

Agenda

Sacramento Suburban Water District Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, November 20, 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.

Call to Order

Pledge of Allegiance

Roll Call

Announcements

Public Comment

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

Consent Items

The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, 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 October 16, 2017 Regular Board Meeting
Recommendation: Approve subject minutes.

2. Training and Career Development Policy (PL - HR 004)
Recommendation: Adopt subject policy.

Items for Discussion and Action

3. Workplace Dishonesty Policy (PL - Adm 006)
Recommendation: Adopt subject policy.
4. Addendum to the Initial Study/Mitigated Negative Declaration for the Well N6A – Palm Project
Receive written staff report and direct staff as appropriate.
5. Association of California Water Agencies (ACWA) Officer Elections, Changes to the Bylaws, and Designate the Voting Representative
Receive written staff report and direct staff as appropriate.
6. 2018 Budget and 2019 Forecast – Third Draft & Reserve Policy (PL – Fin 004)
Adopt 2018 Budget and 2019 Inaugural CIP Budget as presented.

Information Items

7. Chromium 6 Court Complaint Update
8. Water Rate Increase History of Surrounding Purveyors – 3/4” Connection
9. McClellan Business Park Successor Agreement Update
10. Fixed Network Meter Reading Report
11. Drive-By Legacy Meter Reading Report
12. 5073 Shell Street Water Main Leak
13. Environmental Review for Well 78 – Butano/Cottage Project
14. Biannual Groundwater Elevations Report
15. Long Term Warren Act Contract Update
16. New Other Post Employment Benefit (OPEB) Valuation
17. Legislative and Regulatory Update
18. Upcoming Water Industry Events

19. 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
20. Engineering Report
 - a. Major Capital Improvement Projects
 - b. County and City Projects/Coordination
 - c. Developer Projects
 - d. Planning Studies
 - e. Other
21. General Manager's Report
 - a. Grant of Easement and Right of Way at 2928 and 2930 Eastern Avenue
 - b. Cal WaterFix Update
 - c. Del Paso Manor Water District
22. Financial Report
 - a. Financial Statements – October 2017
 - b. Cash Expenditures – October 2017
 - c. Credit Card Expenditures – October 2017
 - d. District Reserve Balances – October 2017
 - e. Information Required by Bond Agreement

23. Upcoming Policy Review
 - a. Claims Processing Policy (PL – Adm 007)
 - b. Capital Asset Policy (PL – Fin 002)

Committee Reports

24.
 - a. Facilities and Operations Committee (Director Schild)
No report.
 - b. Finance and Audit Committee (Director Thomas)
No report.
 - c. Water Quality Committee (Director Wichert)
Minutes from the October 16, 2017 Meeting.
 - d. Government Affairs Committee (Director Locke)
No report.
 - e. Ad Hoc Water Banking and Transfer Committee (Director Schild)
No report.
 - f. Ad Hoc Selection Committee (Director Wichert)
No report.
 - g. Ad Hoc Process Committee (Director Wichert)
No report.
 - h. Ad Hoc Compensation Committee (Director Schild)
No report.

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

25.
 - a. Regional Water Authority (Director Thomas)
Agenda from the November 9, 2017 Meeting.

Regional Water Authority Executive Committee (General Manager Roscoe)
Agenda from the October 25, 2017 Meeting.
 - b. Sacramento Groundwater Authority (Director Schild)
No report.

- c. Water Caucus Meeting
No report.
- d. Water Forum Successor Effort (General Manager Roscoe)
No report.
- e. Other Reports

Miscellaneous Correspondence and General Information

- 26. Correspondence received by the District

Director’s Comments/Staff Statements and Requests

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

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

- 27. Conference to provide District’s labor negotiator, Robert Wichert, with direction concerning changes to existing General Manager’s compensation and benefits and proposed compensation and benefits for new General Manager; Government Code sections 54954.5(f) and 54957.6.
- 28. Public employee appointment involving the position of General Manager; Government Code sections 54954.5(e) and 54957(b)(1).

Open Session

- 29. General Manager Employment Agreements
The Board will consider amending the existing General Manager’s employment agreement and consider approving an employment agreement with the new General Manager (prior to the Board’s consideration of each agreement, the Board President will provide a summary of proposed changes to the existing General Manager’s agreement and the terms of the new General Manager’s agreement).

Adjournment

Upcoming Meetings

December 11, 2017 at 3:30 p.m., Facilities and Operations Committee Meeting

Monday, December 18, 2017 at 3:00 p.m., Water Quality Committee Meeting

Monday, December 18, 2017 at 6:30 p.m., Regular Board Meeting

SSWD Regular Board Meeting Agenda

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I certify that the foregoing agenda for the November 20, 2017 meeting of the Sacramento Suburban Water District Board of Directors was posted by November 16, 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

ITEM 1

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, October 16, 2017

Call to Order

President Wichert called the meeting to order at 6:30 p.m.

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Roll Call

Directors Present: Dave Jones, Craig Locke, Kevin Thomas and Robert Wichert.

Directors Absent: Neil Schild.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Lynne Yost, Dana Dean, David Espinoza, James Arenz, David Armand, Matt Underwood and Wayne Scherffius.

Public Present: John Valdes, William Eubanks, Avery Wiseman, Paul Helliker, Jim DeHart, Lance Salisbury and Doug Brown.

Announcements

President Wichert announced the selection of Dan York (AGM York) as the new District General Manager and that the Board was working with AGM York in finalizing a contract for the General Manager position.

AGM York announced that GM Roscoe received the ASCE's Lifetime Achievement Award.

General Manager Robert Roscoe (GM Roscoe) announced:

- That at the dais, there were three HR forms to be completed by Directors;
- The RWA Legislative Process Workshop on October 27th 8:30am – 10am, at RWA;
- The District received a certificate of achievement for excellence in financial reporting for the 2016 comprehensive annual financial report from the Government Finance Officers Association;
- A Grant Reimbursement check for money from a Proposition 84 Implementation Grant was received for the Coyle and Rutland Pump Station Projects;
- The District received the 2017 Sacramento Area Sustainable Business of the Year Award.

Public Comment

Paul Helliker commented that AGM York was very helpful with assisting in San Juan Water District's strategic plan development workshop, and that he was looking forward to working with AGM York in his new position in the future.

Consent Items

1. **Minutes of the September 18, 2017 Regular Board Meeting**
2. **Minutes of the September 26, 2017 Special Board Meeting**
3. **Minutes of the September 27, 2017 Special Board Meeting**
4. **Minutes of the October 9, 2017 Special Board Workshop**
5. **Minutes of the October 10, 2017 Special Board Meeting**
6. **Records Inspection, Retention and Disposal Policy (PL - Adm 002)**
7. **Employee Performance Evaluation, Merit and COLA Policy (PL - HR 003)**
8. **2017 Audit Engagement Letter and Contract**

Director Locke moved to approve all Consent Items; Director Jones seconded. The motion passed by unanimous vote.

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

Items for Discussion and Action

9. **Resolution No. 17-15 Honoring John E. Valdes on His Retirement**
GM Roscoe presented the staff report.

President Wichert recited the Resolution.

Director Thomas moved to approve the Resolution; Director Locke seconded. The motion passed by unanimous vote.

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

John Valdes appreciated the Resolution and thanked the Board and staff.

10. **Resolution No. 17-13 Authorizing the Extension of a Letter of Credit in Connection with its Outstanding 2009A Certificates of Participation, and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters**
Dan Bills presented the staff report.

Doug Brown offered to answer any questions.

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

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

11. 2018 Budget and 2019 Forecast – Third Draft & Reserve Policy (PL – Fin 004)

President Wichert recommended deferring the Item to the November regular Board meeting as Director Schild was not present.

GM Roscoe requested if Directors had any changes that they knew of so staff could include them in the report for the November regular Board meeting, to please let staff know.

President Wichert noted that he would like to see specific staff proposed projects to cut from the budget. He proposed cutting special projects including parcels for future well sites.

Director Jones expressed that he was surprised to hear President Wichert propose cutting parcel purchases as he stated that it was the first necessary step for developing new well sites and potential to tie into transmission lines.

President Wichert moved to table the Item until the November regular Board meeting; Director Thomas seconded.

William Eubanks (Mr. Eubanks) withdrew his comment.

The motion passed by unanimous vote.

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

12. A Day in the Life of Engineering

Dana Dean (Mr. Dean) presented the staff report.

Director Thomas inquired how the interns were working out and what projects they were working on.

Mr. Dean answered that the interns were performing well and that there were several different projects assigned to them.

President Wichert noted that there was work performed recently on his street and that all neighborhood requests were accommodated and that staff and contractors did a great job. He further noted that all was left clean, tidy, and even better than when they started.

13. Rules for Proceeding of the Board of Directors

a. Resolution No. 17-11 Amending Policy PL – BOD 002, Rules for Proceedings of the Board of Directors - Changing the Regular Board Meeting Time to 6:00p.m.

b. Rules for Proceeding of the Board of Directors Policy (PL – BOD 002)

GM Roscoe presented the staff report.

Lance Salisbury (Mr. Salisbury) expressed that he too had a great experience with the District, noting that work was performed on his street as well, and he was very happy with the results.

He further commented that he opposed the change in Board meeting time as it would be too difficult to get to the meeting earlier than 6:30 p.m.

President Wichert expressed that he was opposed to changing the time as well.

Director Locke recommended the time change and further suggested deferring particular agenda Items if a member of the public communicated in advance to staff that they would be late to the meeting and wanted to discuss that particular Item.

Mr. Salisbury expressed that the solution suggested would satisfy his concerns.

GM Roscoe noted that staff could post on the website standard language regarding the suggestion.

Director Locke moved to change the time to 6:00 p.m. effective January 2018 adding language to the website, letting members of the public know if they wish to speak on an Item at the meeting, and if they are unable to make the meeting at the start time, to contact staff with their request. He further moved to approve amending the Policy to reflect the time change; Director Thomas seconded. The motion passed by 3-1 vote.

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

14. Ethics Policy (PL – BOD 004)

AGM York presented the staff report.

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

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

15. **Sacramento LAFCo Elections of Special District Commissioner and Alternate Special District Commissioner**

GM Roscoe presented the staff report.

President Wichert moved to vote for two incumbents. The motion died for a lack of a second.

Director Thomas was opposed to voting for Gay Jones and instead inquired about Senica Gonzalez.

Director Thomas moved to vote for Paul Green and leave the other spot open; Director Locke seconded. The motion passed by unanimous vote.

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

Information Items

16. **Chromium 6 Court Complaint Update**

AGM York provided a brief summary on the status of the Item.

17. **District Activity Report**

A written report was provided.

a. Water Operations and Exceptions Report

A written report was provided.

b. Water Conservation and Regional Water Efficiency Program Report

A written report was provided.

c. Customer Service Report

A written report was provided.

d. Community Outreach Report

A written report was provided.

18. **Engineering Report**

A written report was provided.

Director Jones inquired on the In Hydro conduit project.

Jim Arenz expressed that staff was in discussions with both the vendor and SMUD regarding the issue.

Director Thomas expressed that he had a meeting scheduled regarding grant money for the project.

President Wichert expressed an interest in attending the meeting with Director Thomas.

a. Major Capital Improvement Projects

A written report was provided.

b. County and City Projects/Coordination

A written report was provided.

c. Developer Projects

A written report was provided.

d. Planning Studies

A written report was provided.

e. Other

A written report was provided.

19. Financial Report

Mr. Bills provided a summary of the staff report.

a. Financial Statements – September 2017

A written report was provided.

b. Investments Outstanding and Activity Quarterly Report

A written report was provided.

c. Cash Expenditures – September 2017

A written report was provided.

d. Credit Card Expenditures – September 2017

A written report was provided.

e. Directors Compensation and Expense Accounting Quarterly Report

A written report was provided.

f. Market Report Yields – January 2011 through August 2017

A written report was provided.

g. District Reserve Balances – September 2017

A written report was provided.

h. Information Required by Bond Agreement

A written report was provided.

20. Financial Markets Quarterly Report

A written report was provided; Mr. Bills provided a brief summary.

21. Year-to-Date Interest Expense Quarterly Report

A written report was provided; Mr. Bills provided a brief summary.

22. Water Rate Increase History of Surrounding Purveyors

Mr. Eubanks inquired about the variable-rate (ccf) charges for the different water purveyors. He suggested not including the charges, as it was confusing.

Mr. Bills provided clarification on how the report was calculated stating that as some districts include covering significant costs in their variable-rate pricing it is important to include such costs.

Avery Wiseman (Mr. Wiseman) expressed his dissatisfaction with the report noting that he didn't agree with the numbers presented.

President Wichert inquired how the District compared to the other water purveyors whose standard rate was based on a ¾ inch.

Mr. Bills expressed that he would bring President Wichert's request back in November.

23. McClellan Business Park Successor Agreement Update

A written report was provided; AGM York provided a brief update.

24. ACWA Region Election Results

A written report was provided.

25. AMI/AMR Update

A written report was provided. Matt Underwood (Mr. Underwood) provided a brief summary of the report and strongly expressed staff's concerns with, among other things, change of company ownership, failure rates with both AMI and AMR systems, and factory delivery issues.

President Wichert inquired how many AMI meters were not reading.

GM Roscoe expressed that staff would report back on that number.

Mr. Underwood stated he would provide future updates on the subject issue.

26. **Maintenance Schedule for District Properties**
A written report was provided; Mr. Underwood provided a brief summary of the report.
27. **Palm Well Site Issue Update**
A written report was provided; David Espinoza provided a brief summary of the report.
28. **Well Efficiency Testing Annual Report**
A written report was provided; Mr. Underwood provided a brief summary of the report.
29. **Update on the August 2017 Unplanned Discharge to Chicken Ranch Slough**
A written report was provided; GM Roscoe provided a brief summary of the report.
30. **CIP Projects Quarterly Report**
A written report was provided; Mr. Dean provided a brief summary of the report.
31. **Human Resources and Succession Plan Quarterly Report**
A written report was provided.
32. **Legislative and Regulatory Update**
A written report was provided.
33. **General Manager's Report**
A written report was provided; GM Roscoe provided a brief summary of the report.
 - a. *City of Sacramento Wholesale Water Rates and 9,023 af of Area D Water*
A written report was provided.
 - b. *Regional Partnership – Groundwater Banking*
A written report was provided.
 - c. *Cal WaterFix Update*
A written report was provided.
 - d. *2017 Premium Only Plan (POP) Discrimination Testing Results*
A written report was provided.
 - e. *Long Term Warren Act Contract*
A written report was provided.
34. **Upcoming Policy Review**
 - a. Workplace Dishonesty Policy (PL – Adm 006)
A written report was provided. Directors' comments are due by November 6, 2017.
 - b. Training and Career Development Policy (PL – HR 004)
A written report was provided. Directors' comments are due by November 6, 2017.

35. **Upcoming Water Industry Events**

A written report was provided.

Committee Reports

36. a. Facilities and Operations Committee (Director Schild)
The minutes from the October 4, 2017 Meeting were provided.
- b. Finance and Audit Committee (Director Thomas)
The minutes from the October 2, 2017 Meeting were provided.
- c. Water Quality Committee (Director Wichert)
The agenda for the October 16, 2017 Meeting was provided.
- d. Government Affairs Committee (Director Locke)
No report.
- e. Ad Hoc Water Banking and Transfer Committee (Director Schild)
No report.
- f. Ad Hoc Selection Committee (Director Wichert)
No report.
- g. Ad Hoc Process Committee (Director Wichert)
No report.
- h. Ad Hoc Compensation Committee (Director Schild)
No report.

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

37. a. Regional Water Authority (Director Thomas)
Director Thomas and Director Jones provided oral reports of the meeting.

Regional Water Authority Executive Committee (General Manager Roscoe)
The agenda for the September 27, 2017 Meeting was provided.
- b. Sacramento Groundwater Authority (Director Schild)
The agenda for the October 12, 2017 Meeting was provided.
- c. Water Caucus Meeting
The agenda for the October 11, 2017 Meeting was provided.
- d. Water Forum Successor Effort (General Manager Roscoe)
No report.

e. Other Reports

Director Jones provided an oral report on his meeting with the General Manager on September 22, 2017 and on the Carmichael Founders Day Event that he attended on September 30, 2017.

Director Thomas provided oral reports on his meeting with AGM York on September 29, 2017; the Carmichael Founders Day Event that he attended on September 30, 2017; and his meeting with the Finance Director on October 6, 2017.

Miscellaneous Correspondence

38. **Correspondence received by the District was provided.**

Director's Comments/Staff Statements and Requests

None.

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

The Board did not convene into closed session to discuss the following:

39. Public employee appointment involving the position of General Manager; Government Code sections 54954.5(e) and 54957(b)(1).
40. Conference to provide District's labor negotiator, Robert Wichert, with direction concerning changes to General Manager's compensation and benefits; Government Code sections 54954.5(f) and 54957.6.

Adjournment

President Wichert adjourned the meeting at 8:25 p.m.

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



Agenda Item: 2

Date: November 7, 2017

Subject: Training and Career Development Policy (PL – HR 004)

Staff Contact: Lynne Yost, Human Resources Coordinator

Recommended Board Action:

Approve the updated Training and Career Development Policy (PL – HR 004).

Discussion:

Included with this report is the Training and Career Development Policy (PL – HR 004) in redline version for the Board’s final review and approval. The policy was originally adopted by the Board in November 2003 and last revised in December 2015.

Staff is recommending the Board approve one change to this policy, which is to remove “prior to attending” in the last paragraph of Section 300.00. Since the word “pre-approve” is already included in this sentence, additional descriptor language is redundant. Staff has no other recommended changes.

The policy was submitted to the Board last month as an information item. Comments from Directors were requested by November 6, 2017; none were received. The policy was not submitted to legal counsel for review.

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.

District customers benefit from having a uniform and consistent program for effective employee training and career development. Customers also benefit from having a policy that reminds employees that developing and promoting a positive organization image is essential to District operations.

Sacramento Suburban Water District

Training and Career Development Policy

Effective: November 17, 2003

Revised: ~~September 19, 2005~~; October 15, 2007; November 21, 2011; December 21, 2015;
November XX, 2017**100.00 Purpose of the Policy**

The purpose of this policy is to establish a uniform and consistent program to provide District-wide training and career development for its employees. This policy also serves as a guide to promote and conduct training and educational activities that provide for the employee's personal growth, enhance job skills and encourage positive professional behavior. This policy reminds employees that developing and promoting a positive organization image is essential to the District's future operations.

200.00 Policy

The District will provide all of its employees a program of continuous training and career development that is tailored to their position, meets District goals, complies with all legal and regulatory requirements, and promotes professional enrichment. The District also promotes and encourages employees to participate in educational activities to increase employee job proficiency and improve work force stability. This policy is expected to enhance the District's ability to retain and attract outstanding employees.

300.00 Authority and Responsibility

The General Manager or his/her designee is authorized and responsible for establishing a training program that a) provides all employees who require a license or certificate to perform critical District functions an opportunity to earn or maintain such a license or certificate, and b) provides an opportunity for employees to complete other mandatory training. The General Manager or his/her designee will pre-approve all mandatory training courses; fees and related expenses will be paid by the District.

The General Manager is further authorized to establish career development programs and pre-approve ~~prior to attending~~ all non-mandatory training courses and programs that will enhance employee skills in accordance with the District's mission statement, values, goals and principles; fees, tuition and related expenses will be paid by the District as determined and approved by the General Manager.

400.00 Policy Review

This Policy will be reviewed at least biennially.



Agenda Item: 3

Date: November 13, 2017

Subject: Workplace Dishonesty Policy (PL - Adm 006)

Staff Contact: Dan York, Assistant General Manager

Recommended Board Action:

Approve District Policy PL - Adm 006, Workplace Dishonesty Policy, attached as Exhibit 2.

Discussion:

As presented at the October 16, 2017 Board of Directors meeting, the Workplace Dishonesty Policy had its last biennial review in December 2015. The policy was presented at the October 16th meeting along with a staff request for any comments from the Board by November 6, 2017.

Staff is recommending the following changes to the policy, attached as Exhibit 1:

200.10, Prohibited Conduct and Activities, 1: Replace "Policies and Procedures Manual" with "Handbook".

Director Schild is recommending the following changes to the policy:

- 1) Section 200.10 Prohibited Conduct and Activities, 5: Add "reimbursement for work" to the sentence that now reads "Authorizing reimbursement for work or receiving payment for goods not received by or services not performed for the District".
- 2) Section 200.10 Prohibited Conduct and Activities, 6: Add "issued by the District" and "personal use or" to the sentence that now reads "Using a computer issued by the District for unauthorized personal use or alteration, destruction, forgery, or manipulation of District data or misappropriation of District-owned software".
- 3) Section 200.10 Prohibited Conduct and Activities, 8: Replace "substantial" with "any" to the sentence that now reads "Falsifying time records or expense reports or conducting any personal business on District time".

Regarding Director Schild's first comment, staff is unclear on what "reimbursement for work" means in the context of the sentence. The purpose of the sentence is to prohibit an employee from 1) either authorizing payment for goods or services not received, or, 2) having an employee receive payment for goods or services not provided. This is basically the "no bribes" rule. Staff

is happy to discuss the purpose of the proposed new language. Lacking additional information, staff believes the additional verbiage is potentially confusing to the basic tenet of the “no bribes” rule.

Regarding Director Schild’s second comment, staff concurs with the suggested edit as it clarifies and amplifies the prohibition.

Regarding Director Schild’s third comment, to replace “substantial” with “any” related to conducting personal business on District time, staff disagrees. It must be recognized that there are times when an employee must take a personal phone call while employed with the District. Common examples include, but are not limited to: calls from personal or family physicians or calls from schools regarding a child’s health r accident. Employees must be able to list an emergency contact number for a variety of potential reasons so they can be reached at any time. The prohibited activity must allow the General Manager to exercise a modicum of discretion as to the frequency, duration and impact on District workflow. Note the modifying word “substantial” in the current policy only applies to conducting personal business and does not apply to falsifying time records or expense reports, which should never be allowed.

Staff is concerned about the potential creation of a hostile work environment should the suggested language be adopted. In addition, staff believes such a change would be counterproductive to the District’s ability to enforce this policy against an employee who does abuse the prohibited conduct of conducting substantial personal business on District time. All such an offender would have to demonstrate in that another employee took a single emergency call, violated the same prohibition, but was not being similarly disciplined or discharged.

Staff would welcome a discussion regarding the modifier “substantial” but strongly recommends that the Board recognize that District employees have obligations outside of work and there are legitimate times when they must respond to non-work emergency events during normal work hours. Staff recommends the policy retain qualifying language that allows the General Manager discretion to enforce abuses of the “no personal business” rule.

The recommended edits are shown in Exhibit 1.

Fiscal Impact:

None.

Strategic Plan Alignment:

Finance – 4.A: Monitor District operations through internal control procedures, documentation and such other processes necessary to ensure effective financial performance.

This policy is good for District customers as it assists in ensuring that the District’s is safeguarded against dishonest conduct and protects from retaliation persons who report possible dishonest conduct at any level of the organization in order to promote full and prompt disclosure of such activities, which could result in monetary costs/losses.

EXHIBIT 1

Sacramento Suburban Water District

Workplace Dishonesty Policy

Adopted: December 17, 2007

Revised: December 21, 2009; November 21, 2011; December 16, 2013; December 21, 2015;
November 20, 2017**100.00 Purpose of the Policy**

The purpose of this policy is to inform directors, officers, employees and those doing business with the District of the types of workplace conduct that are considered dishonest, to direct the General Manager to establish and maintain a system of internal controls to prevent and detect dishonest conduct, to authorize the General Manager to establish appropriate procedures for reporting and investigating alleged dishonesty in the workplace or connected to the District, to provide for appropriate sanctions in cases where dishonest conduct or activities are established, and to protect from retaliation directors, officers, employees and other persons who report such conduct or activities.

200.00 Policy

The District expects that all directors, officers, employees, agents, vendors, volunteers or other persons connected to the District will adhere to the strictest standards of honest conduct and will treat District property with the same respect required for all public property. It is the District's express policy that all allegations of workplace or other District-related dishonesty will be promptly and fully investigated and if dishonest conduct is established, to take action as appropriate to discipline the dishonest person or persons and to pursue appropriate civil and criminal legal remedies. To ensure that the District's property is safeguarded against dishonest conduct, the District will establish and maintain appropriate procedures and internal controls to promptly detect workplace or other District-related dishonesty and take appropriate disciplinary action against any individuals so involved. It also is the District's policy to protect from retaliation persons who report possible dishonest conduct to activities to any level of the organization in order to promote full and prompt disclosure of such activities ("Whistleblower Protection").

200.10 Prohibited Conduct and Activities

Dishonesty, fraud, corruption, and other deceitful acts prohibited under this Policy include:

1. Claiming reimbursement of expenses that are not job-related or authorized by the District's Employee Handbook~~Policies and Procedures Manual~~ and other employment policies.
2. Committing forgery or unauthorized alteration of any District document (for example: invoices, receipts, checks, wire and Automated Clearing House (ACH) transfers, time sheets, independent contractor agreements, purchase orders, invoices, receipts, petty cash documents or budgets).
3. Misappropriating District assets (for example, money, District-issued credit cards, securities, supplies, furniture, equipment or labor).
4. Committing improprieties in the handling or reporting of money, material, labor or accounting transactions.
5. Authorizing ~~reimbursement for work~~ or receiving payment for goods not received by or services not performed for the District.
6. Using a computer issued by the District for unauthorized personal use or alteration, destruction, forgery, or manipulation of District data or misappropriation of District-owned software.
7. Misrepresenting information on District-related documents.
8. Falsifying time records or expense reports or conducting substantial ~~any substantial~~ personal business on District time.
9. Violating federal, state, or local laws related to any form or type of dishonest conduct or activities.
10. Seeking or accepting bribes, gratuities, or other consideration of material value from those doing business with the District including customers, vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the Political Reform Act of 1974 (Gov't Code sections 87000 et seq.), regulations of the Fair Political Practices Commission (2 Cal. Admin. Code Sections 18100 et seq.), and any amendments to the Act or regulations.
11. Any other type of dishonest, fraudulent, corrupt, or deceitful conduct in violation of any District policy or of any federal, state or local law or regulation.

200.20 Investigation of Fraud

The District will fully investigate all allegations of dishonest conduct. A thorough and objective investigation will be conducted regardless of the position, title, tenure, or relationship with the District of any director, officer, employee, agent, vendor, volunteer or other person who might be involved in or becomes the subject of such investigation.

The General Manager, with appropriate assistance from management staff and District legal counsel, will apply appropriate procedures for investigating all allegations of dishonest conduct by any director, officer, employee, agent, vendor, volunteer or other party connected to the District. Typically, the Assistant General Manager, Finance Director or a department head will be assigned to conduct an investigation once the subject matter of the investigation and the nature of the alleged dishonest conduct have been determined. At the General Manager's discretion, investigations of criminal conduct may be referred to the appropriate prosecutorial or law enforcement officials for investigation.

Directors of the District shall have full authority to investigate allegations of dishonest conduct against the General Manager.

The District will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of any losses suffered by the District that are caused by or connected to dishonest conduct prohibited by this Policy.

300.00 Establishment of Internal Controls

The General Manager or his/her designee is directed to establish and maintain a system of internal controls to prevent and detect fraud, misappropriation of District resources and other dishonest conduct affecting the District, and to institute systems that help the District to promptly identify any indications of such misconduct.

400.00 Reporting Dishonest Acts or Conduct – Whistleblower Protection

No director, officer or employee shall directly or indirectly retaliate or cause retaliation to occur against any director, officer, employee or person doing business with the District who reports alleged dishonesty, who is accused of dishonesty, or who is involved in the investigation of alleged dishonesty. Retaliation is itself is a form of dishonesty. Retaliation includes a director's, officer's, employee's, vendor's or consultant's use of his or her authority or influence for the purpose of intimidating, threatening, coercing, commanding, or influencing another such person to refrain from filing a good faith report of dishonesty or otherwise bringing to the attention of a supervisor, the General Manager or the Board any information that, if true, would constitute a dishonest act or conduct. Upon receiving a report of retaliation, the

General Manager or Board of Directors shall promptly investigate the report in accordance with Section 350.00.D. of the District's Ethics Policy (PL-BOD 004) or Workplace Dishonesty Procedure (PR - Adm 004), whichever is applicable.

500.00 Policy Review

This policy shall be reviewed at least biennially.

EXHIBIT 2

Sacramento Suburban Water District

Workplace Dishonesty Policy

Adopted: December 17, 2007

Revised: December 21, 2009; November 21, 2011; December 16, 2013; December 21, 2015;
November 20, 2017

100.00 Purpose of the Policy

The purpose of this policy is to inform directors, officers, employees and those doing business with the District of the types of workplace conduct that are considered dishonest, to direct the General Manager to establish and maintain a system of internal controls to prevent and detect dishonest conduct, to authorize the General Manager to establish appropriate procedures for reporting and investigating alleged dishonesty in the workplace or connected to the District, to provide for appropriate sanctions in cases where dishonest conduct or activities are established, and to protect from retaliation directors, officers, employees and other persons who report such conduct or activities.

200.00 Policy

The District expects that all directors, officers, employees, agents, vendors, volunteers or other persons connected to the District will adhere to the strictest standards of honest conduct and will treat District property with the same respect required for all public property. It is the District's express policy that all allegations of workplace or other District-related dishonesty will be promptly and fully investigated and if dishonest conduct is established, to take action as appropriate to discipline the dishonest person or persons and to pursue appropriate civil and criminal legal remedies. To ensure that the District's property is safeguarded against dishonest conduct, the District will establish and maintain appropriate procedures and internal controls to promptly detect workplace or other District-related dishonesty and take appropriate disciplinary action against any individuals so involved. It also is the District's policy to protect from retaliation persons who report possible dishonest conduct to activities to any level of the organization in order to promote full and prompt disclosure of such activities ("Whistleblower Protection").

200.10 Prohibited Conduct and Activities

Dishonesty, fraud, corruption, and other deceitful acts prohibited under this Policy include:

1. Claiming reimbursement of expenses that are not job-related or authorized by the District's Employee Handbook and other employment policies.
2. Committing forgery or unauthorized alteration of any District document (for example: invoices, receipts, checks, wire and Automated Clearing House (ACH) transfers, time sheets, independent contractor agreements, purchase orders, invoices, receipts, petty cash documents or budgets).
3. Misappropriating District assets (for example, money, District-issued credit cards, securities, supplies, furniture, equipment or labor).
4. Committing improprieties in the handling or reporting of money, material, labor or accounting transactions.
5. Authorizing or receiving payment for goods not received by or services not performed for the District.
6. Using a computer issued by the District for unauthorized personal use or alteration, destruction, forgery, or manipulation of District data or misappropriation of District-owned software.
7. Misrepresenting information on District-related documents.
8. Falsifying time records or expense reports or conducting substantial personal business on District time.
9. Violating federal, state, or local laws related to any form or type of dishonest conduct or activities.
10. Seeking or accepting bribes, gratuities, or other consideration of material value from those doing business with the District including customers, vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the Political Reform Act of 1974 (Gov't Code sections 87000 et seq.), regulations of the Fair Political Practices Commission (2 Cal. Admin. Code Sections 18100 et seq.), and any amendments to the Act or regulations.
11. Any other type of dishonest, fraudulent, corrupt, or deceitful conduct in violation of any District policy or of any federal, state or local law or regulation.

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Directors of the District shall have full authority to investigate allegations of dishonest conduct against the General Manager.

The District will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of any losses suffered by the District that are caused by or connected to dishonest conduct prohibited by this Policy.

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General Manager or Board of Directors shall promptly investigate the report in accordance with Section 350.00.D. of the District's Ethics Policy (PL-BOD 004) or Workplace Dishonesty Procedure (PR - Adm 004), whichever is applicable.

500.00 Policy Review

This policy shall be reviewed at least biennially.



