

Agenda

Sacramento Suburban Water District Facilities and Operations Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Thursday, April 27, 2017
4:00 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 February 16, 2017 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.

Informational Items

- 3. Main Line Replacement and Miscellaneous Projects Update**
Receive written staff report.
- 4. Water Transmission Main Asset Management Plan Update**
Receive written staff report.
- 5. Succession Planning**
Receive written staff report.

Adjournment

Upcoming Meetings:

Monday, May 15, 2017 at 6:30 p.m., Regular Board Meeting

I certify that the foregoing agenda for the April 27, 2017, meeting of the Sacramento Suburban Water District Facilities and Operations Committee was posted by April 24, 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

Minutes

Sacramento Suburban Water District
Facilities and Operations Committee
Thursday, February 16, 2017

Call to Order

Director Schild called the meeting to order at 4:04 p.m.

Roll Call

Directors Present: Neil Schild and Dave Jones.

Directors Absent: None.

Staff Present: General Manager Rob Roscoe, Assistant General Manager Dan York, Amy Bullock, Mitch Dion, John Valdes, David Espinoza, Dan Bills, Greg Bundesen and James Arenz.

Public Present: William Eubanks.

Public Comment

None.

Announcements

None.

Consent Items

1. Minutes of the January 20, 2017 Facilities and Operations Committee Meeting

Director Schild requested a change to the minutes to add the word “letter” on page one, in the last paragraph, so that the sentence reads; Mr. Dion stated that the District does not have fee simple title, but the District does have a letter agreement for the property with McClellan Business Park.

Director Schild moved to approve Item 1 with the recommended change; Director Jones seconded. The motion passed by unanimous vote.

| | | | |
|---------|-------------------|------------|--|
| AYES: | Schild and Jones. | ABSTAINED: | |
| NOES: | | RECUSED: | |
| ABSENT: | | | |

Items for Discussion and Action

2. Facilities and Operations Committee Mission Statement and Charter

Assistant General Manager Dan York (AGM York) presented the staff report.

General Manager Rob Roscoe (GM Roscoe) stated that the Facilities and Operations (F&O) Committee is the one Standing Committee that has spending authority without going back to the full Board.

Director Schild stated that he wanted to be certain that the full Board understands the spending authority and the responsibility that the F&O Committee has, especially given the change in Board members in the past two years. Director Schild suggested that this topic, as well as all other standing committee Charters, be an Action Item to the full Board in the near future.

GM Roscoe stated that these Charters will be put into one Action Item to the full Board in the March or April time frame, so that the new Water Quality Committee has time to meet and consider their Mission Statement and Charter.

Director Schild agreed with GM Roscoe and recommends that this goes to the full Board in April.

William Eubanks (Mr. Eubanks) stated there seems to be too many sub-committees and ultimately all committee agenda items end up going to the full Board because the two committee members can't make a decision. The agenda items are repetitive if they go to the committee level to ultimately have to go to the full Board because the committee level never seems to make a decision. Mr. Eubanks recommends eliminating all the committees and take everything to the full Board moving forward.

Director Jones stated that the committee level is where Directors can get into greater detail on the agenda items so that when it goes to the full Board it can help expedite how much time is being spent on the topic at the full Board meeting level.

GM Roscoe stated that all three of the Standing Committee Charters will be an Action Item at the April regular Board meeting.

Director Jones inquired how much authority the F&O Committee has.

GM Roscoe stated that the authority that the F&O Committee has is what is granted from the full Board.

Director Schild stated that there needs to be some changes to the F&O Mission Statement when it goes to the full Board in April. On page one, the third bullet, under Mission Statement A, add a semicolon after the word "need" and delete the text; so that an adequate reserve fund can be maintained. The next bullet point change the sentence to read, "Coordination with Finance and Audit Committee and Water Quality Committee as necessary." On page 2, under A. Purpose and Authority paragraph, delete the sentence that read "In addition, the Committee is established to review and allocation alternatives." On the same page, first bullet point paragraph, change the \$100,000.00 figure to \$50,000.00.

Mr. Eubanks stated that there are Boards that have committees that meet monthly that operate differently. Their full Board takes the committee's recommendations and vote on it, there is no need to go over the agenda item again. If this District is going to have the committee system, then it should be utilized like other Boards do. Mr. Eubanks complemented that this District is very open and does a good job in being transparent.

3. McClellan Business Park and Operations Agreement Update

AGM York presented the staff report.

Director Schild inquired if a list from each party has been made on what everyone is looking for in the agreement.

AGM York stated that at the next meeting they intend on compiling a list to determine how far apart we are from agreeing on a compromise.

Director Jones inquired if the cleanup activities at McClellan are going to affect this conversation.

AGM York stated there are some restrictions for new development on new areas, but to his knowledge, he is not aware of cleanup activities affecting the discussions.

Director Schild expressed that the District should be negotiating with Sacramento County (County) versus McClellan Business Park (MBP).

GM Roscoe stated that technically the contract is with County and the County would like MBP in the room for the negotiations. There are three parties in the room, County, MBP and the District and excluding MBP will delay the process.

Director Schild inquired why Northridge Water District made a list of specific upgrades or improvements.

GM Roscoe stated that the proposed list is being interpreted differently and that is why the District is in this position today, and the basis of the disagreement.

GM Roscoe stated that he has read the contract and he cannot find a place where he interprets it the way MBP is.

Mr. Eubanks expressed his opinion that he thinks the District should terminate the contract with MBP. He recommends that the District step back and take a different look at this issue.

Director Schild stated that he agreed with Mr. Eubanks statements and inquired when the next technical meeting is being held.

AGM York clarified that the next meeting is an Executive Team meeting, not a Technical Team meeting, and that it is scheduled for Tuesday, February 21, 2017.

Director Schild stated that maybe it would be best to cancel the February 21st Executive Team meeting and then bring it to the upcoming February 27, 2017 regular Board meeting, or call a Special Board meeting prior to the already scheduled February 21, 2017 Executive Team meeting with MBP.

Director Jones is interested to hear from legal counsel on what, if any, ramifications could come of terminating the contract.

GM Roscoe stated that he thinks that in the best interest of the District rate payers, is to proceed with scheduled meetings with the County and MBP to hopefully come to an agreement to avoid litigation.

GM Roscoe stated that he would like to have a discussion with Legal Counsel on this in hopes that staff can have this in the next board packet.

GM Roscoe stated that he does not intend to cancel or postpone the scheduled meeting with the County and MBP on Tuesday, February 21st.

Director Schild stated that the Committee has a split decision on how staff should proceed with further discussions with MBP.

GM Roscoe stated that until he seeks legal counsel advice, he is unsure if future meetings on this topic will be held in open or closed session.

Director Schild recommends that the District bring this as an Action Item for discussion at the February 27th regular Board meeting and have special counsel review this to determine if the District can terminate contract.

4. McClellan Park Reservoir Tank Property

Mitch Dion (Mr. Dion) presented the staff report.

Director Schild inquired if the District really needs the reservoir and pumping plant and questioned if MBP will give the District a different or another piece of property if needed.

Mr. Dion stated that he believes that MBP would be willing to allow the District to purchase property and hold fee simple title at the new proposed location.

Director Schild thinks the District should do the due diligence on the potential properties, but not on negotiations of the purchase of the property.

Director Schild inquired where staff is at with the easement surveys.

Mr. Dion stated that they are putting teams together to gather this information and the surveys are currently in the works.

Mr. Eubanks inquired why the District has to pursue the tank property now. If there is no urgent need to do this then he thinks the District should hold off.

Mr. Dion stated that there is no sense of urgency. Staff will proceed with the due diligence review which takes time.

5. Operations and Maintenance Cost Accounting

AGM York presented the staff report and introduced Dan Bills (Mr. Bills) to go over the burden rates.

Director Schild stated that he believes there is a certain amount of overhead that the District may not be accounting for when invoicing work performed by staff.

Mr. Bills explained the current process and fees being utilized by the District and will reach out to his counterpart at San Juan Water District and inquire what costs are included in their CIP fees and overhead fees and report back to the Committee his findings.

6. Howe Park River-Friendly Demonstration Garden

Greg Bundesen (Mr. Bundesen) presented the staff report.

Director Schild inquired if this is in the water conservation budget.

Mr. Bundesen stated that this is in the CY2017 conservation budget.

Director Jones inquired that in the past the District has done demonstration gardens with an agreement that it will be maintained and the garden at William Pond Park does not look like it is being maintained.

Mr. Bundesen reminded the Committee that Fulton El Camino Recreation and Park District will maintain the gardens as part of the agreement.

Mr. Bundesen reminded the Committee that the \$60,000 was for the amount it would have cost the District for the pipeline easement at Howe Park.

Director Jones asked if the \$60,000 pipeline easement cost was for Howe Park or also Seely Park.

Mr. Bundesen informed the Committee that he would report back on that topic.

GM Roscoe stated that the District will have to update the agreement with the Park District so that we ensure that they agree to maintain the additional garden if the Committee decides to expand the project and add the fifth garden.

Director Schild stated the District should hold off and proceed with the original contract. Director Jones suggested it be brought to the full Board for discussion.

Adjournment

Director Schild adjourned the meeting at 5:57 p.m.

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

DRAFT



Facilities and Operations Committee Agenda Item: 2

Date: April 11, 2017

Subject: McClellan Park Reservoir Tank Property

Staff Contact: Mitchell S. Dion, Technical Services Director

Recommended Committee Action:

Receive report related to the proposed new reservoir/storage site at McClellan Business Park and provide direction as appropriate to:

- a. Pursue transfer of proposed property to District (fee simple); or
- b. Remain with current designated property until an alternative proposal is provided.

It is recommended the District staff be directed to proceed with acquisition of the property currently proposed and return to the Board of the Directors with a completed agreement for acceptance.

Background:

The McClellan Business Park (MBP) proposed that the District consider and accept assignment of an alternative site for use by the District as a future reservoir or material storage site. MBP and the District have identified various properties for this purpose since the original agreement was established (Exhibit 1). Currently, the land for this purpose and land underlying other District facilities (such as booster station or elevated tanks) has never been deeded or conveyed to the District, therefore, the placement of the future tank site has remained “flexible”. Moreover, the future water demands for MBP have only been established at a rough, planning level, so typical infrastructure plans requisite to determine a future reservoir location are not feasible to complete.

In November 2008, the Board of Directors heard considerations and opted to surplus properties and relinquished control of properties in exchange for the property along eastern side of Winters Street, near Dean Street (Exhibit 2). That agenda item was approved and is foundational for the current proposal. Key aspects are:

- The location of a tank/storage site was recognized as flexible to be determined to be determined at a later date while accommodating better features near the gateway of MBP.
- The size of the tank was preliminary estimated to be 3 million gallons; therefore the District sought a site large enough to accommodate such a facility.
- The District anticipated the need to change sites again in the future once a park masterplan was complete to accommodate planned growth.

