you again.

Regards,

Greg Bundesen
Water Conservation Supervisor

From: Steven [mailto:bugs@o]
Sent: Wednesday, December 21, 2016 9:58 AM
To: feedback
Subject: Greg Bundesen

Greg,

As a class room instructor for the Garden on Eden project I wanted to thank you for a very nice ribbon cutting ceremony.

Marian sent me a link to the video on the project. Very impressive. I really like it. I want to let folks know about the video but I would like to direct them to a link about it at your website rather than youtube. I could not find a link to the video on your website? If you you have a link, what is the link? If the link is there it should be easier to find. If not it should be posted and easy to find.

In telling folks about the video I would like to give them a link to register for the Howe garden event coming up that they can sign up. I think the video would be a great recruitment for the next class!

Let me know if and when you post the video and registration information on the Howe garden project on your website.

Naturally Yours,
Living Resources Company
Steven
President

DIV 4

From: Bill [mailto:wve@]
Sent: Wednesday, December 21, 2016 10:25 AM
To: feedback
Subject: Robert Roscoe

Rob

I am becoming concerned about misinformation coming directly from you in recent meetings. The information that you gave me in response to my question about form 700's at the November Board meeting was completely wrong. The result was that I spent two days playing telephone tag with the staff at the FPPC, the Sacramento County Registrar of Voters Office and Dan York before I obtained the correct information. At the meeting on Monday night, I asked about registering for the work shop on 1/11/2017. You told me that the information regarding the specific location and registration information was on the web site. The location is on your web site but there is absolutely nothing regarding registration. Mitch gave me the flyer for the workshop, however, the e-mail address listed for registration does not exist. The company putting on the work shop does not list any telephone numbers on any of their numerous internet ads. I did find out that the company is a foreign company and its US Headquarters is in North Carolina. Gov. Brown has banned all nonessential travel by state employees to North Carolina because of that states record of racism and human rights abuses.

Given my nature, I could easily conclude that you were just jerking me around. However, in all the years that I have observed you in action, I know that you do not engage in jerking people around. I don't think you are being well by some of your staff that do not understand the concept of "completed staff work".

Merry Christmas
Congratulations on becoming grandfather
Best regards
Bill

DIV 4

From: Bill [mailto:wve@]
Sent: Tuesday, December 20, 2016 1:02 PM
To: feedback
Subject: Daniel R. York

Dan

Raftelis is a foreign corporation headquartered in North Carolina. Governor Brown has banned state workers from traveling to North Carolina because of their repressive human rights record. Where did you dig these people up? I cannot find any way to communicate with this company to find out how to register for the workshop. Who invited them to do the work shop? How much rate payer money is being spent to put on this work shop?

Bill

DIV 4

From: Bill [mailto:wve@]
Sent: Tuesday, December 20, 2016 8:56 AM
To: feedback
Subject: Daniel R. York RFC Rate Setting Workshop

Dan

At the Board Meeting last night when I inquired about the RFC Rate Setting Workshop Rob said that the information was available on your web site. I have looked all over your web site and cannot find any reference to the work shop. Mitch Dion handed me a flyer produced by RFC with a web address for registration that came back as no such address exists. I am probably doing something wrong but so far I have not been successful in finding out where one can register.

Bill

Voter Registration and Elections Department
Jill LaVine, Registrar of Voters



Divisions
Campaign Services
Outreach
Precincts
Registration
Vote By Mail
Voting Systems and Technology

County of Sacramento

December 13, 2016

Sacramento Suburban Water District
3701 Marconi Ave, Suite 100
Sacramento, CA 95821

To the great staff at Sacramento Suburban Water District,

Thank you very much for allowing Sacramento Suburban Water District to be utilized as a neighborhood polling place for the November 8, 2016 General Election. Your participation allowed the voters in your community to take part in our democratic process and cast their ballots in a convenient, accessible location near their home.

For this election, Sacramento County had a total of 548 polling places and over 2,800 poll workers. Voters in Sacramento County were asked to go online and fill out a survey about their voting experience and 92% of all voters who participated were "Satisfied" or "Very Satisfied" with their polling place location. This would not have been possible without your participation and support!

The Sacramento County Voter Registration & Elections Department greatly appreciates the accommodations made by your staff to ensure poll worker access, voter access, and storage of the voting equipment.

The next scheduled elections will take place on June 5 and November 6, 2018. Staff from our department will be visiting all polling places throughout 2017 to verify your facility's access and availability for future elections.

I truly hope you had a positive election experience but if there is anything we can do to make it better, or if you have any questions, please contact me at (916) 875-5750 or baileyc@saccounty.net.

We are truly grateful for your service and outstanding example of civic engagement in Sacramento County! From all of us here at Sacramento County Elections, we hope you have a joyous holiday season and prosperous New Year!

Sincerely,

Courtney Bailey
Election Manager, Precinct Operations

Thank you!!

We proudly conduct elections with accuracy, integrity and dignity



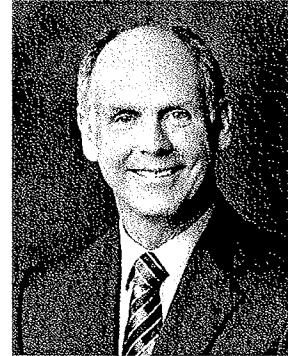
NEWS RELEASE

For Immediate Release
January 12, 2017

Contact: [Lisa Brown](#)
San Juan Water District
916-791-6948

San Juan Water District Names Paul Helliker as its New General Manager

Granite Bay, Calif. – The San Juan Water District Board of Directors has selected Paul Helliker to be the District’s new General Manager. Mr. Helliker fills the vacancy created by the mid-December retirement of Shauna Lorange, who served in the position for 13 years. “The caliber of the many candidates who desired to lead the District was very high,” said Board President Ken Miller, “but Paul’s extensive background and experience made him stand out. We are pleased he will be able to take the reins in early March.”