Agenda Item: 4

Date: October 31, 2017

Subject: Addendum to the Initial Study/Mitigated Negative Declaration for the Well N6A – Palm Project

Staff Contact: David Espinoza, P.E., Senior Engineer

Recommended Board Action:

Adopt an Addendum to the Initial Study/Mitigated Negative Declaration (Addendum) for the Well N6A – Palm project.

Discussion:

In August of 2016 the Board approved and adopted the Initial Study/Mitigated Negative Declaration (IS/MND) for the Well N6A – Palm project. Based on the findings in the Initial Study, as prepared by Luhdorff & Scalmanini Consulting Engineers, and after conducting a Public Hearing to receive any further public comments on the proposed project, a Mitigated Negative Declaration (MND) was adopted for this project to meet the District's obligation under the California Environmental Quality Act (CEQA).

Since the adoption of the IS/MND document in 2016, manganese was discovered in the newly constructed well at concentrations above the Secondary Maximum Contaminant Level (SMCL). To address the manganese issue, the design of the well site was modified to include a treatment plant to reduce manganese content to below the SMCL.

Primary project changes addressed by the Addendum are the new treatment plant, a soundwall on the property line adjacent to a residential parcel to mitigate sound from the plant and provide a visual screen, and expansion of paved area for added operation flexibility.

The analysis and research presented in the Addendum has a narrow focus on the treatment plant and the site expansion only. The well drilling and pump station construction has already been reviewed and the impacts have been addressed by the IS/MND which was adopted by the Board in 2016.

It is recommended that the Board adopt the Addendum (see attached Exhibit 1) for this project.

The new facility will be constructed in compliance with current guidelines and standards of the State Water Resources Control Board's Division of Drinking Water, County of Sacramento Health Department, and American Water Works Association.

Fiscal Impact:

The fiscal impact created for manganese treatment capital cost (engineering and construction) alone is estimated to be approximately \$600,000; and does not include costs for the other pump station facilities and ongoing operational costs.

Strategic Plan Alignment:

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

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

Facilities and Operations – 2.B. Monitor and improve the District’s efficiencies in operating and maintaining system infrastructure.

District customers will benefit as the proposed project will provide water source reliability by replacing the previous production well infrastructure that had outlived its useful life.

**CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)
ADDENDUM TO THE
PALM PRODUCTION WELL (#N6A) and PUMPING PLANT
(SCH#2016072009) FOR A
MANGANESE TREATMENT PLANT
October 2017**

1.0 PROJECT INFORMATION

Project Title: Palm Production Well (#N6A) – Manganese Treatment Plant

Lead Agency Name and Address: Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Contact Person and Phone Number: Robert S. Roscoe, P.E.
General Manager
(916) 972-7171

Project Location: The project site is located at 5562 Palm Avenue near the intersection of Auburn Boulevard and Garfield Avenue, Sacramento County

2.0 INTRODUCTION

This document serves as an Addendum to the California Environmental Quality Act (CEQA) Initial Study/Mitigated Negative Declaration (IS/MND) for the Sacramento Suburban Water District (District) Palm Production Well (#N6A) and Pumping Plant Project (SCH#2016072009). The District adopted the IS/MND for the Project in August 2016.

The District recently completed Phase 1 of the new Palm production well. The aging well (#N6) was replaced with a new well (#N6A). Upon construction and testing of the new production well, it was identified that a water treatment system is required to remove manganese present in the groundwater produced from the new well. The design and construction of the pump station (Phase 2) is now being modified for the addition of the treatment system which will reduce the manganese levels below the Secondary Maximum Contaminant Level prior to delivery to the water distribution system. This action was not addressed in the adopted IS/MND.

Modifications to the well site will be made to accommodate the manganese treatment removal system. All work will be done within the improved project site with the exception of the proposed Alternative option, discussed below, to expand the improved area of the site for added operational flexibility (Figure 1). The District will evaluate the feasibility of this Alternative in terms of environmental impacts, mitigations, permitting, and costs before deciding on considering the Alternative further.

Pursuant to the provisions of state CEQA Guidelines, the District as the Lead Agency, is charged with the responsibility of deciding whether or not to approve this Addendum for the addition of a manganese treatment plant to the Palm production well (#N6A). An Addendum assesses the related potential environmental impacts that would result from this project change, in comparison to the impact forecast contained in the IS/MND. This Addendum modifies the IS/MND adopted in August 2016. No other changes would occur to the MND. If this Addendum is approved, the action that will be authorized by the District will be the addition of a manganese treatment plant installed in the existing well site footprint or in the Alternative Proposed Expansion Area (Figure 1).

The District's review will examine the environmental analysis associated with the physical changes in the environment from implementing the modified project in comparison to the approved project. This narrow focus is due to the fact that the IS/MND has already addressed the environmental impacts of developing the Palm Production Well (#N6A) and Pumping Plant (SCH#2016072009).

3.0 CEQA REQUIREMENTS FOR AN ADDENDUM

This Addendum has been prepared in accordance with current CEQA Statutes and Guidelines. Section 15164 includes the following procedures for the use of an Addendum:

15164. ADDENDUM TO AN EIR OR NEGATIVE DECLARATION

- (a) The lead agency or responsible agency shall prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred.
- (b) An addendum to an adopted negative declaration may be prepared if only minor technical changes or additions are necessary or none of the conditions described in Section 15162 calling for the preparation of a subsequent EIR or negative declaration have occurred.
- (c) An addendum need not be circulated for public review but can be included in or attached to the final EIR or adopted negative declaration.
- (d) The decision-making body shall consider the addendum with the final EIR or adopted negative declaration prior to making a decision on the project.
- (e) A brief explanation of the decision not to prepare a subsequent EIR pursuant to Section 15162 should be included in an addendum to an EIR, the lead agency's findings on the project, or elsewhere in the record. The explanation must be supported by substantial evidence.

4.0 PROJECT DESCRIPTION

The description below provides the elements of design and construction for a Phase 2 pump station and manganese treatment plant which consist of:

a) **Well Pump and Motor**

A 200 horsepower (HP) deep well submersible pump and motor will be installed with a capacity of 1,500 gallons per minute (gpm). The submersible motor that will be installed submerged in the well was selected to mitigate sound from the motor.

b) **Manganese Removal System (Loprest Water Treatment Company)**

The Loprest manganese removal system consists of a three-cell horizontal filter containing manganese greensand filtration media. Chlorine will be injected in the raw unfiltered water to oxidize the manganese prior to the filter system, and the filter will remove precipitated manganese. The filter will be backwashed regularly to flush out the accumulated manganese solids captured in the filter media. Water used for backwashing comes from the water supply well.

c) **Backwash Tank**

Backwash waste water from the Loprest system will be stored in a 45,000-gallon epoxy-coated bolted steel tank. The tank is used to settle out the manganese solids and recycle water back into the treatment system. After a backwash process the water in the tank will be allowed to settle, allowing solids to fall to the bottom. After sufficient settling time, the clear supernatant will be pumped into the raw water line when the filter is in operation at a rate of 10-percent of total production. A floating suction strainer inside the tank will allow pumping off the top of the water surface in the tank.

d) **Reclaim Pumps**

A vertical in-line centrifugal pump will be mounted next to the tank to pump from the tank suction strainer to the well raw water line. There will be two reclaim pumps, for redundancy. The reclaim pumps will be controlled to limit maximum pumping to 10-percent of production, i.e. 150 gpm.

e) **Sewer Connection and Improvements**

A sanitary sewer service connection will be installed on the site. The sewer connection will be to the Sacramento Area Sanitation District (SASD) collection system. Sewer main improvements within the Palm Avenue right-of-way includes installation of 75 feet of sewer main, sewer manholes, a flusher branch at the road dead-end, and a 6-inch sewer lateral to the well site. The sewer connection will be used for discharges from the backwash tank during periodic cleaning to remove accumulated solids within the tank. The sewer connection will also be used for discharges from a continuous chlorine analyzer required for operation of the filter. The discharges onsite will be pumped to an air gap box that will connect to the sewer service. The air gap box will be located more than 50 feet from the well head to meet sanitary offsets of the well from sewer services.

f) **Required Permits**

Encroachment Permit: The District will require approval by Sacramento County through an encroachment permit for all improvements in the right-of-way. This includes SASD approval for the sewer improvements (sewer lateral, manhole, flusher branch, and sewer mainline extension).

SASD New Service: The District will establish a new commercial service connection with SASD for the regular discharges from the continuous chlorine analyzer.

Temporary Discharge Permit: The District will acquire a Temporary Discharge Permit through the Sacramento Regional County Sanitation District (Regional San) that is required for periodic discharges associated with cleaning of the backwash tank. The permit will be established for one to three-year durations at a time based on the anticipated volume and quality of discharges.

Sacramento Municipal Utility District (SMUD) New Service: The District will establish a new service connection with SMUD. This will entail installation of a new transformer that will be located onsite and extending conduits and cables to the SMUD utility pole located in the right-of-way.

State Water Resources Control Board Division of Drinking Water (DDW) Amended Drinking Water Supply Permit: The District will prepare an application for approval from DDW to amend the drinking water supply permit for the addition of the new well and manganese treatment plant prior to bringing the new system online.

5.0 Project Alternative - Expand Existing Improved Areas

A Project Alternative to expand the improved area of the site is being proposed for consideration. The District will evaluate feasibility in terms of environmental impacts, mitigations, permitting, and costs before deciding on incorporating this Project Alternative. Further details of the proposed Alternative are provided below:

a) **Proposed Expansion Area**

Under the project alternative, the western fence line along the driveway entrance will be moved approximately 30 feet in the westward direction on the District-owned property. Currently the area is unimproved and contains trees, bushes, and other vegetation. The total area of the proposed site expansion is approximately 2,000 square feet.

b) **Retaining Wall and Fill**

The existing grade of the proposed expansion area is below the well site elevation by 2 to 7 feet, requiring a retaining wall and fill to bring the existing ground surface up to grade. A geotechnical investigation is being conducted to determine the design of the retaining wall and fill requirements.

c) **Floodplain**

As indicated in the CEQA August 2016 Initial Study, there are two base flood elevations (BFE) established for Arcade Creek, which flows south along the western edge of the parcel. The Sacramento County Department of Water Resources established a BFE of 100.4 feet above mean sea level (MSL). FEMA floodmaps indicate the BFE of this site is 96.4 feet MSL. Ground surface elevations within the improved areas of the well site are approximately 98 to 100 feet MSL. Ground surface elevations within the Proposed Expansion Area are approximately 93 to 97 feet MSL.

Based on the above information, the site expansion areas are within the Sacramento County established flood BFE elevations. The Proposed Expansion Area would be filled to meet the existing site grade elevations of 98 to 100 feet MSL. As identified in the August 2016 Initial Study, the well site improvements include concrete pedestals to raise the elevation of the wellhead and treatment facilities to be above the BFE, as required per permits and codes.

d) **Improvements in the County ROW**

The Proposed Expansion Area would include minor improvements within the Palm Avenue right-of-way in the areas immediately adjacent to the site expansion. Cleanup of dead vegetation and debris and minor grading and paving would be required. In addition, a street light would be installed to provide adequate lighting for the site entrance.

5.0 ENVIRONMENTAL ANALYSIS OF THE MODIFICATION

An analysis of potential environmental impacts in relation to the facts and findings contained in the IS/MND is provided below along with conclusions regarding potential impacts from implementation of the project modification.

A) POTENTIAL TO DEGRADE: *Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?*

The Alternative project option does not have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, or eliminate important examples of the major periods of California history or prehistory.

There are no significant environmental resources identified within the expanded area of potential impact for project modification. Substantiation for this finding is provided in the following text.

- **AESTHETICS**

The addition of a manganese treatment plant will not have an adverse effect on a scenic vista, substantially damage scenic resources, and would not substantially degrade the existing visual

character or quality of the area or historic buildings. The project would not include any facility components that could substantially increase glare or adversely affect nighttime views in the surrounding area. There would be **No Impact**.

- **AGRICULTURAL RESOURCES**

The project area does not support any active agricultural. There would be **No Impact**.

- **AIR QUALITY**

The significance of a particular pollutant concentration in an area is determined by its comparison with state and federal ambient air quality standards set to protect public health. During construction of the manganese treatment plant various types of equipment would temporarily operate on the project site and construction exhaust emissions would be generated but not exceed an applicable threshold of significance for air pollutants. The treatment plant would not result in substantial operations emissions or obstruct implementation of an applicable Air Quality Plan. Construction activities would be short-term and are not likely to result in nuisance odors. The incremental contribution of construction-related emissions would not be cumulatively considerable. The project does not involve any major on-site stationary source of Toxic Air Contaminants (TACs). Construction activities will have BMPs in place to reduce pollutants from project activities. The District will require contractors to ensure that construction equipment be tuned for optimal performance. This impact is considered *Less Than Significant*.

- **BIOLOGICAL RESOURCES**

A field survey of the project site, with particular emphasis on the Alternative Proposed Site Expansion Area was conducted on September 15, 2017 by Dr. G.O. Graening in accordance with the California Department of Fish and Wildlife (CDFW) and United States Fish and Wildlife Service (USFWS) guidelines. The project area has previously been surveyed during field work conducted within and adjacent to the project property on April 27, 2016. Detailed survey results are contained in the CEQA August 2016 Initial Study prepared for the Palm Production Well (#N6A) and Pumping Plant Project (SCH##2016072009).

The survey focused on any special-status species or habitats that had documented occurrences within the survey area or vicinity in the California Natural Diversity Database (CNDDDB) or the special-status species in the official species list produced by the USFWS Sacramento Field Office for this project.

A target list of special-status wildlife and plant species potentially occurring in the project area and the potential for impact is contained in Table 1. The database searches for special-status species from the project vicinity document occurrences of 16 state and federal listed species including seven species of birds; one reptile; one fish; two insects; three invertebrates; and two plants.

All visible fauna and flora observed were recorded in a field notebook and identified to the appropriate taxon. Wildlife sign including tracks, feathers and shedding, burrows, and scat were

interpreted to detect species not actually seen. The target species were further assessed for their likelihood to occur within the Proposed Expansion Area based upon their habitat requirements, previously documented occurrences, and the quality and extent of any suitable habitat within the Expansion Area. Field glasses were used to assist in the ocular surveys. Aerial imagery of the Proposed Site Expansion Area was also reviewed to assess the potential presence of sensitive biological resources.

Special Status Species include:

- species that are listed, or proposed for listing by the state of California as threatened or endangered under the California Endangered Species Act (California Administrative Code, Title 14, Section 670.5);
- wildlife species identified by the California Department of Fish and Wildlife (CDFW) as species of concern (wildlife species that do not have state or federal threatened or endangered status but may still be threatened with extinction);
- wildlife species that are designated as fully protected by CDFW (California Administrative Code, Title 14, Section 670.5);
- plants considered by the California Native Plant Society (CNPS) to be rare, threatened, or endangered in California and elsewhere;
- plant species that meet the definition of rare or endangered under the California Environmental Quality Act (1970); and
- plant and wildlife species that are listed or proposed for listing as threatened or endangered under the federal Endangered Species Act (50 CFR 17.11 for wildlife, 50 CFR 17.12 for plants; various notices in the Federal Register for proposed species).

No special status animals, plants, or active or abandoned nests were detected during survey work in the Proposed Site Expansion Area. Habitat capable of supporting any special status species was lacking within or in the immediate vicinity of the project area. The site has relatively poor wildlife values as it is surrounded by urbanized development. The project site has no connectivity or general proximity to any larger blocks of native habitat or to any stream segments which could be represented by contiguous linear assemblages of riparian vegetation where important wildlife movement patterns are likely to occur. An understanding of the habitat requirements for species potentially utilizing the site and the degree of existing human development in the immediate area (e.g., site location is adjacent to a well traveled road and residential homes) were factors considered in the impact assessment.

Only common urban animals were detected within the Proposed Expansion Area including pigeon (*Columba livia*); sparrow (*Passer sp.*); and insects (ants, grasshoppers). No active or abandoned bird nests were detected. The Proposed Site Expansion Area contains only one habitat type: ruderal/urbanized.

Vegetation detected within the Proposed Site Expansion Area consisted of California wild grape (*Vitis californica*); Tree of Heaven (*Ailanthus altissima*); Himalayan blackberry (*Rubus armeniacus*); plum (*Prunus*); periwinkle (*Vinca*); sock destroyer (*Torilis arvensis*); and Virginia creeper vine (*Parthenocissus quinquefolia*).

The CNDDDB reported occurrences of special-status species were plotted in relation to the Proposed Expansion Area boundary using GIS software (Figure 2). The CNDDDB reported no special-status species occurrences and none were observed during the survey. Within a 5-mile buffer of the Proposed Expansion Area boundary, the CNDDDB reported several special-status species occurrences (see Table 1).

There are no special-status habitats. The CNDDDB reports one special-status habitat in the vicinity, Northern Hardpan Vernal Pool. Depressions that might pond water and form vernal pool habitats are not present within the project site.

Based on field observations, database and literature review, special-status species have a low potential to occur within the project site. Table 1 provides an evaluation of special-status species potential for occurrence at the project site.

Adjacent to the Proposed Expansion Area is riparian habitat. A formal assessment for the presence of potentially-jurisdictional wetlands or other waters of the United States was also conducted during the September 15, 2017 field survey. There are no jurisdictional water features located within the Proposed Expansion Area. A flood channel of Arcade Creek, flows adjacent to the west side of the site and is protected under State and Federal law. Project modifications would be accomplished outside of the jurisdictional boundaries of Arcade Creek and the riparian corridor.

Numerous raptor species do, however, forage and nest in various habitats throughout the County throughout spring and summer. The federal Migratory Bird Treaty Act (16 U.S.C. Section 703, Supp. I, 1989) prohibit the killing, possessing, or trading in migratory birds. All raptors are protected under California Fish and Game Code (Section 3503.5), which states that it is unlawful to take, possess, or destroy any birds of prey. "Take" applies to harassment of nesting birds of prey or failure of nests due to human disturbance.

Disturbance that causes nest abandonment and/or loss of reproductive effort is considered a "taking" by CDFW and would be considered a significant impact. For example, construction during the breeding season (February 15 – September 15) could result in the incidental loss of fertile eggs or nestlings or lead to nest abandonment. Any loss of fertile eggs or any activities resulting in nest abandonment would constitute a significant impact.

In general, almost all raptor species are disturbance intolerant (relative to many other bird groups like pigeons and sparrows) and become increasingly scarce in areas of higher-density development due to the high levels of human activity. The property is bounded by a high-use thoroughfare and Arcade Blvd. to the west and high-density residential properties. Raptors, with their larger body mass, would require a much more substantial area of foraging habitat for subsistence than that offered at the Expansion Site, which is disconnected to any larger natural

areas. Implementation of the Mitigation Measure outlined below requires a pre-construction survey for raptors and migratory birds during the nesting season.

Proposed Expansion Area - Tree Assessment

An arborist survey within the Proposed Expansion Area was conducted on September 15, 2017 by Dr. G.O. Graening (a certified arborist ISA Certification Number WE-6725A). The purpose of the survey was to inventory the Proposed Expansion Area for protected trees and potential project impacts to any protected trees (See Appendix 1).

Methods followed standards of the International Society of Arboriculture (ISA) and American National Standards Institute, Inc. The following texts were consulted for tree identification, as needed: Pavlik (1991); Lanner (2002); Stuart and Sawyer (2001); Baldwin et al. (2012); and University of California at Berkeley (2015a,b).

The City of Citrus Heights has adopted the Sacramento County Tree Ordinance, which includes basic standards, and measures for the preservation and protection of trees as described in the Tree Preservation Ordinance (Ord. No. 97-01, § 2(19.12.010), 1-2-1997; Ord. No. 97-13, § 2, 3-26-1997; Ord. No. 97-17, § 2, 9-24-1997 of the City of Citrus Heights Municipal Code). The City's Tree Preservation Ordinance applies to any living native oak tree having at least one trunk of six inches or more in diameter measured 4.5 ft above the ground, or a multi-trunked native oak tree having an aggregate diameter of 10 inches or more, measured 4.5 ft above the ground. The following trees are protected and require a tree permit:

- native oaks 6 inches or more in diameter;
- other trees 19 inches or more in diameter; and
- trees planted as part of a mitigation requirement.

The following tree types are exempt from any permit process: alder; fruit; catalpa; cottonwood; eucalyptus; fruitless mulberry; palm; pine; and willow.

Removing one or more protected trees requires a tree permit with the Planning Division. Construction or grading under the dripline of an oak tree may cause stress and root damage to a tree. To ensure protection measures are used, a tree permit must be obtained prior to doing any construction or grading under the protection zone of an oak tree. The tree's protection zone is figured by creating a radius equal to one foot past the tree's canopy. Some removals may require the replanting of trees or the payment of a mitigation fee and a report from a certified arborist.

There are no oak or protected trees in the Proposed Expansion Area. The only trees within the Expansion Area are the invasive Tree of Heaven (*Ailanthus altissima*), none of which are greater than 19 inches in diameter. Two oak trees (see Appendix 1; Trees #2 and #5) may need to be pruned because of branches that overhang into the Proposed Expansion Area. A tree permit should be obtained if oak tree branches greater than 4 inches in diameter need to be cut. See Appendix 1 for the locations of all trees.

Impact Analysis and Mitigation

Project implementation will require grading and excavation of the Proposed Expansion Area. Mitigation measures shall be incorporated into the project by the District to reduce potential impacts to biological resources.

Potential Impact #1 – Direct / Indirect Adverse Effects upon Special-status Species.

The Proposed Expansion Area contains no suitable habitat for special-status species. Suitable habitat for some special-status species is present outside of the Proposed Expansion Area in the Arcade Creek riparian corridor. No special-status species were detected within the Expansion Area. No impacts to special-status species were identified from project implementation. Therefore, no mitigation is necessary.

Potential Impact #2 – Direct / Indirect Adverse Effects on Nesting Birds.

The Proposed Expansion Area contains bird nesting habitat. No nests or nesting activity was observed in the Proposed Expansion Area during the field survey. The existing noise environment is rather loud due to traffic on major streets nearby. However, the area contains suitable nesting habitat for various bird species because of the presence of trees, poles, and brushy vegetation. Depending upon proximity, project implementation could create sufficient noise and vibration to disturb nesting birds. If Project construction activities occur during the bird breeding season from February 15 to September 15, a pre-construction nesting bird survey is recommended. If nesting birds are detected by the qualified biologist, no-work buffers are typically established in consultation with the California Department of Fish and Wildlife.

Potential Impact #3 – Direct / Indirect Effects on Jurisdictional Water Resources.

The Proposed Expansion Area contains no water resources and no direct impacts would occur. Directly west of the Expansion Area contains 1 water feature: an overflow channel of Arcade Creek. Potential indirect adverse impacts to this water resource could occur during construction by ground disturbance and increased erosion and resulting sedimentation in receiving water bodies. It is recommended that an erosion and sediment control plan be implemented including silt fencing around the project site for the duration of construction to prevent damage to natural resources from runoff.

Potential Impact #4 – Direct / Indirect Effects on Protected Trees

It is recommended that permitted tree removal take place outside the nesting season. If project construction activities occur during the nesting season from February 15 to September 15, a pre-construction raptor and migratory nest survey would be carried out by a qualified biologist within 14 days prior to commencement of tree removal. Should any active nests be located, the appropriate mitigation shall be determined by the California Department of Fish and Wildlife (CDFW) in consultation with the District. Tree removal should also be conducted with a qualified biologist on-site to be coordinated by the District's environmental consultant in accordance with the City of Citrus Heights tree ordinance.

- **CULTURAL RESOURCES**

The California Environmental Quality Act (CEQA) and Section 106 of the National Historic Preservation Act (36 CFR Part 800) require project developers to consider the potential effects of their undertakings on cultural resources.

A Records Search was performed by the North Central Information Center (NCIC) at Sacramento State University, Sacramento on March 27, 2016 (File # SAC-16-69). The Records Search was conducted to determine the extent, if any, to which the areas in the vicinity of the project site had been previously surveyed. The results indicated that the project area was negative for cultural resources, and no resources have been recorded adjacent to the project area. No historic or archaeological resources are identified within the project site or adjacent vicinity. A pedestrian survey of the project site conducted on April 20, 2016 confirmed that the site does not contain intact cultural resource features that might be important under CEQA or that could be eligible for the California Register of Historical Resources.

In conjunction with the Records Search and pedestrian survey for the project, the Native American Heritage Commission (NAHC) was contacted to identify any previously recorded cultural resources or Sacred Land Listings. The NAHC indicated on May 6, 2016 that there are no Sacred Land Listings within the project area.

The contact list from the NAHC included seven groups, all of whom were contacted to supply any information they might have concerning traditional use areas within the project vicinity. None of the groups contacted replied with concerns about the current project area.

Based on the results of the Records Search, field survey, and NAHC coordination, the potential for finding cultural resources at the project site is low. The addition of the manganese treatment plant will have no effect on historical, archaeological, paleontological, or other cultural resources.

While there are no known cultural resources within the Proposed Expansion Area and little potential for unearthing subsurface cultural deposits, it would be a significant impact if such resources were inadvertently unearthed and impacted during construction activities. Should unanticipated cultural resource be encountered during earth-disturbing activities on the site, work must cease until a state-registered Professional Archaeologist contacted immediately to assess the nature and importance of the find and determine appropriate measures to mitigate any adverse impacts. Implementation of the mitigation measure below would reduce impacts to cultural resources to ***Less Than Significant With Mitigation***.

Mitigation Measure - The following mitigation measures shall be incorporated into the project:

a) In the event of the discovery of buried cultural resources (particularly vertebrate remains) during earth-disturbing activities on the site, project activities in the vicinity of the find should be immediately halted until a state-registered Professional Archaeologist can assess the nature and importance of the find and recommend appropriate treatment.

- **GEOLOGY AND SOILS**

The project is limited to a manganese treatment plant and the Proposed Expansion Area is not located within any fault zone of the Alquist-Priolo Earthquake Faulting Zoning Map. According to the Sacramento County General Plan (2011) a fault is located in the vicinity of Citrus Heights near Antelope Road. In addition, the Linda Creek Fault extends along a portion of Linda Creek through Roseville and a portion of Sacramento County.

The District will ensure compliance with applicable California Building Code (CBC) regulations for seismic safety as well as Sacramento County Design and Construction Standards which requires structures to be designed to resist stresses developed by earthquakes.

There is no aspect of the project that would expose people or property to increased risk during strong seismic ground shaking, ground failure, or liquefaction. The project would not expose people or structures to potential adverse effects from landslides nor will the manganese treatment plant be developed on unstable soils. During construction Best Management Practices and erosion control measures will be in place during all activity. The project activities do not present significant potential for soil erosion. This impact is considered to be a *Less Than Significant Impact*.

- **HAZARDS AND HAZARDOUS MATERIALS**

The Proposed Expansion Area is not on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and would not create a significant hazard to the public or the environment. There are no known hazardous sites within the immediate vicinity. The site is well removed from a school or airport. No component of the project activities would impair or interfere with emergency response or evacuation, or expose people or structures to wildland fires.

The project modifications would involve construction activities such as site preparation and grading, and paving. These activities would involve the use of heavy equipment which would contain fuels, oils, lubricants, and solvents. Establishment of a materials storage area and BMPs will be in place for the regular disposal of fluids, oils, lubricants, and trash in order to prevent any potentially hazardous materials impact.

Project activities would not create a significant hazard to the public or the environment through the transport, use, or disposal of hazardous materials, and would not result in conditions involving the release of hazardous materials into the environment.

According to the California Department of Forestry and Fire Protection (CDFFP) Sacramento County Fire Hazard Severity Zone Map, the project site is not located in an identified fire hazard region. The project would not expose people or structures to a significant loss attributable to wildfires. Implementation of BMPs would reduce the risk of fire due to construction equipment.

No known hazardous material is present within the project area. With the exception of temporary equipment usage, the project would not generate any hazardous emissions or handle hazardous

substances or waste. Project activities would not involve a substantial increase in mobile, stationary, or operational emissions, including GHG emissions. Construction-related emissions are a one-time release that occurs over a short period of time and would not occur annually or over multiple years. Implementation of BMPs and mitigation measures described below would reduce any potential impacts to a *Less Than Significant Level with Mitigation*.

Mitigation Measure(s) - The following Mitigation Measures will be implemented to reduce potential impacts related to hazards and hazardous materials relevant to the Proposed Project:

a: Remediate site hazards, if discovered.

If evidence of soil contamination is encountered, work shall cease until the area can be tested. As part of this process, the District shall ensure that any necessary investigation is coordinated with Sacramento County Division of Environmental Health, and, if needed, other appropriate agencies.

b: Require spark-generating construction equipment to be equipped with manufacturer's recommended spark arresters.

Any construction equipment that normally includes a spark arrester is to be equipped with such an arrester in good working order. This mitigation measure would minimize a source of construction-related fire.

• **HYDROLOGY AND WATER QUALITY**

The placement of the manganese treatment plant would not substantially alter the existing drainage pattern of the area which would result in substantial erosion or degrade water quality. The project will not violate any water quality standards. The District will construct the project with the following Best Management Practices (BMPs) for the protection of water quality.

- Construction activities shall be limited to designated work areas including the staging locations.
- The District will follow the guidelines established for sediment control methods consistent with the requirements of the Regional Water Quality Control Board.
- Ground disturbance will be temporarily suspended prior to and during storm events that could cause runoff and sedimentation from surfaces exposed by construction.
- The District will ensure that all spoil piles are stabilized and covered with heavy-duty plastic sheeting when not in use or during any precipitation event.
- All equipment will be inspected for leaks prior to and during construction operations.
- The contractor will have on-site, at all times, a Spill Containment Kit for immediate deployment in the case of a sudden and unexpected spill of contaminants.

- All erosion and sediment control measures including silt fencing and wattles, shall be checked on a daily basis to ensure these are functioning properly. Equipment and workers will be available for immediate repairs and rapid response to emergencies if needed.
- No water will be discharged to any perennial or ephemeral surface waters.
- Construction material and trash accumulated shall be removed as soon as possible and properly disposed of.
- The contractor shall establish a specific site for storage of equipment or any other activity that may adversely contribute to the water quality of site runoff.
- All bare areas shall be hydroseeded in accordance with native seed mix and covered with straw as needed.

Implementation of the above measures would ensure that the project does not have the potential to cause any degradation to water quality or violate any waste discharge requirements within the project area. There would be no impact related to placement of structures in a 100-year flood hazard area.

The new manganese treatment plant would not obstruct flood flows or create a public safety hazard. The project site is not located near an enclosed body of water that could produce a seiche or tsunami, nor is the site located near areas having steep slopes that would create mudflows.

The addition of the manganese treatment plant will have a *Less Than Significant Impact* to hydrology and water quality.

- **LAND USE AND PLANNING**

The project entails construction of a manganese treatment plant. No changes to existing zoning or land use are proposed with the Alternative to use the Expansion Area. Large scale commercial and residential land uses currently exist around the project area. The Proposed Project would remain consistent with the land use and zoning designation within the area. Therefore, there would be *No Impact* due to a conflict with a land use policy.

- **MINERAL RESOURCES**

The placement of a manganese treatment plant is not in a County designated mineral resource area. No demands for energy or mineral resources are proposed with this project. Implementation of the project would not result in the loss of a locally-important mineral resource recovery site delineated on the general plan. There would be *No Impact*.

- **NOISE**

The existing noise environment in the vicinity of the project area is dominated by vehicular traffic along Auburn Boulevard and Garfield Avenue. It is anticipated that equipment utilized during construction of the treatment plant would include, but not be limited to contractor

vehicles, grader, backhoe, and power tools. During construction activities, ambient noise levels would increase temporarily but would not result in a substantial increase above levels existing without the project.