- Upon approval of this agreement, MBP was to demolish facilities at the surplus sites and to pay for reconnection to City of Sacramento to support fire booster pumps.
- The property at the proposed site was not released to MBP for sale, while property at the original sites had been granted for release and the District sought cooperative efforts towards the redevelopment of MBP.
- The agreement was to create a binding process for future property and for ensuring that MBP would transfer property when need was identified by the District.

In November 2016, the District considered a proposal for a site further north and nearer the runway and it was determined to be unsuitable. MBP has proposed a new site which appears to be substantially equal to the currently approved site. The newly proposed site is across the street from the previously agreed upon site with no security limitations. Additionally, due to the changes in land status, the proposed site can actually be transferred in title to the District.

On January 20, 2017 this item went before the Facilities and Operations (F&O) Committee and it was tabled pending presentation of more formal land commitment such as the contractual material to support the representation and consideration of the parcel currently controlled by the District.

On February 16, 2017 a report was presented to the Facilities and Operations Committee. The Committee directed to staff to perform “due diligence” on the subject property and to forward to the Board of Directors for consideration.

On February 27, 2017 this item was presented to the Board of Directors for consideration and direction. There was discussion regarding the urgency of the request and interrelationship of this proposal and the discussions regarding the foundational agreement for MBP and County. Additional information was sought to complete discussions.

Additional considerations of the proposed include:

- Environmental Cleanup – The subject tank property is identified as Lot 154. Attached as Exhibits 2 and 3 are the parcel C6 EPA certificate of completion for remedial action and the State Land use covenant that runs with the property.
- Land Value – Based on a review of comparable land sales at MBP, the value of the land is similar in value to the property currently assigned to the District which is being leased out by MBP. Commercial/industrial property in the area is available at \$2.50 to \$7.00 per square foot. Expenses for frontage improvements are not known and the District would comply with requirements in force at time of development.

- Impediments to Use of Property – A site review indicates that there are existing utilities that could complicate the use of the property as a reservoir site. Stormwater and sewer lines are in the front of lot as is an overhead power line. These encroachments may be limiting factors for height or setbacks for footings but neither uncommon in similar property, nor considered as limits to future uses considered by the District.

Currently, the District has no immediate plans to construct a reservoir or storage facility at MBP. However, future operational flexibility and uncertainty warrant preservation of options which can be secured by cooperation and negotiation at this time. Additionally, due to the changes in land status, the proposed site can be transferred in fee simple title to the District. If acquisition of the property is directed, Legal Counsel would be required to review title and transfer ensuring any potential residual liability for surface or subsurface contamination is addressed.

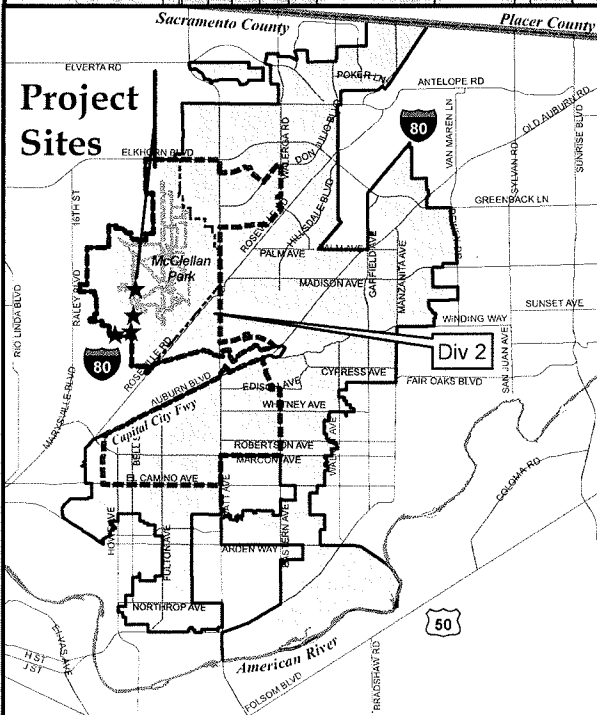
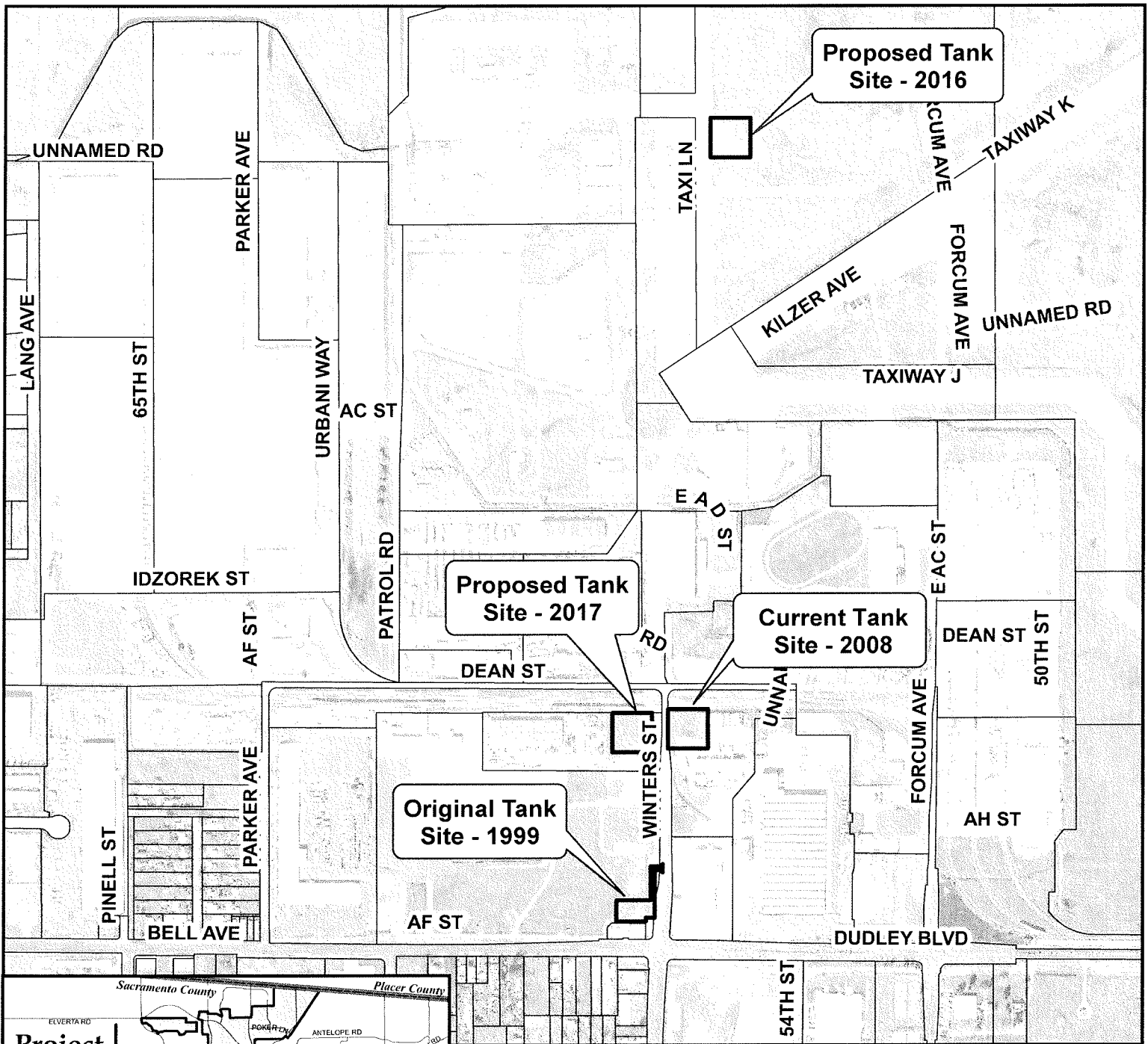
Fiscal Impact:

Except for administrative time, the District has not invested any funds into this land acquisition and is not anticipating any expense beyond the organizational effort, legal review, survey costs or recording fees. Depending on the level of comfort with existing base cleanup documents related to the site, additional environmental review may or may not be conducted. It is not anticipated the District would expend over \$7,500 for the work to complete this acquisition.

Strategic Plan Alignment:

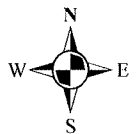
Facilities and Operations – 2.B. Monitor and improve the system efficiencies in operating and maintaining system infrastructure. This item aligns with this goal because the properties are necessary to maintain the District’s infrastructure such as reservoirs. District customers benefit by owning a parcel that may accommodate a future reservoir site or proffered for other purposes.

There is tangible value in the land and the District’s options to use this value for the benefit of the rate payers are dependent upon securing and completing a recordable land transfer to the District.



NO SCALE Portion of Sacramento Suburban Water District

EXHIBIT 1
NOT FOR RECORDING



All Sites

(Voting Division 2)



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

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



Agenda Item: 2

Date: November 11, 2008

Subject: Facility 662/663 Property Exchange with McClellan Business Park

Staff Contact: Warren Jung, Manager Engineering Services

Recommended Board Action:

Declare Facility 662/663 as surplus and authorize the General Manager to execute the attached agreement "Agreement Concerning Relocation of Water Facilities Site Between Sacramento Suburban Water District and McClellan Business Park, LLC" to exchange the existing Facility 662/663 property at the Park for a future reservoir site provided any pending revisions are non-substantive.

Discussion:

Early in 2008 a "Record of Decision" (ROD) by the Air Force Facility released 62 acres of land from the Air Force to the McClellan Business Park (Park). The 62-acre release also includes the land under the District's existing Storage Tank and Pump House - Facility 662/663 (See Location Map, Attachment 1). Facility 662/663 is an existing 750,000-gallon concrete ground-level storage tank and pump house, respectively. The location of the facilities is at the northwest corner of Kilzer Avenue and Bell Street (See Location Map, Attachment 2). Currently the District is not using the facility. It has also been disconnected from the distribution system. The District owns the facilities over the land but only has the rights to the land once the Air Force declares the land clean of contaminants. The Park has expressed a desire to market and develop the 62-acres. The Park has offered to complete the mitigation of contaminants and the Air Force has agreed to release the property to the Park. Through the ROD the Air Force will provide funding to the Park to perform the final subsurface cleanup of the property. The Park presently has a potential deal to lease approximately 40 of the 62-acres, which includes the area under the existing 662/663 facilities to a single tenant (US Foods). As a condition to the lease agreement, the Park must complete the cleanup including demolition of the existing structures by spring of 2009 to allow the proposed tenant the opportunity to begin construction of the project.

The Park has requested the property under the 662/663 facilities. The southeast, northeast and northwest corners of Bell, Kilzer and Dudley are planned as a main entrance and focal point for the Park. Currently the intersection including Dudley Boulevard is under construction with road improvements by the County of Sacramento.