Mr. Helliker is a California registered civil engineer who has spent his entire career in the environmental management field, and the last twenty-two years in water management specifically: as General Manager of the Humboldt Bay Municipal Water District; as a Deputy Director of the California Department of Water Resources; and as General Manager of the Marin Municipal Water District. Paul also served for many years on the Board of the Association of California Water Agencies, and is currently one of the leaders of a coalition of over 100 public water agencies, including San Juan, that is engaging with the state in response to ongoing and proposed conservation mandates.

“I am excited by the prospect of joining this innovative and well-regarded organization,” said Helliker. “I look forward to working with the Board and San Juan’s staff to successfully navigate the challenges of water supply reliability, infrastructure replacement and improvement, evolving environmental compliance requirements, and the growing demands of regional collaboration,” he continued.

“Paul’s leadership and management skills will serve the District and its ratepayers well as we move ahead with our water supply reliability study, retail and wholesale capital improvement programs and prudent financial planning,” concluded Miller.

Helliker is a graduate of Stanford University, where he received two Bachelor degrees (Philosophy and Civil Engineering), as well as a Master of Science, with Honors in Environmental Engineering.

###

[San Juan Water District](#) provides reliable, high-quality water service to approximately 265,000 retail and wholesale customers in eastern Sacramento and southern Placer Counties. In addition to serving its own retail customers, San Juan delivers wholesale water supplies to Citrus Heights and Fair Oaks water districts, Orange Vale Water Company, the City of Folsom (for customers north of the American River), and periodically to Sacramento Suburban Water District.



Agenda Item: 34
General Information

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Jerry Brown predicts ‘negative, and very powerful’ reaction if Donald Trump halts climate change action

Submitted by Christopher Cadelago on 12/06/2016 – The Sacramento Bee

In his global evangelism about the threat of climate change, Gov. Jerry Brown has dismissed skeptics as “troglodytes” and “deniers of the obvious science.”

But Brown, who in recent years has emerged as a premier climate warrior, has refused to ascribe those characteristics to Donald Trump since his election as president, despite the Republican businessman’s support for fossil fuels and repeated dismissals of climate change as a hoax perpetrated by the Chinese.

In brief remarks about the subject, Brown said Monday that it would be difficult for the U.S. to “go rogue” on climate change. He went further Tuesday in a broadcast discussion with former Vice President Al Gore, predicting a “negative and very powerful” backlash throughout the world should Trump continue to voice his denials and impede the environmental progress of the last eight years.

“I don’t think given the science and given the rising concern that that is a sustainable political trajectory – even for the president of the United States,” he said.

Brown was a guest on Gore’s sixth-annual “24 Hours of Reality” broadcast, a program that at least during the final hour did not appear to offer much in the way of dissenting views. Gore, one of the world’s most prominent climate activists, met with Trump on Monday, offering hope to some environmentalists.

On Tuesday, Gore seemed to commiserate with Brown about ways to break through the “formidable denial” demonstrated by “some smart people.” Brown, for his part, agreed they can be tough to convert.

“But,” he said, “there are many more people, by tens of millions, that as reflected in the surveys are open to this idea. And they know the climate is changing.”

<http://www.sacbee.com/news/politics-government/capitol-alert/article119292988.html>

WRDA Added to Compromise Bill; Action Possible This Week

Submitted by Lisa Lien-Mager on Wed, 12/07/2016 - 1:26pm in Federal Relations Federal Affairs Committee Water News



The federal Water Resources Development Act of 2016 (WRDA) has been folded into a broader compromise bill on water infrastructure that could be taken up before Congress adjourns this week.

S. 612, also known as the Water Infrastructure Improvements for the Nation Act (WIIN), contains ACWA-supported WRDA provisions that would authorize numerous projects in California, including restoration of the Los Angeles River, Lake Tahoe and the Salton Sea. It also would authorize \$558 million for critical projects, including \$515 million for water storage, recycling and reuse, and desalination projects.

In addition, it will help local water agencies work with the U.S. Army Corps of Engineers on stormwater capture projects and groundwater recharge projects, and provides direction to the Corps to engage in environmental infrastructure projects, including water recycling projects.

Drought language included in the bill reflects a balanced compromise that will help provide improved water supplies without violating the Endangered Species Act or biological opinions.

ACWA is encouraging its members to send letters in support of the legislation. View an Outreach Alert [here](#) (member log-in required.)

<http://www.acwa.com/news/federal-relations/wrda-added-compromise-bill-action-possible-week-0>

California's water future will change as a result of this bill set for House approval

Submitted by Michael Doyle on 12/07/2016 – McClatchy DC



WASHINGTON — A California water bill set for House approval on Thursday that's split the state's two Democratic senators will make it easier for the incoming Trump administration to build new Western dams.

Non-native predatory fish in the Stanislaus River will be test-targeted for elimination. New Melones reservoir storage could expand. Money would flow to water recycling projects in cities such as Sacramento and San Luis Obispo, and to desalination projects like ones proposed for Southern California.

Not least, farmers south of the Sacramento-San Joaquin Delta may get more of the water flowing through Central Valley Project canals, though, precisely how much more is just one of the ambiguities still surrounding the California package.

"While these temporary drought provisions will not solve our water crisis, I am encouraged by their inclusion ... and will continue to fight until a permanent solution is achieved," Rep. David Valadao, R-Hanford, said Wednesday.

Some of the ambiguities are an inevitable result of seasonal water supply variations. Others result from aspirational rather than mandatory language. The bill, for instance, directs the Interior Department to make "every reasonable effort" to make full water deliveries to Sacramento Valley irrigation districts.

Lots of litigation could follow.

The approximately 91 pages of often-technical language represent the federal government's most significant recalibration of California water use in a generation. Like the last big water rewrite, pushed by environmentalists in 1992, supporters are seeking to jam it through in a big bill at the end of Congress over the objections of one of the state's senators.

Underscoring the political sensitivities, the California Natural Resources Agency declined to comment on the wide-ranging legislation.

“I’m trying to get them to support it,” said Rep. Jim Costa, D-Fresno, “but I certainly don’t want them to oppose it.”