The following BMPs will be incorporated into the project to help minimize noise related impacts:

- Project activities will be limited to weekday hours between 7:00 a.m. and 7:00 p.m. and 8 a.m. - 6 p.m. on Saturday.
- All equipment will be properly tuned when operating.
- No equipment will have an unmuffled exhaust.
- Unnecessary idling of equipment will be avoided.

The temporary increase in noise levels during construction will not expose people to levels in excess of standards established in the county General Plan or applicable standards of other agencies or expose people to excessive groundborne vibration noise levels. Project activities would be short-term and result in a permanent increase in ambient noise levels. Construction-related noise would therefore result in a *Less Than Significant Impact*.

- **POPULATION**

The project entails the addition of a manganese treatment plant. The project would not affect local population centers or demand for new housing. Project activities would not interfere with, or create demands on police or fire protection, schools, parks, or other public facilities.

The project is within a District property with existing facilities and is not intended to support additional growth within the service area. The project does not include any new homes or businesses and would induce population growth. Future development of the area is planned in accordance with zoning and land usage. Therefore, *No Impact* would result from project development.

- **PUBLIC SERVICES**

No aspect of the project would interfere with, or create a demand for public services. No increase in Fire or Police Department staffing would be necessary to serve the project. Therefore, *No Impact* would result from the addition of a manganese treatment plant.

- **RECREATION**

The project will not impact existing or proposed neighborhood parks, regional parks, or recreational facilities. *No Impact* would result from implementation of the project.

- **TRANSPORTATION/ TRAFFIC**

During construction, there will be an increase in vehicle trips to the project site associated with the contractor's activities. The project would not generate substantial traffic. The project would

not result in impacts related to transportation, circulation, parking, or transportation policies, plans, or programs. Transportation of construction equipment and material will take place on public roadways and will not exceed roadway capacity. There would be **No Impact**.

- **UTILITIES AND SERVICE SYSTEMS**

The discharges to the SASD sewer collection system from the new manganese treatment plant would not affect the capacity of the wastewater treatment provider. Impact fees are assessed at the time of the new service connection establishment. The District will ensure that contractors have a plan in place to store and dispose of all construction debris, according to relevant federal, State, and local statutes. There would be no need for substantial construction of new stormwater infrastructure related to project development. Therefore, there would be no impact to utilities or service systems from the project.

B) CUMULATIVE IMPACTS: *Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probably future projects)?*

The adopted IS/MND concluded that CEQA environmental issues would not experience any significant project specific or cumulative adverse environmental impact, with the implementation of identified mitigation measures. While the project will result in additional manganese treatment the action would not result in any irreversible environmental damage any greater than that identified in the approved IS/MND. No significant adverse change and **No Impact** is forecast to occur in approving and implementing this Addendum.

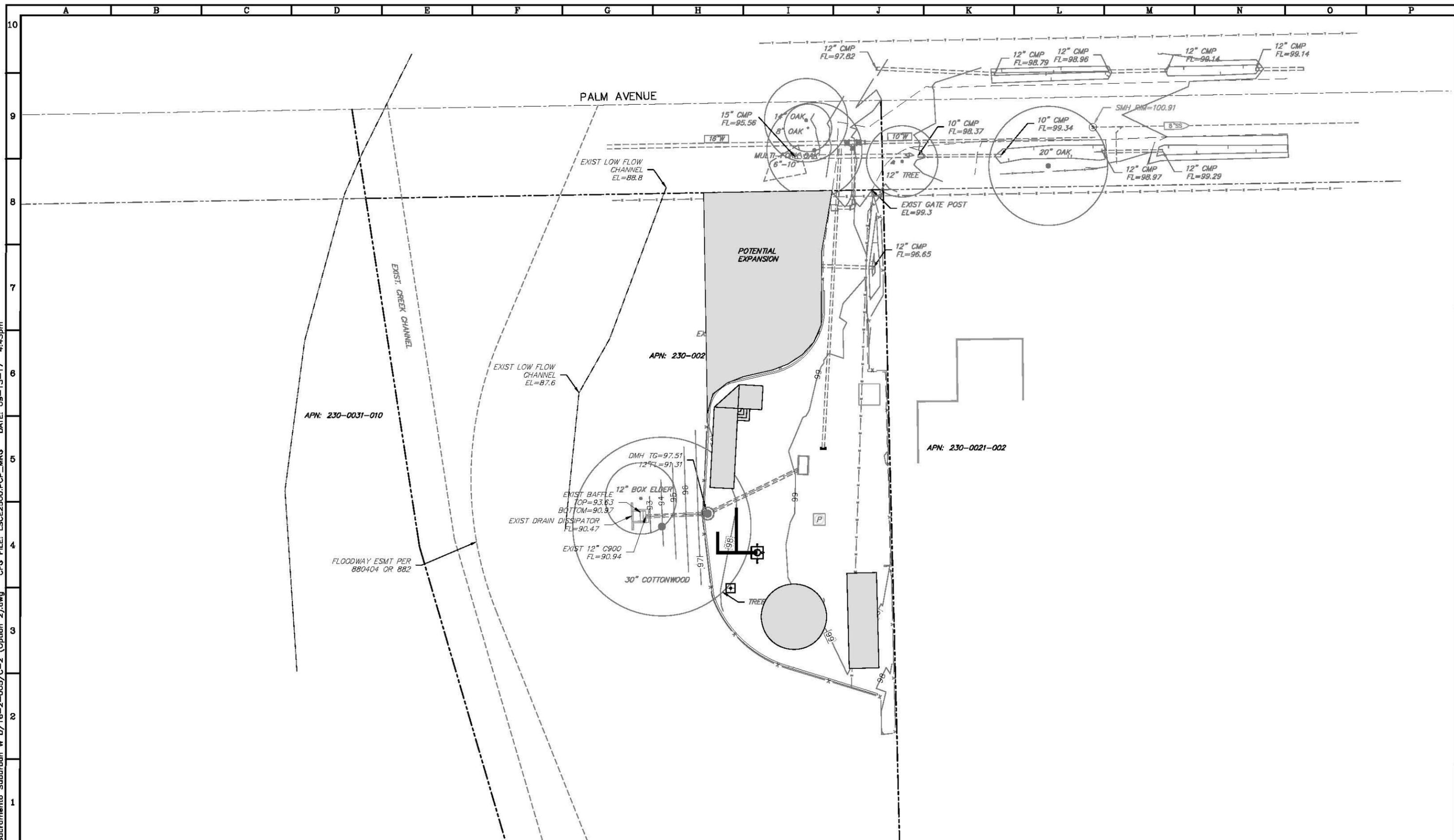
C) ADVERSE IMPACTS ON HUMANS: *Does the project have environment effects which will cause substantial adverse effects on human beings, either directly or indirectly?*

The project does not have the potential to degrade the quality of the environment or cause substantial adverse effects on human beings, either directly or indirectly. There would be no effects because no resources would be adversely affected, or the project effects would be localized and of limited extent. There would be a less than significant increase in operational air emissions as well as noise levels. Similarly, the project would involve minimal hazardous materials use, the risks of which are site-specific and extensively regulated. The addition of a manganese treatment plant would not induce population growth or create an increased demand for services or utilities. Potential impacts, both direct and indirect, to human beings are considered **Less Than Significant**.

REPORT PREPARATION

This CEQA Addendum was prepared for the Sacramento Suburban Water District by Inland Ecosystems, Inc. under contract with Luhdorff & Scalmanini Consulting Engineers, Inc. Principal author was Glenn Merron.

CAD FILE: G:/Projects/Sacramento Suburban W D/16-2-005/C-2 (Option 2).dwg CFG FILE: LSCE2500.PCP_MRG DATE: 09-13-17 4:43pm



LINE IS 2 INCHES
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FILE C-2.02.DWG
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LS LUHDOORFF & SCALMANINI
CONSULTING ENGINEERS
500 FIRST STREET
WOODLAND, CALIFORNIA

REVISIONS						
ZONE	REV.	DESCRIPTION	BY	DATE	APP.	

SACRAMENTO SUBURBAN WATER DISTRICT
**PALM AVE. WELL NO. N&A
PUMP STATION UPGRADES**

SUBMITTED: _____ DATE: _____
SUBMITTAL APPROVED: _____ DATE: _____

**CONCEPTUAL OPTION 2
PALM AVE PUMP STATION
SITE PLAN**

SCALE
AS SHOWN

DRAWING NUMBER
C-2.02

SHEET NUMBER
2 OF 3



Birds	Invertebrates	Insects	Communities
Cooper's hawk	California linderiella	an andrenid bee	Northern Hardpan Vernal Pool
Swainson's hawk	vernal pool fairy shrimp	valley elderberry longhorn beetle	
bank swallow	vernal pool tadpole shrimp	Reptiles	
burrowing owl	Plants	western pond turtle	
great blue heron	Sanford's arrowhead	Fish	
purple martin	stinkbells	steelhead - Central Valley DPS	
white-tailed kite			

Project Location
 1 Mile Buffer
 5 Mile Buffer

Notes:

- The locations of all features shown are approximate.
- This drawing is for information purposes. It is intended to assist in showing features discussed in an attached document. Natural Investigations Company can not guarantee the accuracy and content of electronic files. The master file is stored by Natural Investigations Company and will serve as the official record of this communication.
- It is unlawful to copy or reproduce all or any part thereof, whether for personal use or resale, without permission. Data Sources: CNDDDB CADFG, Background ESRI Topographic UTM 10N, North American Datum 1983 North arrow oriented to grid north

1:127,000 1 inch = 2 miles

Special-Status Species Occurrences Map

SSWD Well Replacement
 Citrus Heights 1992 Quadrangle: Township 9N, Range 6E,
 Unsectioned Del Paso Land Grant

Table 1. Special-status Threatened and Endangered species listed in California Natural Diversity Database and US Fish and Wildlife database with a potential to occur near the project vicinity and a determination of their presence.

Common Name	Special Status ¹	Habitat Type	Potential Presence on Project Site
<p>Cooper's hawk (<i>Accipiter cooperii</i>)</p> 	<p>SC</p>	<p>Cooper's Hawks are common hawks of the open country of the Great Plains and the West. As in many birds of prey, the male is smaller than the female. Cooper's hawks have short rounded wings, the wing chord measuring 8.4–10.9 in long, and a relatively long tail, 6.7–8.1 in long, with dark bands, round-ended at the tip. They tear through tree canopies in high speed pursuit of other birds.</p>	<p>Very Low to Nil. No suitable habitat near the project sites. Existing land use including residential development and traffic on roadways likely preclude occurrence.</p>
<p>Swainson's hawk (<i>Buteo swainsoni</i>)</p> 	<p>CT</p>	<p>These elegant gray, white, and brown hawks hunt rodents in flight, wings held in a shallow V, or even run after insects on the ground. In fall, they take off for Argentine wintering grounds—one of the longest migrations of any American raptor—forming flocks of hundreds or thousands as they travel.</p>	<p>Very Low to Nil. No suitable habitat near the project sites. Existing land use including residential development and high vehicular traffic on roadways likely preclude occurrence.</p>
<p>White-tailed kite (<i>Elanus leucurus</i>)</p> 	<p>SC</p>	<p>A medium-sized raptor of open grasslands and savannas, the White-tailed Kite is readily identified by its bright plumage and its habit of hovering while hunting for small mammals.</p>	<p>Low Potential. Not expected in residential areas; no nearby agricultural fields.</p>

Common Name	Special Status ¹	Habitat Type	Potential Presence on Project Site
<p>Great blue heron (<i>Ardea herodias</i>)</p> 	<p>SC</p>	<p>This stately heron with its subtle blue-gray plumage often stands motionless as it scans for prey or wades belly deep with long, deliberate steps. They may move slowly, but Great Blue Herons can strike like lightning to grab a fish or snap up a gopher. In flight, look for this widespread heron's tucked-in neck and long legs trailing out behind.</p>	<p>None. There is no suitable aquatic habitat at the project site.</p>
<p>Burrowing Owl (<i>Athene cunicularia</i>)</p> 	<p>SC</p>	<p>Burrowing Owls are small, sandy colored owls with bright-yellow eyes. They live underground in burrows they've dug themselves or taken over from a prairie dog, ground squirrel, or tortoise. They live in grasslands, deserts, and other open habitats, where they hunt mainly insects and rodents.</p>	<p>None. No suitable habitat at or near the project site.</p>
<p>Bank swallow (<i>Riparia riparia</i>)</p> 	<p>CT</p>	<p>The Bank Swallow nests in colonies in streamside banks across much of North America. It can also be found across most of Europe and Asia.</p>	<p>Low Potential. No suitable habitat at the project site.</p>

Common Name	Special Status ¹	Habitat Type	Potential Presence on Project Site
<p>Purple martin (<i>Progne subis</i>)</p> 	<p>SC</p>	<p>Purple Martins forage over towns, cities, parks, open fields, dunes, streams, wet meadows, beaver ponds, and other open areas. In the West, martins use woodpecker holes in forests and lowlands.</p>	<p>Low Potential. No suitable habitat at the project site.</p>
<p>Steelhead (Central Valley ESU) (<i>Oncorhynchus mykiss</i>)</p> 	<p>FT</p>	<p>Steelheads are sea-run rainbow trout usually returning to freshwater to spawn after two to three years at sea. Spawn in clear, cold streams in Central Valley rivers and tributaries. Threats include habitat destruction and dams on rivers.</p>	<p>None. There is no suitable aquatic habitat at the project site.</p>
<p>Western pond turtle (<i>Emys marmorata</i>)</p> 	<p>SC</p>	<p>A small to medium-sized turtle about 8 inches in carapace length. It is limited to the west coast of the United States of America and Mexico. The dorsal color is usually dark brown or dull olive, with or without darker reticulations or streaking. They may be locally common in some streams, rivers and ponds.</p>	<p>None. There is no suitable aquatic habitat at the project site.</p>
<p>Vernal pool fairy shrimp (<i>Branchinecta lynchi</i>)</p> 	<p>FT</p>	<p>A rare species of tadpole shrimp native to California and southern Oregon, where it lives in vernal pools, and other freshwater aquatic habitats. It is a federally listed endangered species about 2 inches long with a shield-like carapace and two pincer-like appendages at the end of the tail segment.</p>	<p>None. There is no suitable aquatic habitat at the project site.</p>

Common Name	Special Status ¹	Habitat Type	Potential Presence on Project Site
Vernal pool tadpole shrimp <i>(Lepidurus packardii)</i> 	FE	Up to 1 inch in size. They swim by moving their legs from front to back in a wave-like motion. Females lay drought-resistant eggs shortly before they die. The eggs sink to the bottom of the vernal pools, where they dry. When the vernal pool refills, the eggs hatch, starting the process over.	None. There is no suitable aquatic habitat at the project site.
California linderiella <i>(Linderiella occidentalis)</i> 	SC	A species of fairy shrimp native to California. It is a small < 1-inch with an elongated body. It glides gracefully upside down, swimming by beating its legs in a complex, wavelike movement that passes from front to back. They have distinctive red eyes.	None. There is no suitable aquatic habitat at the project site.
Valley elderberry longhorn beetle <i>(Desmocerus californicus dimorphus)</i> 	FT	A stout bodied beetle about ½–1 inch. Adult males have red-orange wing covers with four elongate spots. Adult females have dark-colored wing covers. The species is nearly always found on or close to its host plant, elderberry (<i>Sambucus</i>). Females lay their eggs on the bark. Larvae hatch and burrow into the stems. Adults have been observed feeding on the leafy foliage of the elderberry plant.	None. . There is no suitable habitat at the project site.
Andrenid bee (<i>Andrena subapasta</i>) 	SC	Andrenid bees are a type of native ground-nesting bee about ½ inch long with a black abdomen. They prefer to construct their nests in loose soils, like sandy or sandy loam soils. The nests are somewhat mounded up and can resemble ant nests. They are very important pollinators.	Low Potential. No suitable habitat at the project site.

Common Name	Special Status ¹	Habitat Type	Potential Presence on Project Site
<p>Stinkbells (<i>Fritillaria agrestis</i>)</p> 	<p>CNPS 4.2</p>	<p>A species of fritillary known by the common name stinkbells. It is endemic to California, grows an erect stem reaching about half a meter in height with a clump of 5 to 12 long, narrow leaves clustered around its base. Flowers are white with greenish to pinkish markings on the outer surface and purple-brown on the inner surface.</p>	<p>None. No suitable habitat at or near the project site.</p>
<p>Sanford's arrowhead (<i>Sagittaria sanfordii</i>)</p> 	<p>CNPS 1B.2</p>	<p>An aquatic perennial herb up to 50-inches and native to California. The plant is monoecious. The male flowers have rings of stamens at the centers. Female flowers each have a spherical cluster of pistils which develops into a head of tiny fruits. Many occurrences in California have been extirpated as the plant's aquatic habitat has been lost to human activity.</p>	<p>None. There is no suitable aquatic habitat at the project site.</p>

***Categories of special status recognition used by federal and state agencies.**

FE = Federal Endangered; FT = Federal Threatened; FC = Federal Candidate for listing
SE = State Endangered; ST = State Threatened; SC = State Candidate for listing

*** Categories of special-status species ranking from the Native Plant Society.**

- List 1B = Plants rare, threatened, or endangered in California and elsewhere.
- List 2 = Plants rare, threatened or endangered in California common elsewhere.
- List 3 = Plants about which we need more information.
- List 4 = Plants of limited distribution: A watch list.

APPENDIX 1: ARBORIST REPORT



TO:

Inland Ecosystems, Inc.
3239 Reno Vista Drive
Reno, NV 89512

and

Sacramento Suburban Water District

SUBJECT:

Arborist Survey for SSWD Facility at 5562 Palm Avenue, Citrus Heights, CA.

INTRODUCTION

I performed an arborist survey in my capacity as a certified arborist of the potential expansion area of the Sacramento Suburban Water District facility at 5562 Palm Avenue, Citrus Heights (the Expansion Area), on September 15, 2017.

The purpose of this survey was to inventory the Expansion Area for protected trees and potential project impacts to any protected trees. Trees were not assessed for failure potential.

METHODS

Methods followed standards of the International Society of Arboriculture (ISA) and American National Standards Institute, Inc. Hazard assessment was guided by the procedures detailed in Matheny and Clark (1994). The arborist survey was performed by a currently certified arborist—Dr. G.O. Graening, ISA Certification Number WE-6725A. The following texts were consulted for tree identification, as needed: Pavlik (1991); Lanner (2002); Stuart and Sawyer (2001); Baldwin et al. (2012); and University of California at Berkeley (2015a,b).

City of Citrus Heights Tree Preservation & Protection Regulations:

Tree Species. Native oak trees and other mature trees 19 inches or greater in diameter are protected and are require a permit for removal.

Protected Trees. The following trees are protected and require a tree permit: native oaks 6 inches or more in diameter; other trees 19 inches or more in diameter; and trees planted as part of a condition of approval or mitigation requirement with a discretionary permit.

Exempt Trees. The following tree types are exempt from any permit process: alder; fruit; catalpa; cottonwood; eucalyptus; fruitless mulberry; palm; pine; and willow.

Determining Tree size. To determine the size of a tree, measure the diameter 4 ½ feet above the ground (DBH). Oak trees 6 inches or greater, and other species 19 inches or greater are protected and require a tree permit.

Trimming. In general, only light trimming of branches 2 inches or less in diameter is permitted without the approval of a tree permit. To protect the shapeliness and health of the tree, trimming of branches greater than 2 inches shall not be performed without the consultation of a certified tree arborist and the approval of a tree permit.

Removal. Property owners desiring to remove 1 or more protected trees shall file a tree permit application with the Planning Division. Your application is reviewed based on the decision criteria outlined in the city's Tree Preservation Ordinance. Some removals may require the replanting of trees or the

payment of a mitigation fee and a report from a certified arborist. Contact the Planning Division for further information.

Encroachment. Construction or grading under the dripline of an oak tree may cause stress and root damage to a tree. To ensure protection measures are used, a tree permit must be obtained prior to doing any construction or grading under the protection zone of the tree. The tree's protection zone is figured by creating a radius equal to 1 foot past the tree's canopy.

Lot Size Exemption. Lots under 10,000 square feet in area and part of a subdivision may be exempt from the tree permit fee. Call the Planning Division at 916-727-4740 to see if your lot qualifies for an exemption.

RESULTS / TREE ASSESSMENT

There are no oak trees in the Expansion Area. There are no protected trees in the Expansion Area. The only trees within the Expansion Area are the invasive Tree of Heaven (*Ailanthus altissima*), none of which are greater than 19 inches in diameter:

- #6 Tree of Heaven , multi-stem, 13 inch DBH
- #7 cluster of 10 Tree of Heaven trees, DBH's of 5, 4, 2, 2, 2, 3, 1, 4, 3, and 6 inches
- and 2 fallen (dying/dead) Tree of Heaven with DBH of 12 inches and 11 inches.

Several trees that are located outside of the Expansion Area have canopies that overhang the Expansion Area:

- #1 cluster of 9 Tree of Heaven trees, DBH's of 5, 2, 4, 1, 3, 4, 5, 3, and 5 inches
- #2 Valley oak, (*Quercus lobata*), 12 inch DBH, fair condition
- #3 Privet, multi-stem, 13 inches aggregate DBH
- #4 Ash (*Fraxinus dipetala*), 13 inch DBH
- #5 Interior live oak (*Quercus wislizeni*), multi-stem, 27 inch aggregate DBH, sever lean, fair condition

CONCLUSIONS AND RECOMMENDATIONS

Trees #2 and #5 are protected oak trees that may require trimming for project construction. Trimming will probably trigger the need for a tree permit. The other (non-oak) trees are not large enough to be protected or are invasive species.

FROM:



G. O. Graening, PhD, MSE

LITERATURE CITED AND FURTHER READING

American National Standards Institute, Inc. 2006. American National Standard for Tree Care Operations: Tree, Shrub and Other Woody Plant Maintenance - Standard Practices. Washington, D.C. (Available electronically at <http://webstore.ansi.org/ansidocstore/default.asp>).

- ANSI A300 (Part 1)-2001: Tree Care Operations - Tree, Shrub and Other Woody Plant Maintenance - Standard Practices (revision and redesignation of ANSI A300-1995).
- ANSI A300 (Part 2)-1998: Fertilization.
- ANSI A300 (Part 3)-2000: Tree Support Systems (a. Cabling, Bracing, and Guying).
- ANSI A300 (Part 4)-2002: Lightning Protection Systems.
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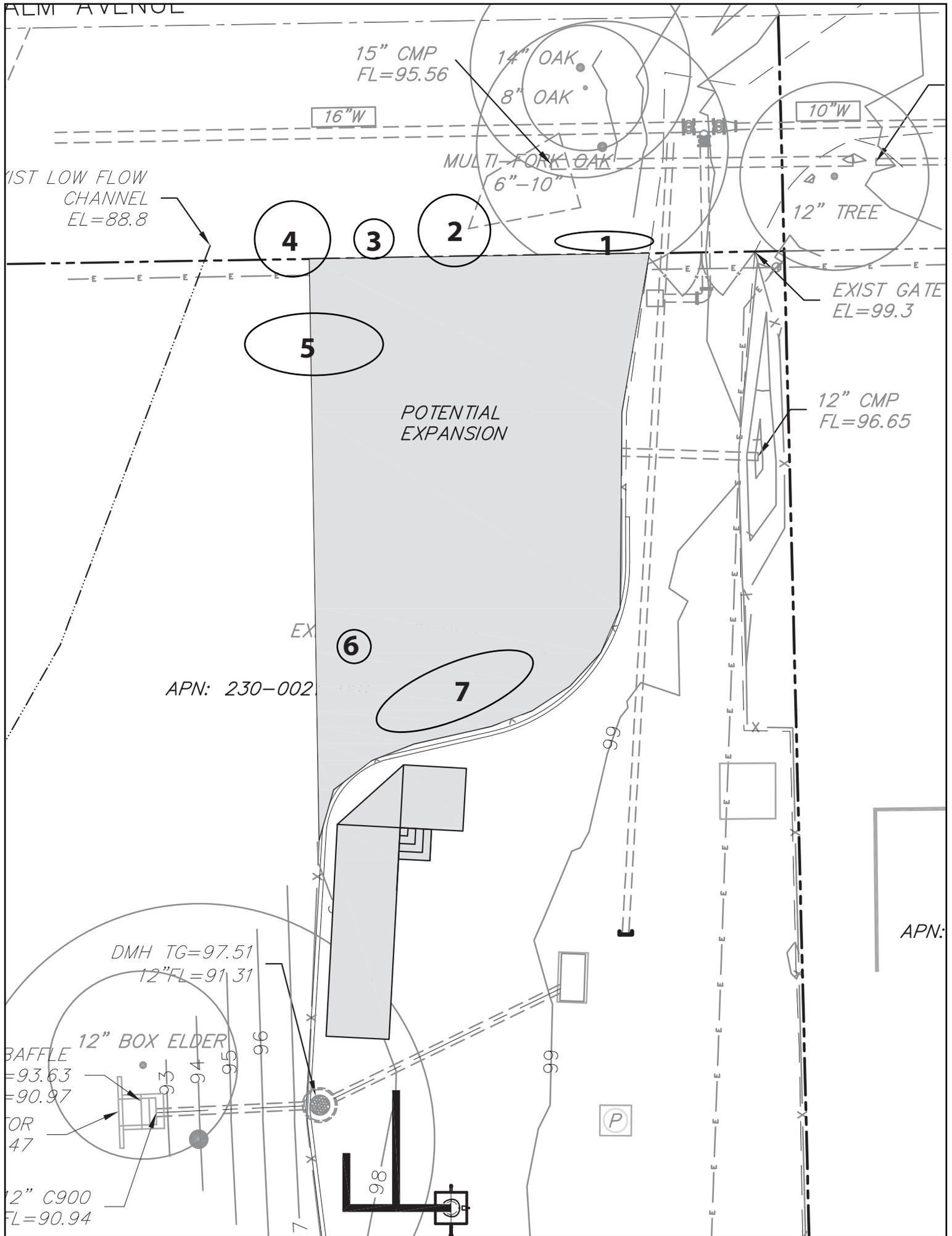
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QUALIFICATIONS OF CONSULTING ARBORIST

Dr. G. O. Graening is a consulting arborist continuously certified by the International Society of Arboriculture (Certification # WE-6725A) since 2003. Certification may be verified on the Internet at the ISA website (<http://www.isa-arbor.com/certification/verifyCredential/index.aspx>). Dr. Graening also holds a Ph.D. in Biology and a Master of Science degree in Biological and Agricultural Engineering. Dr. Graening has 13 years of experience in environmental assessment and research, including the performance of numerous arborist surveys, appraisals, and design of tree mitigation plans.







Agenda Item: 5

Date: November 7, 2017

Subject: Association of California Water Agencies (ACWA) Officer Elections, Changes to the Bylaws, and Designate the Voting Representative

Staff Contact: Robert S. Roscoe, General Manager

Recommended Board Action:

Direct the District's ACWA voting representative to support Brent Hastey for ACWA President and Steven LaMar for ACWA Vice President, support the recommended changes to ACWA Bylaws and appoint a voting alternate in case Director Schild is unable to attend the Fall Conference.

Discussion:

There will be a General Session Membership Meeting at the 2017 ACWA Fall Conference in Anaheim, CA on Wednesday, November 29, 2017. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2018-2019 term, and to conduct a vote by the membership on proposed amendments to ACWA's Bylaws as recommended by the Board of Directors. (See Attached Exhibit 1 and 2). The principal change to the bylaws is to provide for a new standing committee, the Agriculture Committee, and provide that the Chair of the new committee also serve on the ACWA Board of Directors.

At the August 21, 2017 regular Board meeting, the Board of Directors supported the nomination of Brent Hastey, Yuba County Water Agency (YCWA) for ACWA Board President, and authorized the General Manager to submit the resolution to the YCWA and ACWA offices.

Staff received the attached letter (Exhibit 3) dated October 18, 2017 from Steven E. LaMar stating that he has officially received the 2018-2019 nomination for Vice Presidency of ACWA, and has requested the Board's support at the Fall Conference.

Staff recommends supporting the ACWA nominating committee's selections for President and Vice President for 2018-2019 and supporting the proposed changes in the Association's Bylaws.

Additionally, on January 23, 2017 Director Schild was appointed the ACWA General Election Voting Delegate. He has mentioned to staff that he might not be able to attend the whole conference, therefore staff is requesting to appoint a back-up in the event Director Schild does not attend. The Proxy Designation Form is attached as Exhibit 4 for the Board to determine and fill out who will be designated to vote at the General Session.

Association of California Water Agencies (ACWA) Officer Elections, Changes to the Bylaws,
and Designate the Voting Representative

November 7, 2017

Page 2 of 2

Fiscal Impact:

None.

Strategic Plan Alignment:

5.B. Engage in a role with professional water industry groups to provide proficiency in technical and policy matters.

Actively engaging in establishing the Bylaws of this statewide water association and exercising the District's vote to elect association officers is fundamental to engaging in a leadership role.



Exhibit 1

MEMORANDUM

TO: ACWA Members: General Managers and Board Presidents

CC: ACWA Board of Directors

FROM: Timothy Quinn, ACWA Executive Director

DATE: October 11, 2017

SUBJECT: General Session Membership Meeting at ACWA 2017 Fall Conference

There will be a General Session Membership Meeting at the 2017 Fall Conference in Anaheim, California, on Wednesday, November 29. The meeting will be held in the Platinum Ballroom 1-6, Marriott Anaheim, at 1:20 p.m. The purpose of the meeting is to formally nominate and elect ACWA's President and Vice President for the 2018-2019 term and to conduct a vote by the membership on proposed amendments to ACWA's Bylaws as recommended by the Board of Directors at its meeting on September 29, 2017.

Election of President/Vice President

The ACWA Nominating Committee has announced a 2018-2019 slate that recommends current **Vice President Brent Hastey for ACWA President** and current **Federal Affairs Committee Chair Steven LaMar for ACWA Vice President**. As provided by ACWA's Bylaws (Article 9, Section 9) nominations from the floor will be accepted prior to the vote. Such nominations and seconds must be supported by a resolution of the governing body of the member agency making and seconding such nomination. **(See attached for General Session/Election Procedures.)**

Proposed Amendments to ACWA's Bylaws

As part of the ongoing efforts to ensure ACWA's Bylaws are current and reflect consistency with other governance documents and daily operations, the Board of Directors is recommending several amendments to the bylaws for consideration by the membership. A Legal Affairs Committee (LAC) Workgroup reviewed the proposed amendments and provided an analysis pursuant to ACWA's Bylaws (Article 9, Section 8).

Following is a list of the proposed amendments to the bylaws along with the rationale for the change and the LAC Workgroup's analysis.



Article 7 – Standing Committees

1. **Section 4. Committee Composition.** Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committee subject to the rules and procedures of each committee.

Rationale: Staff is recommending this amendment to the bylaws to allow the President flexibility in appointing members to limited standing committees and to provide an odd number committee composition total.

LAC Workgroup Analysis: The proposed revision is clear and meets its intended purpose.

2. **Committee Composition Terms in Sections 5 through 17.**

Rationale. Staff noted that the use of the term “individual” versus “representative” (and one instance of “member”) was inconsistent throughout the committee composition description for each of the standing committees in Article 7. Staff asked the LAC Workgroup to review Section 1, Qualifications, as well as each of the committee descriptions to make a determination as to which term best applies for all of the committees for purposes of consistency throughout Article 7.

LAC Workgroup Analysis: Reading of the various ACWA committee sections suggests that “Member” would be the most appropriate word for consistency throughout the bylaws. However, the use of a single term, may require some minor revisions to surrounding text for clarity (for an example see Section 15 (State Legislative Committee) where “member” is separately used to denote a “member agency” and so would need to state “member-agency” consistently to accommodate the more general use of “member” throughout the bylaws).

Staff Response: Staff revised the terms in the committee section descriptions (Sections 5 through 17) to “member” for consistency and the surrounding language where needed in response to the LAC Workgroup’s analysis. **(See attached bylaws for proposed amendments to these sections.)**

3. **Section 5. Agriculture Committee.** There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. The committee shall consist of at least one member from each region.