Staff has determined an exchange of properties would be beneficial to the District. The Park is also willing to provide another site that would suit the District's future plans. The existing facilities are considered undersized both for planned growth and ultimate build out of the Park.

In addition the location of the existing tank facility is not well situated to serve potential future growth as designated by the Park. Staff also feels the tank should be right-sized for the future potential development plans of the Park. Preliminarily, staff has estimated a three million gallon size tank for the Park.

Staff has been in negotiations with the Park on exchanging the District's existing Facility 662/663 site for a different site located somewhere else at the Park. An agreement was prepared by District's legal counsel and has been reviewed by the Park's legal counsel. The Park and staff have approved the agreement pending non-substantive revisions as necessary (See agreement, Attachment 4). The agreement provides a tentative site for a future storage tank that is agreeable to staff (See new location site, Attachment 3). The proposed size of the future site will be slightly larger than the existing site to accommodate the proposed increased size of the future tank. The larger property size is necessary for the proposed three million gallon size tank. Once the District's master plan is completed with input from the Park on future development, the District may opt to change the future location of the tank site from the tentative site. The agreement provides a clause that allows the District to change sites that would benefit future growth. The conditions of the agreement include the Park paying for demolition of the existing 662/663 and the existing intertie booster pump station with the City of Sacramento. The Park will also reconnect the intertie connection from the City of Sacramento to the District's existing water main on Bell Street to District standards. The District would be responsible to construct the new tank at such time when development necessitates its need.

Staff believes this deal benefits both the Park and District. The existing tank site and size does not fit into the District's future plans for providing water to the Park. A new larger tank that fits into the Park's future development plans will allow optimum use of the facility. With the current preparation of the District's master plan the future demands for the park will play an important part of the location of the future tank.

This item was presented to the Facilities and Operations Committee on October 1st. The Committee unanimously recommended approval of the agreement to exchange properties and to place the item on the consent calendar for the October regular Board Meeting.

At the October Board meeting, the consent item was pulled for discussion. It was discovered that the final negotiated contract sent to the Park was not the version returned to the District. Instead, an earlier draft version was signed by the Park. Mr. Alan Hirsch, representing the Park was present at the meeting and apologized for the confusion. Nevertheless, this error should have been caught by staff and resolved before presentation to the Board.

The contact now presented is the correct and final version.

Fiscal Impact:

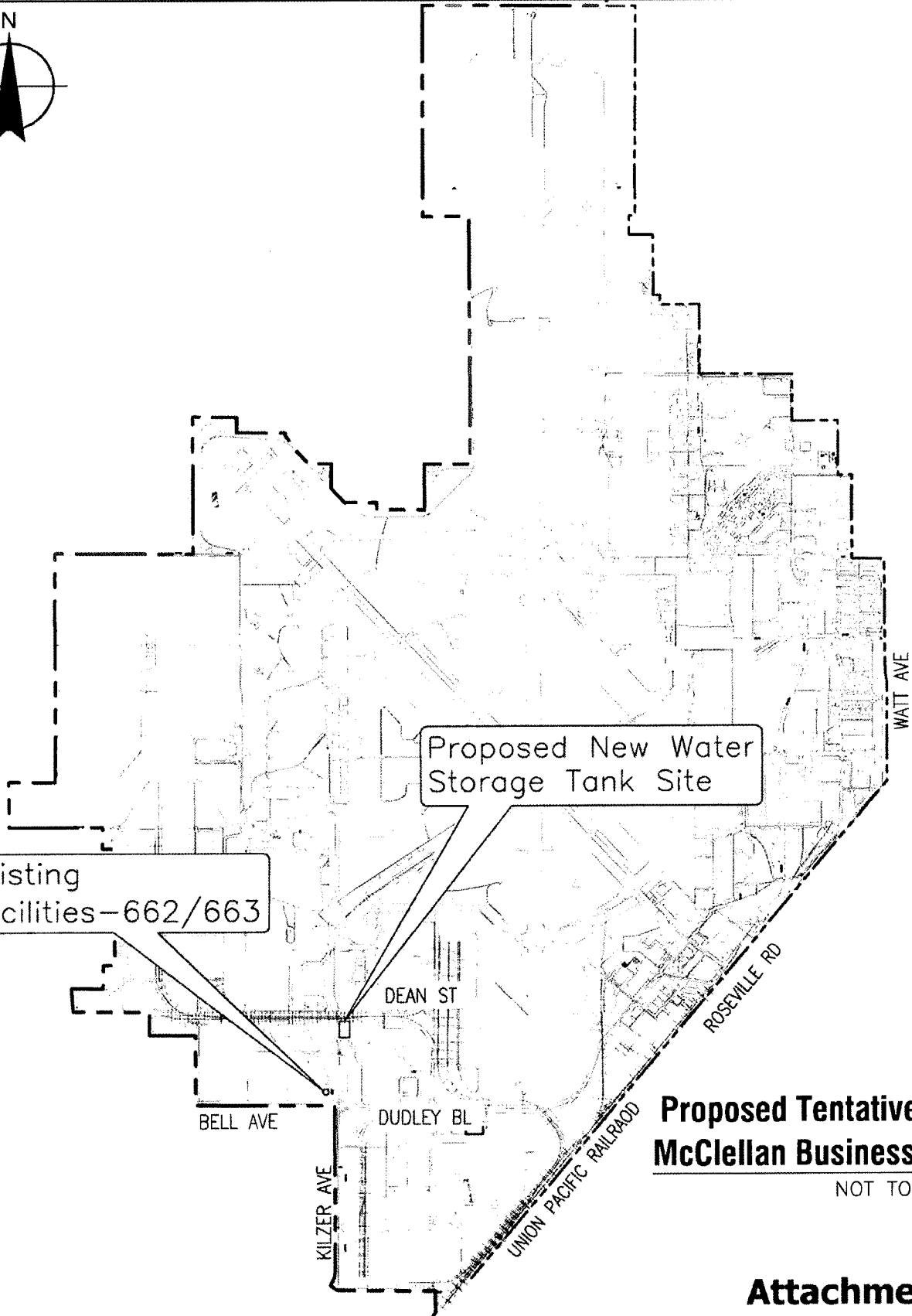
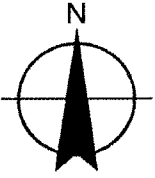
The fiscal impact to the District is unknown. The District saves the cost of demolition of an unused facility and gains a larger pad that will be better located for future District needs.

Strategic Plan Alignment:

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

5.D. – Interact with the community in a positive and progressive manner for the mutual benefit of the area.

The proposed exchange of the existing tank site for a larger site nearer to future development would allow the District to provide a new tank that would better benefit the future needs of the Park.



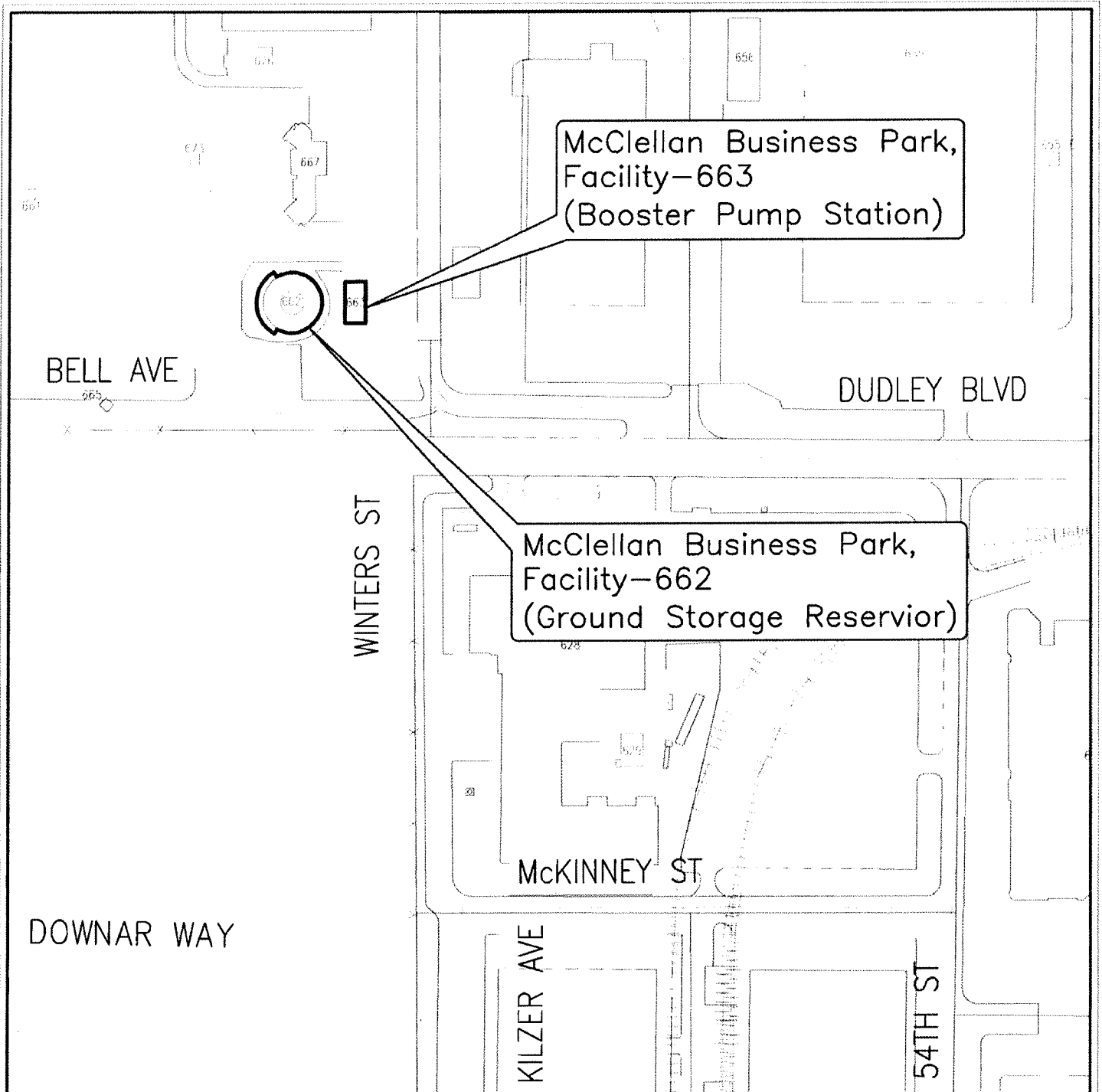
**Proposed Tentative Site
McClellan Business Park**

NOT TO SCALE

Attachment 1

Sacramento Suburban Water Dist.
3701 Marconi Ave Suite 100
Sacramento, CA 95821-5346
PH: (916) 972-7171 FAX: (916) 972-7639

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| | |



McClellan Business Park,
 Facility-663
 (Booster Pump Station)