With lawmakers eager to depart Washington for the Christmas break, the House is set to vote on the California water provisions Thursday morning. The Senate’s timing is trickier to predict.

Democratic Sen. Dianne Feinstein primarily negotiated the California water package with House Majority Leader Kevin McCarthy of Bakersfield, along with their respective staffs, and they added it to a larger bill called the Water Infrastructure Improvements for the Nation Act. The move caught Democratic Sen. Barbara Boxer by surprise, and prompted an explosive response from the retiring lawmaker.

“I will use every tool at my disposal to stop this last-minute poison pill rider,” Boxer declared.

The two long-time colleagues subsequently spoke at a regular Tuesday lunch-time meeting of Senate Democrats, and both addressed the caucus as well about the water issues. Feinstein, though, did not make it to the Senate chamber Wednesday morning for Boxer’s farewell Senate speech.

“I don’t think this is any way to set water policy,” Rep. Jared Huffman, D-San Rafael, said Wednesday. “I think this is very much a cynical power play.”

Huffman joined Rep. Jerry McNerney, D-Stockton and eight other House Democrats in a letter to the Obama administration Wednesday urging a presidential veto of the overall bill if the California provisions weren’t removed.

Administration officials, though, stopped well short of a veto threat for the multi-state package that includes high-profile funding to help Flint, Mich., cope with its tainted drinking water. White House Press Secretary Josh Earnest on Tuesday said “we don’t support the kinds of proposals that have been put forward” for California, but also noted the measure will be looked at in its “totality.”

The bill does not name specific California projects for authorization or funding, to avoid a congressional ban on earmarks. Previous versions, though, identified 27 desalination projects and 105 potential recycling and reuse projects that may be eligible for some of the final bill’s \$558 million in overall funding.

Potential water storage projects eligible for \$335 million of the funding, though likewise left unnamed in the final bill, include Temperance Flat on the San Joaquin River and Sites Reservoir in the Sacramento Valley.

The broader water infrastructure bill does specify some beneficiaries, including the Lake Tahoe restoration program and Indian tribes in Tuolumne and Tulare counties, on whose behalf the federal government will be taking land into trust. Gambling operations will not be permitted on the trust land.

“Like any compromise, I don’t like everything in it, but the net effect is an important step forward in protecting against the devastation of future droughts in California and catastrophic wildfire that threatens Lake Tahoe,” Rep. Tom McClintock, R-Elk Grove, said.

<http://www.mcclatchydc.com/news/politics-government/congress/article119554688.html>

How California Plans to Make Conservation a Way of Life

Submitted by Tara Lohan on 12/09/2016 – News Deeply



California is working to put into place a framework that will help the state deal with its current water shortage, as well as future droughts that are likely to be more severe with a changing climate. “Making Water Conservation a Way of Life,” a draft report released last week, is the collective effort of five state agencies to fulfill Gov. Jerry Brown’s Executive Order B-37-16, signed in May 2016.

Following the 1976-77 drought in California, the state has taken a series of progressive steps to increase drought resilience, as well as conservation and efficiency measures. More recently, the state passed SB X7-7 in 2009, which mandates that, by 2020, California achieve a 20 percent reduction in per capita urban water use. And in the spring of 2015, Gov. Brown took the unprecedented step of issuing a statewide mandate on water conservation for the more than 400 urban water suppliers to reduce water use by 25 percent. Between June 2015 and March 2016 water consumption fell 23.9 percent, nearly hitting the governor’s ambitious goal.

After pressure from many water agencies, the State Water Resources Control Board halted the mandatory reductions and instead enacted a “stress test” for water agencies to certify that they have a three-year supply of water under drought conditions.

But with California’s drought extending beyond five years and climate change likely to alter the timing and amount of runoff from the Sierra Nevada, the state’s primary “reservoir,” state agencies are calling for more changes from urban and agricultural water suppliers.

“Californians rose to the challenge during this historic drought and recognized that conservation is critical in the face of an uncertain future. This plan is about harnessing the creativity and innovation that Californians have shown during the driest years in state history and making water conservation a way of life in the years ahead,” said California Department of Water Resources director Mark Cowin. “This plan will help make permanent changes to water use so California is better prepared for whatever the future brings.”

Some of the provisions included in the plan would:

- Make permanent the ban on wasteful water practices such as watering down driveways and other hardscapes;
- Provide technical help and incentives to aid water suppliers in finding and fixing leaks;
- Develop new water use standards for urban water suppliers based on local conditions;
- Require water suppliers to be compliant with new water use targets by 2025;

- Require water suppliers to submit a five-year drought risk assessment;
- Improve drought resiliency for small, rural water agencies;
- Require agricultural water districts to create an annual water budget, a drought plan and measures for increasing efficiency.

While the plan is widely hailed as a necessary step, there will likely be pushback over individual aspects from various stakeholders.

The Association of California Water Agencies (ACWA), which advocates on behalf of 430 public water agencies in the state, said it was still analyzing the draft plan and would be submitting comments to state agencies.

“We appreciate the acknowledgement in the draft plan that water management works best at the local level,” said Lisa Lien-Mager, the organization’s director of communications. But added, “Flexibility is a key issue. The state’s long-term conservation framework must allow for local flexibility to meet the objectives of the framework. While an allocation or budget-based approach will work for many of the larger water agencies, we know that smaller, more rural communities will need a simpler approach to meet the goals. They will need alternative approaches.”

While the governor’s conservation mandate from 2015, focused on urban water suppliers, the current plan also includes agricultural suppliers. Ben Chou, a policy analyst for the water program of the Natural Resources of Defense Council, said the state should start by enforcing reporting rules that already exist for agriculture instead of making new ones that are going to be even more difficult to follow, such as water budgets that require information some water suppliers may not have the resources to acquire or analyze.

“Roughly half of agricultural water suppliers are not following these existing reporting requirements and the Department of Water Resources (DWR) has not done much to increase compliance,” said Chou. “We’ve also asked that the agricultural water suppliers be required to standardize how they are reporting data. Right now, they are not required now to submit water management plans in a standard format or to file that report electronically, which makes it difficult for the public and DWR to review plans and reports.”