Rationale: The 2016-2017 Business and Strategic Plan initiative to increase involvement and engagement from ACWA's agricultural members has successfully generated momentum amongst ACWA's agricultural members and a renewed attention to and involvement in key policy issues that uniquely affect agricultural water suppliers. Amidst this success, a concern has arisen that the momentum could be lost once the Board of Directors finishes its current term and the initiative sunsets. This concern has sparked the suggestion that ACWA should consider creating an Agriculture Committee as the thirteenth standing committee of the Association to continue the objectives of the Ag Initiative long-term.

LAC Workgroup Analysis: The proposed revision is clean and meets its intended purpose.

4. **Section 12. Legal Affairs Committee.** There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members ~~of the Association~~ agencies, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the members ~~of the Association~~ agencies and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between ~~35~~ 34 and ~~45~~ 44 attorneys, each of whom shall be a member of the California Bar and shall be, or act as, counsel for a member ~~of the Association~~ agency, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. ~~Further, there shall be at least one representative from each region on the committee.~~ The committee shall consist of a least one member from each region.

Rationale: Change the committee composition range so there is a resulting odd number total when the chair is added.

LAC Workgroup Analysis: Considered together with the general change in Section 4, Committee Composition, above, this change accomplishes its purposes and maintains the current overall LAC membership numbers.

Article 9 – Meeting of Members

5. **Section 8. Amendments, Revisions, and Resolutions.** Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least ~~30~~ 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any



proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association ~~at least five~~ not less than 10 days or more than 90 days prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section 3. The ~~30~~ 90-day rule may be suspended at any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections ~~3~~ 5 and ~~4~~ 6 of this Article.

Rationale: Staff recommended that the deadline for submitting requests for amendments, revisions, and resolutions be changed from 30 to 120 days prior to any membership meeting to provide the Legal Affairs Committee sufficient time to review and develop the required analysis and for staff to provide adequate notice to the members as set forth in Article 9, Sections 3 and 4 of the bylaws. **Note: Staff typically notifies ACWA members at least 45 days prior to a given membership meeting to allow the member agency boards adequate time to designate their authorized voting representative.**

LAC Workgroup Analysis: This proposed revision is clear and meets its intended purpose. However, workgroup members did express some concern that the 120-day submission requirement may unduly limit the Association's ability to quickly respond to state or federal legislative or administrative acts appropriately. A supermajority of the Association may vote to suspend the requirement, however, it may be advisable to require only 90-days for submission while retaining the general Association distribution timing of no later than 10-days and no earlier than 90-days prior to presentation at an Association meeting.

Staff Response: Staff revised the proposed amendment to state 90 days instead of 120 days in response to the LAC Workgroup's analysis.

The Board of Directors recommends adoption of the proposed amendments to ACWA's Bylaws through a vote of the membership.

Webinar on Proposed Amendments to Bylaws

ACWA staff is hosting a webinar on **Tuesday, November 7, at 10:00 a.m.** in advance of the membership meeting to answer any questions members may have pertaining to the proposed amendments to the bylaws. Please register for the webinar at the link listed below:

Please register for Bylaws Webinar on Nov 07, 2017 10:00 AM PST at:

<https://attendee.gotowebinar.com/register/18153322847132675>

After registering, you will receive a confirmation email containing information about joining the webinar.



Membership Voting Process

ACWA will issue each member agency **present** one proxy card for voting purposes based on the designated voting representative identified by the member agency on the proxy designation form. The designated voting representative is required to register and sign as the proxy holder to receive the proxy card. Proxy cards will **only** be available for pick-up on **Wednesday, November 29**, between **9:00 a.m. and 12:00 p.m.** at the **ACWA General Session Desk** in the main foyer outside of the **Marquis Ballroom Center, Marriott Anaheim**. The luncheon and General Session Membership Meeting will be held in the Platinum Ballroom 1-6.

To expedite the sign-in process at the **ACWA General Session Desk**, please indicate your voting delegate on the enclosed proxy designation form and return it by email (**donnap@acwa.com**) or fax (**916-325-4857**) at your earliest convenience prior to conference. If there is a last minute change of delegate, please let us know before the meeting date by contacting ACWA's Clerk of the Board, Donna Pangborn, at 916-441-4545 or donnap@acwa.com.

If you have any questions regarding this process, please contact Clerk of the Board Donna Pangborn at the ACWA office at 916-441-4545 or donnap@acwa.com.

dgp

Enclosures:

1. General Session/Election Procedures
2. Proposed ACWA Bylaws Amendments – Redline Version
3. Proxy Designation Form



BYLAWS of the Association of California Water Agencies

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BYLAWS OF THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES

(As amended by the Members on December 2, 2015)

ARTICLE 1 – GENERAL

Section 1. Name. The name of this California nonprofit corporation shall be the Association of California Water Agencies (hereinafter referred to as the Association).

Section 2. Principal Office. The principal office for the transaction of business of the Association is located at 910 K Street, Suite 100, Sacramento, California; provided, however, that the Board of Directors may change the location of the principal office by resolution and without amendment of these bylaws.

Section 3. Purposes. The purposes of the Association shall be to work together with its members and others for the best interests of California and its citizens and landowners who use, need and depend upon water; to encourage the orderly development of the waters of the state; to seek means of obtaining and making available to all of California a dependable water supply of the best possible quality at the lowest possible cost, giving due consideration to environmental factors involved therein; to provide inspiration and leadership in meeting and solving the water supply problems of this state; to propose and advocate such policies and measures—local, state and federal—that serve the best interests of the Association, opposing those of contrary nature; to assist in promoting the health, safety and welfare of the employees of its members; and to do all other things that are in the best interests of its members.

ARTICLE 2 – MEMBERSHIP AND DUES

Section 1. Membership.

- A. **Members.** Only a public district, public agency, or public organization created and operated for the purpose of controlling, treating, developing, acquiring, using or supplying water for any purpose for inhabitants or lands within the state of California, or for the protection, drainage or reclamation of lands within the state of California, may become a member of the Association. Such an entity will become a member upon written application, approval by the Board of Directors, and the payment of the required dues. Acceptance to membership shall authorize full participation in Association activities. Except as otherwise provided in subsection (B) below, in no case may an organization other than a state, a political subdivision (as defined in § 1.103-1(b) of the Income Tax Regulations) of a state or an entity the income of which is excluded from gross income under § 115 of the Internal Revenue Code be a member of the Association.
- B. **Honorary Life Members.** Any person who has rendered conspicuous service in furthering the purposes of the Association may, by vote of the Board of Directors, be granted an honorary life membership in the Association without payment of dues or assessments. All past presidents of the Association shall automatically be honorary life members without vote of the Board of Directors. Honorary life members shall not be entitled to a vote or to hold office automatically because of their status as honorary life members.
- C. **Termination of Members.** Membership shall cease upon the failure of any member to pay the dues provided for in Section 2 of this Article. The membership of any member may be terminated at any time by such member sending written notification of its intention to withdraw to the Association's principal office. The Board of Directors may terminate the membership of any member upon 30 days' written notice by first-class mail when it is determined at any regular Board meeting or at any special Board meeting called for that purpose that continuance of such membership would not be in the best interests of the Association. Withdrawal or termination of membership ends any participation in Association activities and shall terminate a member's interest in the Association's assets.

Section 2. Dues. The annual dues of each member of the Association shall be established by the Board of Directors; provided, however, that any member may apply for a change in its dues because of conditions that differentiate such applicant from other members.

Section 3. Liability of Members. No member shall be liable for any obligation incurred by the Association with the following exception: (1) the payment of the annual dues while it remains a member; and (2) the payment of emergency assessments, which shall not exceed 10 percent of current annual dues for each member in any calendar year while it remains a member. No emergency assessment may be levied against any member during its first two years of membership in the Association.

ARTICLE 3 – OFFICERS

Section 1. President and Vice President.

- A. **General.** The president and vice president of the Association shall be the elected officers of the Association. At the time of their election the president and vice president shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association. The president and vice president shall be elected by the members of the Association at its fall conference in each odd-numbered year, shall take office on January 1 of the calendar year following election, and shall hold office until such time as their successors take office or are appointed. An elected president shall not be permitted to succeed himself/herself to that office. Except as provided in this Article, should vacancies occur in either office of the president or vice president, the Board of Directors shall appoint persons to fill such offices for the unexpired terms thereof.
- B. **President.** The president shall preside at all meetings of the Board of Directors, the Executive Committee, and the general membership; shall appoint members of all committees, including the chair and vice chair of each, upon recommendation from members and regions (as communicated by the region chairs), with each such committee chair and vice chair ratified by the Board of Directors; and shall perform all other duties necessary to carry out the functions of the office. The president shall be a non-voting *ex officio* member of each committee, but shall not be an *ex officio* member of the Nominating Committee or the region boards.

The president may be expelled from office with or without cause, upon the satisfaction of the following two events: (1) a two-thirds vote of the Board of Directors; and (2) a subsequent simple majority vote of the members of the Association during a meeting of the membership.

- C. **Vice President.** The vice president shall, in the absence of the president, assume all of the duties of that office and, if a vacancy occurs, succeed thereto for the unexpired term. The vice president shall sit as a member of the Executive Committee of the ACWA Joint Powers Insurance Authority and shall perform such other duties as assigned by the president.

Section 2. Executive Director/Secretary and Controller/Treasurer.

- A. **General.** The executive director/secretary and controller/treasurer of the Association shall also be officers of the Association. The executive director/secretary shall be appointed by and hold office at the pleasure of the Board of Directors of the Association.
- B. **Executive Director/Secretary.** The executive director/secretary shall: (1) advise and assist the Board of Directors, all committees, the boards of each region, and the workgroups of each region; (2) be responsible for administering the total operations of the Association; (3) employ, direct, and release all employed staff in accordance with the policies adopted by the Board of Directors and consistent with the budget adopted by the Board of Directors; (4) provide relevant

information to the Board of Directors needed by the Board to take actions; (5) give members notice and record minutes of all meetings of the membership, Board of Directors, and Executive Committee; and (6) have such other powers and perform such other duties as may be provided and assigned by the Board of Directors directly or through the president of the Board or the Executive Committee. The executive director/secretary, with the assistance of the controller/treasurer, shall render a report to the Board of Directors at the first meeting following the close of each calendar year showing the membership of the Association, the receipts and expenditures during the year, and the work accomplished during the previous year.

- C. **Controller/Treasurer.** The controller/treasurer shall report to and act under the direction of the executive director/secretary. The controller/treasurer shall be a signatory on all accounts held by the Association and shall act as a fiduciary for all assets of the Association.

ARTICLE 4 – BOARD OF DIRECTORS

Section 1. Membership. The Board of Directors shall consist of:

- A. The Association president and vice president.
- B. The chair and vice chair of each region.
- C. The chair of each standing committee.
- D. The most immediate active past president.
- E. The vice president of the ACWA/Joint Powers Insurance Authority.

Section 2. Term of Office. The term of office of all members of the Board of Directors shall commence on January 1 of the calendar year following election of the president and vice president, except for those persons who serve on the Board of Directors by nature of their position as chairs of standing committees, whose terms shall instead commence upon their ratification by the Board of Directors. Except as provided in Article 4, Section 11, the term of office for all members of the Board of Directors shall terminate on December 31 of the following odd-numbered year two years later, or until their successors take office.

Section 3. Attendance Requirement. Any member of the Board of Directors who misses two consecutive regular Board meetings without being excused by the Board will no longer be a member of the Board of Directors.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held bimonthly at such times and places as the Board may determine.

Section 5. Special Meetings. Special meetings may be called by the president upon the president's own volition or shall be called by the president when requested in writing by five directors. Prior to conducting such a special meeting, the president shall consult with the Executive Committee to ensure

that adequate information is available to the Board of Directors for any necessary decisions; and where such meeting is called upon the president's own volition, the president shall also consult with the Executive Committee as to the necessity of the special meeting. Notice for special meetings shall be provided in the following manner: (1) upon 10 days' written notice sent by mail to each director and addressed to each at the address as shown upon the records of the Association; or (2) upon 48 hours' notice with notice provided by electronic means. When the meeting is called upon the president's own volition, the president shall choose the form of notice; when the meeting is called by a request of five directors, the five directors shall choose the form of notice and the president shall promptly call the meeting. No business except those items described in the notice shall be transacted at any special meeting, except by consent of three-fourths of the members of the Board of Directors present.

Section 6. Meeting Requirements and Quorums. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission. At any meeting of the Board of Directors, the attendance of 50 percent of the voting members of the Board of Directors, or their permitted alternates as specified in these bylaws, shall constitute a quorum for the transaction of any business. The Board may hold a closed session for discussion of personnel matters or enforcement of violations of the code of conduct.

Section 7. Alternates. Each region shall designate an alternate for each chair and vice chair, who shall meet the qualification requirements for chair and vice chair, to act at meetings of the Board of Directors when the chair or vice chair is unable to attend. The vice chair of each standing committee will be the alternate to act at meetings of the Board of Directors when the chair is unable to attend. An alternate may not act or vote on behalf of more than one member of the Board of Directors. A member of the Board of Directors may not act as an alternate for any other member.

Section 8. Vacancies for Standing Committee Chairs and Vice Chairs. Should a vacancy occur in the office of any standing committee chair or vice chair before the end of the term, the president shall appoint a new committee chair or vice chair to fulfill the unexpired term of such committee chair or vice chair subject to ratification by the Board of Directors. A vacancy in the office of any such standing committee chair or vice chair as described in the previous sentence shall be deemed to exist when the chair or vice chair: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 9. Duties, Authorities, and Delegation. Subject to the provisions and limitations of California Nonprofit Corporation Law, other applicable laws, and the provisions of these bylaws, the Association's activities and affairs are to be exercised by or under the direction of the Association's Board of Directors. The Board of Directors is responsible for the overall supervision, control, and direction of the Association. The Board of Directors shall: (1) employ and release the executive director/secretary; (2) set performance expectations for the executive director/secretary; (3) receive, review, and consider approval of executive director/secretary recommended compensation, other terms and conditions of

employment, and annual evaluations as prepared by the Executive Committee; (4) annually adopt a budget; and (5) set the level of dues for the Association. Except as to the duties listed in the previous sentence, and subject to Article 3, Section 2, the Board of Directors may delegate the supervision, control, and direction of the Association's affairs to any person or group, including a committee, provided the Association Board retains ultimate responsibility for the actions of such person or group. Where such powers are delegated, the delegation shall be documented in writing.

Section 10. Immediate Past President. The immediate past president automatically assumes this position after serving as the Association's elected president and is a voting member of the Board of Directors and Executive Committee. The term of office for the immediate past president shall commence on January 1 of the calendar year following election of the president and vice president and shall terminate on December 31 of the following odd-numbered year two years later. In the event the most immediate active past president is unavailable to serve, the most recent and available active past president in succession shall serve in this capacity.

Section 11. Code of Conduct of Board Members.

- A. **Code of Conduct: Purpose and Adoption.** The Board of Directors shall establish, and update as appropriate, a code of conduct for its Directors that recognizes the Association's commitment of integrity, respect, and fair representation to its members and the public they serve and establishes minimum ethical standards for the performance of the duties of office. The code shall be consistent with the procedural processes contained in this section. The code shall be distributed to all new Directors and shall be distributed annually to all members of the Association.
- B. **Violations and Enforcement Process.** A violation of the code of conduct may result in removal, public censure, or private reprimand of a Director, or such other action as contained in the code of conduct. However, removal and public censure shall be reserved only for serious violations. A Director may not be removed or publically censured absent an affirmative vote of two-thirds of the voting members of the Board of Directors. A Director may be privately reprimanded for a violation of the code of conduct upon the majority vote of the quorum. Complaints of violation of the code of conduct may be filed with the president, or the vice-president if the allegations are made against the president. The president may refer a complaint of violation to the executive director/secretary for investigation. The executive director/secretary may retain a special investigator or special counsel to conduct or assist the investigation. A Director accused of a violation shall be provided a copy of the complaint. A Director that takes any hostile or retaliatory action, directly or indirectly, against a complainant is subject to removal from the Board in conformance with the process identified above. Prior to scheduling a Board action on a complaint, the president shall consult with the Executive Committee and the chair of the Legal Affairs Committee. A Director accused of a violation of the code of conduct shall be provided at least 15 days' written notice of any meeting of the Board at which a determination of enforcement will be considered. A determination of enforcement may be made only at a regular

meeting of the Board and shall be made in closed session. The determinations of the Board under this section shall not be admissible in any criminal or civil proceeding brought against the Director for conduct that violates any other law.

ARTICLE 5 – REGIONS

Section 1. Boundaries of Each Region.

- A. There shall be a maximum of 10 regions within the state. The Board of Directors shall determine the regional boundaries. Insofar as is practicable, the regions shall have a numerical balance in members of the Association; make geographic sense; and promote regional problem solving.
- B. A member of the Association may file a written petition to the Board of Directors requesting a change in regions. Such petition shall set forth the reasons for such requested change. The Board shall, within a reasonable time, act upon such petition and set forth the reasons for its action. Such action by the Board shall be based on factors in (A) above, as well as others deemed by the Board of Directors to be relevant to the decision.

Section 2. Officers.

- A. The officers of each region shall be a chair and vice chair and three to five region board members who shall be elected by the region by September 30, or the preceding Friday if September 30 falls on a weekend, of odd-numbered years. A region may maintain a board of fewer than five but not less than three members as provided in the region's rules and regulations. The officers of the region board shall take office on January 1 of the calendar year following election and shall hold office for two years, or until their successors take office. Regions shall hold elections by electronic ballot. ACWA staff shall verify the legitimacy of the ballots.
- B. The officers of each region shall: (1) exercise the powers and perform duties of the region during the interim between region meetings; and (2) make recommendations to the president regarding appointments to committees. The chair and vice chair shall be the region's representatives to the ACWA Board of Directors.
- C. Each officer of a region shall be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the office, the individual may not serve during the remaining term of that office unless that individual can again meet the criteria for the office and is appointed to complete the term. The region board may adopt more stringent criteria for board member qualifications as part of the region's rules and regulations.
- D. Should a vacancy occur in any of the region board positions before the end of the term, the remaining members of the region board shall appoint a new member. A vacancy in the office of

any region board position shall be deemed to exist when a region board member: (1) resigns the office; (2) no longer is an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member of the Association to represent that member; or (3) is otherwise removed by a member agency of the Association.

Section 3. Nominating Committees. There shall be a nominating committee for each region consisting of three or more designees, each representing a member of the Association located within the region, appointed by the chair of the region and approved by the region board. Nominating committees shall be formed by February 28 of each odd-numbered year. The nominating committee shall announce its nominations for chair, vice chair, and region board members by August 1 of an election year. All regions must complete the election process by September 30 of the election year, or the preceding Friday if the September 30 falls on a weekend.

Section 4. Meetings. The meetings of each region shall be held at both the spring and fall conferences and at such other times and places as may be determined by the region chair. Representatives of five or more members of the Association from the region present at any region meeting shall constitute a quorum for purposes of conducting the business of the region. Any meeting, regular or special, may be held in person or by telephone conference, web video conference, or other electronic video screen communication or electronic transmission.

Section 5. Workgroups. Workgroups may be appointed by the region chair as needed.

Section 6. Rules. Each region shall organize and adopt rules and regulations for the conduct of its meetings and affairs not inconsistent with the Articles of Incorporation or bylaws of the Association. Each region shall abide by the code of conduct adopted by the Board of Directors of the Association.

ARTICLE 6 – EXECUTIVE COMMITTEE

Section 1. Membership. There shall be an Executive Committee consisting of the following: the president of the Association, who shall be the chair thereof; the vice president; the most immediate active past president; the chair of the Finance Committee; and three at-large representatives selected from and by the members of the Board of Directors. The election of the three at-large representatives to the Executive Committee shall occur at the first Board of Directors meeting held in each even-numbered year and the elected representatives shall serve immediately following their election and until such time as their successors take office. To the extent practical, the Executive Committee should be constituted so as to reflect the geographic extent of the Association and the functions of the members of the Association.

Section 2. Powers. The Executive Committee shall have the following authority:

- A. **Personnel.** Subject to the budget adopted by the Board of Directors, the Executive Committee shall perform the following personnel actions: (1) recommend compensation for the executive

director/secretary to the Board of Directors for approval; (2) perform annual reviews of the executive director/secretary and submit that review to the Board of Directors; (3) review and approve the classification and compensation plan and publicly posted salary schedule for Association employees submitted by the executive director/secretary, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors; (4) establish personnel policies for the conduct and behavior of employees, which shall be reviewable by the Board of Directors; and (5) undertake such other personnel actions as may be requested by the executive director/secretary in support of his or her oversight of all other personnel matters, which shall be reviewable by the Board of Directors, in closed session, upon request of the Board of Directors.

- B. **Delegation.** The Executive Committee may act pursuant to any authority specifically delegated to it by the Board of Directors. The delegation shall indicate whether the authority is still subject to the ultimate authority of the Board.

- C. **Authority to Act Between Meetings.** The Executive Committee may act for the Board of Directors between Board meetings when calling a special meeting of the Board of Directors is impracticable, provided that no such action of the Executive Committee shall be binding on the Board of Directors until authorized or approved by the Board. The Executive Committee has the authority to authorize actions recommended by the Legal Affairs Committee (such as the filing of letter briefs and amicus curiae briefs) by electronic means without the need for an in-person or telephonic meeting, but such actions shall be ratified by the Board of Directors at its next meeting.

Section 3. Reporting. The president, or any person designated by the president, shall report to the Board of Directors, at each regular Board meeting, any action taken by the Executive Committee since the last preceding regular Board meeting. The minutes of Executive Committee meetings, which at that time may still be in draft form, shall be mailed (using the U.S. Postal Service, express delivery, electronic means, or otherwise) to each member of the Board of Directors at least five days prior to Board meetings, except in cases in which the Executive Committee meets during or immediately prior to a conference of the Association or immediately prior to a Board meeting, in which case the minutes, which may still be in draft form, shall be mailed to each director promptly thereafter.

Section 4. Meetings. The Executive Committee shall hold regularly scheduled meetings as set by the president. Special meetings of the Executive Committee may be called by the president upon notice to the members of that committee or upon written request of three Executive Committee members. Notice for special Executive Committee meetings shall be provided to the entire Board: (1) upon five days' written notice sent by mail, or (2) upon 24 hours' notice with notice provided by electronic means; and all such meetings shall be open to the Board of Directors. Any meeting, regular or special, may be held in person or by telephone conference, web video conference or other electronic video screen communication or electronic transmission. All members of the Board of Directors may attend any meeting of the Executive Committee. Meetings of the Executive Committee may be closed to others at

the discretion of the President or committee. Only members of the Executive Committee are allowed to vote on matters at a meeting of the committee.

Section 5. Minutes. The minutes of the Executive Committee meetings shall be kept by the executive director/secretary at the Association's principal office. Actions of the Executive Committee shall be reported to the Board of Directors as provided in Section 3 of this Article and shall be available to any member of the Board of Directors upon request to the executive director/secretary.

ARTICLE 7 – STANDING COMMITTEES

Section 1. Qualification. In order to serve on any ACWA standing committee, an individual must be an officer, employee, or member of the governing body of a member agency of the Association, or other representative duly designated by a member agency of the Association to represent that member at the time of the appointment. Where an individual ceases to meet these criteria during the term of the appointment, the individual may not serve during the remaining term of that appointment unless that individual can again meet the criteria for appointment and is appointed to complete the term.

Section 2. Term of Office. The term of office of standing committee members shall be two years commencing on January 1 of each even-numbered year. The term of office of standing committee chairs and vice chairs shall be approximately two years and shall commence as soon after January 1 of the even-numbered year as they may be appointed by the president and ratified by the then-seated Board of Directors, and shall terminate on December 31 of the odd-numbered year approximately two years later or until their successors are appointed and ratified.

Section 3. Meetings. Meetings of standing committees may be called at such times and places designated by the respective chair thereof except where provided otherwise by these bylaws. Subject to the provisions of these bylaws and any actions that may be taken by the Board of Directors, the chairs of each standing committee may establish their own rules for the efficient operation of the committee they each chair. The chairs of each standing committee are authorized to create subcommittees and workgroups in order to complete the work of the committee.

Section 4. Committee Composition. Each limited standing committee shall have a membership composition that is comprised of members in the quantity and with qualifications as defined by the provisions of these bylaws. The committee chair position shall not be included in the maximum count for determining the committee composition total of any given limited committee. The committee chair shall, however, be a voting member of their respective committees subject to the rules and procedures of each committee.

Rationale: Staff is recommending this amendment to the Bylaws to allow the President flexibility in appointing members to limited standing committees and to provide an odd number committee composition total.

LAC Workgroup Analysis: The proposed revision is clear and meets its intended purpose.

Committee Composition Terms in Sections 5 through 17.

Rationale: Review of Committee Composition Terms: Staff noted that the use of the term “individual” versus “representative” (and one instance of “member”) was inconsistent throughout the committee composition description for each of the standing committees in Article 7. Staff asked the LAC Workgroup to review Section 1, Qualifications, as well as each of the committee descriptions to make a determination as to which term would best apply for all of the committees for purposes of consistency throughout Article 7.

LAC Workgroup Analysis: Reading of the various ACWA committee sections suggests that “Member” would be the most appropriate word for consistency throughout the By-Laws. However, the use of a single term, may require some minor revisions to surrounding text for clarity (for an example see Section 15 (State Legislative Committee) where “member” is separately used to denote a “member agency” and so would need to state “member-agency” consistently to accommodate the more general use of “member” throughout the By-Laws).

Staff Response: Staff revised the terms in the committee sections to “member” for consistency and the surrounding language where needed in response to the LAC Workgroup’s analysis.

Section 5. Agriculture Committee. There shall be an Agriculture Committee whose duty it shall be to recommend Association policy, positions and programs to the Board of Directors, State Legislative Committee, Federal Affairs Committee or other committees, as appropriate, regarding agricultural issues affecting the interests of ACWA and its members. The committee shall consist of at least one member from each region.

Rationale: The 2016-2017 Business and Strategic Plan initiative to increase involvement and engagement from ACWA’s agricultural members has successfully generated momentum amongst ACWA’s agricultural members and a renewed attention to and involvement in key policy issues that uniquely affect agricultural water suppliers. Amidst this success, a concern has arisen that the momentum could be lost once the Board of Directors finishes its current term and the initiative sunsets. This concern has sparked the suggestion that ACWA should consider creating an Agriculture Committee as the thirteenth standing committee of the Association to continue the objectives of the Ag Initiative long-term.

LAC Workgroup Analysis: The proposed revision is clean and meets its intended purpose.

Section—4 6. Business Development Committee. There shall be a Business Development Committee whose duty it is to develop and recommend to the Board of Directors programs and activities to be provided or administered by the Association that generate non-dues revenue and provide a service or benefit to Association ~~members~~member agencies. The committee shall consist of at least one ~~representative member~~representative member from each region and ~~one representative~~may include members from ~~the any of the other~~ standing committees.

Section-5 7. Communications Committee. There shall be a Communications Committee whose duty it shall be to develop and make recommendations to the Board of Directors regarding a comprehensive internal and external communications program for the Association and to promote development of sound public information and education programs and practices among members ~~of the Association agencies~~. The committee shall consist of no more than 40 ~~individuals~~ members. ~~Of that number, The committee shall consist of at least one individual member shall be from each region.~~

Section-6 8. Energy Committee. There shall be an Energy Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one ~~representative member~~ from each region.

Section-7 9. Federal Affairs Committee. There shall be a Federal Affairs Committee whose duty it shall be to review all federal legislative proposals and regulatory proposals affecting ~~members of the Association member agencies~~, after consulting with other appropriate committees, and to develop Association positions consistent with existing policy, where it has been established; recommend sponsorship of bills that will resolve problems or improve conditions for members ~~of the Association agencies~~; and assist in the establishment of the Association's federal legislative program. The committee shall consist of at least one ~~and, but~~ no more than five ~~individuals~~ members from each region.

Section-8 10. Finance Committee. There shall be a Finance Committee whose duty it shall be to make recommendations to the Board of Directors regarding annual budgets, dues formula and schedules and other revenue-producing income, annual audit and selection of an auditor, and investment strategies. The committee shall consist of the president and vice president of the Association as *ex officio* members, ~~the Finance Committee chair, one member~~ either the chair or vice chair from each of the Association's ~~of the region board from each of the Association's 10 regions boards (either chair or vice chair),~~ and one additional ~~representative member~~ from each region with experience in financial matters.

Section-9 11. Groundwater Committee. There shall be a Groundwater Committee whose duty it shall be to recommend policies and programs to the Board of Directors and to the State Legislative Committee and/or Federal Affairs Committee as appropriate. The committee shall consist of at least one ~~representative member~~ from each region.

Section-10 12. Legal Affairs Committee. There shall be a Legal Affairs Committee whose duty it shall be to support the mission of the Association, and more particularly to deal with requests for assistance involving legal matters of significance to members ~~of the Association agencies~~, including but not limited to state and federal court litigation, water rights matters, selected regulatory and resources agency matters, proposed bylaw revisions, review of legislation as requested by the State Legislative Committee, etc. The committee shall consider matters and issues submitted to it in order to determine which ones are of major significance to the members ~~of the Association agencies~~ and, assuming a finding of major significance, recommend to the Board of Directors the position(s) which the committee believes the Association should take with respect thereto. The committee shall be composed of between ~~35 34~~ and ~~45 44~~ attorneys, each of whom shall be a member of the California Bar and shall be,

or act as, counsel for a member of the Association ~~agency~~, representing diverse interests within the Association, including but not limited to, different geographical areas throughout the state, large and small agencies, agricultural and urban agencies, agencies created under the various enabling statutes, etc. ~~Further, there shall be at least one representative from each region on the committee~~The committee shall consist of at least one member from each region.

Rationale: Change the committee composition range so there is a resulting odd number total when the chair is added.

LAC Workgroup Analysis: Considered together with the general change in Section 4, Committee Composition above, this change accomplishes its purposes and maintains the current overall LAC membership numbers.

~~Section-11~~ 13. Local Government Committee. There shall be a Local Government Committee whose duty it shall be to recommend policies to the State Legislative Committee, as appropriate, and Board of Directors on matters affecting water agencies as a segment of local government in California. The committee shall consist of at least one, ~~and but~~ no more than three ~~individuals~~members from each region.

~~Section-12~~ 14. Membership Committee. There shall be a Membership Committee whose duty it shall be to assist staff in developing membership recruitment and retention programs, make recommendations to the Board of Directors regarding membership policies, eligibility, and applications for membership and review and make recommendations to the Finance Committee regarding an equitable dues structure. The committee shall consist of at least one member from each region.

~~Section-13~~ 15. State Legislative Committee. There shall be a State Legislative Committee whose duty it shall be to review all state legislative proposals affecting members of the Association ~~agencies~~ and to establish Association positions, consistent with existing policy, where it has been established; sponsor bills that will resolve problems or improve conditions for member ~~s~~s of the Association ~~agencies~~; and assist in the establishment of the Association's legislative program. The committee shall consist of ~~individuals~~members representing a variety of types of ~~members~~member agencies and at least one ~~and~~, ~~but~~ no more than four ~~individuals~~members from each region.

~~Section-14~~ 16. Water Management Committee. There shall be a Water Management Committee whose duty it shall be to recommend policy and programs to the Board of Directors on any area of concern in water management. The committee shall consist of at least one, ~~but and~~ no more than four ~~individuals~~members from each region.

~~Section-15~~ 17. Water Quality Committee. There shall be a Water Quality Committee whose duty it shall be to develop and recommend Association policy, positions, and programs to the Board of Directors, to promote cost-effective state and federal water quality regulations that protect the public health, to enable interested members of the Association ~~agencies~~ to join together to develop and coordinate with

other organizations, and to present unified comments regarding agricultural and domestic water quality regulations. The committee shall consist of at least one ~~individual~~ member from each region.