McClellan Business Park,
 Facility-662
 (Ground Storage Reservoir)

BELL AVE

DUDLEY BLVD

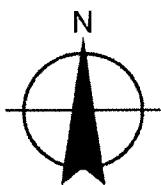
WINTERS ST

McKINNEY ST

DOWNAR WAY

KILZER AVE

54TH ST



Location Map for Facilities 662 & 663

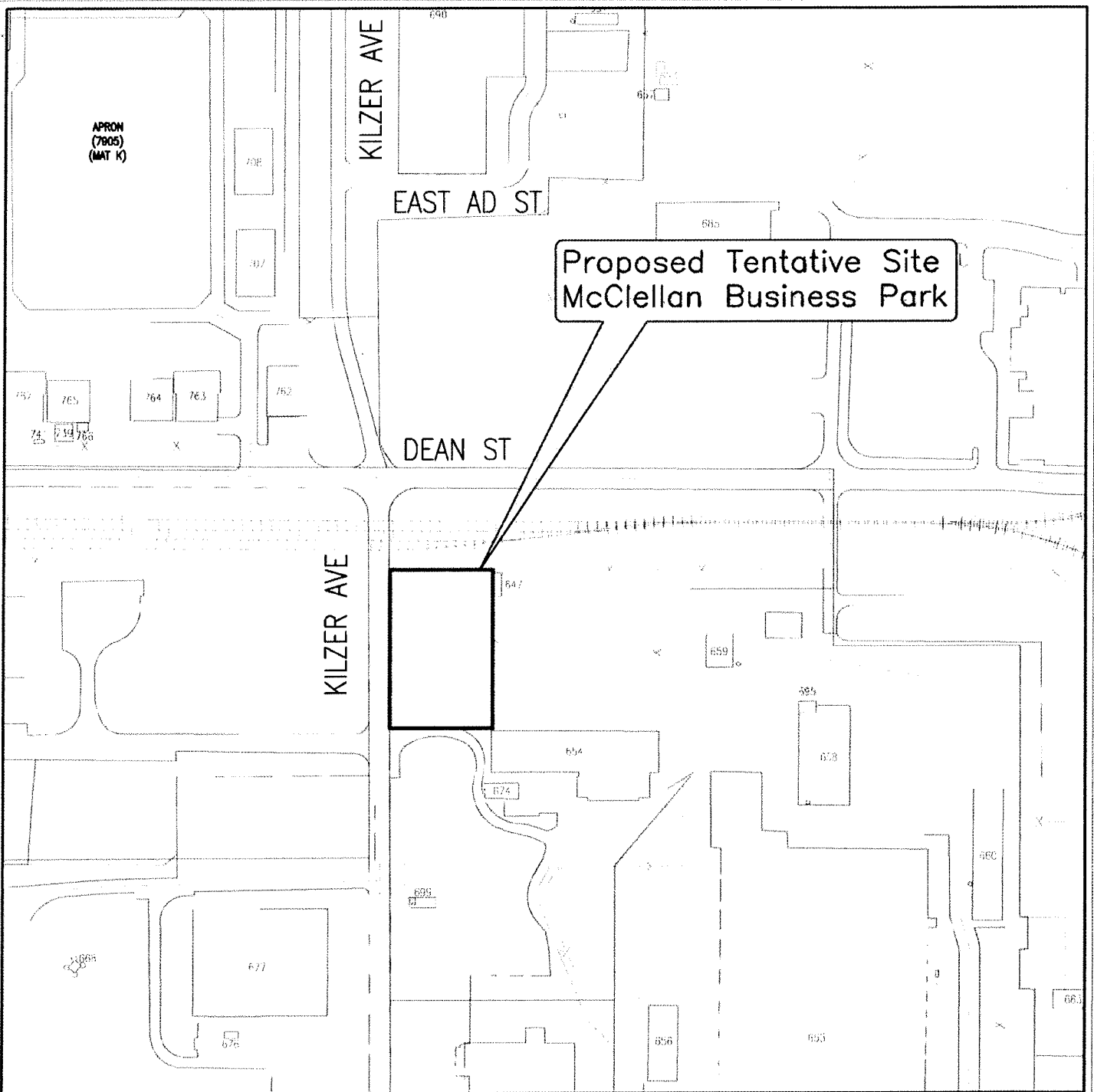
McClellan Business park

NOT TO SCALE

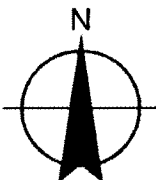
Attachment 2

Sacramento Suburban Water Dist.
 3701 Marconi Ave Suite 100
 Sacramento, CA 95821-5346
 PH: (916) 972-7171 FAX: (916) 972-7639

| | |
|------------------|-----------------------|
| DWG. NAME: | |
| SCALE: | |
| DATE: 10/14/2008 | OF NAME: mcbp_662_663 |



Proposed Tentative Site
McClellan Business Park



**Proposed Tentative Site
McClellan Business park**
NOT TO SCALE

Attachment 3

| | | |
|--|-----------|------------|
| Sacramento Suburban Water Dist. 3701 Marconi Ave Suite 100 Sacramento, CA 95821-5346 PH: (916) 972-7171 FAX: (916) 972-7639 | DWG NAME: | |
| | SCALE: | |
| | DATE | 10/14/2008 |

**AGREEMENT CONCERNING RELOCATION OF WATER FACILITIES SITE BETWEEN
SACRAMENTO SUBURBAN WATER DISTRICT
AND McCLELLAN BUSINESS PARK, LLC**

This Agreement Concerning Relocation of Water Facilities Site ("Agreement") is made effective this _____, 2008 by and between Sacramento Suburban Water District, a California public agency ("District"), and McClellan Business Park, LLC, a Delaware limited liability company ("MBP"), who are collectively referred to as the "Parties," and individually as a "Party."

RECITALS:

A. On September 7, 1999, District's predecessor, Northridge Water District, entered into an agreement with the County of Sacramento for the purpose of transferring the ownership and operation of the water system of the former McClellan Air Force Base to Northridge in exchange for certain services more particularly set forth therein (the "Water System Agreement").

B. On February 1, 2002, Northridge was consolidated with the Arcade Water District to form the District by order of the Sacramento County Local Agency Formation Commission, and all assets and liabilities, including the Water System Agreement, were transferred to and became the property and obligations of the District.

C. Among the assets that the District received under the Water System Agreement were the following facilities located within the former McClellan Air Force Base, which is now known as McClellan Business Park and which is controlled and operated by MBP: (1) a 750,000 gallon ground water storage reservoir designated Facility No. 662; and (2) a booster pump station designated Facility No. 663 (collectively the "Surplus Facilities"). Under the Water System Agreement, the County also granted the District the right to obtain fee title to the real property underlying the Surplus Facilities at a future date when the County acquired fee title to that property from the United States Air Force. For purposes of this Agreement, the underlying real property will be designated the "Surplus Property" and is more fully described in Exhibit A, which is attached to and made a part of this Agreement. In the interim, the County has granted the District a leasehold interest in the Surplus Property.

D. Under an agreement between it and the County of Sacramento dated November 13, 2001 (the "MBP Agreement"), MBP obtained the right to purchase, privatize, and redevelop most of the property and facilities with the former McClellan Air Force base, except those portions of the base reserved the United States and water system property and facilities granted to the District (the "MBP Project"). Under the MBP Agreement, MBP has the contractual right to acquire from the County fee title to the real property comprising the MBP Project if and when the County obtains such title from the United States. In the interim, the MBP has been granted a leasehold interest in the real property comprising the MBP Project.

E. The District has determined that the Surplus Property and Surplus Facilities are not necessary to the sound operation of the water distribution system serving MBP Project and is willing to transfer the Surplus Property and Surplus Facilities to MBP to be put to other uses. Based on the projected future needs of water users within the MBP Project as jointly determined by the District and MBP, however, the District anticipates that it will be required to construct new water storage and distribution facilities to serve the future needs of the MBP Project and as a result, will require that MBP make property available in the future that can be used by the District for the purposes of constructing, installing, operating, maintaining, and replacing water storage and distribution facilities to serve the future needs of the MBP Project (the "Future Property"). As of the date of this Agreement, however, the District has not identified

the appropriate location of the Future Property pending additional planning for and actual development of the MBP Project.

F. The District and MBP desire to enter into this Agreement for the following purposes: (1) to cooperatively process the appropriate documents with the County to release the Surplus Property and Surplus Facilities from the terms and conditions of the Water System Agreement and to ensure the District's release of all claims to ownership or control of such property and facilities; (2) to transfer the Surplus Property and Surplus Facilities to the control and ownership of MBP subject to the terms and conditions of the MBP Agreement; and (3) to specify a binding process for identifying the Future Property and for ensuring that MBP transfers the Future Property to the District when required or requested for any purpose reasonably identified by the District.

AGREEMENT:

1. Transfer of Surplus Facilities and Property.

(a) Within 60 days following the Effective Date, the District shall deliver to the County all documents necessary to cause the Surplus Facilities and the Surplus Property to be released from the provisions of Water System Agreement; provided that such release by the District shall be contingent upon the County agreeing that the Surplus Facilities and the Surplus Property shall be transferred concurrently to MBP as "Property," as such term is defined under the MBP Agreement. Upon the completion of the activities provided in this section 1, the District agrees that MBP may either: (a) demolish the Surplus Facilities, provided that MBP shall be responsible for all costs associated therewith; or (b) reuse such facilities for lawfully permitted purposes.

(b) The District shall transfer the Surplus Property and Surplus Facilities AS-IS, WHERE-IS, WITH ALL FAULTS, AND THERE IS NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE THEREIN PROPERTY AND FACILITIES. MBP is relying solely upon and will have conducted its own independent inspection, investigation, and analysis of the Surplus Property and Surplus Facilities as it deems necessary or appropriate in so acquiring such real property and improvements from the District, including, without limitation, any and all matters concerning the condition, use, sale, development or suitability for development of the Surplus Property and Surplus Facilities.

2. Reservation of Future Property. The District and MBP have identified a certain area within the MBP Project as an initial location for the Future Property, which is more particularly described on Exhibit B, attached to and made a part of this Agreement. The Parties acknowledge that such location may not be the most suitable site for the District to install new water system facilities to accommodate the future build-out of the MBP Project and on that basis MBP shall not initiate a transfer of the identified Future Property until requested by the District in accordance with section 3 of this Agreement. The Parties agree to meet and confer upon the request of either Party to discuss the relocation of the Future Property to a different location within the MBP Project; provided, however, any relocation shall be subject to the sole and final approval of the District. Upon the District's final written approval of an alternative location for the Future Property in accordance with this section 2 and/or section 3 below and recording of appropriate documents effecting the transfer of property between the Parties, Exhibit B to this Agreement shall be replaced and such replacement parcel described in Exhibit B shall thereafter be deemed for all purposes the "Future Property."