Chou said that agricultural efficiency efforts should also focus on modernizing water delivery systems, since 12 percent of irrigated farms still receive water on a fixed schedule and not when it’s most needed. And that other efforts should focus on the role of healthy soils in conserving water.

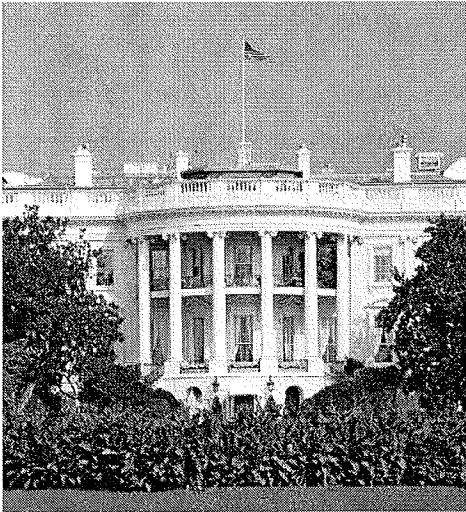
“Practices that improve soil health, such as conservation till and cover cropping, can reduce the need for irrigation by increasing the water infiltration and storage capabilities of soil,” stated a letter of public comment submitted by NRDC, the Pacific Institute, California Climate and Agriculture Network and the Community Alliance With Family Farmers. “On average, conservation-till farmers use 30 percent less irrigation water than their conventional tilling peers.”

Public comments on the conservation draft plan are being accepted until December 19.

<https://www.newsdeeply.com/water/articles/2016/12/09/how-california-plans-to-make-conservation-a-way-of-life>

Congress Sends Water Legislation to President

Submitted by Lisa Lien-Mager on Mon, 12/12/2016 - 8:49am in Federal Relations Federal Affairs Committee Water News



The U.S. Senate late Friday passed ACWA-supported comprehensive water legislation that includes key provisions for California. The 78-21 vote in the Senate followed action in the House earlier this week and now sends the legislation to President Barack Obama's desk.

S. 612, the "Water Infrastructure Improvements for the Nation Act" (WIIN), contains the Water Resources Development Act of 2016, California drought legislation, and other measures. The bill cleared the House Thursday on a 360-61 vote.

ACWA believes the legislation is important to California's water future and is consistent with the coequal goals of water supply reliability and ecosystem restoration. It includes provisions to respond to historic drought conditions in California and the Western states, and will help public water agencies provide safe reliable water to all Californians.

S. 612 would authorize numerous projects in California including restoration of the Los Angeles River, Lake Tahoe, and the Salton Sea. Additionally it would help ACWA member agencies work with the U.S. Army Corps of Engineers on stormwater capture projects and groundwater recharge projects. It also would provide direction to the Army Corps to engage in environmental infrastructure projects including water recycling projects.

The legislation also would improve the Water Infrastructure Finance and Innovation Act (WIFIA) program by making drought mitigation projects explicitly eligible for WIFIA loan assistance and providing all WIFIA loan recipients with the option to finance application fees charged by EPA.

ACWA believes the California drought language reflects a balanced compromise that would help provide improved water supplies without violating the Endangered Species Act (ESA) or existing biological opinions. During wet weather events, the language would increase the flexibility provided to federal and state agencies to operate the water projects in order to maximize the water available to urban and rural

water agencies, while at the same time protecting listed fish species. The language would protect the rights of the water users upstream of the Delta and would not amend the ESA.

The bill also would promote local water supply development. It would authorize \$558 million for new water infrastructure in the West, including \$515 million for storage, water recycling and reuse, and desalination projects in California. It also would make the Title XVI water recycling program a competitive grant program and would remove the requirement that each project must be individually authorized by Congress.

ACWA also thanks member agencies that sent letters to their House and Senate representatives this week.

<http://www.acwa.com/news/federal-relations/congress-sends-water-legislation-president>

CWC Adopts Regulations for Water Storage Program

Submitted by Lisa Lien-Mager on Wed, 12/14/2016 - 4:41pm in Regulatory Affairs Water News



The California Water Commission today adopted regulations for allocating \$2.7 billion in Proposition 1 funds for the public benefits of eligible water storage projects as part of the Water Storage Investment Program (WSIP).

The commission voted 8-0 to adopt the regulations, with newly appointed Commissioner Catherine Keig abstaining. The WSIP regulations will now be sent to the California Office of Administrative Law for review, approval and filing. Under the Administrative Procedure Act, OAL has 30 business days to approve the regulations.

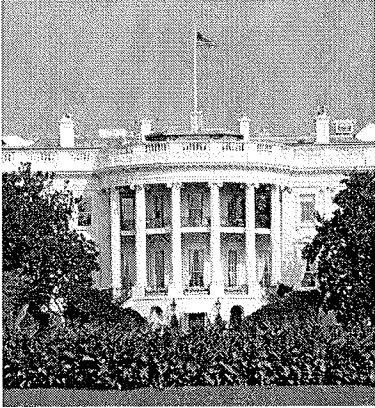
Through the WSIP, the Commission will fund the public benefits associated with water storage projects that improve the operation of the state water system, are cost effective and provide a net improvement in ecosystem and water quality conditions.

ACWA was an active participant in the development of Proposition 1, the \$7.5 billion water bond approved by California voters in November 2014, and advocated for the inclusion of the \$2.7 billion for water storage.

<http://www.acwa.com/news/regulatory-affairs/cwc-adopts-regulations-water-storage-program>

President Signs WIIN Act

Submitted by Teresa McGaffie on Fri, 12/16/2016 - 2:23pm in Infrastructure All Water News



President Barack Obama today signed the “Water Infrastructure Improvements for the Nation Act” (WIIN), one week after it was passed by the Senate in a late session Dec. 9. The ACWA-supported legislation includes the Water Resources Development Act of 2016, California drought legislation, and other measures.