ARTICLE 8 – SPECIAL COUNCILS, COMMITTEES, AND TASK FORCES

Section 1. Council of Past Presidents. There shall be a Council of Past Presidents composed of all past presidents of the Association who serve on the council until each is no longer able to or wishes to serve. The council shall provide a mechanism for past presidents to continue to make valuable contributions to the Association. With approval of the Board of Directors, the president and/or executive director/secretary may assign specific responsibilities to the council from time to time. Members of the Council of Past Presidents are invited to attend and participate in the Association's Board meetings.

Section 2. Nominating Committee. There shall be a Nominating Committee consisting of five or more persons appointed by the president prior to the Association's fall conference in each odd-numbered year, whose purpose shall be to nominate qualified individuals for the offices of president and vice president of the Association. The Nominating Committee shall publish its nominations for the offices of president and vice president of the Association not less than 10 or more than 90 days before the membership meeting is held at fall conference. Additional nominations may be made by any member of the Association for candidates for the office of president and vice president. Additional nominations shall be made from the floor during the election of president and vice president at the membership meeting scheduled for said purposes.

Section 3. Other Committees and Task Forces. Other committees and task forces may be appointed by the president from time to time as needed, consistent with and supportive of the mission of the Association.

ARTICLE 9 – MEETINGS OF MEMBERS

Section 1. Meetings. Meetings of the members of the Association shall be held at the Association's conferences at such times as may be determined by the Board of Directors to conduct necessary business and to elect the president and vice president, which occurs at the fall conference in each odd-numbered year.

Section 2. Special Meetings. Special meetings of the members of the Association may be called by the Board of Directors, the president of the Board of Directors, or by 5 percent or more of the members of the Association. Except when called by the Board, a request for a special meeting must be in writing and must be delivered in person or mailed by first-class mail addressed to the president of the Board at the principal office of the Association, with a copy to the executive director/secretary. The request must state the general nature of the business proposed to be transacted at the meeting.

A special meeting that has been called by written request of 5 percent of the member agencies of the Association to the Board of Directors shall be set by the Board of Directors on a date that is not less than 35 or more than 90 days after receipt of the request.

Section 3. Notice Requirements for Membership Meetings. Written notice of any membership meeting shall be given to each voting member of the Association. The notice shall state the date, time, and place of the meeting; the means by which members may participate; and the general nature of the business to be transacted. The notice of any meeting at which Board officers are to be formally nominated and elected shall include the names of the recommended slate of candidates for the offices of president and vice president in addition to the election procedures. The member notification information shall also be posted on the Association's website.

Except as otherwise provided in these bylaws or California law, a written notice of regular membership meetings shall be given not less than 10 or more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting.

Section 4. Notice Requirements for Special Meetings. The executive director/secretary shall cause notice to be given to all members of the Association of the date, time, and place of the meeting and the general nature of the business to be transacted at the meeting. No business except that specified in the request and notice may be transacted at said special meeting. If notice of the requested special meeting is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice.

Section 5. Voting. Each member of the Association shall be entitled to one vote that shall be cast by its authorized representative. All questions, except amendments or revisions of these bylaws, shall be determined by a majority of the members present and voting. A roll call may be requested by any representative.

Section 6. Amendment of Bylaws. These bylaws may be amended or revised by two-thirds of the member agencies of the Association present and voting at any meeting.

Section 7. Quorums. The presence of the authorized representative of 50 members of the Association at any meeting of the members shall constitute a quorum for transacting business.

Section 8. Amendments, Revisions, and Resolutions. Before any amendments or revisions to the bylaws, or resolutions, may be considered at any meeting of the Association, any such amendment, revision, or resolution shall be submitted to the executive director/secretary at least ~~30~~ 90 days prior to the first day of such meeting. The executive director/secretary shall promptly distribute any proposed amendments or revisions to the Legal Affairs Committee for the Legal Affairs Committee to develop an unbiased analysis of the amendments or revisions. Following development of an analysis for the proposed amendments or revisions, the executive director/secretary shall distribute copies of any resolutions, amendments or revisions, including any applicable analyses, to all members of the Association at least five not less than 10 days or more than 90 days prior to presentation at such meeting. The written notice of the membership meeting shall be given to each voting member of the Association consistent with the provisions defined in Section 3. The ~~30~~ 90-day rule may be suspended at

any meeting of the Association by consent of three-fourths of the members present. Voting on resolutions, amendments, or revisions shall proceed as provided by Sections 3 5 and 4 6 of this Article.

Staff Rationale: Staff is recommended that the deadline for submitting requests for amendments, revisions, and resolutions be changed from 30 to 120 days prior to any membership meeting to provide Legal Affairs Committee sufficient time to review and develop the required analysis and for staff to provide adequate notice to the members as set forth in Article 9, Sections 3 and 4 of the Bylaws. Note: Staff typically notifies ACWA members at least 45 prior to a given membership meeting to allow the agency boards to designate their authorized representative.

LAC Workgroup Analysis: This proposed revision is clear and meets its intended purpose. However, subcommittee members did express some concern that the 120-day submission requirement may unduly limit the Association's ability to quickly respond to state or federal legislative or administrative acts appropriately. A supermajority of the Association may vote to suspend the requirement, however, it may be advisable to require only 90-days for submission while retaining the general Association distribution timing of no later than 10-days and no earlier than 90-days prior to presentation at an Association meeting.

Staff Response: Staff revised the proposed amendment to state 90 days instead of 120 days in response to the LAC Workgroup's analysis.

Section 9. Nomination of President and Vice President.

- A. **Qualification.** At the time of their election, the president and vice president of the Association shall each be an elected or appointed member of the governing body or commission (as appropriate) of a member agency of the Association.
- B. **Nominating Committee Process.** All nominations for the positions of president and vice president shall be accompanied by an official resolution from the Association member agency on whose board the nominee serves. Said resolution shall be signed by an authorized signatory of the member agency's Board of Directors.
- C. **Nominations from the Floor.** Additional nominations may be made by any member of the Association for the office of president and vice president. Said nominations and seconds shall be made from the floor during the election of the offices of president and vice president at the membership meeting scheduled for said purposes (as provided for in the penultimate sentence of Article 8, Section 2). Such nominations and seconds shall be made by a member of the Association and must be supported by a resolution of the governing body of the member making and seconding such nomination. The member agency on whose board the nominee serves shall submit a resolution of support if they are not the agency making the floor nomination or second.

Section 10. Additional Procedures for Election of Officers. The Board shall have the authority to develop additional procedures for elections of president and vice president when not otherwise covered by these bylaws.

ARTICLE 10 – INDEMNIFICATION OF DIRECTORS, OFFICERS, AND OTHER AGENTS

Section 1. Right of Indemnity. To the fullest extent permitted by law, this Corporation shall indemnify its Directors, Officers, employees, and other persons described in Section 7237(a) of the California Corporations Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred by them in connection with any “proceeding,” as that term is used in that Section, and including an action by or in the right of the Corporation, by reason of the fact that the person is or was a person described in that section. “Expenses,” as used in this bylaw, shall have the same meaning as in Section 7237(a) of the California Corporations Code.

Section 2. Approval of Indemnity. On written request to the Board by any person seeking indemnification under Section 7237(b) or Section 7237(c) of the California Corporations Code, the Board shall promptly determine under Section 7237(e) of the California Corporations Code whether the applicable standard of conduct set forth in Section 7237(b) or Section 7237(c) has been met and, if so, the Board shall authorize indemnification.

Section 3. Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under these bylaws in defending any proceeding covered by those Sections shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately determined that the person is entitled to be indemnified by the Corporation for those expenses.

Section 4. Insurance. The Corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its Officers, Directors, employees, and other agents, against any liability asserted against or incurred by any officer, director, employee, or agent in such capacity or arising out of the officer’s, director’s, employee’s or agent’s status as such.

ARTICLE 11 – MISCELLANEOUS

Section 1. Conduct of Meetings. All meetings of the Association shall be conducted in accord with the code of conduct and in substantial accordance with the latest edition of Robert’s Rules of Order Newly Revised unless the Board adopts alternate rules of conduct for itself and/or its committees, region boards, and region workgroups.

Section 2. Funds. The funds of the Association shall be used to further the aims and purposes of this Association. They shall be kept by the controller/treasurer and paid out by checks or other electronic means, which shall only be valid with two authorized signatures. The Board of Directors shall designate

by resolution which persons, other than the controller/treasurer, may sign for expenditures. The Finance Committee shall implement procedures to ensure necessary internal controls over the receipt and expenditures of Association funds and arrange for an external audit. Audit reports shall be presented to the Board of Directors.

Section 3. Disposition of Assets upon Dissolution. The Association's properties and assets are irrevocably dedicated to the fulfillment of the Association's purposes as described in Article 2 of the Articles of Incorporation. No part of the Association's net earnings, properties and assets, on dissolution or otherwise, may inure to the benefit of any private person. Upon the dissolution of the Association, all debts thereof shall be paid and its affairs settled, and all remaining assets shall be distributed to the Association's member political subdivisions for a public purpose, consistent with the provisions of the California Nonprofit Corporation Law relating to public benefit corporations then in effect and with the Articles of Incorporation.

Section 3. Definitions. As used in these bylaws, the term "notice provided by electronic means" shall refer to notice given by fax or e-mail.

Amended comprehensively December 1, 2010

Amended May 9, 2012

Amended May 7, 2014

Amended December 2, 2015



October 18, 2017

Robert Roscoe
Sacramento Suburban Water District
3701 Marconi Avenue, #100
Sacramento, CA 95821

Dear Colleague:

I am pleased to share with you that the Association of California Water Agencies (ACWA) Nominating Committee has selected me as their recommended candidate to serve in the role of ACWA Vice President for the 2018-2019 term. I am excited about having an opportunity to play a leadership role in ACWA and represent your water agency and the other 430 ACWA member agencies in addressing California's increasingly complex water issues. I am writing to respectfully request your agency's support for my candidacy during the ACWA Officer Election at our fall conference.

My experience, in participating on various ACWA committees and in numerous events over the years, has shown me that it is the people that make the difference in the success of our statewide organization. The diversity among water agencies – north/south, east/west, large/small, ag/urban, coastal/mountain, desert/forest – provides a stellar example of the value of collaboration. Statewide, ACWA member agencies have the expertise to solve almost any water issue when given the opportunity. One of the things I enjoy most about being a part of ACWA is being able to learn from water experts from each of our regions. Together we are a mighty force throughout California and together we can solve difficult issues to the benefit of all Californians.

I have attached a brief summary of my experience with ACWA state water task forces and advisory committees. While this experience is indeed important, what I treasure most is having the support of people whom I respect within ACWA – past presidents, fellow ACWA Board members, friends from other water agency boards, general managers and district staff.

Many agencies have already supported my candidacy through resolutions, and I am very grateful for their early votes of confidence. I respectfully ask for an opportunity to represent the best interests of water agencies throughout California and ask for your agency's vote. I look forward to seeing you at our fall conference in Anaheim. Thank you in advance for your support. Please contact me if you have any questions about my candidacy at 714-227-2869.

Respectfully,

A handwritten signature in black ink that reads "Steven E. LaMar". The signature is written in a cursive, flowing style.

Steven E. LaMar
Director

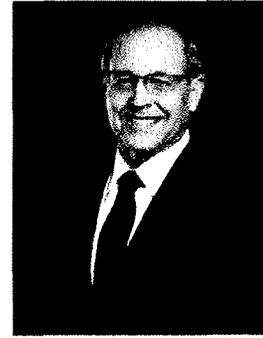
Enclosure: Statement of Qualifications

STEVEN E. LAMAR

Statement of Qualifications for Vice President Association of California Water Agencies

- Inclusive Leadership
- Active Advocacy
- Strong Commitment Water Community

“Seeing things from all perspectives and working together to make a difference. This is not only the best way to forge alliances and make tough policy decisions, it’s essential for good governance.”



Inclusive Leadership: Experience that Counts

Steve LaMar has been a member of the Irvine Ranch Water District (IRWD) Board of Directors since early 2009, serving multiple terms as Board President. In his most recent election, he received support and endorsements from both the business community (e.g., Orange County Business Council, Building Industry Association) and environmental groups (e.g., Orange County League of Conservation Voters, Sierra Club).

Mr. LaMar has also served in leadership roles for the Association of California Water Agencies (ACWA). He is currently a member of its Board of Directors, Chair of the ACWA Federal Affairs Committee, and participates regularly at ACWA’s Executive Committee. He is a past-Chair of ACWA’s Headwaters Task Force. Mr. LaMar is a member of the board of directors of several other water-related organizations, including the National Water Resources Association (representing 17 Western states), the Southern California Water Committee, and CalDesal, and has served on the Board of the National Water Research Institute.

Beyond his water industry involvement, Steve had held leadership positions at a wide range of organizations such as the Natural Communities Coalition of Orange County, a nonprofit organization responsible for implementing California’s first natural community conservation plan and for protecting 37,000 acres of coastal sage scrub habitat, where he is its current Board President. He is also active in the California Building Industry Association, where he has chaired both the Water Resources Committee and Government Affairs Committee.

Active Advocacy: Not Just Words

Mr. LaMar advocates for ACWA’s policies and initiatives not only as the Chair of the ACWA Federal Affairs Committee, but also through his involvement in other key ACWA committees including the Energy Committee, the Agricultural Initiative Work Group, and the Headwaters Work Group.

Steve’s advocacy effectiveness is evidenced by his successful professional career as President of LegiSight, LLC, a legislative advocacy firm for businesses. Prior to forming this firm, he served as the Senior Policy Director for the Irvine Company and the Director of Corporate Affairs for the Mission Viejo Company.

A Long-Term Commitment to the Water Community: Live What You Believe

Mr. LaMar’s commitment to the water community pre-dates his joining the Board of IRWD. He worked on the Delta Vision Stakeholders Coordinating Group as a business representative, the AB 2717 Landscape Task Force as the Chair of the Economics Work Group, the 2005 and 2009 Advisory Committees for the California Water Plan, State Water Desalination Task Force, and Governor Davis’ Drought Advisory Panel.

Serving on the Board of IRWD has provided Mr. LaMar with the knowledge and understanding of what goes into providing retail water service to a broad and diverse community. Steve has applied this knowledge to his involvement with the Southern California Water Committee and memberships in the California Business Properties Association and the California Chamber of Commerce.

Steve LaMar has a Bachelor of Arts in Political Science from Pittsburg State University and an Environmental Management Institute Certificate from the U.S. Environmental Protection Agency.

Irvine Ranch Water District is a large retail water and sewer agency in Orange County California serving 390,000 residents, a 180-square mile area, with approximately 110,000 water and sewer service connections



Exhibit 4

PROXY DESIGNATION FORM

ASSOCIATION OF CALIFORNIA WATER AGENCIES
 GENERAL SESSION MEMBERSHIP MEETING(S)
 WEDNESDAY, NOVEMBER 29, 2017 AT 1:20PM
 THURSDAY, NOVEMBER 30, 2017 AT 1:20PM (IF NEEDED)

TO: Donna Pangborn, Clerk of the Board

EMAIL: donnap@acwa.com

FAX: 916-325-4857

The person designated below will be attending the ACWA General Session Membership Meeting(s) on **Wednesday, November 29, 2017 (and November 30, 2017 if necessary)** as our voting delegate.

<i>MEMBER AGENCY'S NAME</i>	<i>AGENCY'S TELEPHONE No.</i>
<i>MEMBER AGENCY'S AUTHORIZING REPRESENTATIVE</i>	<i>SIGNATURE</i>
<i>DELEGATE'S NAME</i>	<i>SIGNATURE</i>
<i>DELEGATE'S EMAIL</i>	<i>DELEGATE'S TELEPHONE No.</i>
<i>DELEGATE'S AFFILIATION (if different from assigning agency)¹</i>	<i>DATE</i>

¹ If your agency designates a delegate from another entity to serve as its authorized voting representative, please indicate the delegate's entity in the appropriate space above. Note: Delegates need to sign the proxy form indicating they have accepted the responsibility of carrying the proxy.

REMINDER: Proxy cards will be available for pick up on **Wednesday, November 29**, between **9:00 a.m.** and **12:00 p.m.** at the **ACWA General Session Desk** in the main foyer outside of the **Marquis Ballroom Center, Marriott Anaheim**. The luncheon and General Session Membership Meeting will be held in the Platinum Ballroom 1-6.



Agenda Item: 6

Date: November 15, 2017

Subject: 2018 Budget and 2019 Forecast - Third Draft & Reserve Policy (PL – Fin 004)

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

Adopt the current draft 2018 Budget and 2019 Budget/Forecast (Exhibit A) by way of the following actions:

1. With respect to the Operations and Maintenance Budget (O&M Budget):
 - a. Approve the O&M Budget for 2018 as per Exhibit A or as amended by the Board.
 - b. Authorize the General Manager spending and delegation authority up to the total O&M budgeted amount.
 - c. Authorize the General Manager to adjust and/or reallocate various line item costs as necessary within the total O&M Budget amount.
 - d. Approve the employee position list as shown in Exhibit C.
 - e. Approve a direct labor budget of \$5.404 million (\$8.549 million with benefits and taxes) and the 2018 Salary Band Schedule with a 3.0% COLA as shown in Exhibit C-1
 - f. Approve the Other Post-Employment Benefits (OPEB) portion of the O&M budget (\$560,000), and direct the General Manager to fully fund the Actuarial Required Contribution.

2. With respect to the Capital Improvement Program Budget (CIP Budget):
 - a. Approve the CIP Budget for 2018 and 2019 inaugural budget as per Exhibit A or as amended by the Board.
 - b. Approve each project and project category as listed for 2018 and 2019 as per Exhibit A.
 - c. Authorize the General Manager spending and delegation authority up to the total budgeted CIP amount.
 - d. Authorize the General Manager to adjust and/or reallocate amongst the project type cost categories as necessary during the budget year within the total CIP Budget amount.

3. With respect to the Operating Capital Budget (OCB Budget):
 - a. Approve the OCB Budget for 2018 as per Exhibit A or as amended by the Board.
 - b. Approve each project and project category as listed for 2018 and 2019 as per Exhibit A.

- c. Authorize the General Manager spending authority up to the total OCB budgeted amount.
 - d. Authorize the General Manager to adjust and/or reallocate amounts amongst the project type cost categories as necessary during the budget year within the total OCB Budget amount.
4. Direct the District Treasurer to make required debt service payments.
 5. Direct the General Manager to request Board approval prior to any inter-budget transfers, e.g., O&M budget to CIP budget transfers, with subsequent reporting to the Board.
 6. Direct the District Treasurer to report the Budget status at regular monthly Board meetings and to report any intra-budget reallocations as necessary.
 7. Approve the 2017 purchase of a Ditch Witch FX65 Vacuum Excavation System for an estimated budget of \$103,000.
 8. Approve the Reserve Policy (PL – Fin 004) as per Exhibit D (no changes).

Discussion:

Answers and Findings to the two Questions asked by the Board at the Special Board Workshop on October 9, 2017 are provided in Exhibit B. Based on the findings, staff is recommending a change to the CPI Index used historically by the District (Western Small Cities-B/C Index) to the Western Large Cities-A Index due to the population size of the County and greater Sacramento area. As the Western Cities-A Index is currently 3.0% and the Western Cities-B/C Index is 2.6% (see Exhibit C-2), such a change will entail a Budget increase of \$42,000 compared to the amount presented at the Special Board Workshop. The current General Manager's 2018 salary is budgeted for a full year in accordance with his employment contract. Should changes become necessary, the 2018 budget will be amended accordingly. Other small changes have been made to the Budget as described in Exhibit B and shown in Exhibit E, which have resulted in a slight budget reduction.

As required by the District's Budget Policy (PL Fin-012), the proposed 2018 Budget has a slight amount of net income (revenues exceeds expenses) when the \$3.69 million carryover of the two delayed 2017 projects, scheduled for completion in 2018, is taken into account. As directed by the Board in July 2017, the scheduled 2018 4.0% rate increase is also included in the proposed Budget.

Discussions on the Budget to-date have included presentations to the Finance and Audit Committee on October 2nd and to the full Board on October 9th. Board direction and requests received from individual Directors have been incorporated into this third draft, which at the Board's request is being presented for adoption.

The 2018 Budget includes \$21.9 million for O&M expenses and presumes water production of 33,000 Acre-Feet, 2,000 of which is to be wholesaled to a neighboring water purveyor. Total

water production estimates also presume the purchase of 12,150 acre-feet of surface water in the North Service Area and 1,000 acre-feet in the South Service Area. Staffing levels remain unchanged in 2018 and 2019, however the 2018 Budget includes two General Manager (GM) positions as one GM is under contract through 2018 and a new GM contract is expected shortly. Other Post-Employment Benefits of \$0.56 million are based on a new actuarial report as of August 27, 2017 and is budgeted to be funded in 2018. See Exhibit E, slides 15 – 32 for more detail.

The 2018 Budget includes \$19.4 million for CIP projects. Major projects are listed on Exhibit A and Exhibit E, slides 33 – 47.

The 2018 Budget includes \$1.2 million for OCB projects. OCB projects comprise fleet purchases, computer hardware/software purchases, building maintenance and operating equipment purchases. All OCB projects are listed on Exhibit A and Exhibit E, slides 48 – 54.

District debt service payments are forecast to be \$7.7 million in 2018. See Exhibit E, slide 56.

The 2018 Budget and 2019 Forecast materials are presented in the following order in the attached PowerPoint presentation (Exhibit E):

1. District Goals and Budget Process
2. 2018 and 2019 Key Assumptions
3. Total Revenue, Expense and Reserve Balance Analysis
4. Operation & Maintenance (O&M) Budget
5. Capital Improvement Program (CIP) Budget
6. Operating Capital Budget (OCB)
7. Debt Service Forecast
8. Reserve Policy (Exhibit D)

Fiscal Impact:

If adopted as presented, the 2018 O&M budget would be \$21.9 million, including funding other post-employment benefits of \$0.56 million and changing the COLA to the Western Cities-A Index (Note: COLA change will increase budget by \$42,000.); the 2018 CIP budget would be \$19.4 million; the 2018 OCB budget would be \$1.2 million, and the 2018 debt service forecast would be \$7.7 million. The total of all four budgets would be \$50.2 million. Revenues are projected to be \$46.5 million resulting in a planned drawdown of reserves of \$3.7 million. The reserve planned drawdown is the result of \$3.7 million of delayed 2017 CIP projects, consisting of the Parkland Estates Phase 2 distribution main project and the Palm well. Projected reserve level at the end of 2018 is expected to be \$41.3 million.

Strategic Plan Alignment:

Finance – 4.H. Produce and monitor an annual budget for necessary system operations, maintenance and improvements.

District customers benefit by ensuring that planned expenditures of ratepayer funds is open, transparent, and responsive to customer needs.

EXHIBIT A

2018/19 Budget

Operations and Maintenance Budget	2018 Budget; w/3.0% COLA
Water Costs	\$5,850,000
Salaries	5,404,000
GM Contract Budget Adjustment	?
Employee Benefits	2,640,000
Employer Taxes and Insurance	505,000
OPEB	560,000
Engineering and Construction Services	2,737,000
Public Outreach & Conservation	523,000
Other	3,711,000
Total	\$21,930,000

Capital Improvement Program Budget	2018 Proposed Budget
Production (Source of Supply)	\$4,950,000
Transmission	50,000
Storage	200,000
Distribution	13,910,000
Special Projects	250,000
Total	\$19,360,000

Operating Capital Budget	2018 Proposed Budget
Information Technology	\$318,500
Maintenance	255,000
Operations	299,500
Vehicles and Fleet	263,000
Office Furniture and Equipment	25,000
Total	\$1,161,000

Total 2018 Budget	\$42,451,000
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Capital Improvement Program Budget	2019 Inaugural Budget
Production (Source of Supply)	\$500,000
Distribution	1,800,000
Total 2019 CIP Inaugural Budget	\$2,300,000

EXHIBIT A (continued)

Capital Improvement Program (CIP) Projects for 2018 & 2019
Parkland Estates Phase 2 Distribution Main Project
Edison Meadows Distribution Main Project
Jonas – Albatross Distribution Main Project
Well 78, 69A, N6A and N36A – Treatment, Drilling and Pump Stations
Meter Retrofit Program – 1,290 meters in 2018 and 1,230 meters in 2019
Special Projects – Buy Parcels for Future Well Sites; Easement Acquisitions
CIP Projects - Recurring Maintenance, Failures or Improvements
Production Projects – Well Rehabilitation; SCADA Terminals/RTUs; Electrical Improvements; and Engine Generator Compliance Projects
Transmission Projects – Corrosion Control; Pipeline Connections
Storage Projects– Tank/Well Corrosion Control; Tank Inspection/Repairs
Distribution Projects – Small Projects – e.g., Utility Conflicts; McClellan Line Replacements; Lowering/Raising Valve Boxes; Meter Replacement/Repair

Operating Capital Projects for 2018 and 2019
2018
Various Well Site Asphalt & Sealing
Fence Replacement – 4 Well Sites
Peristaltic Chemical Dosing Pumps
UCMR 4 Monitoring
Compact Mini Excavator
Foreman Furniture
Trailer Replacement #168 and #169
Meter Vault Lid Retrofit
Folding Tables and Chairs
Vehicle Replacement/Right Size - Truck #2, 11, 14, 47 and 48
Rekey All Facilities
Walnut Facility Window Covering Replacement
Walnut Facility Improvements Exterior Seal and Office Remodel
Well Site and Building Structures Maintenance
Computer Hardware Refresh Program Purchases
Software Enhancements/Modules
Server Room
2019
Folding Tables and Chairs
Environmental Compliance Furniture
Meter Vault Lid Retrofit
Computer Hardware Refresh Program Purchases
Software Enhancements

EXHIBIT B

2018 Budget Responses To Special Board Workshop Questions

Board Meeting
November 20, 2017



QUESTIONS

- 1. Validate CPI Comments from Public.
Recommend Changes as Appropriate.*
- 2. Further Possible Budget Cuts To Roughly
Equal 2018 Scheduled Rate Increase.*

CPI FINDINGS

- *While not the latest amounts, the public comments received at the Budget Workshop relative to CPI cost increases are correct.*
- *The CPI is not without flaws, nevertheless staff recommends continued use of US BLS West – CPI-U Index, but changing to the Western Large Cities-A Index instead of the Small Cities-B/C Index as the County and Greater Sacramento Area Populations exceed 1.5 million people.*
- *Additional reasons follow on the next 3 slides.*

CPI FINDINGS

Is CPI Best Measure of Inflation?

“Various indexes have been devised to measure different aspects of inflation. The CPI measures inflation as experienced by consumers in their day-to-day living expenses.”

CPI FINDINGS

What Does CPI-U Measure?

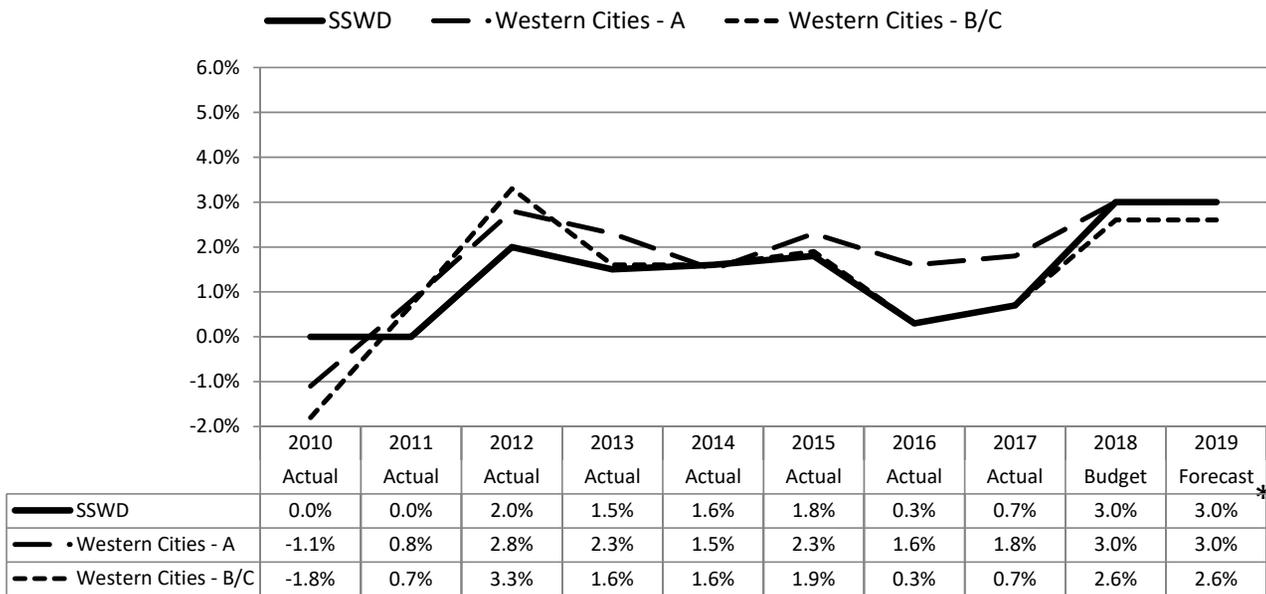
“In 1978, several improvements were made to the CPI. As part of the 1978 revision, BLS planned to introduce a broader target population, covering all urban consumers (the CPI-U). The all urban consumer group represents about 88 percent of the total U.S. population. It is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, the poor, the unemployed, and retired people, as well as urban wage earners and clerical workers.”



CPI FINDING - CONCLUSIONS

- *While not Ideal, the CPI-U Is the Best Available Measure of Inflation Affecting Both Customers and Staff.*
- *Staff recommends continued use of an Independent Published CPI, that is in Prevalent use covering the Greater Sacramento Area.*
- *Staff Recommends the BLS West A – CPI Index. (Budget Increase of \$42,000 in 2018.)*

PROPOSED COLA INDEX



SSWD COLA is proposed to be equal to the Western Cities – A Index as published by the US Bureau of Labor Statistics. Previously the Western Cities – B/C Index had been used. The change is recommended based on the size of the population in the County and Greater Sacramento Area. (Note: excludes both GM positions in 2018.)

* 2019 estimated by staff as no change from 2018.

BUDGET REQUIREMENTS

1. Staff has Delivered to the Board a Budget that meets All Board Policies and Direction To-Date:
 1. Per the District's Budget Policy (PL Fin 012), Section 200.00, Part A and G the proposed 2018 Budget is balanced and/or has net income (revenues equal or exceed expenses) when the \$3.69 million in deferred 2017 CIP Projects is included.
 2. As Directed by the Board in July the Scheduled 4% Rate Increase in 2018 is included.
2. Further Expense Reduction Possibilities as Requested by Certain Directors are Highlighted Below.