3. Identification of Future Property. At any time after execution of this Agreement, the District shall have the right to request that MBP cooperate in identifying any replacement area or parcel to be designated as the Future Property in place of the area or parcel described in the existing Exhibit B

attached to this Agreement. Upon such request by the District, MBP will promptly and fully cooperate with the District in identifying the replacement Future Property in accordance with the following conditions precedent; provided that neither party makes any representation or warranty regarding the likelihood in reaching agreement on such replacement area (the parties acknowledge and agree that the failure to reach agreement upon a replacement Future Property shall not be deemed a breach on this Agreement by either party).

(a) Provided that the parties reach agreement upon a replacement Future Property, if MBP has not yet acquired fee title to the identified area or parcel(s) desired by the District as replacement Future Property, MBP shall convey to the District a long-term leasehold covering the District's use of the identified Future Property until such time as MBP is able to convey fee title to the Property in accordance with section 4 of this Agreement. The leasehold will be for the remaining term of MBP's lease of the MBP Project from the County (MBP's leasehold rights are for an original term of 99 years), unless earlier terminated by MBP's acquisition of fee title to such property if and when it obtains such title from the County under the Master Purchase Agreement, and MBP's subsequent transfer of such title to the District as provided herein. Any such leasehold will be created by a lease agreement in a form that is mutually acceptable to both Parties and that fully describes the area comprising the leased property and which provides the District with rights sufficient to use the leased property in the same manner as if it had acquired fee title to the leased area. MBP shall not charge the District any form of periodic rent for the described leasehold rights. The lease agreement also shall obligate MBP to convey fee title to the District as soon as practicable after MBP acquires such title from the County/United States, subject to such rights as MBP may have acquired under this Agreement, including any price adjustment as provided in section 5 of this Agreement.

(b) Provided that the parties reach agreement upon a replacement Future Property, if MBP has acquired fee title to the area or parcel identified by the District as its desired Future Property, MBP and the District, utilizing their respective good faith efforts, shall: (i) jointly prepare and submit all appropriate documentation and applications necessary to cause the Future Property to become a separate legal parcel or parcels in compliance with applicable local and state laws; (ii) create the separate parcel or parcels comprising the Future Property in accordance with subsection (i) above; and (iii) MBP shall convey fee title to such parcel or parcels to the District using a deed in a form that is mutually acceptable to both Parties, reserving to MBP such interests (including without limitation ingress and egress, utility, fire safety, public use area easements necessary to MBP's operations within the MBP Project); provided, however, that such reservation to MBP is subject to the District's prior written consent and that MBP's reservation of any such interests do not unduly interfere with and render impractical the District's uses of the Future Property.

(c) Subject to the provisions of this Section 3, the Parties recognize that the District has the discretion to request different Future Property at any time, subject to the District's reasonable requirements. The Parties acknowledge and agree that it also may be necessary to identify different Future Property at a later date in order to accommodate the location of water service facilities and District operations within the MBP Project under any existing, new or amended master plan adopted by MBP for the MBP Project.

4. Transfer Subject to Rights of USA and County. MBP's transfer to the District of fee title to the Future Property shall be subject to any reservations, covenants, conditions, and restrictions on the title existing when the County obtained title from the United States Air Force or other applicable Federal agency. Transfers of title shall occur in the same manner and by the same type of document by which title is transferred by the Air Force to the County and, correspondingly, by the County to MBP. MBP shall pay all costs of transfer, including escrow fees and title insurance premiums. To effect the transfer of fee title to the Future Property to the District, MBP shall open escrow at a title company of its choosing

with close of escrow to occur as promptly as is reasonably possible after the date that MBP opens such escrow.

5. Term. This Agreement shall remain in effect until such time that the District acquires the Future Property in fee simple with the intention of finally putting such Future Property to use for any authorized District purpose. Upon MBP's recording of an appropriate deed conveying the specified Future Property to the District, the MBP and the District shall execute a mutually-acceptable amendment terminating this Agreement, and this Agreement then shall become void and of no further effect. At the same time, the Parties also shall execute and the District shall record a notice of termination of any existing recorded lease of the Future Property between MBP and the District.

6. Future Property "As-Is". Except as set forth in this Agreement, MBP makes no representation or warranty regarding the condition of the Future Property, its past use, or its suitability for the District's intended use and the Future Property is sold AS-IS, WHERE-IS, WITH ALL FAULTS, AND THERE IS NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE CONDITION OF THE THEREIN. The District is relying solely upon and will have conducted its own independent inspection, investigation, and analysis of the Future Property as it deems necessary or appropriate in so acquiring such parcel from MBP, including, without limitation, any and all matters concerning the condition, use, sale, development or suitability for development of the Future Property.

7. Prohibition on Liens. MBP will not at any time permit any mechanics', laborers', or material men's liens to stand against the Future Property for any labor or material furnished to MBP or claimed to have been furnished to MBP or MBP's agents, contractors, or subtenants, in connection with work of any character performed or claimed to have been performed on the Future Property by or at the direction or sufferance of MBP; provided, however, that MBP will have the right to contest the validity or amount of any lien or claimed lien, upon giving to the District a letter executed by MBP fully indemnifying the District and assuring that the lien or claimed lien will be paid, when and to the extent that the lien is finally determined to be valid and owing. MBP's right, however, to contest these liens will not extend beyond the point where the District's right to obtain title to the Future Property could be lost. On final determination of the lien or claim of lien, MBP will immediately pay any final judgment rendered, with all property costs and charges, and will have the lien released or judgment satisfied at MBP's own expense. If MBP fails to pay the judgment promptly or otherwise fails to prevent any sale, foreclosure, or forfeiture of the Future Property because of a lien, the District will have the right, upon five days' written notice to MBP, to pay or prevent this action, and the amount paid by the District will be immediately due and payable to the District, and will bear interest at the rate of 10% per annum from the date of payment by the District until repayment by MBP.

8. Indemnity. MBP agrees to indemnify, defend and hold harmless the District, its directors, officers, employees, volunteers and agents from and against any claims, demands, losses, liabilities, causes of action and costs, including payment of reasonable attorney's and expert witness fees, of any nature for injury to or death of persons or loss of or damage to property occurring on or about the Surplus Property and Surplus Facilities that are connected with MBP's and its officers', directors', employees', agents' or subcontractors' use of the Surplus Property or Surplus Facilities, or otherwise arising out of or resulting from the performance of this Agreement.

9. Assignment of Agreement. MBP will not assign this Agreement without the prior written consent of the District, which will not be unreasonably withheld, provided that subsequent to any assignment MBP will remain primarily liable for the obligations under this Agreement. However, MBP may assign this Agreement without the District's written consent, but with at least 30 days written notice to the District, if the assignment is made: (a) to a successor corporation of at least equal net worth and credit rating into which or with which MBP is merged or consolidated in accordance with applicable statutory provisions

for the merger or consolidation of corporations; (b) to a wholly-owned subsidiary of MBP, upon MBP issuing the District a written guarantee of the subsidiary's performance of the obligations under this Agreement; (c) to a corporation to which MBP will sell all or substantially all of MBP's assets; and the liabilities of the corporations participating in the merger or consolidation or of the transferor corporation must be assumed by the corporation surviving the merger or created by the consolidation or by the transferee corporation, in the event of a transfer to a wholly-owned subsidiary or a sale of all or substantially all assets, and that corporation (except in the case of a wholly-owned subsidiary) must have a net worth at least equal to the net worth and credit rating of MBP at the time of execution of this Agreement. Upon delivery to the District, by a successor corporation to which this Agreement is assigned or transferred, of the agreement of the corporation to be bound by the terms, covenants, and conditions of this Agreement to be performed by MBP after the date of the assignment or transfer, MBP will be released and discharged from all obligations later arising under this Agreement, except where the transfer is to a wholly-owned subsidiary of MBP; or (d) a master association formed by MBP for the MBP Project.

10. Demolition of Booster Pump Station. At its sole cost, MBP will demolish the existing booster pump station located in Bell Street that comprises a portion of the Surplus Facilities. As consideration for demolishing the booster pump station to permit MBP's development of the Surplus Property, MBP, also at its sole cost, will cause the existing 6-inch water pipeline owned by the City of Sacramento to be connected to the District's existing 12-inch water pipeline through an intertie constructed in accordance with the District's technical specifications and as the plans for such project are first approved by the District's Engineer. Upon completion of the new connection, MBP will dedicate the intertie and any new pipeline required for the connection, together with a one-year maintenance guarantee for such facilities, by documentation acceptable to the District.

11. General Provisions.

(a) Any express or implied waiver of a breach of any term of this Agreement will not constitute a waiver of any further breach of the same or other term of this Agreement.

(b) If any action at law or in equity is brought to recover any sums due under this Agreement, or for or on account of any breach of or to enforce or interpret any of the covenants, terms, or conditions of this Agreement, the prevailing Party will be entitled to recover from the other Party as part of prevailing Party's costs, reasonable attorney fees and any expert witness fees and costs, the amount of which will be fixed by the court and will be made a part of any judgment rendered.

(c) MBP and the District each represent that the person signing below is authorized to execute and deliver this Agreement on behalf of that entity. MBP and the District will provide evidence of that authority in the appropriate form to the other Party at the time this Agreement is executed.

(d) Except as otherwise expressly provided by law, all notices or other communications required or permitted by this Agreement or by law to be served on or given to either Party to this Agreement by the other Party will be in writing and will be deemed served when personally delivered to the Party to whom the notice is directed, or in lieu of personal service, three days after deposit in the United States Mail, certified or registered mail, return receipt requested, postage prepaid, addressed to:

MBP: McClellan Business Park, LLC
 Attn: Senior Vice President and General Counsel

3140 Peacekeeper Way
McClellan, California 95652

District: Sacramento Suburban Water District
Attn: General Manager
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5303

Either Party may change the address for the purpose of this section 11(d) by giving written notice of the change to the other party in the manner provided in this section.

(e) This Agreement will be binding on and will inure to the benefit of the heirs, executors, administrators, and permitted successors and assigns of the District and MBP.

(f) Should any provision of this Agreement be held by a court of competent jurisdiction to be either invalid or unenforceable, the remaining provisions of this Agreement will remain in effect, unimpaired by the holding.

(g) This Agreement and the attached exhibits constitute the entire agreement between the Parties relative to the services specified herein, and no modification shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement. There are no understandings, agreements, conditions, representations, warranties, or promises with respect to the subject matter of this Agreement except those contained in or referred to in this writing.

(h) The use by either party of any remedy specified for the enforcement of this Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.

(i) This Agreement will be governed by and construed in accordance with California law. Any action on this Agreement will be brought in the Sacramento County Superior Court.

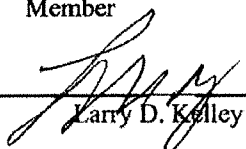
(j) The Parties acknowledge that each Party and its attorney have reviewed, negotiated and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any document executed and delivered by either Party in connection with the transactions contemplated by this Agreement.