In his signing statement, Obama writes, “(The law) authorizes vital water projects across the country to restore watersheds, improve waterways and flood control, and improve drinking water infrastructure.” Addressing the provisions that affect California, he adds, “In the long-term, it invests in a number of water projects to promote water storage and supply, flood control, desalination, and water recycling. These projects will help assure that California is more resilient in the face of growing water demands and drought-based uncertainty.”

The president also noted that the drought provisions are consistent with implementation of the federal Endangered Species Act:

"Building on the work of previous Administrations, my Administration has worked closely with the State of California and other affected parties to address the critical elements of California's complex water challenges by accommodating the needs and concerns of California water users and the important species that depend on that same water. This important partnership has helped us achieve a careful balance based on existing state and federal law. It is essential that it not be undermined by anyone who seeks to override that balance by misstating or incorrectly reading the (drought provisions)."

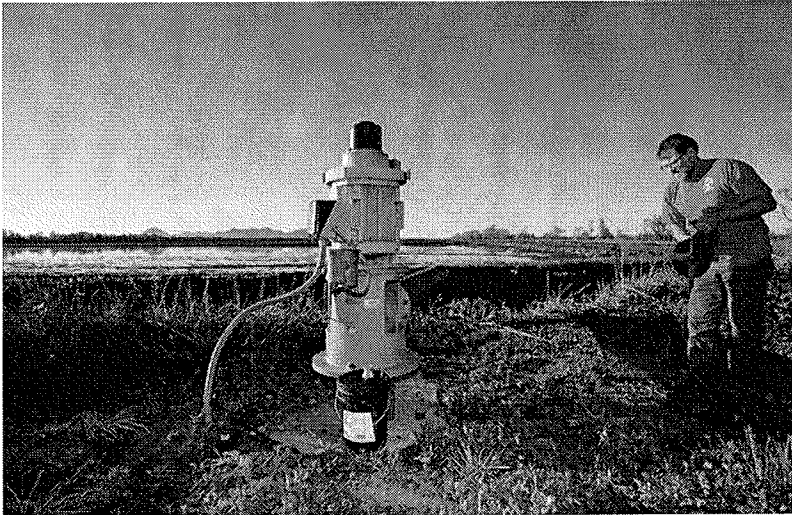
More in-depth information about the law is available in ACWA’s Dec. 12 article.

The president’s signing statement is available on the White House website.

<http://www.acwa.com/news/infrastructure/president-signs-wiin-act>

Status Update: How California Is Doing at Managing Its Groundwater

Submitted by Tara Lohan on 12/16/2016 – News Deeply



California took a big (and much-needed) leap forward in 2014 when it passed the Sustainable Groundwater Management Act (SGMA). Even though sustainability won't be mandated until 2040 or 2042, depending on the groundwater basin, the process of implementing the legislation is well underway.

From the end of June 2017, each groundwater basin is required to form at least one groundwater sustainability agency (GSA) – the governing entity that will then be tasked with putting together the plan for achieving sustainability.

A new report, “To Consolidate or Coordinate? Status of the Formation of Groundwater Sustainability Agencies in California,” looks at how the process of forming GSAs is going so far and what lessons can be learned that will help those agencies still involved in the process. The report is a collaboration between Stanford University's Water in the West program, the Martin Daniel Gould Center for Conflict Resolution at Stanford Law School and the Center for Collaborative Policy at California State University, Sacramento.

Water Deeply recently spoke with Esther Conrad, a postdoctoral fellow at Stanford University and lead author of the report, about the kinds of GSAs already formed and the lessons learned from eight case studies that looked at the intricacies of the process.

Water Deeply: I know that Stanford's Water in the West program has been closely following SGMA implementation and publishing research about it – how did this particular study come about?

Esther Conrad: We do have some existing work related to the SGMA, largely focused on what we can learn about past groundwater management efforts regarding what approaches might be effective under the SGMA.

To do that, we really need to know something about what the governance structures are like under the SGMA, which introduces the needs for groundwater sustainability agencies (GSAs) that are going to be

the key players in making determinations about what kind of management actions to take in different groundwater basins.

We wanted to see what's actually happening on the ground in terms of forming these agencies.

We felt it was important for the water management community to understand generally how the GSA process is shaping up before the window closes for forming the GSAs [at the end of June 2017]. We saw a need for an interim overview – a status update of sorts on how things are going.

Water Deeply: What did you focus on?

Conrad: One part of our analysis was reviewing the notices submitted to California's Department of Water Resources up until October 31, which tells us what the entities are that are forming GSAs.

And for our case studies, we focused primarily on those that had already made a big amount of progress toward forming GSAs because those were the ones from which we could learn some lessons.

Water Deeply: What have you found from this initial research?

Conrad: One of the main findings of the report is that it is most likely that by the time we reach the June 2017 deadline, most basins that need to have groundwater sustainability agencies are going to have multiple agencies.

We did find some examples of groundwater basins that have formed a single entity that covers the entire basin. However, that is likely to be less common than having multiple GSAs within a single basin. And that is important because the SGMA requires that sustainability of groundwater be measured at the basin scale.

Because of the need to have a groundwater sustainability plan using the same data and parameters at the basin scale, if you have multiple GSAs they are still all going to need to get on the same page with the need for developing groundwater sustainability. And there needs to be some investment on the part of those agencies in figuring out ways to work together in order to develop effective strategies in that planning process.

Water Deeply: What are the factors that influence whether there is one GSA formed or multiple – is it mostly the size of the basin?

Conrad: Of the eight case studies we looked at in our study, the smallest basin is less than 8 square miles [21 square km] and the largest is nearly 1,500 square miles [3,900 square km]. It's a really different exercise to form a GSA covering an entire basin if you have only 8 square miles to worry about compared to 1,500 square miles. Size is a factor.

That said, there is an example in the report of a single GSA covering over 1,000 square miles [2,600 square km] in Tehama County. So the size of the basin isn't the only factor that plays a role here.