CHANGES SINCE BOARD WORKSHOP

1. O&M Costs Increased by \$44,000:

1. Reductions:

1. New GM and AGM Salaries (note: current GM salary is for a full year) -\$25,000
2. Eliminated additional publication - \$26,000
3. Reduced Salaries in General for Open Positions -\$67,000

2. Increases:

1. 3.0% COLA +\$42,000
2. City of Sac Surface Water +\$18,000
3. Consulting +\$70,000 (to revisit demonstration garden program)
4. Election +\$32,000



CHANGES SINCE BOARD WORKSHOP

1. CIP Total Costs Remain Unchanged
 1. Costs Reallocated Between Certain Projects

2. OCB Costs Reduced by \$173,000:
 1. Eliminate Repairs on Antelope Garden pending Study - \$70,000
 2. Purchase Vacuum Excavation System in 2017 not 2018 -\$103,000

POSSIBLE FURTHER BUDGET REDUCTIONS

1. O&M:
 1. Substitute Ground Water for Surface Water:
 1. Savings in South Service Area per 1,000 AF (\$350,000)
 2. Savings in North Service Area per 1,000 AF (\$90,000)
 3. Current GM Salary (\$?)
2. CIP
 1. Continue to Evaluate Through Facilities & Operations Committee
3. OCB
 1. Defer Purchase of Mini Excavator (\$62,000)
 2. During 2018 Revisit Purpose and Costs of the District's Demonstration Garden Program
4. RESERVES
 1. Lower the Emergency/Contingency reserve level to 20% – (\$2.2 million)



ACTIONS TO BE TAKEN

1. *Recommend Using Western Cities – A CPI Index for 2018 and Beyond*
2. *Adopt the Budget As Presented or As Amended in Accordance with Exhibit A including the Above Amendment for the CPI Index.*

EXHIBIT C

Pay/Salary Band Position List

1/1/2018

Pay/Salary Band Number	Position	Number of Employees
240	Customer Service Representative I	2 Flex Position
260	Administrative Assistant I	1 Flex Position
	Distribution Operator I	9 Flex Position
	Water Conservation Technician I	0 Flex Position
270	Production Operator I	3 Flex Position
280	Customer Service Representative II	3 Flex Position
	Engineering Drafter	1
300	Administrative Assistant II	1 Flex Position
	Distribution Operator II	9 Flex Position
	Water Conservation Technician II	1 Flex Position
310	Facilities and Fleet Specialist	1
	Production Operator II	3 Flex Position
	Purchasing Specialist	1
320	Accountant	1
	Cross Connection Control Specialist	1
	Environmental Compliance Technician	1
	Field Operations Coordinator	1
330	Engineering Project Coordinator	1
	GIS/IT Technician	1
	Senior Inspector	1
340	Distribution Foreman	3
350	Instrumentation & Electrical Technician	1
	Production Foreman	1
360	GIS Coordinator	1
370	Assistant Engineer	1 Flex Position
650	Environmental Compliance Supervisor	1
	Executive Assistant to the GM	1
	Financial Analyst	1
	Human Resources Coordinator	1
	Water Conservation Supervisor	1
660	Administrative Services Manager	1
	Superintendent (Dist, Field Serv, Prod)	3
670	Information Technology Manager	1
	Project Manager	0 Flex Position
680	Associate Engineer (Registered)	0 Flex Position
700	Senior Project Manager	1 Flex Position
710	Senior Engineer	2
720	Operations Manager	1
730	Engineering Manager	1
740	Engineering Director	0
	Finance Director	1
760	Assistant General Manager	1
Contract Employee	General Manager	<u>1</u> 67

Fully Staffed at 67

EXHIBIT C-1

2/26/2018	SSWD PAY/SALARY MATRIX	COLA FACTOR	1.030
		COLA AWARD	3.00%
NON-EXEMPT	(+/-10%)	HOURLY PAY	
BAND #	Minimum	Mid Point	Maximum
			Annual Range

230	16.87	18.74	20.61		
				35,089.60	42,868.80
240	17.74	19.71	21.68		
				36,899.20	45,094.40
250	18.63	20.70	22.77		
				38,750.40	47,361.60
260	19.55	21.72	23.89		
				40,664.00	49,691.20
270	20.53	22.81	25.09		
				42,702.40	52,187.20
280	21.55	23.95	26.34		
				44,824.00	54,787.20
290	22.62	25.14	27.65		
				47,049.60	57,512.00
300	23.77	26.41	29.05		
				49,441.60	60,424.00
310	24.94	27.72	30.49		
				51,875.20	63,419.20
320	26.17	29.08	31.99		
				54,433.60	66,539.20
330	27.49	30.55	33.60		
				57,179.20	69,888.00
340	28.86	32.07	35.28		
				60,028.80	73,382.40
350	30.30	33.66	37.02		
				63,024.00	77,001.60
360	31.83	35.37	38.91		
				66,206.40	80,932.80
370	33.43	37.15	40.86		
				69,534.40	84,988.80
380	35.09	39.00	42.90		
				72,987.20	89,232.00
390	36.88	40.97	45.05		
				76,710.40	93,704.00
400	38.74	43.04	47.34		
				80,579.20	98,467.20

EXEMPT BAND #		(+/-15%)	MONTHLY & HOURLY SALARY			
		Minimum	Mid Point	Maximum	Annual Range*	
630	Hrly*	4,959.07 28.61	5,835.27 33.67	6,711.47 38.72	59,508.80	80,537.60
640	Hrly*	5,213.87 30.08	6,133.40 35.39	7,052.93 40.69	62,566.40	84,635.20
650	Hrly*	5,473.87 31.58	6,439.33 37.15	7,404.80 42.72	65,686.40	88,857.60
660	Hrly*	5,747.73 33.16	6,762.60 39.02	7,777.47 44.87	68,972.80	93,329.60
670	Hrly*	6,035.47 34.82	7,100.60 40.97	8,165.73 47.11	72,425.60	97,988.80
680	Hrly*	6,342.27 36.59	7,460.27 43.04	8,578.27 49.49	76,107.20	102,939.20
690	Hrly*	6,654.27 38.39	7,828.60 45.17	9,002.93 51.94	79,851.20	108,035.20
700	Hrly*	6,988.80 40.32	8,222.93 47.44	9,457.07 54.56	83,865.60	113,484.80
710	Hrly*	7,335.47 42.32	8,630.27 49.79	9,925.07 57.26	88,025.60	119,100.80
720	Hrly*	7,704.67 44.45	9,063.60 52.29	10,422.53 60.13	92,456.00	125,070.40
730	Hrly*	8,087.73 46.66	9,516.87 54.91	10,946.00 63.15	97,052.80	131,352.00
740	Hrly*	8,496.80 49.02	9,939.80 57.35	11,382.80 65.67	101,961.60	136,593.60
750	Hrly*	8,926.67 51.50	10,500.53 60.58	12,074.40 69.66	107,120.00	144,892.80
760	Hrly*	9,370.40 54.06	11,024.00 63.60	12,677.60 73.14	112,444.80	152,131.20

*Hourly Rates Used to Calculate Annual Range; Monthly & Annual Amount Rounded to Nearest Cent.

EXHIBIT C-2

CONSUMER PRICE INDEXES PACIFIC CITIES AND U. S. CITY AVERAGE

September 2017

ALL ITEMS INDEXES

(1982-84=100 unless otherwise noted)

MONTHLY DATA	All Urban Consumers (CPI-U)						Urban Wage Earners and Clerical Workers (CPI-W)					
	Indexes			Percent Change			Indexes			Percent Change		
				Year ending		1 Month ending				Year ending		1 Month ending
	Sep 2016	Aug 2017	Sep 2017	Aug 2017	Sep 2017	Sep 2017	Sep 2016	Aug 2017	Sep 2017	Aug 2017	Sep 2017	Sep 2017
U. S. City Average.....	241.428	245.519	246.819	1.9	2.2	0.5	235.495	239.448	240.939	1.9	2.3	0.6
(1967=100).....	723.210	735.466	739.359	-	-	-	701.467	713.243	717.684	-	-	-
Los Angeles-Riverside-Orange Co.....	250.145	256.739	257.890	2.8	3.1	0.4	240.851	247.260	248.550	2.9	3.2	0.5
(1967=100).....	739.038	758.521	761.921	-	-	-	711.788	730.727	734.541	-	-	-
West	249.234	255.282	256.504	2.7	2.9	0.5	241.052	246.978	248.379	2.8	3.0	0.6
(Dec. 1977 = 100)	402.873	412.649	414.625	-	-	-	387.839	397.375	399.628	-	-	-
* West - A*.....	255.975	262.522	263.778	2.9	3.0	0.5	245.778	252.086	253.578	2.9	3.2	0.6
(Dec. 1977 = 100)	417.403	428.079	430.127	-	-	-	397.866	408.079	410.493	-	-	-
West - B/C**(Dec. 1996=100).....	146.130	149.255	149.954	2.3	2.6	0.5	145.726	148.925	149.763	2.4	2.8	0.6

BI-MONTHLY DATA	All Urban Consumers (CPI-U)						Urban Wage Earners and Clerical Workers (CPI-W)					
	Indexes			Percent Change			Indexes			Percent Change		
				Year ending		2 Months ending				Year ending		2 Months ending
	Aug 2016	Jun 2017	Aug 2017	Jun 2017	Aug 2017	Aug 2017	Aug 2016	Jun 2017	Aug 2017	Jun 2017	Aug 2017	Aug 2017
San Francisco-Oakland-San Jose.....	267.853 ^R	275.304	275.893	3.5	3.0	0.2	262.326 ^R	269.508	269.827	3.3	2.9	0.1
(1967=100).....	823.455 ^R	846.360	848.172	-	-	-	798.803 ^R	820.674	821.645	-	-	-
Seattle-Tacoma-Bremerton.....	256.907	263.756	263.333	3.0	2.5	-0.2	252.393	259.487	259.528	3.0	2.8	0.0
(1967=100).....	783.154	804.030	802.742	-	-	-	748.598	769.637	769.761	-	-	-

* A = 1,500,000 population and over

** B/C = less than 1,500,000 population

Dash (-) = Not Available.

R=Revised

Release date Oct. 13, 2017. The next monthly and bi-monthly releases are scheduled for Nov. 15, 2017.

Please note: Customers can receive hotline information by calling the BLS West Region Information Office: (415) 625-2270.

In January 2018, BLS will introduce a new geographic area sample for the Consumer Price Index (CPI). Additional information on the geographic revision is available at: www.bls.gov/cpi/georevision2018.htm.

Sacramento Suburban Water District

Reserve Policy

Adopted: August 18, 2003

Revised: September 20, 2004; August 21, 2006; August 18, 2008, November 19, 2012,
January 27, 2014; November 16, 2015, October 17, 2016; April 17, 2017; November XX, 2017**100.00 Purpose of the Policy**

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

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

200.00 Policy**200.10 Fund Classification Types**

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

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

200.20 Restricted Funds Classification

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

Debt Service Reserve Fund

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

200.30 Committed Funds Classification

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

Facilities Reimbursement Fund

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

200.40 Assigned Funds Classification

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

Emergency/Contingency Fund

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

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

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

Operating Fund

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

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

Rate Stabilization Fund

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

Interest Rate Risk Management Fund

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

Grant Fund

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

Capital Asset Fund

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

Facilities Development Charge Fund

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

300.00 Disposition of “One-Time” Revenues

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

400.00 Target Funding Level

A summary of reserve fund classifications and funding levels is shown below:

Fund Classification	Funding Level
Debt Service Reserve Fund	Determined upon bond issuance.
Facilities Reimbursement Fund	20% of FDC charges collected annually less developer payouts.
Emergency/Contingency Fund	25% of annual revenues.
Operating Fund	25% of annual operating and debt service expenditures.
Rate Stabilization Fund	50% of water consumption revenues.
Interest Rate Risk Management Fund	Accumulated earnings on short-term investments above 3.283% on the unhedged portion of variable-rate debt.
Grant Fund	Sufficient to pay for “local cost share” on all outstanding and applied-for grants.

Capital Asset Fund	Sufficient to fund CIP projects above the amount CIP funding amount anticipated at rate setting or budget preparation time.
Facilities Development Charge Fund	Remaining amounts of FDC Charges after amounts used by Facilities Reimbursement Fund expended. For new infrastructure.
Minimum Reserve Funding Target	\$40 million

500.00 Authority

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

600.00 Procedure

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

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

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

700.00 Policy Review

This Policy will be reviewed annually as part of the budget adoption process.

EXHIBIT E

2018 Budget
2019 Forecast
Third Draft

Board Meeting
November 20, 2017

Mission Statement

- *To deliver a high quality, reliable supply of water and superior customer service at the lowest responsible water rate.*

Strategic Plan Goals

- Water Supply:
 - Assure a present and long-term safe and reliable supply of high quality water in an environmentally responsible and sustainable manner for District customers.
- Facilities and Operations:
 - Plan, construct, operate and maintain the District water system embracing sustainable practices to provide reliable delivery of high quality water.
- Customer Service:
 - Assure superior and reliable customer service.
- Finance:
 - Ensure effective and efficient management and public reporting of all District financial processes.
- Leadership:
 - Provide leadership on regional, statewide and national water management issues that impact the customers.

2018/19 Budget Development Process

- Staff Development of Budgets
- Finance and Audit Committee – 07/10/17, 3:00 pm
 - Budget Assumptions; Provide Direction to Staff
- September Board Meeting – 09/18/17
 - Status Report; Provide Direction to Staff
- Finance and Audit Committee – 10/02/17, 3:00 pm
 - First Draft; Provide Direction to Staff
- Board Workshop – 10/09/17, 6:00 pm
 - Second Draft; Provide Direction to Staff
- October Board Meeting – 10/16/17
 - As Directed at Board Workshop – Budget Approval
- November Board Meeting – 11/20/17
 - Budget Approval or Additional Direction to Staff

2018/19 Budget Process

- Two Year Planning Process
 - Revenue and Expenses Projected over a 2 Year Horizon

- O&M and OCB Budget
 - Budget Adopted for First Year
 - Forecast Provided for Second Year

- CIP Projects and Budget
 - Budget Adopted through Project Completion (2018 and into 2019)
 - Projects Approved for 2 Year Period

2018/19 Budget Assumptions

Key Assumptions	2016		2017		2018		2019	
1Rate Increase	4.00%	\$1,600,000	4.00%	\$1,700,000	4.00%	\$1,800,000		
2No Change in SSWD Service Boundaries								
3New Service Connections (Growth)	Increase	0.43%	Increase	0.52%	Increase	0.52%	Increase	0.52%
4Water Production: (A)	<u>Cost/AF</u>	<u>AF</u>	<u>Cost/AF</u>	<u>AF</u>	<u>Cost/AF</u>	<u>AF</u>	<u>Cost/AF</u>	<u>AF</u>
a. Water Supply Forecast Based on 5 Year Average								
b. SSA Surface Water (City)	\$ 428.80	550 AF	\$ 450.24	1,000 AF	\$ 483.56	1,000 AF	\$ 483.56	1,000 AF
c. SSA Groundwater (Variable costs)	\$ 118.39	10,550 AF	\$ 123.12	15,000 AF	\$ 128.72	13,000 AF	\$ 133.86	13,000 AF
d. NSA Surface Water (PCWA)	\$ 48.05	12,000 AF	\$ 50.45	12,000 AF	\$ 35.00	12,000 AF	\$ 35.00	12,000 AF
e. NSA Surface Water (Bureau)	\$ 27.04	12,000 AF	\$ 28.39	12,000 AF	\$ 32.21	12,000 AF	\$ 33.82	12,000 AF
f. NSA Surface Water (SJWD Treatment)	\$ 135.34	12,000 AF	\$ 161.92	12,150 AF	\$ 176.49	12,150 AF	\$ 192.37	12,150 AF
g. NSA Groundwater (Variable costs)	\$ 106.81	8,900 AF	\$ 111.08	6,850 AF	\$ 117.00	6,850 AF	\$ 121.68	6,850 AF
h. NSA Bureau 215 Water	\$ 72.80	0 AF	\$ 76.44	150 AF	\$ 80.26	150 AF	\$ 84.28	150 AF
i. NSA Wheel Water to Cal-AM, RLEVWD (Revenue)	\$ (196.48)	2,500 AF	\$ (337.05)	2,500 AF	\$ (356.14)	2,500 AF	\$ (373.95)	2,500 AF
5Anticipated Outside Water Sales, Net		None		None		None		None
6Investment Yield		1.75%		2.00%		2.00%		2.00%
7Variable Debt Interest Rate		3.86%		3.86%		3.86%		3.86%
8Electrical Cost Increase		2.50%		2.50%		2.50%		2.50%
9COLA (As of October 31)		0.30%		0.70%		3.00%		3.00%
10Merit Program		4.00%		3.00%		3.00%		3.00%
11Construction Inflation (B)		3.00%		2.80%		3.00%		3.00%
12Health Care Cost (C)		2.60%		-2.00%		2.33%		3.00%
13Tier 1 Pension Cost (% of Salaries)	\$317,000	21.70%	\$ 373,000	21.50%	\$ 470,000	22.37%	\$ 582,000	23.00%
14Tier 2 Pension Cost (% of Salaries)	\$ 5,000	16.20%	\$ 7,500	16.10%	\$ 12,500	16.64%	\$ 18,000	17.10%
15Tier 3 Pension Cost (% of Salaries)		6.73%	\$ 200	6.90%	\$ 500	7.30%	\$ 900	7.30%
16New Hires		1		4		2		-
17Funding of Post Retirement Benefits		\$ 459,600		\$ 472,200		\$ 560,000		\$ 575,000
Footnotes:								
(A) SSA = South Service Area; NSA = North Service Area								
(B) 20 Cities CCI Index, Source: ENR								
(C) From UnitedHealthcare to HealthNet Smart Care HMO								

2017 Projected Actual and Highlights

	Amended 2017 Budget \$ Millions	Projected 2017 Actual \$ Millions
Operations & Maintenance Budget	\$21.3	\$19.5
Capital Improvement Program Budget	17.0	13.3
Operating Capital Program Budget	1.1	1.2
Debt Service Budget	<u>7.8</u>	<u>7.5</u>
Total	<u>\$47.2</u>	<u>\$41.5</u>

2017 Projected Results:

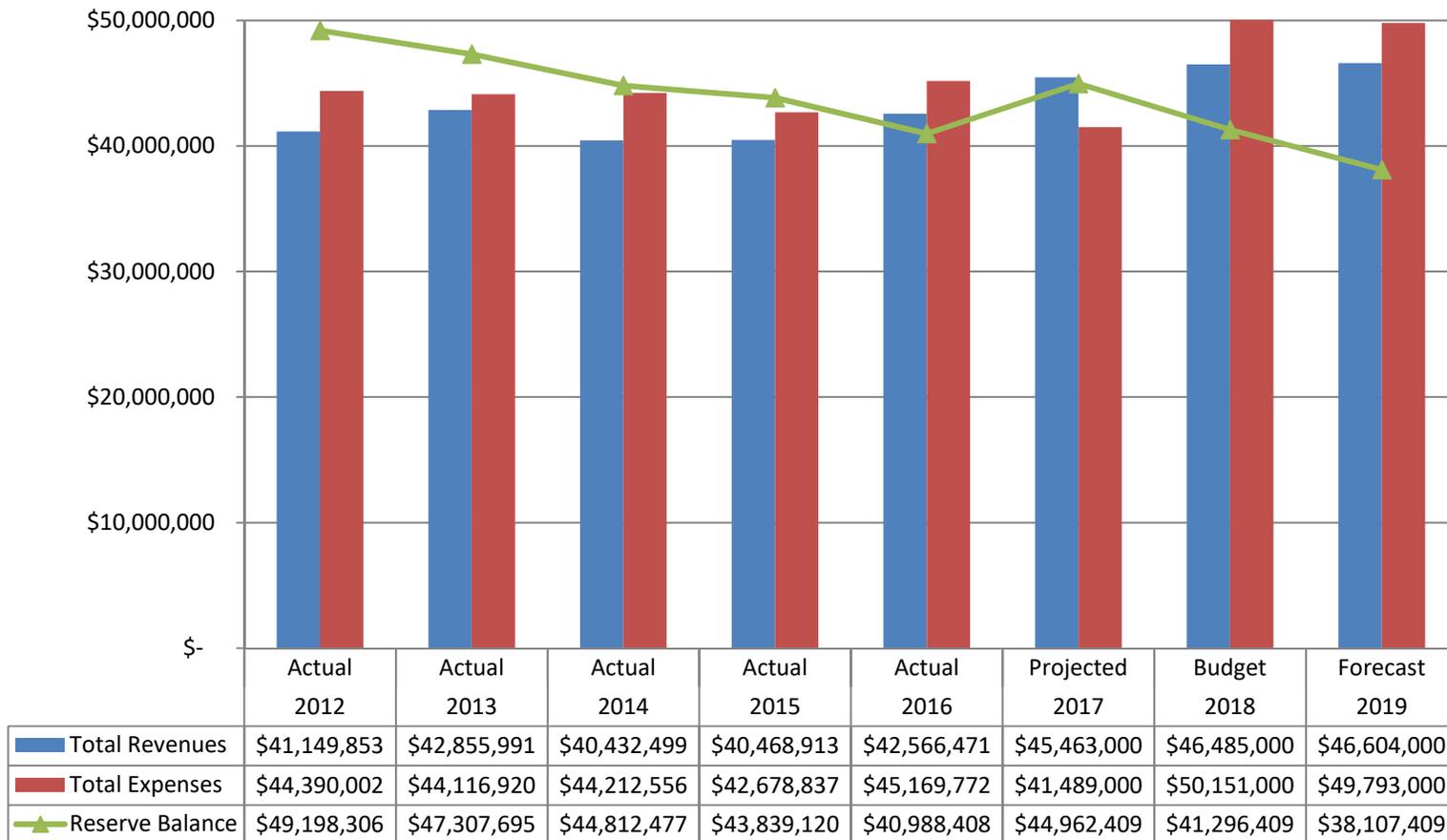
- Water Deliveries of 34,100 AF
 - Comprised of 32,300 AF to Customers and Wheeled Water Deliveries of 1,800 AF
- Follow modified asset management plans for replacing water infrastructure assets, to include:
 - For 2017 expect to replace 5.3 miles of Distribution Main Lines, including 180 Meters
 - Install an Additional 1,298 Water Meter Retrofits – (1,283 Meter Retrofit Program, 15 Voluntary)
 - Continue work on Palm Avenue Well – Site Work and Pumping Facilities
 - Began Permitting and Design of Manganese Treatment Facility at Verner Well
 - Began Multi-Year Process to Acquire Future Well Sites
 - 2017 Projects Deferred to 2018 – Palm Well \$1.45 million; Parkland Estates \$2.24 million

2018 Budget and 2019 Forecast

	<u>2016 Actual</u>	<u>2016 Amended Budget</u>	<u>Actual As Of 8/31/17</u>	<u>2017 Projected</u>	<u>2017 Amended Budget</u>	<u>2018 Proposed Budget</u>	<u>2019 Forecast</u>
Water Sales Charge	\$ 11,053,442	\$ 10,850,000	\$ 7,893,131	\$ 11,949,000	\$ 11,952,000	\$ 12,489,000	\$ 12,554,000
Water Service Charge	6,348,507	7,000,000	4,221,807	6,460,000	7,146,000	6,752,000	6,787,000
Capital Facilities/Debt Repayment	22,574,500	22,000,000	15,369,030	23,495,000	22,977,000	24,557,000	24,685,000
Wheeling Water Charge	167,337	560,000	165,788	168,000	633,000	175,000	175,000
Other Charges for Services	939,242	1,000,000	671,721	982,000	1,018,000	1,047,000	1,047,000
Income From Customers	<u>41,083,028</u>	<u>41,410,000</u>	<u>28,321,477</u>	<u>43,054,000</u>	<u>43,726,000</u>	<u>45,020,000</u>	<u>45,250,000</u>
Water Transfers	-	-	-	-	1,992,000	-	-
Interest Income	557,770	680,000	595,367	893,000	820,000	899,000	780,000
Other Income (Leases, Cells, Etc.)	262,861	300,000	322,693	409,000	250,000	266,000	274,000
Facility Development Charges	264,209	500,000	91,097	137,000	500,000	300,000	300,000
Grant Income	398,603	1,425,000	32,882	970,000	210,000	-	-
Total Other Income	<u>1,483,443</u>	<u>2,905,000</u>	<u>1,042,039</u>	<u>2,409,000</u>	<u>3,772,000</u>	<u>1,465,000</u>	<u>1,354,000</u>
Total Revenue	<u>\$ 42,566,471</u>	<u>\$ 44,315,000</u>	<u>\$ 29,363,516</u>	<u>\$ 45,463,000</u>	<u>\$ 47,498,000</u>	<u>\$ 46,485,000</u>	<u>\$ 46,604,000</u>
Budgets:							
Operations and Maintenance	19,680,747	17,895,000	12,199,230	20,000,000	21,311,000	21,930,000	22,425,000
Capital Improvement Program	17,179,377	18,796,000	6,335,378	12,780,000	16,975,000	19,360,000	18,550,000
Operating Capital Program	722,684	974,000	571,122	1,166,000	1,166,000	1,161,000	1,098,000
Debt Service (Forecast)	7,505,697	7,605,000	2,322,001	7,543,000	7,770,000	7,700,000	7,720,000
Total Costs	<u>45,088,505</u>	<u>45,270,000</u>	<u>21,427,731</u>	<u>41,489,000</u>	<u>47,222,000</u>	<u>50,151,000</u>	<u>49,793,000</u>
Change in Reserve Balance	<u>(2,522,034)</u>	<u>(955,000)</u>	<u>7,935,785</u>	<u>3,974,001</u>	<u>276,000</u>	<u>(3,666,000)</u>	<u>(3,189,000)</u>
Reserve (Cash) Balance	<u>\$ 40,988,408</u>	<u>\$ 40,033,408</u>	<u>\$ 48,370,727</u>	<u>\$ 44,962,409</u>	<u>\$ 41,264,408</u>	<u>\$ 41,296,409</u>	<u>\$ 38,107,409</u>

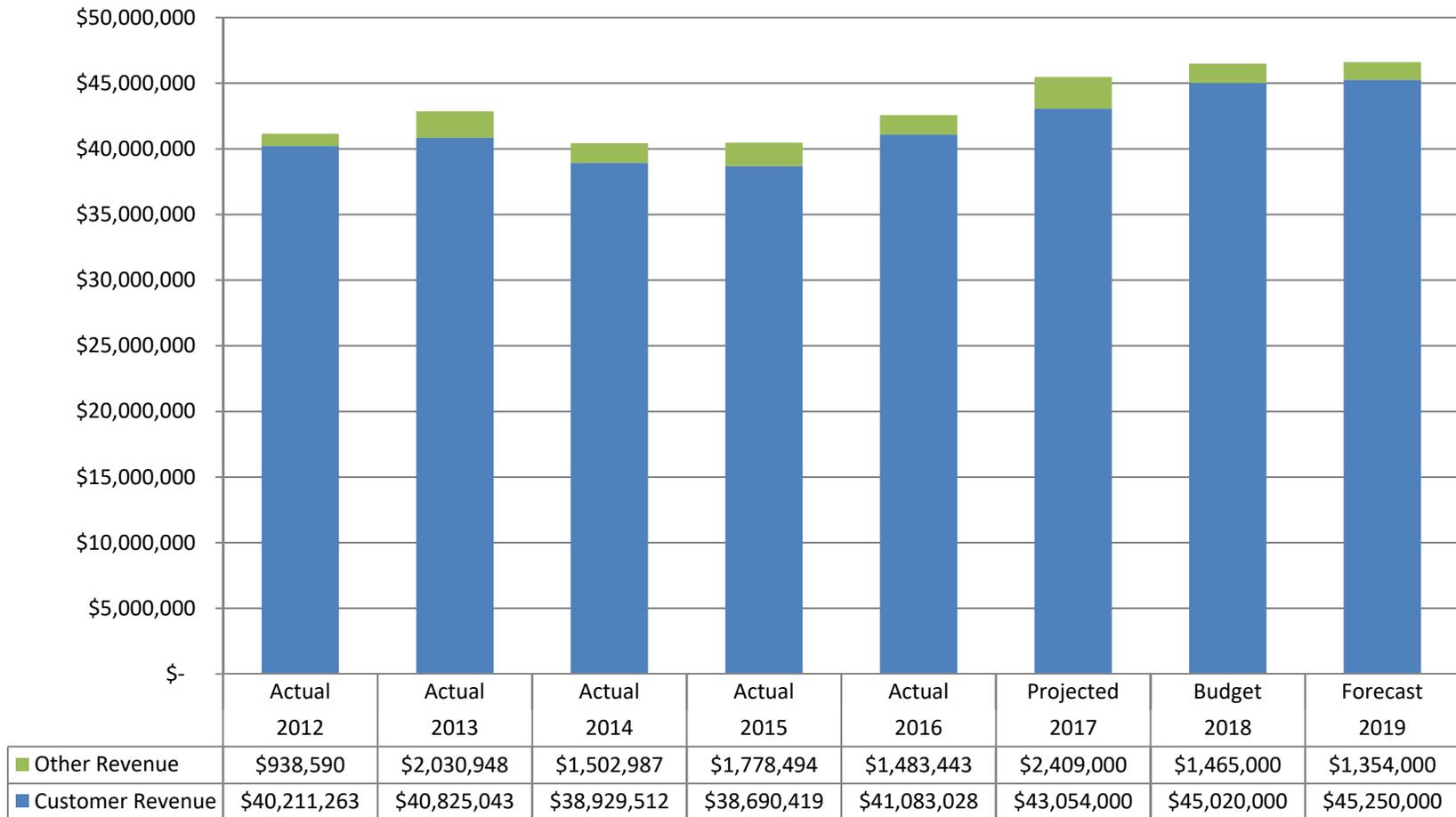
Note: Bolded lines are the Budgets – O&M, CIP, OCB, and Debt Service Forecast

Total Revenues Vs Total Expenditures 2012 to 2019



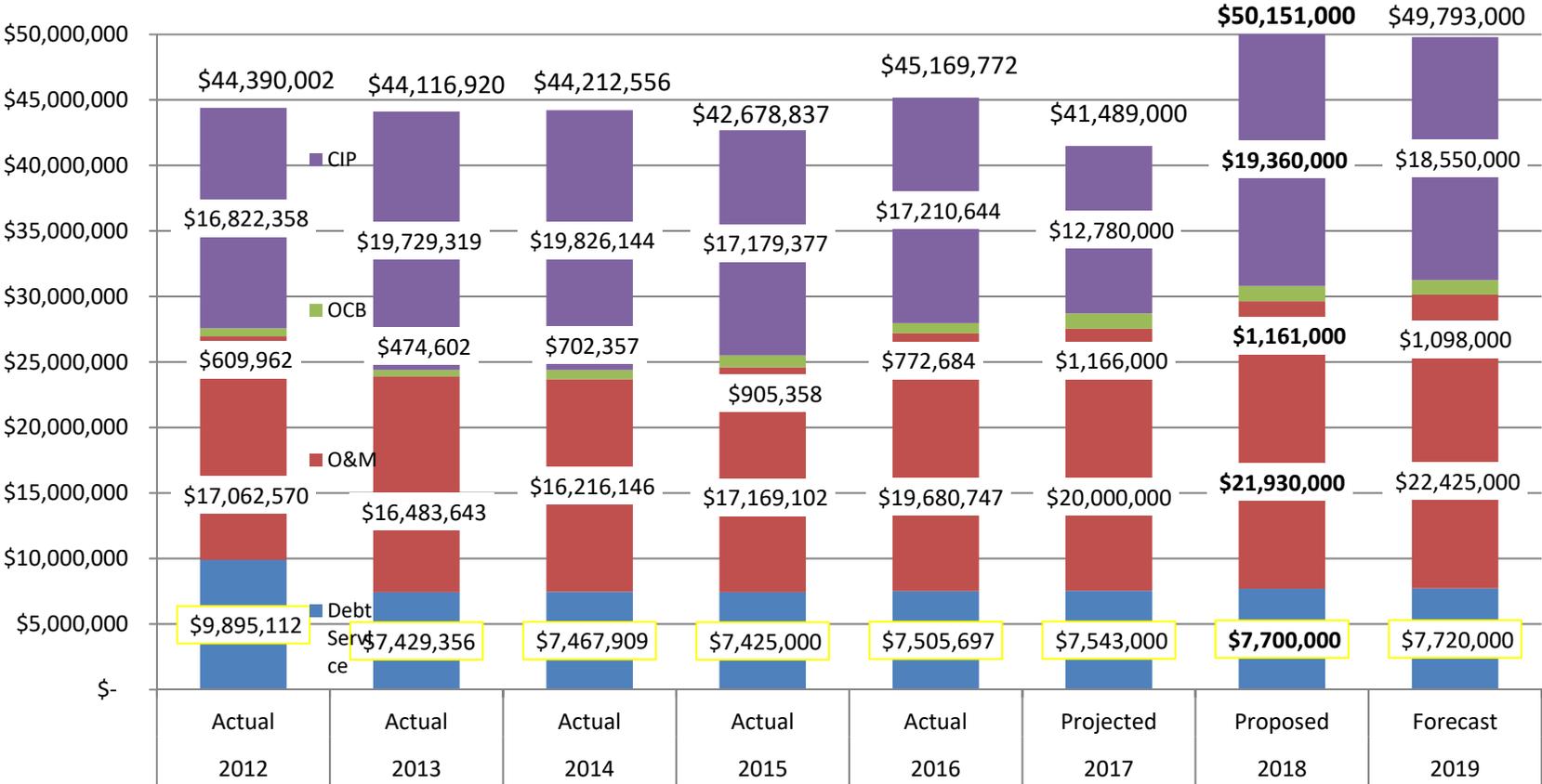
Per Section 200.00, Part A & G of the District’s Budget Policy (PL – Fin 012) the proposed 2018 Budget shows a slight net income (revenues exceed expenses) when the \$3.69 million in deferred 2017 CIP Projects is included.