The Parties have executed this Agreement as of the date first above written.

McCLELLAN BUSINESS PARK, LLC:

By: LK McCLELLAN, LLC, a California
limited liability company
Its: Member

By: _____


Larry D. Kelley

**SACRAMENTO SUBURBAN WATER
DISTRICT:**

By: _____

Its: _____

EXHIBIT A

SURPLUS PROPERTY

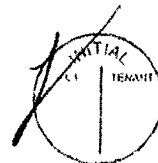
EASEMENT DESCRIPTION
McClellan A. F. B. – Site 3
December 28, 1999

That portion of Section 25, Rancho Del Paso, Sacramento County, California, described as follows:

Commencing at a 1-inch diameter iron pin marking the northwest corner of Section 24 as shown on the Record of Survey filed in October 6, 1982, in Book 37 of Surveys, Page 35, Sacramento County Records, from which a 1 1/2-inch diameter copperweld monument stamped "100-84 1982" as shown on said Record of Survey bears North 71°58'20" East 4159.35 feet; thence, from said point of commencement, South 19°33'36" East 7986.77 feet to the TRUE POINT OF BEGINNING; thence North 89°10'21" East 48.13 feet; thence North 46°58'50" East 15.55 feet; thence South 00°49'01" East 38.36 feet; thence North 54°18'59" West 13.04 feet; thence North 88°56'58" West 28.74 feet; thence South 00°05'40" West 232.55 feet; thence North 89°30'55" West 46.82 feet; thence South 00°10'08" East 19.68 feet; thence South 89°43'50" West 147.72 feet; thence North 01°08'40" West 107.00 feet; thence South 89°31'15" East 176.96 feet; thence North 00°13'52" West 165.94 feet to the TRUE POINT OF BEGINNING, containing 0.55 acres, more or less.

The bearings and distances used in this description are referenced to the California Coordinate System of 1927, Zone 2. Multiply distance by 1.0000620 to obtain ground distances.

McClellan AFB Building Facility # 662 & 663



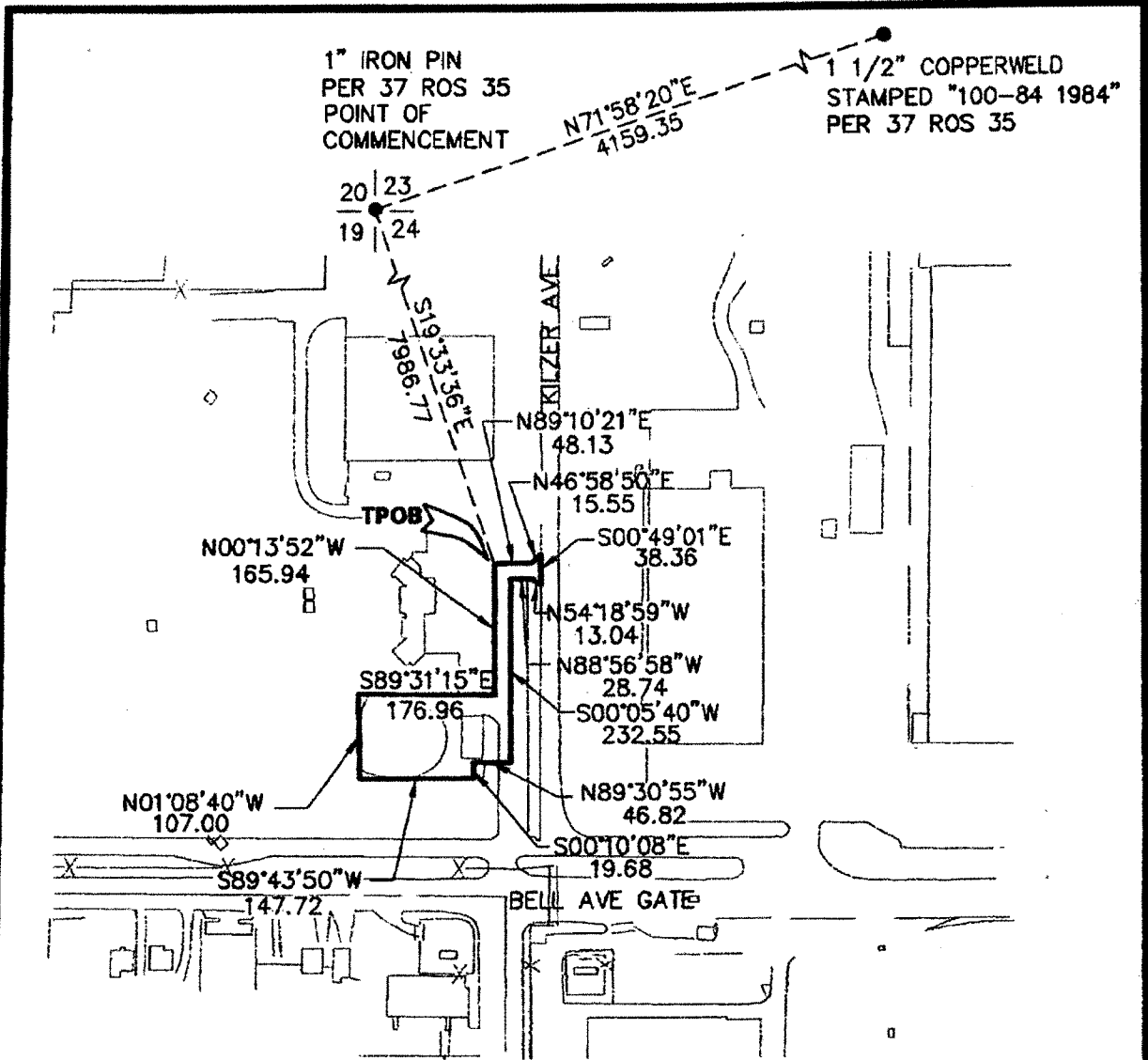


EXHIBIT 'A'
WATER EASEMENT-SITE 3
 McCLELLAN A.F.B.
 PTN. SEC. 25 OF RANCHO DEL PASO
 SACRAMENTO CO., CA

SCALE: 1"=200' DECEMBER 1999

ANDREGG, INC.
 SURVEYING - MAPPING - GEOMATICS
 AUBURN, CALIFORNIA
 (880) 885-7072



SITE3.DWG

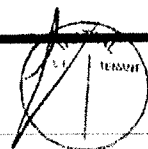


EXHIBIT B
FUTURE PROPERTY

EXHIBIT B

LEGAL DESCRIPTION Water Tank Reservation

ALL THAT REAL PROPERTY situated in the County of Sacramento, State of California and being a portion of Lot 152 as shown on that certain Record of Survey entitled "McClellan Park", filed for record in the office of the Recorder of Sacramento County on December 12, 2003, in Book 65 of Surveys, at Page 16, adjusted and described as "Resultant Parcel 152" in that document entitled, "Lot Line Adjustment Resolution No. 06-BLS-0463", filed for record in the office of the Recorder of said County in Book 20061116, at Page 1236, more particularly described as follows:

Commencing at the Northwest corner of said Lot 152, said Point of Commencement being the centerline intersection of Dean Street and Kilzer Avenue; thence from said Point of Commencement along the West line of said Lot 152 and the centerline of said Kilzer Avenue, South $00^{\circ}18'47''$ East, 110.44 feet; thence leaving said West line and centerline, North $89^{\circ}41'13''$ East, 25.00 feet to a point in the East Right-of-Way line of said Kilzer Avenue and the Point of Beginning; thence from said Point of Beginning and leaving said Right-of-Way, North $89^{\circ}41'13''$ East, 200.00 feet; thence, South $00^{\circ}18'47''$ East, 200.00 feet; thence South $89^{\circ}41'13''$ West, 200.00 feet to a point in said East Right-of-Way line; thence along said Right-of-Way line, North $00^{\circ}18'47''$ West, 200.00 feet to the point of beginning.

Said property contains 40,000 square feet, more or less.

The basis of bearings and distances for this description is NAD 83 California State Plane Coordinates, Zone 2 GRID, as per said Record of Survey. Ground distances are obtained by multiplying the distances shown hereon by a grid-to-ground scale factor of 1.00006107.

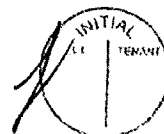
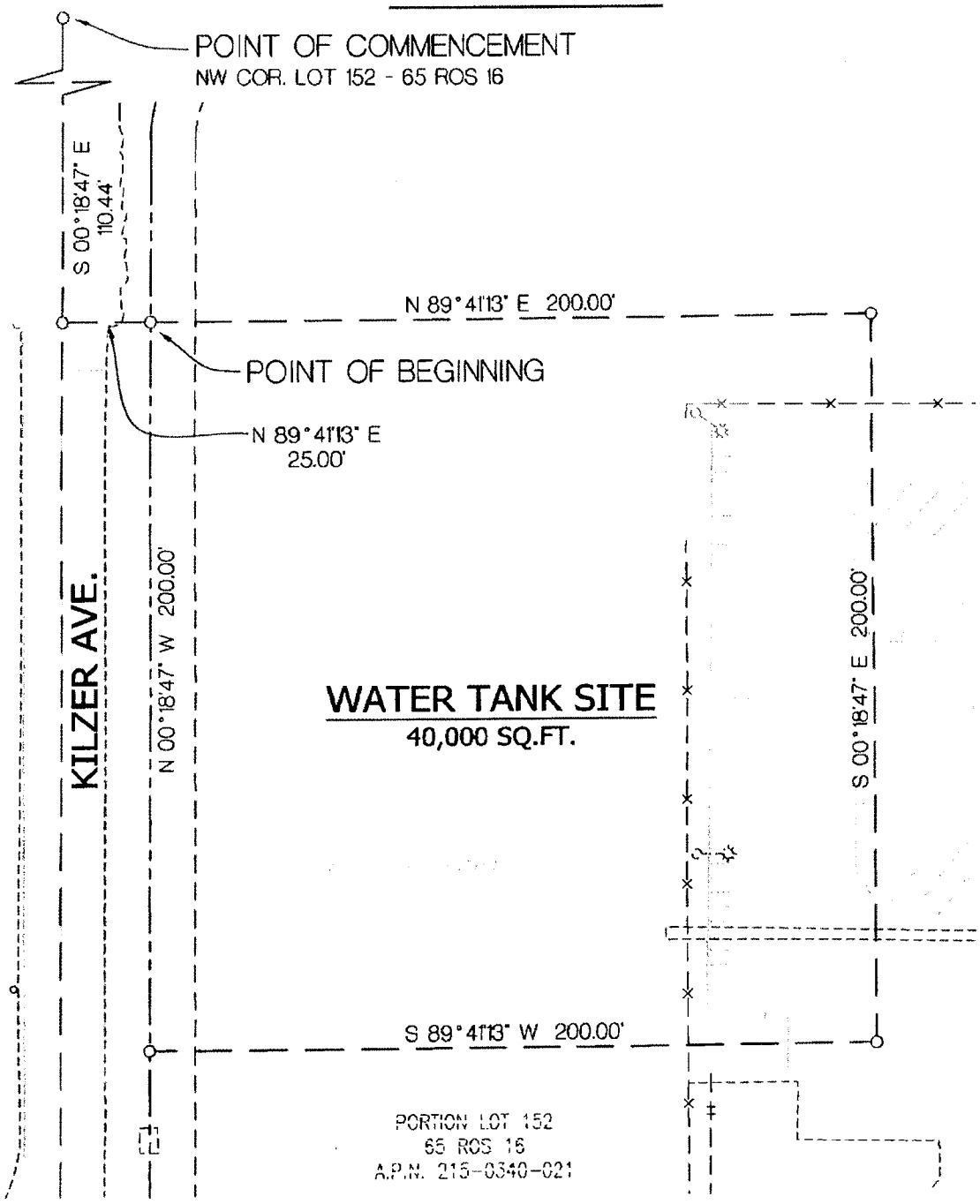


EXHIBIT 'B'



SCALE: 1" = 40'

KILZER AVE.