In our report there are seven key factors. Another one was a concern on the part of irrigation districts or other local water districts who have been operating independently for a long time prior to the SGMA feeling the need to retain some form of autonomy over their decision-making in groundwater management.

But what a number of processes we've seen have shown is that forming a single GSA within a larger basin doesn't really get you entirely around the issue of needing to collaborate with neighboring entities who you may not have worked with before to achieve sustainability at the basin scale.

The Kings Basin is a good example of this – the largest basin in the study – which will be forming six GSAs. These will develop a memorandum of understanding that will help coordinate all of those six new entities to work together.

Water Deeply: What about financing concerns – what are you hearing on that front?

Conrad: It's an enormous concern, especially in basins where there needs to be recharge or reductions in pumping in order to get to sustainability. All of that is going to take money. The financing issue will play out differently depending on the basin.

In some cases, if a GSA needs to raise funds through new or additional fees, those will often need voter or property-owner approval under propositions 218 and 26. Because of those requirements, some GSAs felt a big factor is thinking through getting that voter approval. If you're too small, you might not have enough ratepayers to cover the investment you need, or if you're too big, landowners might not have as much trust in a new entity they are not familiar with. So that is an argument for having multiple smaller GSAs.

So that factor could play out differently depending on the different conditions in the basin.

The other aspect is that there are going to be administrative costs of running an organization, so if you are a small irrigation district or water agency, just meeting the requirements of developing a groundwater sustainability plan of your own or the responsibility of a GSA may be more than you can handle. That lack of financing makes you consider finding a partnership with other entities.

Water Deeply: How hard has this process been for groundwater basins?

Conrad: It's definitely been hard in many cases. Those that had a lot of experience working together at roughly the scale of their basin or a large chunk of their basin have probably had an easier time of it.

Those that have had a hard time are the ones in large basins, where they haven't had occasion to work at that scale before; or if there are severe conflicts within a basin that are potentially ongoing, that would be difficult. Some of the difficulty is also having everyone be aware enough of what their options are to make sound decisions.

Water Deeply: Do you think a lot will change in the next six months compared to what your research has found thus far?

Conrad: Yes, in one respect, because a lot of GSAs that involve multiple partners take longer to develop. In our study we found that up to October 31 the vast majority of the GSAs were simply single agencies – not a new agency, but an existing one assuming the authority and role of a GSA.

At the same time we know that some agencies that have submitted those notices are also in discussion with other agencies in their basin to try and come up with a collaborative approach to create a GSA at a

larger scale. We are anticipating that a number of those will emerge in the next six months, so we might see a greater proportion of GSAs formed that involve multiple water agencies.

Water Deeply: Any other key findings?

Conrad: One of the key take-home messages for those involved in developing GSAs would be they need to really think ahead about how this is going to work at a basin scale, even if they think it makes sense to develop multiple GSAs in the basin.

I'd advise those entities that are still going through the process and have not had discussions at the basin scale to look through some of the examples in the report of how that process has played out in some of the basins and begin to have those basin-wide discussions, which can set the groundwork for the groundwater sustainability plan process that needs to be undertaken with the whole basin in mind.

<https://www.newsdeeply.com/water/community/2016/12/14/status-update-how-california-is-doing-at-managing-its-groundwater>

Water Community Submits Comments on Draft Long-Term Conservation Framework

Submitted by Lisa Lien-Mager on Mon, 12/19/2016 - 5:14pm in Regulatory Affairs Water Supply Challenges Water News



ACWA today submitted comments signed by 114 urban water suppliers regarding a draft framework aimed at redefining water conservation for both the urban and agricultural sectors.

The letter reflects input from hundreds of urban water agencies and builds on a previously submitted Oct. 18 letter with detailed recommendations for the framework, which was released Nov. 30 by the California Department of Water Resources, the State Water Resources Control Board, the Public Utilities Commission, California Department of Food and Agriculture and the California Energy Commission.

In the joint comment letter prepared by ACWA, the water community states its commitment to long-term water-use efficiency. It voices concern, however, with giving state agencies broad authority to determine future water-use budgets or performance measures without stakeholder input.

“We believe all new water-use target setting efforts must include a formal stakeholder involvement process, allowing for input on technical considerations and the potential for unintended consequences,” the letter states.

“The conservation framework must take into account the One Water policy perspective, seeking a balanced and integrated approach to sustainable water management. Water sustainability and drought resilience must be measured in terms of BOTH water-use efficiency and the development of new supplies and storage.”

Specific recommendations from the water community include creating an alternative target-setting approach that can be customized to unique local conditions, removing recycled water for indoor or CII uses from water production / use calculations for determining compliance with 2025 targets, and adding a provision for local variances to accommodate unique uses, such as providing water for large animals, swamp coolers and food production, and adding language clearly stating the state’s intent to preserve existing water rights.

The comment letter is available on ACWA's website here. ACWA also submitted a separate comment letter to convey the association's input on the agricultural supplier elements of the draft framework document.

Background

The draft framework report, "Making Conservation a California Way of Life" November 2016 Public Review Draft, outlines a process for developing new permanent urban water use targets beyond the current "20x2020" requirements and includes new requirements for water shortage contingency plans and enhanced leak detection and repair.

On the agricultural side, water districts serving 10,000 acres or more will be required to prepare updated Agricultural Water Management Plans that quantify water use efficiency and include plans for water supply shortages.

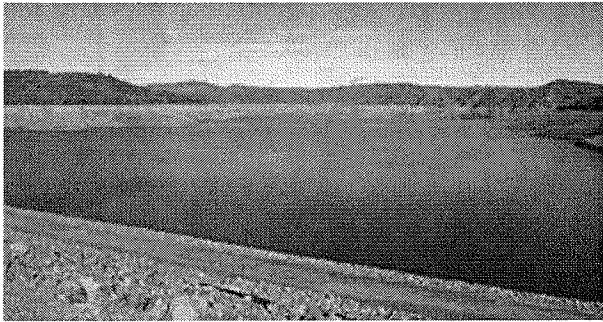
Some of the actions described in the draft plan will require legislation to provide new or expanded state authority. Others can be implemented under existing authorities. The recommendations are intended to achieve the main objectives of Gov. Jerry Brown's Executive Order B-37-16, which was issued May 9.