Total Revenues 2012 to 2019



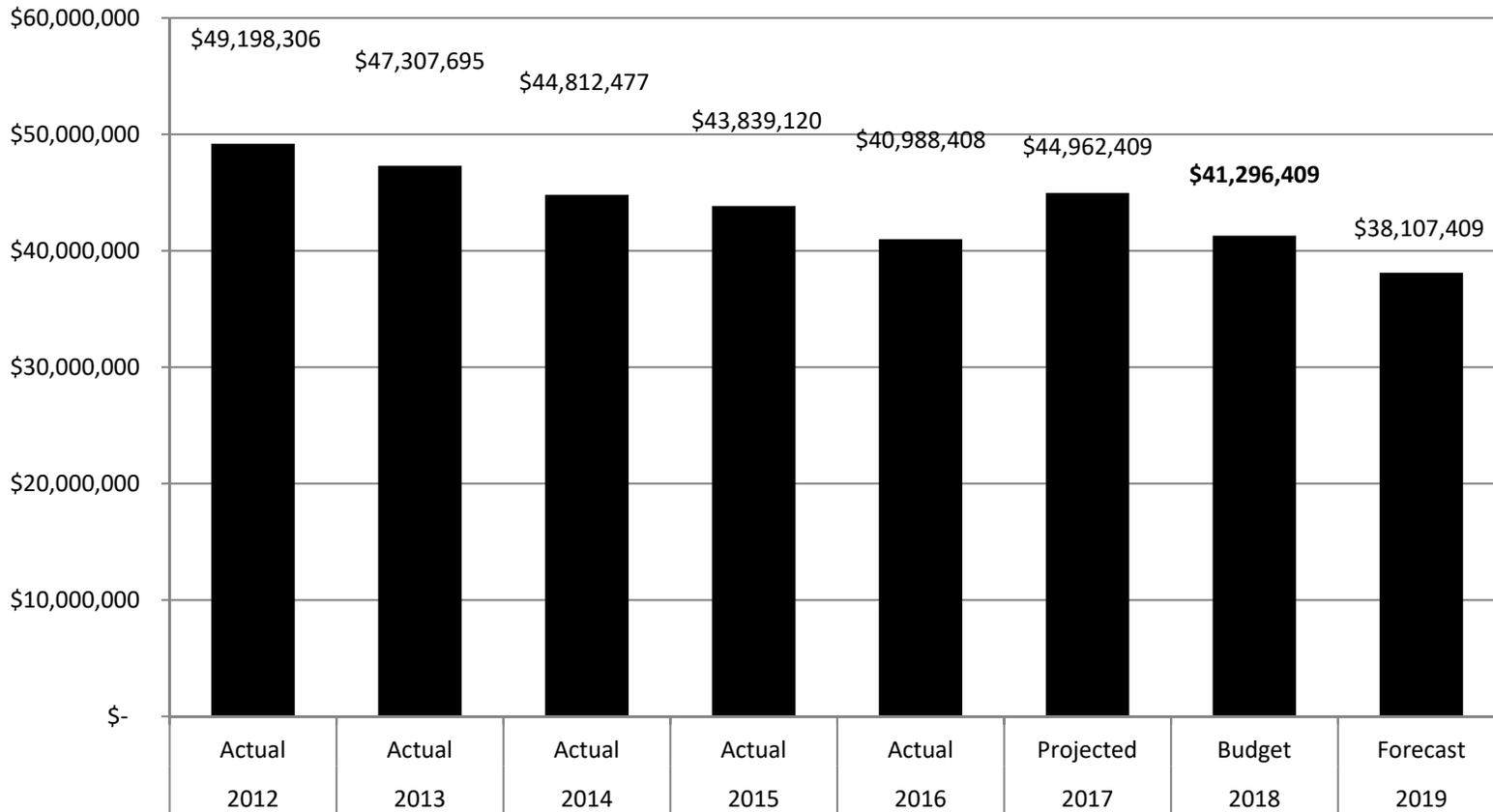
Customer revenue is expected to increase \$1.8 million in 2018 due to the 4.0% per annum rate increase approved in 2013. No rate increases have been approved for 2019.

Total Expenditures 2012 to 2019



The increase in 2018 is due primarily to two 2017 deferred CIP Projects - \$3.69 million - being completed in 2018.

Reserve Balance 2012 to 2019



From a high of \$57.7 million at the end of 2009, the Board has strategically lowered the reserve balance to roughly \$40 million.

Reserve Balance Detail

2012 to 2019

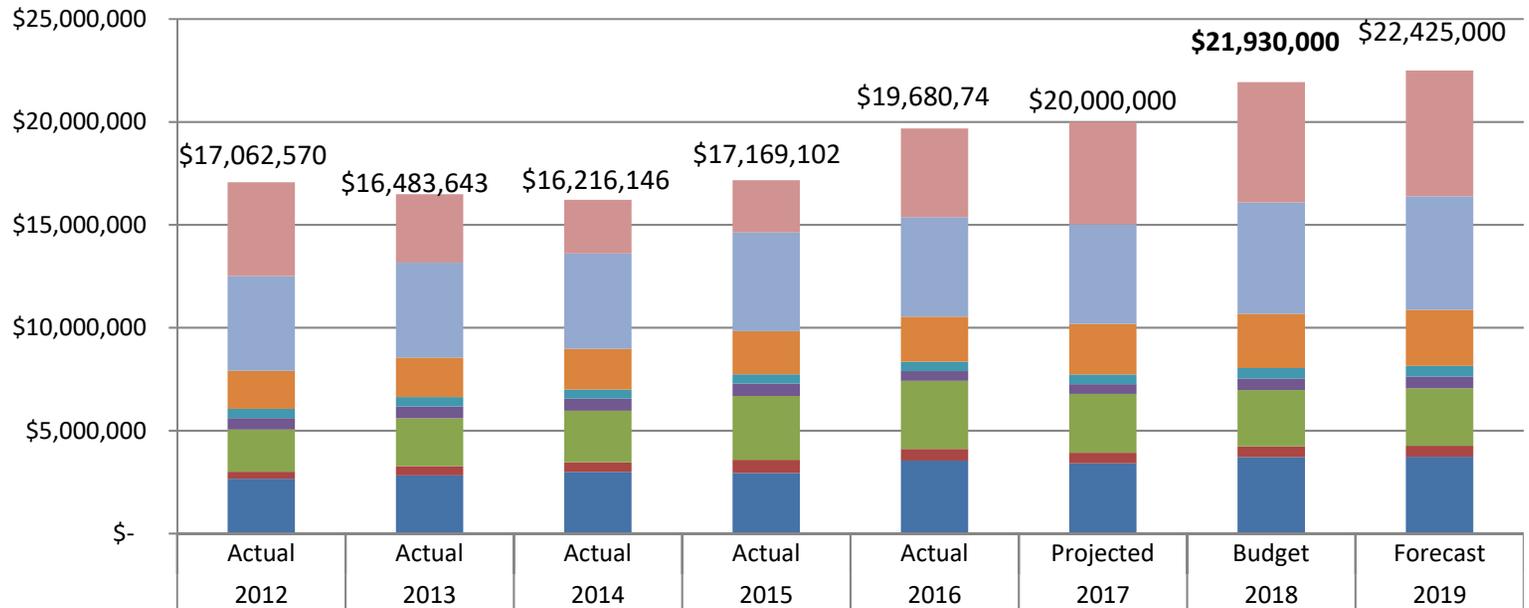
	Actual	Actual	Actual	Actual	Actual	Projected	Budget	Forecast
	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
Debt Service Reserve	\$ 3,532,012	\$ 3,520,472	\$ 3,540,082	\$ 3,523,427	\$ 3,540,038	\$ 3,561,255	\$ 3,517,500	\$ 3,517,500
Facilities Reimbursement	76,051	42,968	21,873	21,873	-	-	-	-
Emergency/Contingency	10,660,000	10,317,750	10,758,000	10,758,000	10,387,000	10,931,500	11,255,000	11,312,500
Operating	6,183,575	6,466,000	6,468,857	6,468,857	6,490,750	7,270,250	7,390,000	7,536,250
Rate Stabilization	5,470,000	5,525,000	5,870,000	5,870,000	5,630,000	5,976,000	6,244,500	6,277,000
Interest Rate Risk	-	-	-	-	-	-	-	-
Grant	7,696,000	3,832,000	654,000	654,000	1,068,000	210,000	-	-
Capital Asset	15,580,668	17,603,505	17,499,665	16,542,963	13,872,620	17,013,404	12,889,409	9,464,159
TOTAL	\$ 49,198,306	\$ 47,307,695	\$ 44,812,477	\$ 43,839,120	\$ 40,988,408	\$ 44,962,409	\$ 41,296,409	\$ 38,107,409

Individual reserve account changes based on proposed 2018 budget.

Actual fluctuations (2012 to 2017) are due to changes in CIP costs and/or Consumption Revenues.

O&M Budget

O&M Expenses 2012 to 2019

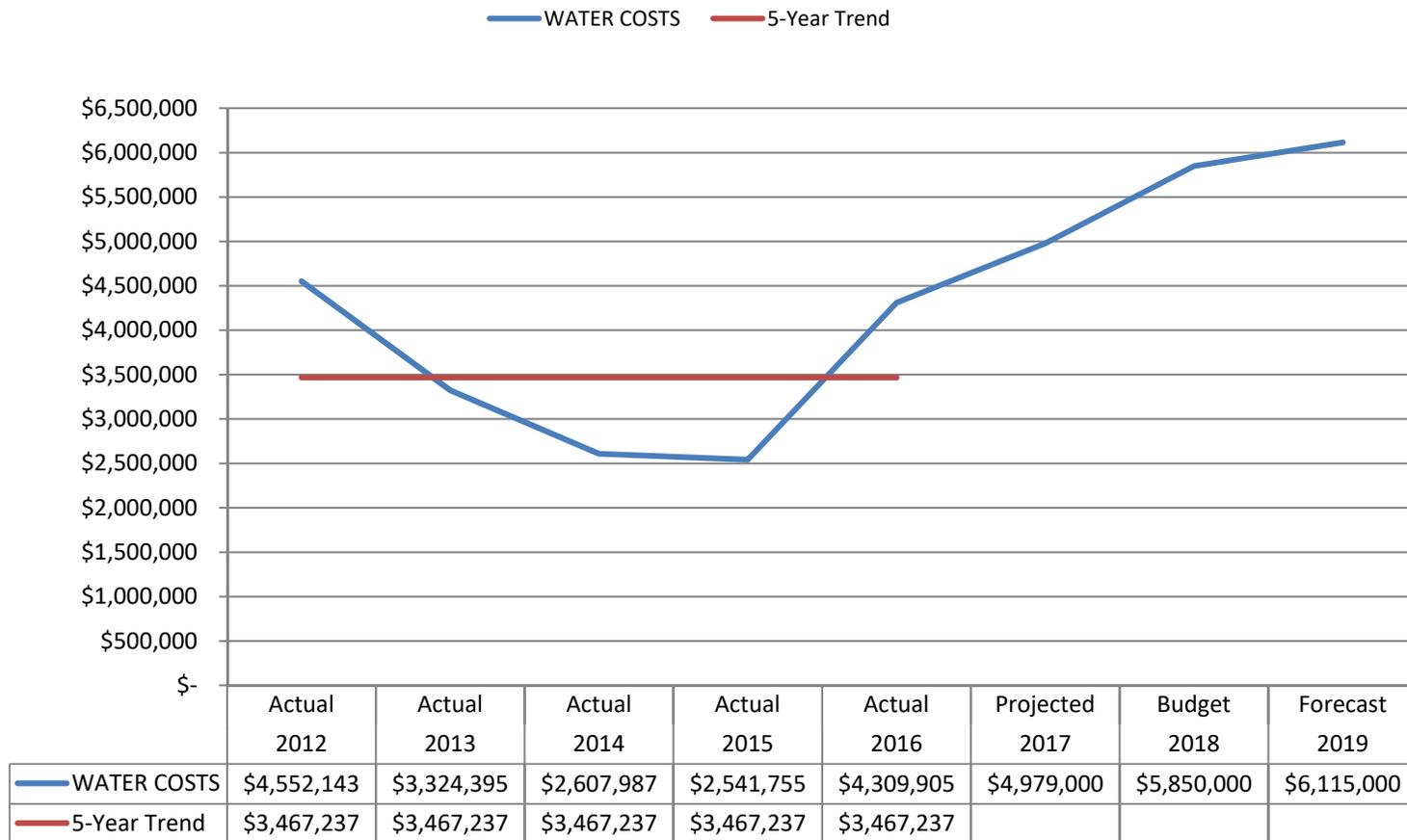


	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Projected 2017	Budget 2018	Forecast 2019
■ WATER COSTS	\$4,552,143	\$3,324,395	\$2,607,987	\$2,541,755	\$4,309,905	\$4,979,000	\$5,850,000	\$6,115,000
■ SALARIES	\$4,607,863	\$4,610,564	\$4,633,287	\$4,794,117	\$4,833,627	\$4,834,000	\$5,404,000	\$5,516,000
■ EMPLOYEE BENEFITS	\$1,843,785	\$1,915,889	\$1,980,390	\$2,096,685	\$2,187,134	\$2,459,000	\$2,640,000	\$2,719,000
■ EMPLOYER TAXES & INSURANCE	\$451,568	\$457,888	\$439,159	\$460,746	\$458,614	\$473,000	\$505,000	\$517,000
■ OPEB	\$558,200	\$576,300	\$592,700	\$591,000	\$470,000	\$472,200	\$560,000	\$575,000
■ ENGINEERING & CONSTRUCTION SERVICES	\$2,046,857	\$2,323,246	\$2,501,575	\$3,102,132	\$3,314,420	\$2,858,000	\$2,737,000	\$2,792,000
■ PUBLIC OUTREACH & CONSERVATION	\$342,356	\$452,250	\$469,571	\$641,111	\$565,157	\$511,390	\$523,000	\$533,000
■ OTHER	\$2,659,798	\$2,823,111	\$2,991,477	\$2,941,556	\$3,541,890	\$3,413,410	\$3,711,000	\$3,729,000

Discussion of individual line items variances appear on subsequent pages.

O&M Expense Detail

Water Costs



Water costs fluctuate based on hydrological conditions. Due to the conditions in 2013 - 2015, SW was largely unavailable. 2018 and 2019 assume the purchase of 13,150 AF of SW (SSA - 1,000 AF and NSA 12,150 AF).

O&M Expense Detail

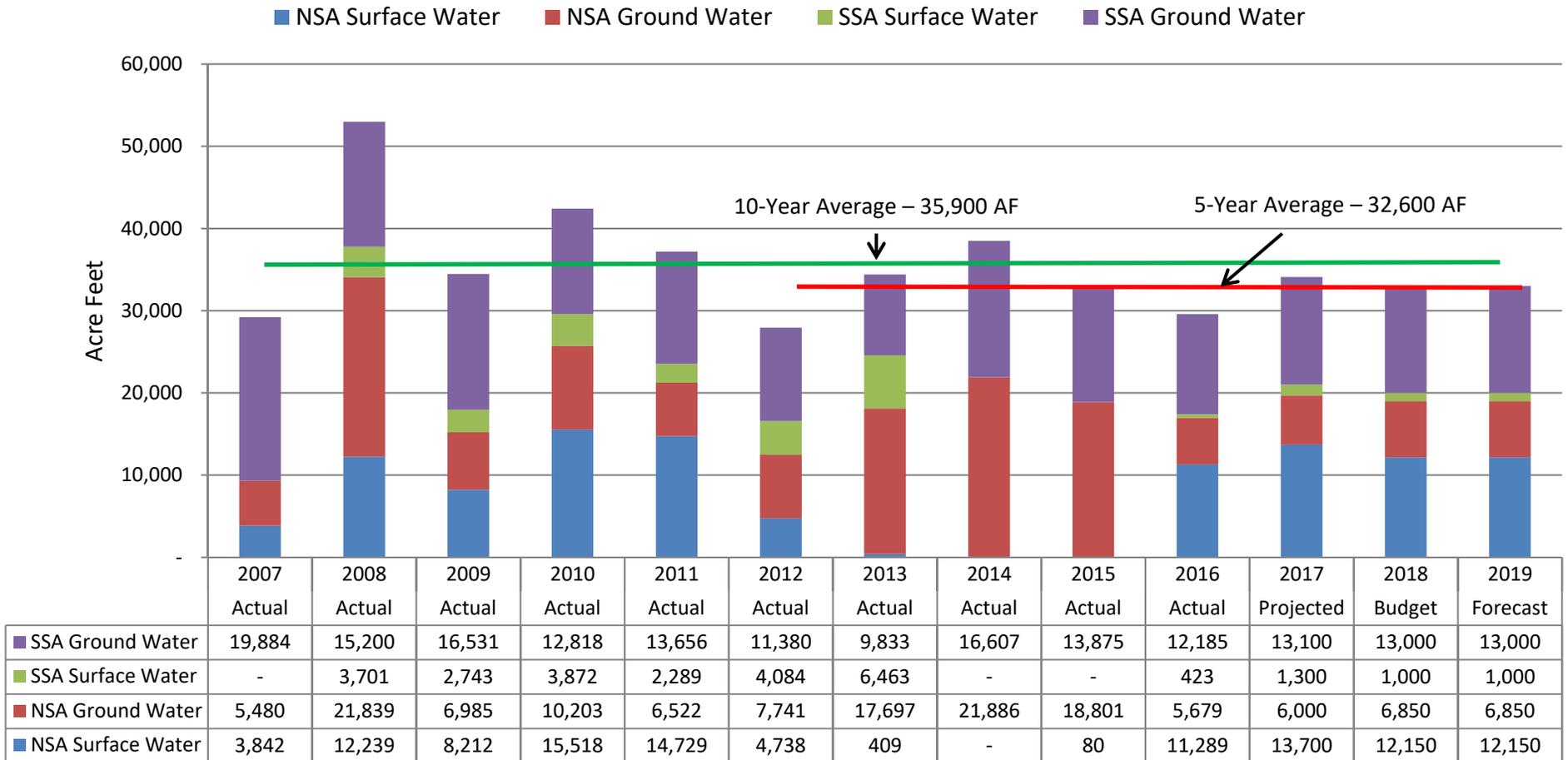
2017/18 Farmer's Almanac



Winter will be cooler than normal, with rainfall above normal in the north and near normal in the south. The coldest periods will occur from late November into early December and in early February. Mountain snows will be above normal, with the stormiest periods in early to mid-November and early and late January. April and May will be slightly drier than normal. Temperatures will be below normal near the coast and above normal inland. Summer will be cooler than normal, with near-normal rainfall. The hottest periods will be from late May into early June and in mid-June and mid-July. September and October will have near-normal temperatures, with rainfall above normal in the north and below normal in the south.

O&M Expense Detail

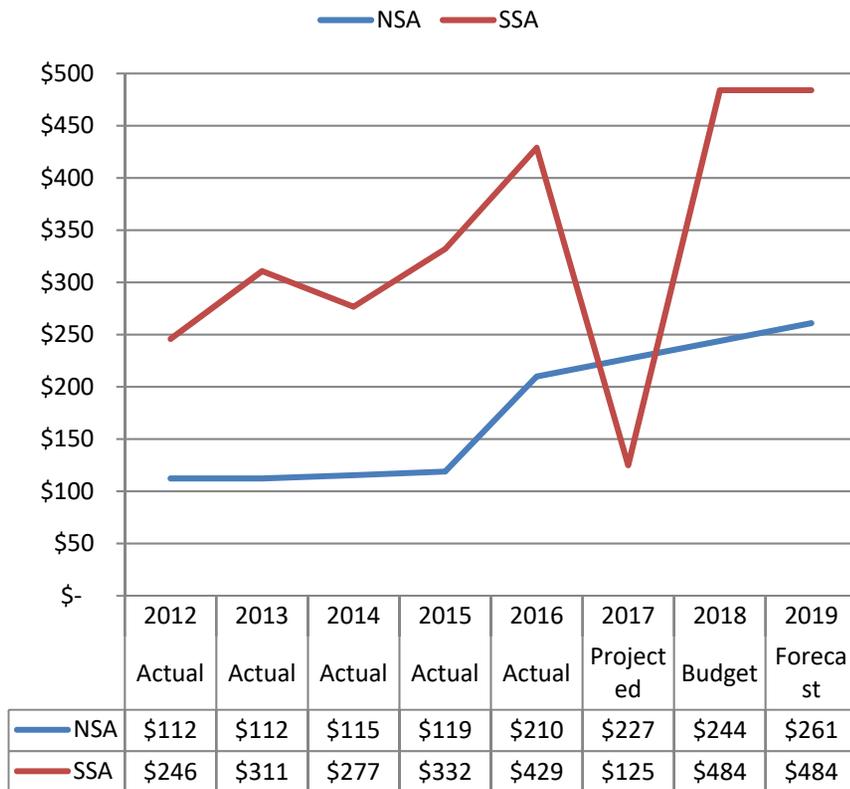
Water Production



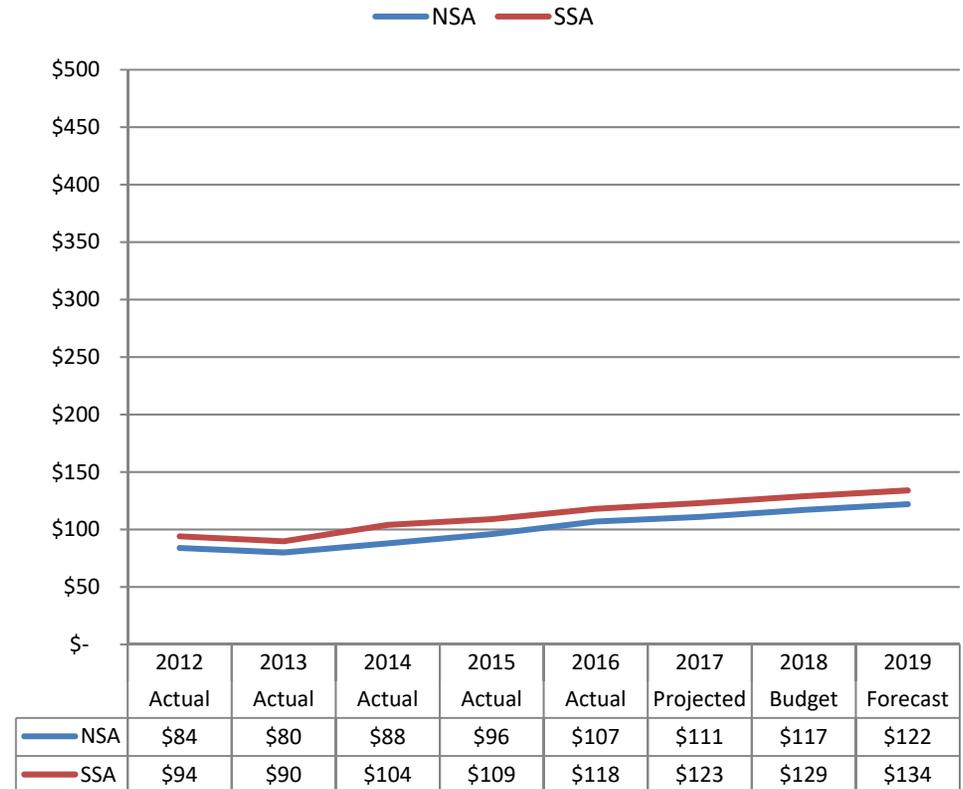
2018 production amounts/alternatives discussed with the Finance and Audit Committee and Board in July.

Surface Water vs Ground Water Costs

Variable Surface Water Costs



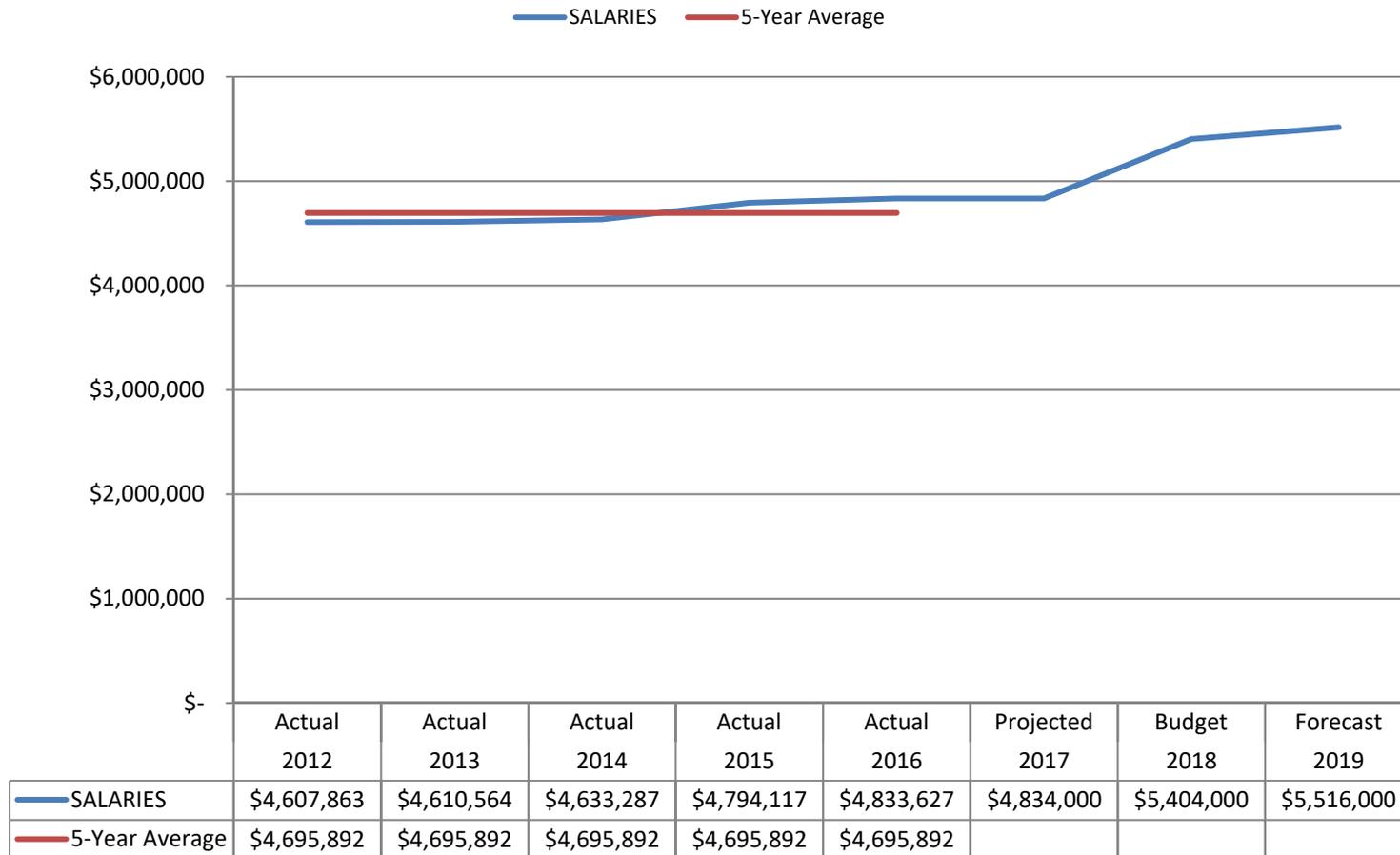
Variable Ground Water Costs



SSA - SW cost was uniquely low in 2017 due to testing on the City's new filtration system; sold at treatment cost.
 NSA - SW cost for 2018 and 2019 expected to be \$244/AF and \$261/AF, respectively, compared to \$227/AF in 2017.
 SSA/NSA - GW costs increasing due to - 1.0% electricity, 3.0% chemical and 8.5% SGA fees.

O&M Expense Detail

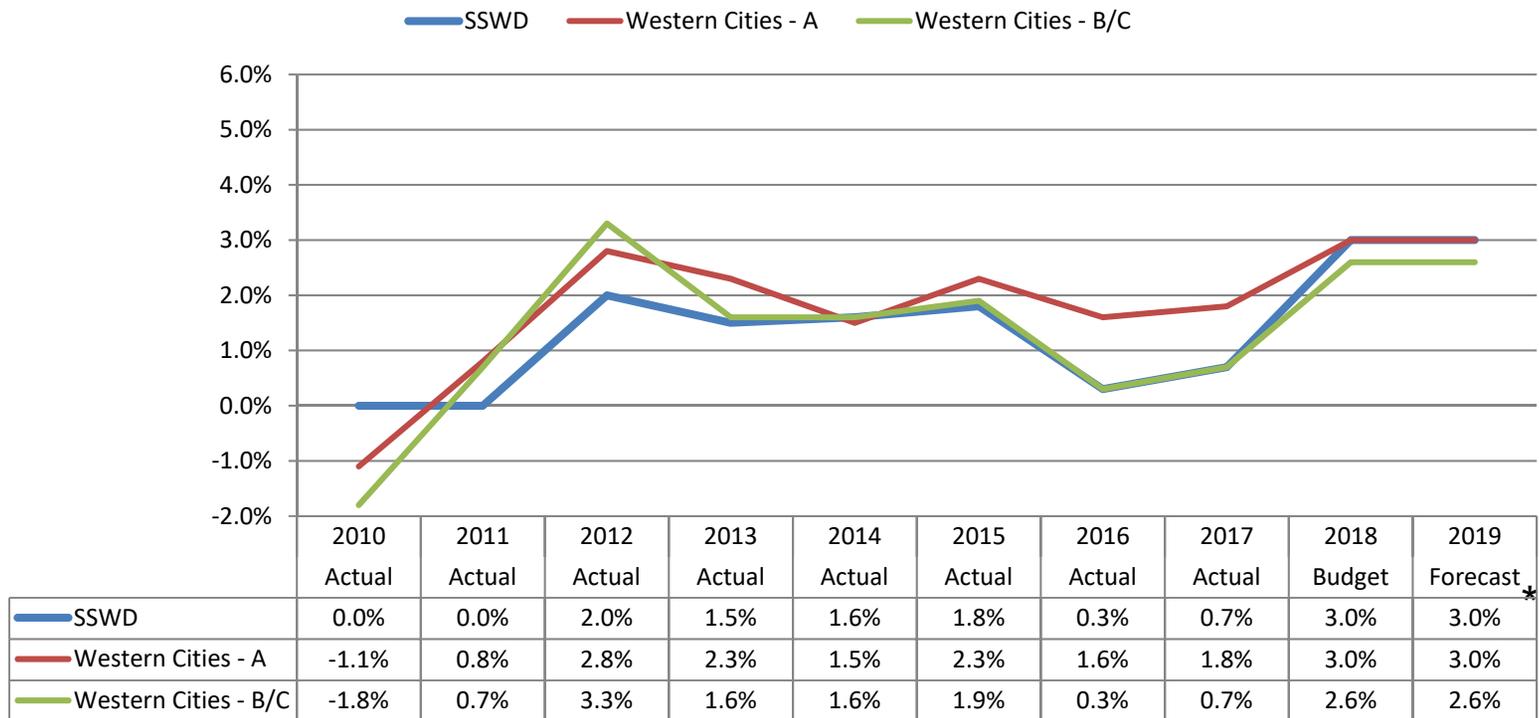
Salaries



2018 Base Salary - \$4.92 million. 2018 increase due to budgeting for 2 General Manager positions (\$165,000), Merit and COLA increase of 6% (\$248,000) and 2017 unfilled positions being filled in 2018 (\$110,000). Other 2018 Salary costs include \$190,000 in Overtime and \$44,000 Stand-By pay.