WATER TANK SITE
40,000 SQ.FT.

PORTION LOT 152
65 ROS 16
A.P.N. 215-0340-021


| | | |
|---|------------------|--|
|  BAKER-WILLIAMS ENGINEERING GROUP <small>Engineering / Surveying / Land Planning / Entitlement Processing / GPS Services 6020 Rutland Drive, Suite 19 - Carmichael CA 95608 (916) 331-4330 - fax (916) 331-4430 - office@bwengineers.com</small> | SCALE: 1"=40' | WATER TANK EXHIBIT McCLELLAN PARK SACRAMENTO COUNTY, CALIFORNIA |
| | JOB #: 08-07-066 | |
| | DATE: Sep., 2008 | |



Exhibit 3



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105

August 29, 2011

Mr. Alan Hersh
McClellan Business Park, LLC
3140 Peacekeeper Way
McClellan, CA 95652

Subject: Certification of Completion of the Parcel C-6 Remedial Action, former
McClellan Air Force Base, California and Approval of the *Remedial Action
Completion Report*, dated August 24, 2011

Dear Alan:

EPA has reviewed the *Remedial Action Completion Report (RACR) for the McClellan Business Park Parcel C-6 Restoration Project*, dated August 24, 2011. The RACR was submitted to establish that all remedial actions have been completed at Parcel C-6 as specified in the Administrative Order on Consent for Remedial Investigation/Feasibility Study (RI/FS) and Remedial Design/Remedial Action (RD/RA) for Cleanup of Portions of the Former McClellan Air Force Base (AFB), CERCLA Docket No. 2006-27 (AOC).

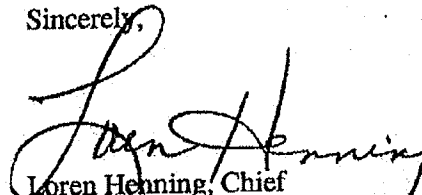
McClellan Business Park, LLC (MBP), the "Respondent," agreed under the AOC to undertake the cleanup of a portion of the former McClellan AFB, known as Parcel C-6. The RACR, Task 9, is a necessary deliverable under the AOC Statement of Work. As documented in the RACR, MBP has demonstrated that: 1) the remedial action has been fully performed, 2) modified Land Use Covenants (LUCs) have been recorded, 3) institutional controls required by the Record of Decision (ROD) have been implemented, 4) performance standards have been attained and 5) a pre-certification inspection was conducted on June 29, 2011 and, thereby, that the requirements of Paragraph 61(a) of the AOC have been met.

EPA concludes, based on the RACR that the remedial action has been performed in accordance with the AOC and the performance standards for Parcel C-6 have been achieved. In consultation with the California Department of Toxic Substances Control and the Central Valley Regional Water Quality Control Board, EPA approves the RACR and pursuant to Paragraph 62 of the AOC, issues this Certification of Completion of the remedial action for Parcel C-6.

The cleanup of Parcel C-6 at McClellan through the process of early property transfer with privatized remediation, "Privatization," has been an innovative and historic project in the realm of Superfund site cleanups under the Comprehensive Environmental Response,

Compensation and Liability Act (CERCLA). The collaboration of the United States Air Force, Sacramento County, MBP and regulatory agencies has resulted in a cleanup of Parcel C-6 that is protective of human health and the environment as well as responsive to McClellan's redevelopment. EPA looks forward to additional successful cleanups at McClellan through "Privatization." If you have any questions or concerns pertaining to this letter, please contact Yvonne Fong of my staff at 415-947-4117 or fong.yvonnew@epa.gov.

Sincerely,



Loren Henning, Chief
Air Force & DoE Section

cc: Frank Lopez (DTSC)
James Taylor (RWQCB)
Jay Heckenlively (MBP)
Tom Naiman (Tetra Tech)
Kyle Byard (Tetra Tech)



Facilities and Operations Committee Agenda Item: 3

Date: April 7, 2017

Subject: Main Line Replacement and Miscellaneous Projects Update

Staff Contact: Mitchell S. Dion, Technical Services Director

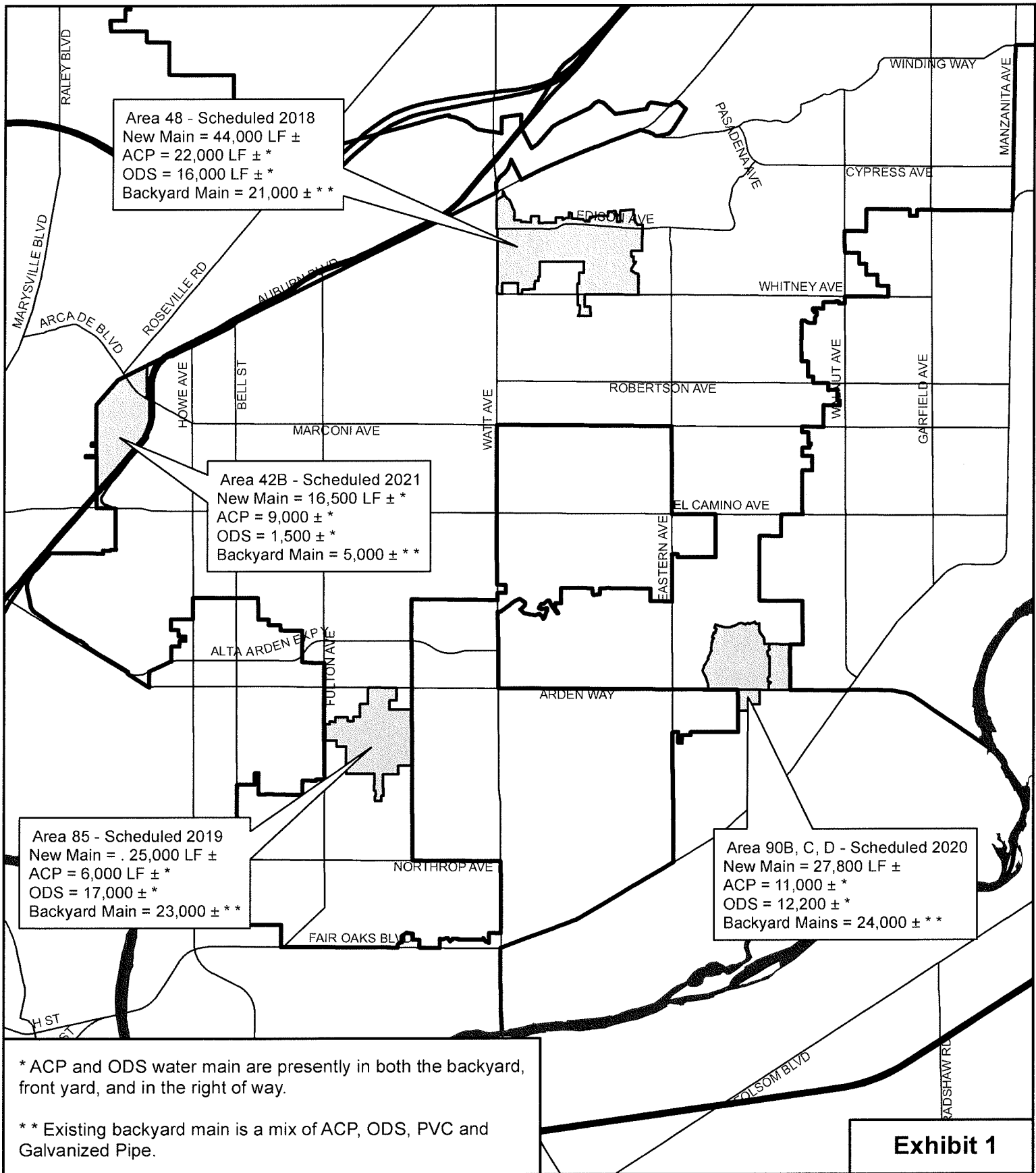
The Sacramento Suburban Water District (SSWD) Board of Directors adopted an updated Distribution Main Asset Management Plan (Distribution Main AMP) on October 20, 2014. This Distribution Main AMP is one of the primary tools used to consider sequencing design and construction of future main replacement projects. Based on various criteria and a ranking matrix, the Distribution Main AMP provides a recommended water main replacement schedule for the next 10 to 20 years. The factors include:

- Type of material
- Age
- Leak History
- Location
- Fire Flow
- Hydrant spacing
- Probability of Failure
- Risk of Failure

The Board of Directors also adopted an updated Water Meter Asset Management Plan (Water Meter AMP) on May 18, 2015. The Water Meter AMP prioritizes where water meters will be installed over the next several years in order to meet the state mandate of metering all District service connections by January 1, 2025.

The District also coordinates the main replacement and meter retrofit projects. This coordination is even more important now as the District moves into a period where the majority of the meters remaining to be installed are backyard or side yard water services. It would not be desirable to install meters in the backyard of a neighborhood and then come through the same neighborhood within a few years with a main replacement project, which would then relocate meters on new service lines connected to new water mains in the street.

Attached, Exhibit 1, is a map depicting the main replacement projects planned for design and construction over the next three to five years, pending funding decisions. These project priorities also may be adjusted based upon County and City paving plans or other external factors.




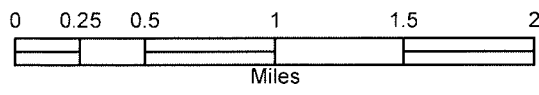
* ACP and ODS water main are presently in both the backyard, front yard, and in the right of way.