State agencies are scheduled to release a final framework document by Jan. 20.

<http://www.acwa.com/news/regulatory-affairs/water-community-submits-comments-draft-long-term-conservation-framework>

SWP Allocation Estimate Increased to 45%

Submitted by Teresa McGaffic on Wed, 12/21/2016 - 4:45pm in Water News



The Department of Water Resources today announced an increase in its estimate of 2017's State Water Project allocation to 45%, up from the initial estimate of 20%, thanks to December storms making a "dent" in the drought.

"This winter's wet start gives us hope we'll be able to keep increasing the State Water Project allocation," said DWR Director Mark Cowin. "But the faucet can shut off suddenly and leave us dry for a sixth year in a row. Drought always looms over California, so we must use water wisely and sparingly."

Allocations are stated as a percentage of the total water requests from 29 public water agencies served by the SWP. As the wet season progresses, DWR adjusts the allocation based on precipitation, water storage and water content of the snowpack. Last year's initial allocation of 10% was raised to 60% by the time it was finalized in May.

DWR reports that the SWP's principal reservoir, Lake Oroville, held 1,895,292 acre-feet this morning – 88% of its historical average for the date. Lake Shasta, the federal Central Valley Project's largest reservoir, was holding 3,327,257 acre-feet, 120% of its historical average. San Luis Reservoir, a critical south-of-Delta storage facility for both the SWP and CVP, held 1,155,838 acre-feet, 87% of its average for the date.

DWR's California Data Exchange Center Web sites show current water conditions at the state's largest reservoirs and weather stations.

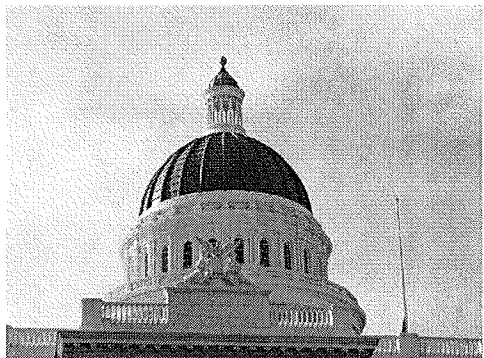
Reservoirs: <http://cdec.water.ca.gov/reservoir.html>

Precipitation: http://cdec.water.ca.gov/snow_rain.html

<http://www.acwa.com/news/swp-allocation-estimate-increased-45>

Senate Pro Tem Announces Hertzberg as Chair of Water Committee

Submitted by Pamela Martineau on Wed, 12/21/2016 - 3:25pm in State Budget, Fees All Water News



Senate President pro Tempore Kevin de León(D-Los Angeles) today announced the selection of Sen. Bob Hertzberg (D-Los Angeles) as chair of the Senate Natural Resources and Water Committee.

The announcement of Hertzberg was part of de León's larger announcement of his leadership team members and nominees for all senate standing committee chairs and members. Designated committee chairs and membership will be formally adopted by the Senate Rules Committee when it convenes on Jan. 11, 2017.

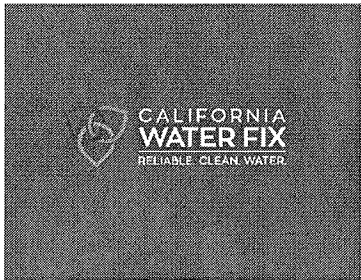
de León's leadership team is: Sen. Bill Monning (D-Carmel), as Majority Leader; Sen. Nancy Skinner (D-Berkeley), as Majority Whip; Sen. Connie Leyva (D-Chino), as Democratic Caucus Chair; and Sen. Mike McGuire (D-Healdsburg), as Democratic Caucus Vice-Chair.

The full listing of proposed chairs and members is here.

<http://www.acwa.com/news/state-budget-fees/senate-pro-tem-announces-hertzberg-chair-water-committee>

State and Federal Officials Release Final Environmental Documents for Cal WaterFix

Submitted by Pamela Martineau on Thu, 12/22/2016 - 10:00am in Delta All Water News



Following 10 years of study and hundreds of public meetings, state and federal officials today released the final, refined environmental documents for California WaterFix, an effort to modernize the state's water infrastructure in the Sacramento- San Joaquin Delta.

The project's lead agencies — the California Department of Water Resources and U.S. Bureau of Reclamation — identified WaterFix as the preferred alternative to modernize California's primary water delivery system in the Delta. Officials believe the plan is the best way to guard against water supply disruptions, and improve conditions for threatened and endangered fish.

WaterFix is the preferred project among 18 alternatives – including keeping the status quo – that were studied by state officials as options for increasing water supply reliability and addressing ecosystem concerns in the Delta, while minimizing environmental impact.

The project consists of three new intakes in the northern Delta and two 35-mile-long tunnels to transport water to the existing pumping plants in the south Delta. New intakes and tunnels also would help guard water supplies against saltwater intrusion as sea levels rise and in the event of an earthquake or storm powerful enough to destroy levees in the low-lying Delta.

“WaterFix will secure water supplies for 25 million Californians and prepare for a future marked by rising seas, seismic threats and more extreme weather,” said Mark Cowin, Director of the California Department of Water Resources. “After years of scientific study and analysis, we have found the best solution for protecting both the Delta's ecosystem and a vital water supply for California.”

ACWA Executive Director Timothy Quinn called the release of the documents a "milestone."

“ACWA supports a long-term Delta solution as a key element of the comprehensive strategy outlined in Governor Brown's California Water Action Plan. All elements of that plan – including investments in surface and groundwater storage, sustainable groundwater management, ongoing improvements in water-use efficiency and development of a more effective water market – must move ahead to create a more resilient water system that can meet today's challenges and those on the horizon,” Quinn said.

“We are glad to see this milestone for the WaterFix and encourage all interested parties – including our federal partners – to remain engaged and work together to implement long-term solutions for the Delta,” Quinn added.