** Existing backyard main is a mix of ACP, ODS, PVC and Galvanized Pipe.

Exhibit 1

Legend

 Distribution Main Replacement Areas 2018-2021



**Distribution Main Replacement Projects
 Planned 2018 through 2021**

Scale: No Scale
 Prepared by: JWS, SSWD
 Sacramento, CA - April 6, 2017
 Main Replacement Plan-4 Years.mxd



Facilities and Operations Committee Agenda Item: 4

Date: April 10, 2017

Subject: Water Transmission Main Asset Management Plan Update

Staff Contact: Mitchell S. Dion, Technical Services Director

The current version of the District’s Water Transmission Main Asset Management Plan (WTMAMP) was adopted by the Board of Directors in August 2011. The primary objectives of the WTMAMP are:

- 1) Provide an inventory of the District’s existing transmission mains in terms of size, type of pipe, and age;
- 2) To discuss a plan for monitoring and testing and potential repair, rehabilitation and/or replacement;
- 3) Identify proposed future transmission mains that would benefit the District and the ability to move water, primarily within the North Service Area (NSA).

An update to the WTMAMP has been initiated, but there is some work remaining to be completed before the report can be finalized.

In addition, during discussion of the District’s updated Water System Master Plan at the March 2017 Board Meeting, it was suggested that an economic analysis be completed to validate the priority of which transmission lines remaining to be completed. This work will be incorporated into the update of the WTMAMP.

The District’s SSA currently has a “Figure 8” backbone transmission system that is very efficient in allowing water to be moved throughout that service area. The backbone system allows for operational flexibility and efficiency. Additionally, this robust capability provides pressure stabilization and supports robust fire flows. For example, in the SSA only two or three of the larger wells are needed to operate during winter months to satisfy the entire demand. The NSA has a disjointed backbone transmission main system. In part, the explanation is that the NSA is comprised of portions of both the former Arcade and Northridge Water Districts, therefore no connectivity was built. An improved backbone transmission main system in the NSA would have the following benefits:

- Improved operational flexibility.
- Ability to better move surface water supplies from east to west within the service area.

- Ability to run fewer wells, and to operate the most efficient wells and/or those with the best water quality. By operating fewer wells, it was estimated, the District can avoid significant expenses of over three million dollars annually.
- Extends the productive life of existing groundwater wells because these wells can be “run to failure” (knowing that water can be supplied to a subarea from a well located in another subarea) which defers the replacement expenses until absolutely needed.
- Improves conjunctive use capabilities by increasing the distribution of wet year surface water supplies.
- Allows the District to be better connected on a regional basis as the hub of neighboring water purveyors providing ratepayers the added reliability from nearly all regional projects.

Currently, the District’s plan for new transmission mains in the NSA was developed during a workshop conducted in late-2016. Near term priorities were established based on several different criteria. The criteria included maximizing surface water use, maximizing groundwater production, and achieving the highest reliability for the ratepayers. The attached map (Exhibit 1) identifies the proposed transmission mains in the NSA.

To optimize the routing and construction of transmission mains in the NSA, the District’s modeling consultant, Brown and Caldwell (B&C), has been asked to provide hydraulic modeling services. The modeling results are anticipated to affirm the sequencing proposed for the short-term improvements.

Once this modeling work is completed, the current update to the WTMAMP will be finalized and returned to the committee before recommending adoption by the Board of Directors.

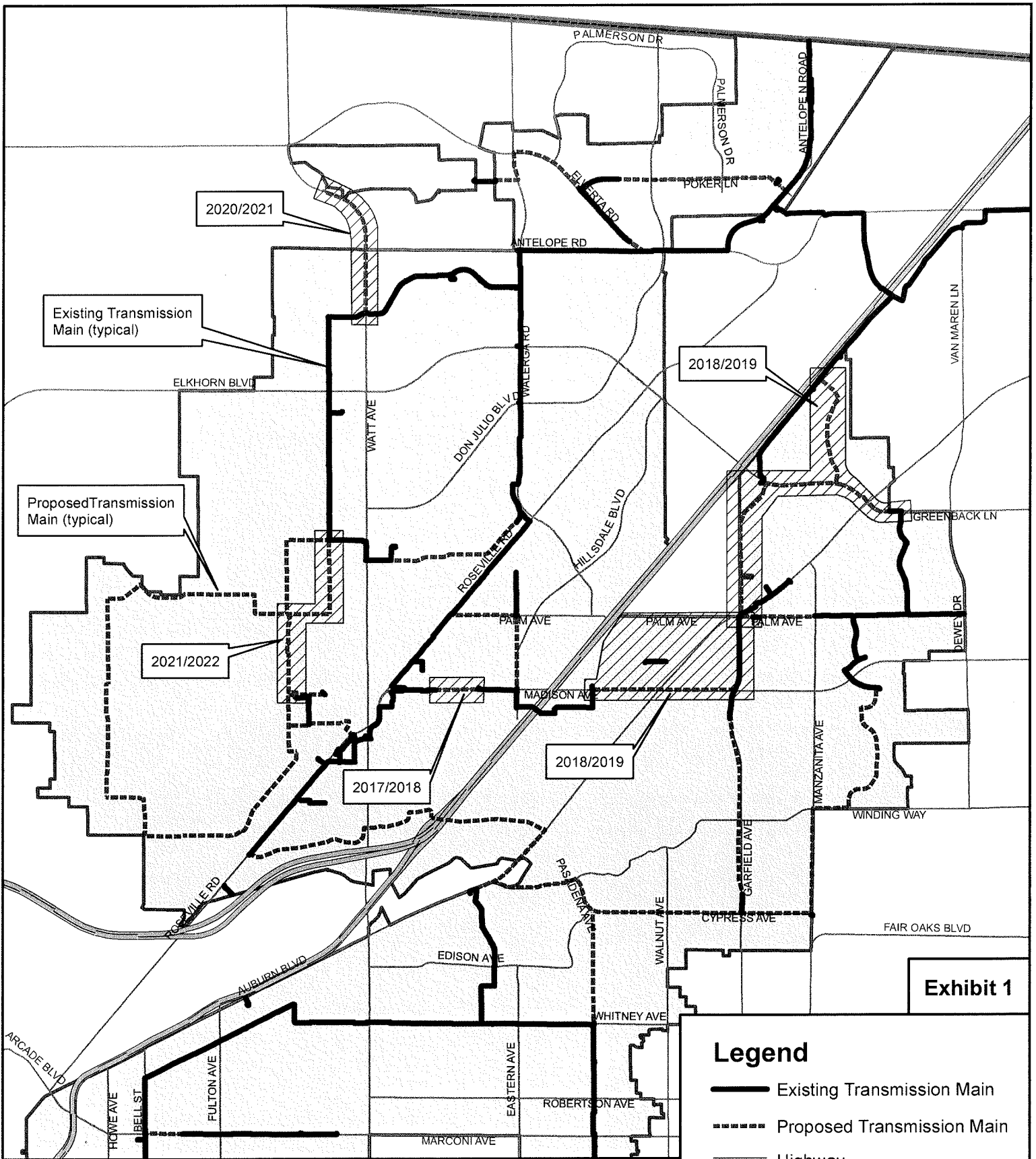
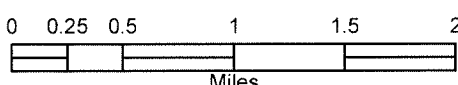


Exhibit 1

Proposed Transmission Main Projects



Scale: No Scale
 Prepared by: JWS, SSWD
 Sacramento, CA - April 11, 2017
 Proposed Transmission Main Projects.mxd

- Legend**
- Existing Transmission Main
 - Proposed Transmission Main
 - Highway
 - Major Road
 - New T-Main Area
 - SSWD Boundary
 - Sacramento County Boundary



Facilities and Operations Committee Agenda Item: 5

Date: April 24, 2017

Subject: Succession Planning

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

Recommended Committee Action:

Receive report on the current status of the District’s Succession Planning efforts due to known and potential retirements, promotions, and general attrition.

Discussion:

As indicated in prior succession plan reports provided to the full Board, the General Manager and Assistant General Manager have focused on filling positions within the organization due to actual retirements and official retirement dates.

Currently there are three vacant positions. Below is the status of each position:

- Distribution Operator I/II – Recruitment advertisement initiated on April 7, 2017. Deadline for submitting applications is May 1, 2017.
- Distribution Operator I/II - Recruitment advertisement initiated on April 7, 2017. Deadline for submitting applications is May 1, 2017.

Currently there are three positions that have officially announced their retirement date:

- Electrical/Instrumentation Technician – Retirement date is May 2, 2017. Recruitment advertising will commence this week.
- Technical Services Director – Retirement date is June 3, 2017. Recruitment advertising for a Senior Engineer will commence the week of May 1, 2017.
- Purchasing Specialist – Retirement date is June 3, 2017. Internal recruitment will commence this week.

There is a potential for the following positions to retire in 2018:

- Human Resource Coordinator
- Administrative Services Manager

Due to approximately 15% of the District's aging workforce eligible to retire within the next two to 10 years, it is facing an unprecedented challenge. The District must begin to formulate a succession strategy to address the departure of critical infrastructure knowledge. As a result of this phenomenon, the District's leadership is being challenged in the deployment and development of its employee base for business continuity. With the potential loss of critical institutional knowledge and skills, an improved way to prepare individuals for future roles and responsibilities is clearly needed.

Succession planning is a process that will support departments in identifying critical positions, the current and future competencies (i.e., knowledge, skills, and abilities) individuals need to be successful in that position, and assessment of current talent to fulfill those roles to ensure business continuity.

Common succession planning objectives to ensure success of any succession planning effort, the main objectives should include the following:

- Identifying significant District business challenges in the next 1-5 years;
- Identifying critical positions that will be needed to support business continuity;
- Selecting the competencies individuals will need to be successful in positions to meet identified business challenges;
- Developing a pool of talent to step into critical positions; and
- Reviewing potential position vacancies and capturing the knowledge that they possess before departing the District.

In order for a succession planning initiative to be successful for supporting business strategies and goals, the following items should be understood and addressed:

- Succession planning is closely tied to the District's business strategy and goals;
- Executive staff should be vested in the process to ensure its success;
- Development of key talent is clearly defined, focused, and managed throughout the process; and
- Employees understand what their role is in the process and know what is expected of them.

One of the key components of succession planning is there is no pre-selection or pre-positioning of promotional opportunities. Employees are selected for positions based on their qualifications and experience. It is understood in succession planning efforts that there is no determination of who will succeed any given person and no decision will be made until all qualified candidates are provided an equal opportunity to apply for and be considered for an open position. It is the District's intent to utilize all efforts to replace a vacant position with the best possible candidate, whether that is internal or external.

Fiscal Impact:

None.

Strategic Plan Alignment:

Customer Service – 3.A. Operate in an open and public manner.

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

Succession planning is instrumental in meeting the needs of the District and its customers in filling vacancies and providing an overlap to facilitate the exchange of institutional knowledge.