The Final Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) released today describe environmental impacts that could arise from the project and includes measures to avoid or minimize those impacts. The document, known as Alternative 4A, was chosen because of its ability to provide a reliable source of clean water while minimizing unnatural flows in the Sacramento-San Joaquin Delta that harm native fish and habitat, officials said in a press release.

More than 100 alternatives also were considered in the development of the WaterFix EIR/EIS and screened out for lack of feasibility or public benefit, officials said. Now that the EIR/EIS is completed, biological opinions are expected to be finalized in early 2017, clearing the way for final environmental clearances, completion of other necessary agreements, and construction that could begin as soon as 2018.

WaterFix is the state's plan to upgrade infrastructure in the estuary where two major rivers – the Sacramento and San Joaquin – meet before flowing to San Francisco Bay. The Delta provides critical habitat for wildlife, including several endangered or threatened species of native fish. The state's two biggest water projects, the State Water Project and the federal Central Valley Project, deliver water that passes through the Delta. Together, the two projects deliver water to 25 million people across California.

Water project operations in the south Delta are increasingly curtailed to protect listed fish species. WaterFix aims to reduce that conflict so that water supplies are stabilized and harmful reverse flows for fish are reduced, officials said.

Jeffrey Kightlinger, general manager of the Metropolitan Water District of Southern California, called the release of the final environmental documents "historic."

"This historic milestone completes the process of identifying the preferred project to modernize the state water system, reduce environmental conflicts and increase water supply reliability for California," Kightlinger said in a written statement.

"We need a future water system that can capture sufficient supplies when storms reach Northern California. This critical mission cannot be performed by anything smaller than what is proposed," Kightlinger added. This final proposal reflects a project downsizing of 40 percent from what public water agencies had originally identified, a tough but necessary compromise with the wildlife regulatory agencies."

California WaterFix is a key element of the Brown Administration's five-year plan to build more reliable, resilient water systems and to restore important ecosystems. The basic elements of WaterFix were chosen in order to satisfy the 2009 Delta Reform Act, which established the coequal goals of providing a more reliable water supply for California and protecting, restoring, and enhancing the Delta ecosystem. The 2009 law directed state agencies to analyze a reasonable range of Delta conveyance alternatives, including various routes and carrying capacities.

Today's final EIR/EIS was refined after more than 300 days of public review and 600 public meetings throughout the state about the draft versions. It includes responses to and revisions based on more than 30,000 public comments. The final environmental documents are available here.

<http://www.acwa.com/news/delta/state-and-federal-officials-release-final-refined-environmental-documents-cal-waterfix>

DWR Issues Interim Update to Groundwater Publication

Submitted by Pamela Martineau on Tue, 12/27/2016 - 1:55pm in Groundwater All Groundwater Committee Water News

The California Department of Water Resources today issued an interim update to its Bulletin 118 series, *California's Groundwater*, which provides key information intended to help local agencies meet requirements and deadlines under the state's Sustainable Groundwater Management Act (SGMA) enacted in 2014.

According to a DWR press release, SGMA requirements and deadlines made it necessary to provide an interim update rather than wait for the comprehensive update of Bulletin 118 scheduled for 2020. Information provided in this interim update – groundwater basins in critical overdraft, modifications to basin boundaries, and in 2017, the priority ranking of groundwater basins – is essential to the successful implementation of SGMA.

Reassessing the prioritization of California's groundwater basins is currently underway. The Bulletin 118 interim update will be amended in 2017 to include the approach for, and results of, the basin prioritization at the completion of that effort. The basin priority update process will include public meetings and workshops to solicit input. More information about the reprioritization of California's groundwater basins is available at http://www.water.ca.gov/groundwater/sgm/SGM_BasinPriority.cfm

Under SGMA, groundwater sustainability agencies must be established for all groundwater basins that DWR has identified as high- and medium-priority by June 30, 2017. SGMA also requires that basins subject to critical conditions of overdraft, as classified in Bulletin 118, be covered by groundwater sustainability plans or their equivalent by Jan. 31, 2020. Groundwater sustainability plans, or their equivalent, must be established for all other high- and medium-priority basins by Jan. 31, 2022.

<http://www.acwa.com/news/groundwater/dwr-issues-interim-update-groundwater-publication>

DWR Publishes Best Management Practices for SGMA

Submitted by Pamela Martineau on Tue, 12/27/2016 - 1:46pm in Groundwater All Groundwater Committee Water News



Local agencies and Groundwater Sustainability Agencies (GSAs) may now reference the California Department of Water Resources' Best Management Practices (BMPs) as they develop plans to sustainably manage California's groundwater basins, DWR announced today.

DWR today published the BMPs, a series of five documents that provide regulatory clarification, technical guidance, and general examples to assist GSAs and inform local agencies and stakeholders. DWR is required to publish BMPs on its website by Jan. 1, 2017, as required by the Sustainable Groundwater Management Act (SGMA).

Under SGMA, and as directed by regulation, local agencies and GSAs in high- and medium-priority groundwater basins are required to develop and implement Groundwater Sustainability Plans (GSPs) or alternatives to GSPs in accordance with the GSP Regulations.

The BMPs cover five topics:

1. Monitoring Protocols, Standards and Sites
2. Monitoring Networks and Identification of Data Gaps
3. Hydrogeological Conceptual Model
4. Water Budget
5. Modeling

Public input has been essential to DWR's development of the BMPs. Beginning with an online survey in summer 2016, DWR solicited public opinion and comment that helped to develop the draft BMPs. In fall 2016, DWR held three public meetings and considered comments to garner feedback on the draft documents, which were used to inform the final BMPs published today.

In addition to the topics addressed in the BMPs, DWR also drafted Guidance Documents for topic areas unique to SGMA, including a preparation checklist for submitting a GSP to DWR and a GSP annotated outline.

The BMPs and Guidance Documents are available for viewing and download on the DWR website.

<http://www.acwa.com/news/groundwater/dwr-publishes-best-management-practices-sgma>