O&M Expense Detail

COLA



SSWD COLA is proposed to be equal to the Western Cities – A Index as published by the US Bureau of Labor Statistics. Previously the Western Cities – B/C Index had been used. The change is recommended based on the size of the population in the County and Greater Sacramento Area. (Note: excludes both GM positions in 2018.)

* 2019 estimated by staff as no change from 2018.

O&M Expense Detail

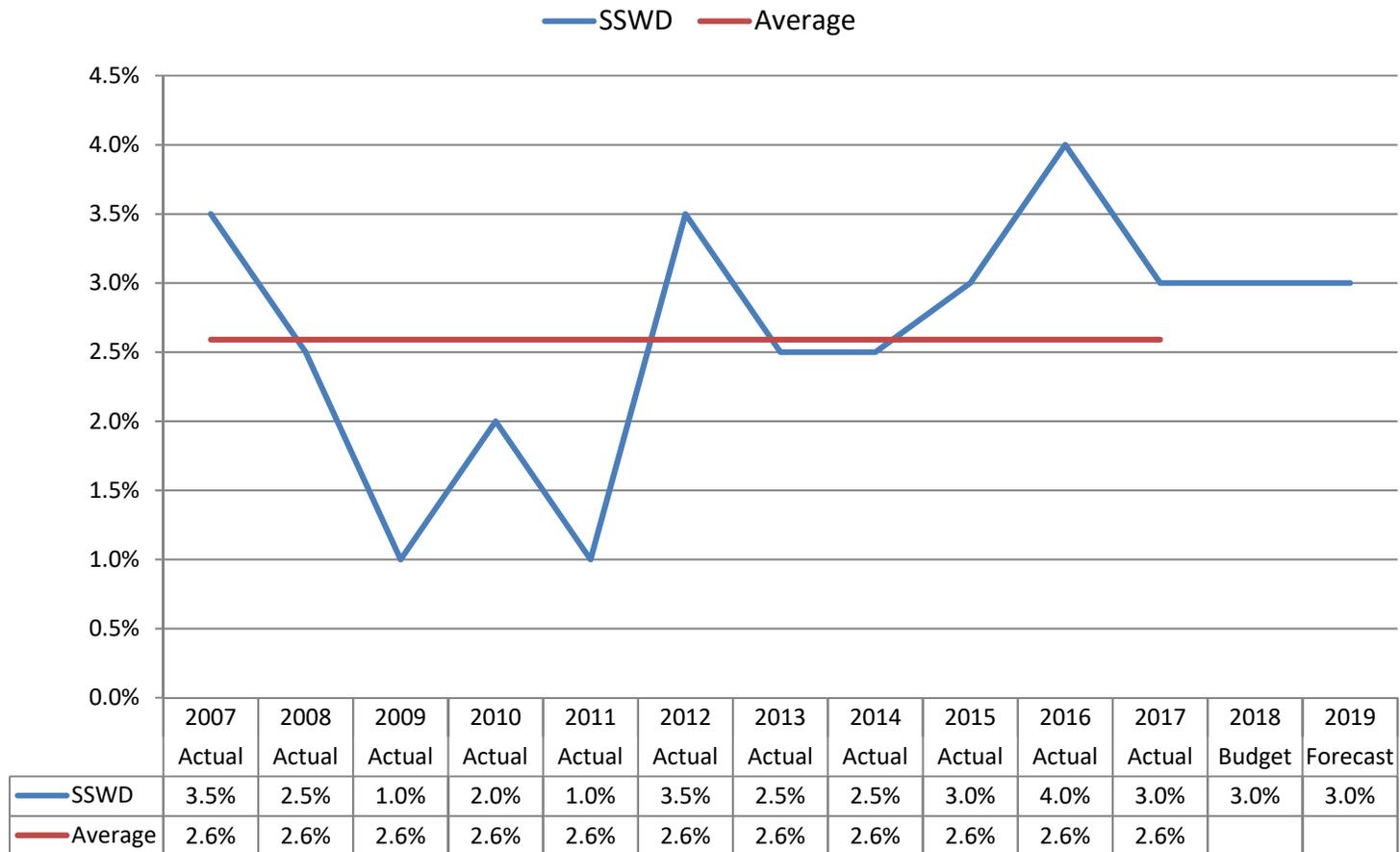
COLA – 10 Year Average

Index	Average	SSWD Average	SSWD Award%
Social Security	2.0%	1.5%	75%
U.S. Cities	2.2%	1.5%	67%
Western Cities	2.0%	1.5%	75%
Total	2.1%	1.5%	72%

SSWD Average COLA Increase over the past 10 years has been 72% of the average Western Cities, Social Security and US Cities COLAs.

O&M Expense Detail

Merit



Discussion of how merit is administered appears on the two following slides.
 (Note: excludes both GM positions in 2018).

O&M Expense Detail

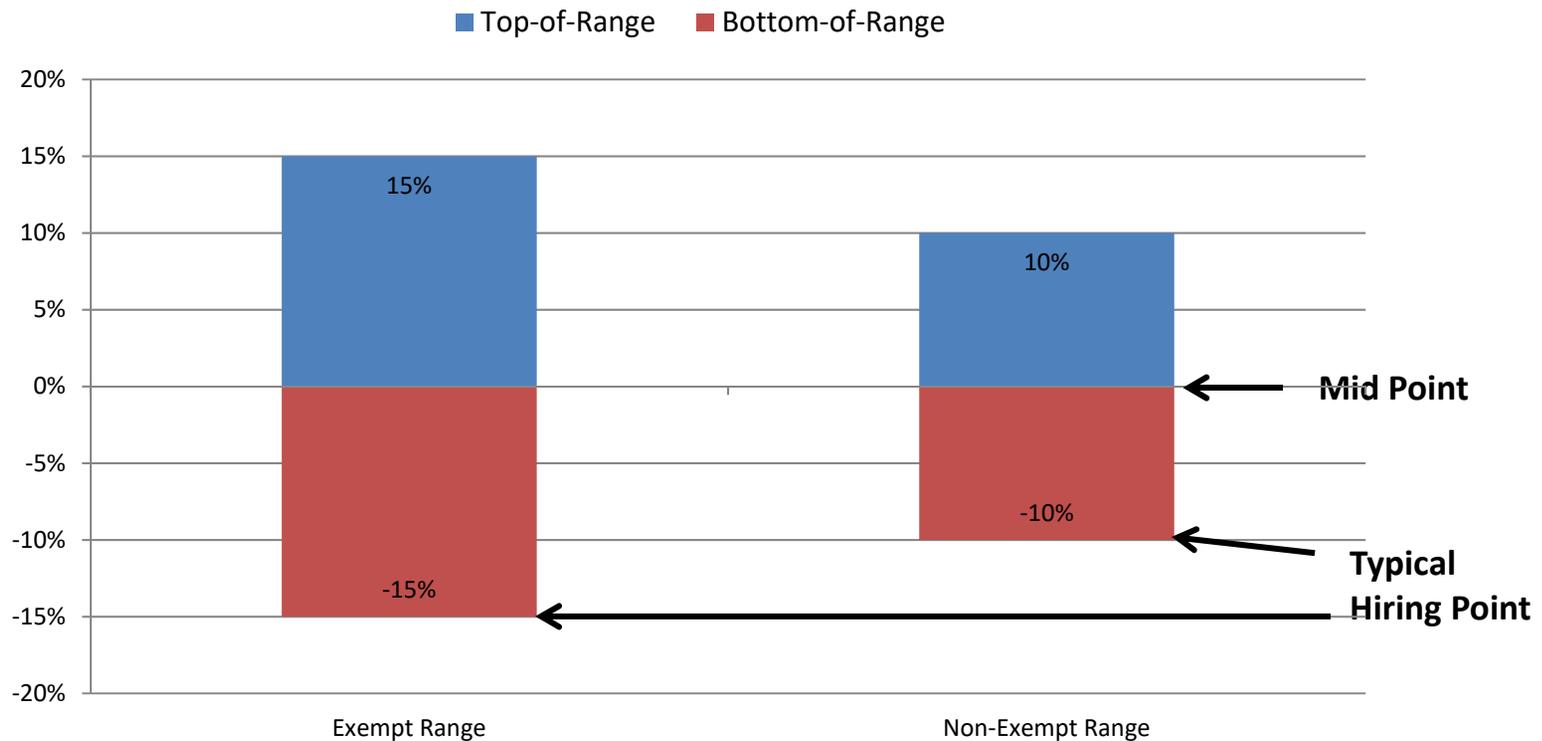
Salary Band Data

	<u>No. of</u> <u>Employees</u>	<u>At Salary Cap</u>	<u>Percentage</u>
Exempt	17	9	53%
Non-Exempt	50	22	44%
Total Employees	67	31	46%

Salary-Capped employees do not receive any change in base salary, but are eligible for a one-time bonus.

O&M Expense Detail

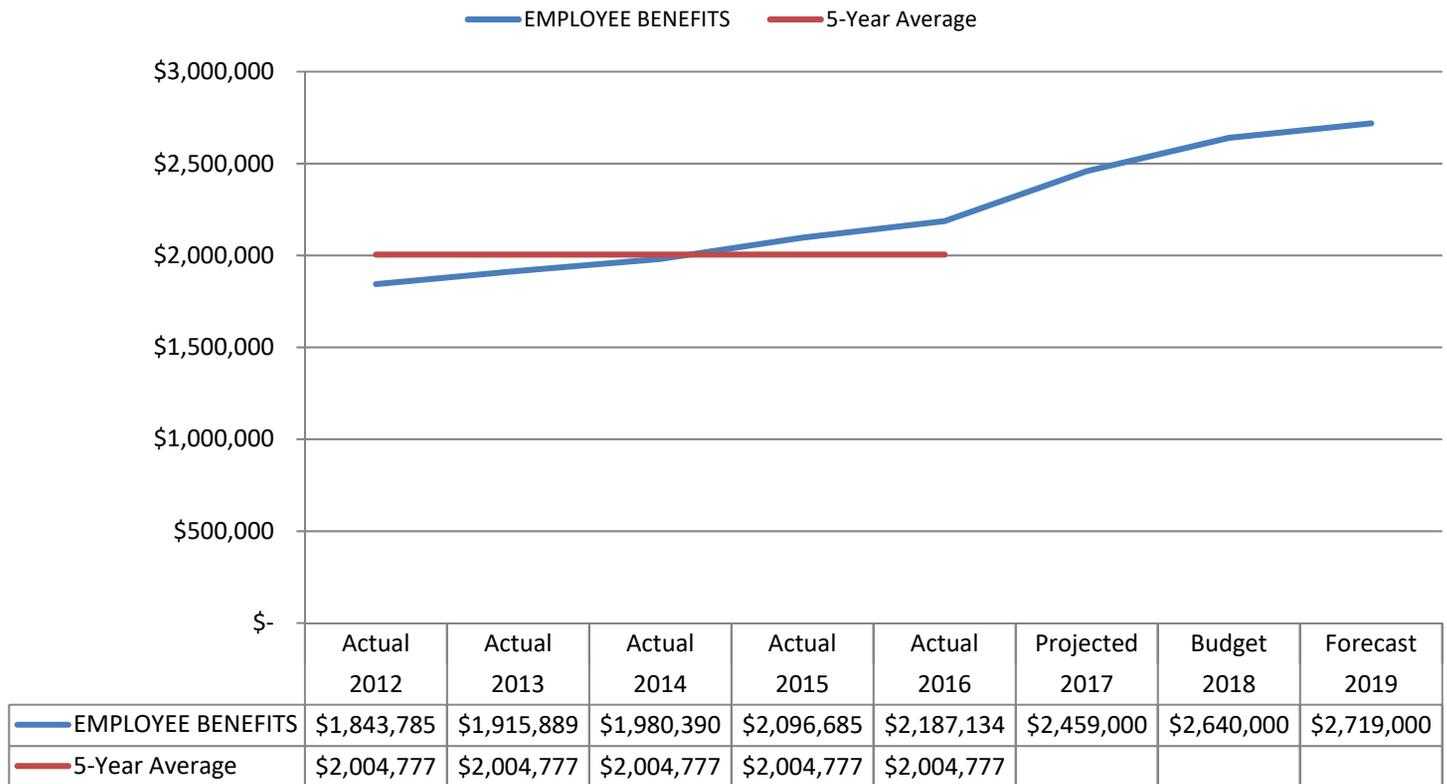
Salary Bands



New employees typically hired at or near bottom of salary range. Based on performance, an average merit increase of 4.0% will move a good performing non-exempt employee through their salary range in 5 years and an exempt employee in 7.5 years.

O&M Expense Detail

Employee Benefits



2018 increase due to increase in pension costs, health care costs and 2nd General Manager position (\$81,000). 2019 excludes the additional General Manager position.

O&M Expense Detail

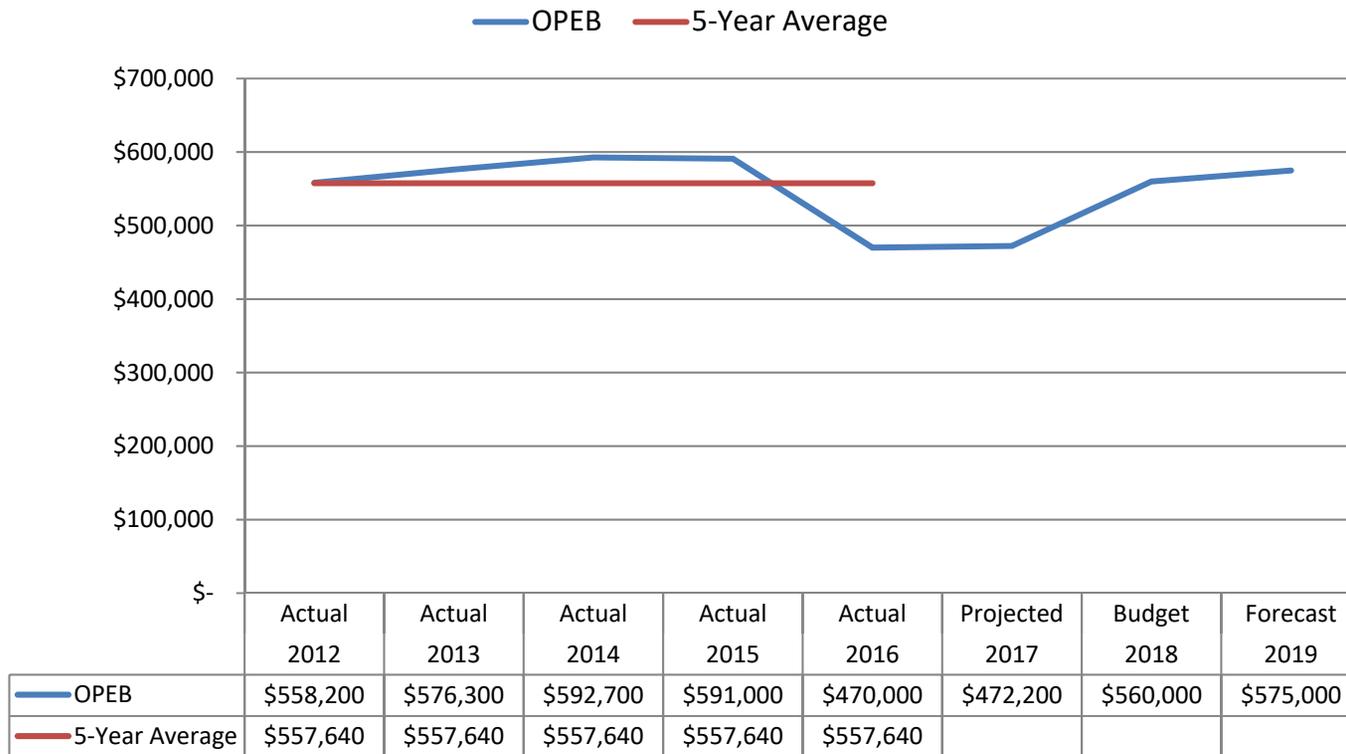
Employee Benefits

	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Projected	2018 Budget	2019 Forecast
EMPLOYEE BENEFITS	\$ 1,843,785	\$ 1,915,889	\$ 1,980,390	\$ 2,096,685	\$ 2,187,134	\$ 2,459,000	\$ 2,640,000	\$ 2,719,000
Medical Insurance	\$ 741,126	\$ 797,192	\$ 846,251	\$ 905,832	\$ 922,772	\$ 1,006,000	\$ 1,095,000	\$ 1,128,000
Dental Insurance	81,593	82,640	96,894	10,555	94,682	107,000	120,000	124,000
Vision Insurance	16,419	16,304	15,065	13,845	14,083	18,000	16,000	16,000
Life Insurance	16,732	16,648	17,090	17,731	17,708	22,000	22,000	23,000
LTD Insurance	23,075	23,147	22,050	22,966	22,970	30,000	30,000	31,000
CalPERS Pension	924,410	940,005	944,510	1,007,417	1,081,615	1,220,000	1,296,000	1,335,000
Miscellaneous *	40,430	39,953	38,530	26,339	33,304	56,000	61,000	63,000
Total Employee Benefits	\$ 1,843,785	\$ 1,915,889	\$ 1,980,390	\$ 2,096,685	\$ 2,187,134	\$ 2,459,000	\$ 2,640,000	\$ 2,719,000

* Miscellaneous includes - Unemployment costs (\$15k), CalPERS Admin Fees (\$5k), LT Care for Former GM/Spouse (\$11k), EAP Program (\$2k), Education Assistance (\$6k), OT Meals (\$3k), Etc.

O&M Expense Detail

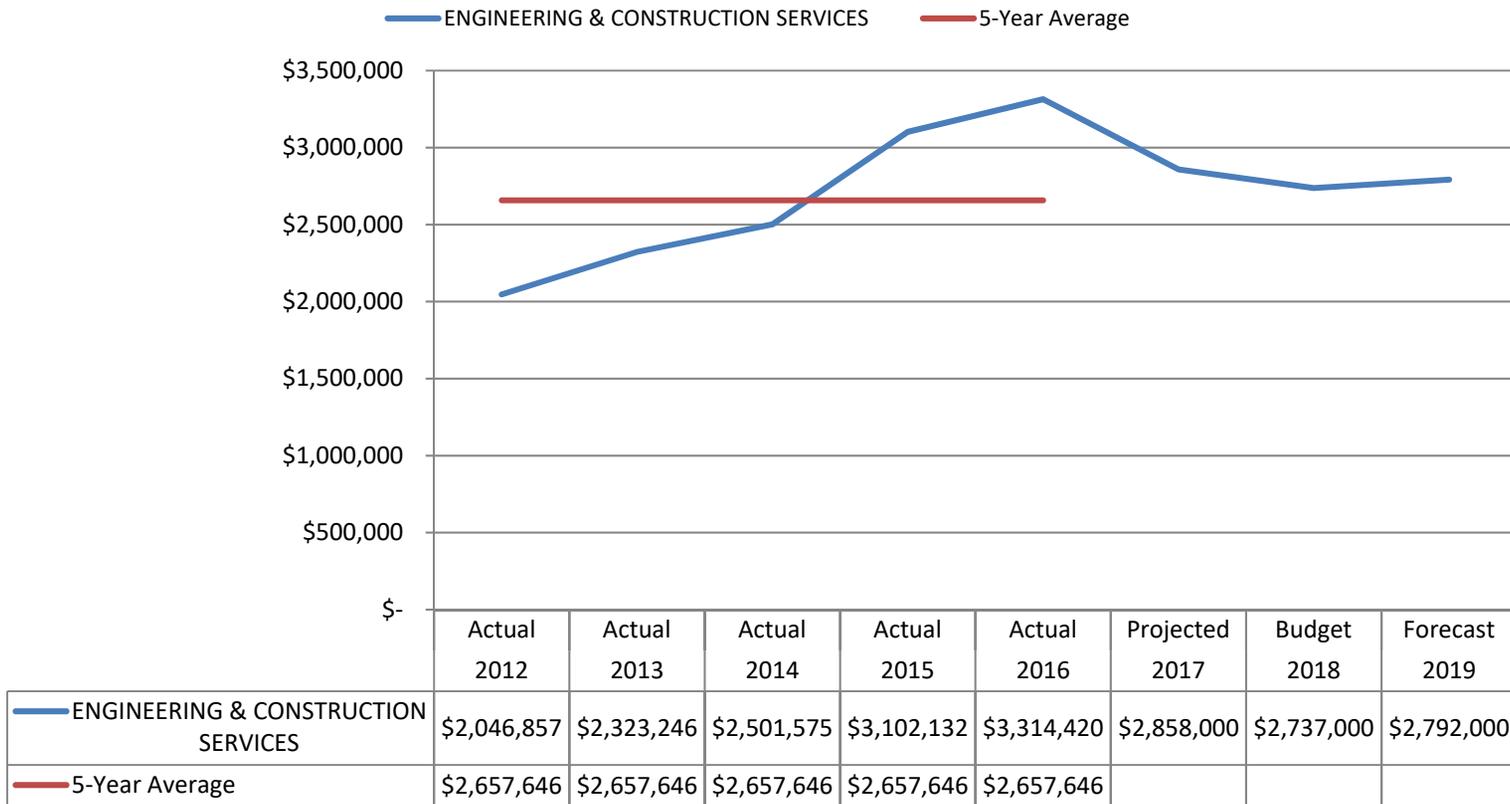
OPEB



2016 - 2017 reduction due to a combination of – reduced projected liability and higher earnings inception-to-date; offset by a reduced UAAL amortization from 22 years down to 10 years. 2018 and 2019 increase due to a reduced discount rate (7.0% in 2015, 6.5% in 2017); increased health care costs; increased participants, and a change in demographic assumptions.

O&M Expense Detail

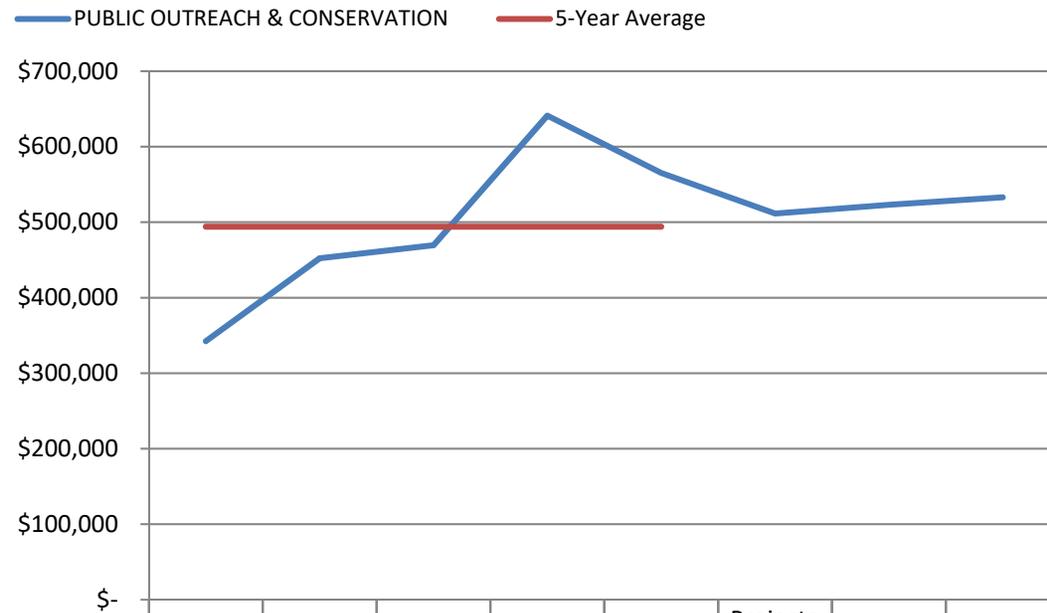
Engineering, Construction & Consulting



2018 includes \$75,000 for consulting costs on SCADA Control System Integration

O&M Expense Detail

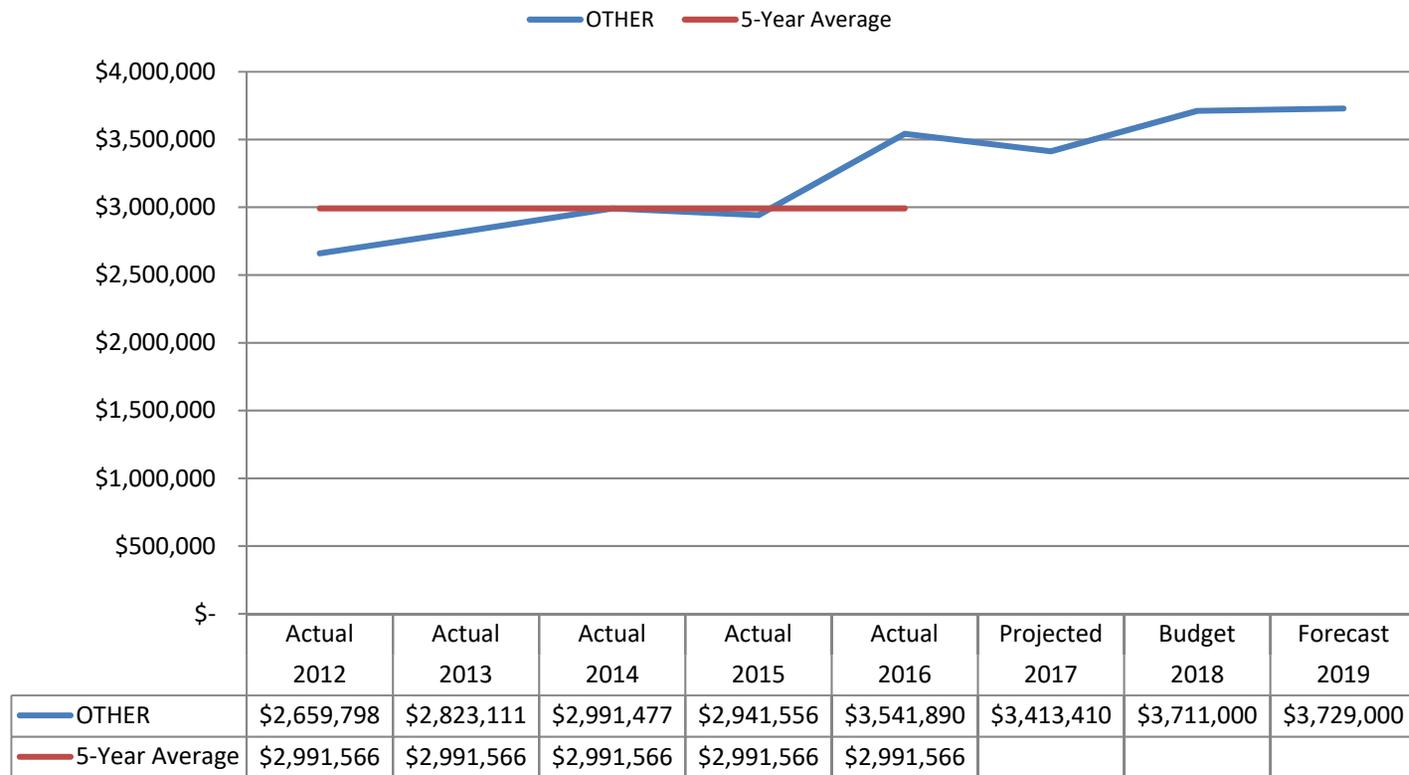
Public Outreach & Conservation



	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Projecte d 2017	Budget 2018	Forecast 2019
— PUBLIC OUTREACH & CONSERVATION	\$342,356	\$452,250	\$469,571	\$641,111	\$565,157	\$511,390	\$523,000	\$533,000
— 5-Year Average	\$494,089	\$494,089	\$494,089	\$494,089	\$494,089			

O&M Expense Detail

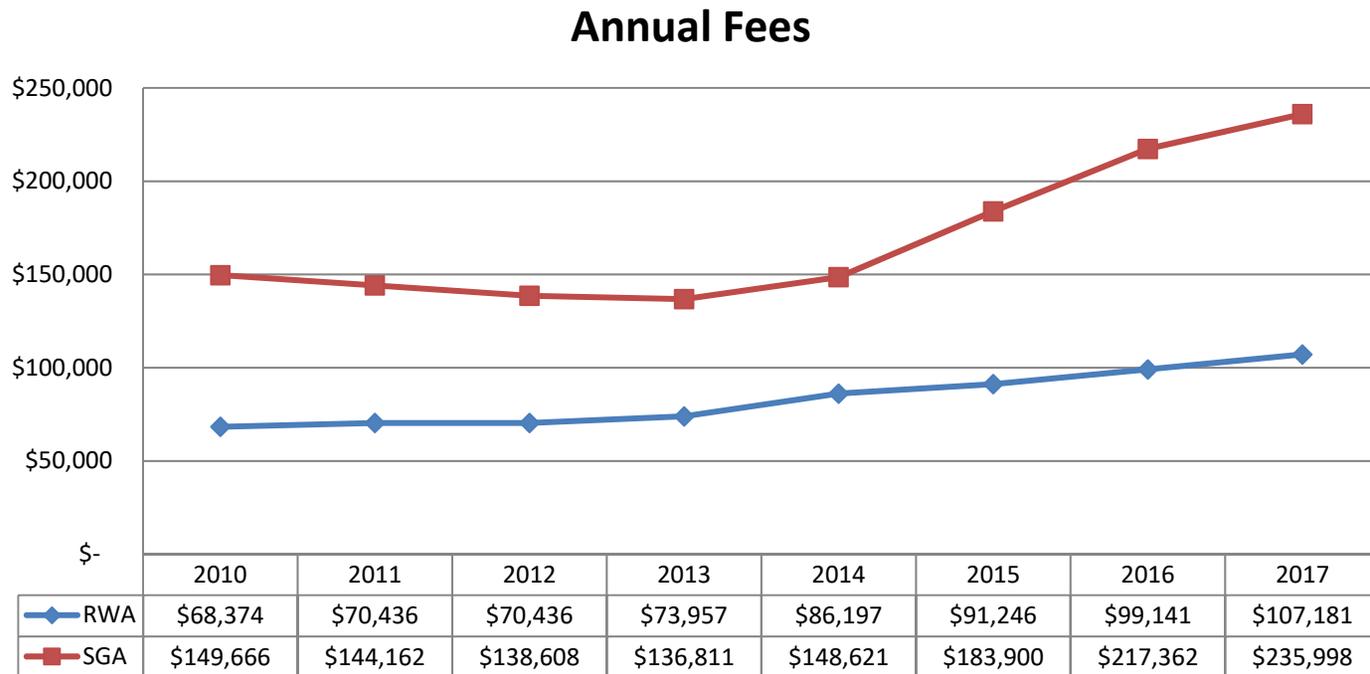
Other Expenses



2018 -2019 increase due primarily to – 1) Election cost \$56,000; 2) Licenses – Software and DDW permitting \$82,000; 3) Memberships - RWA and ACWA \$107,000; 4) Rate Study \$60,000; 5) \$12,000 for flyers and envelopes; 6) Operating Supplies \$190,000; 7) Legal Costs - \$76,000 Cal Water Fix and \$30,000 Chrome 6; and 7) Consulting Costs Jt. Defense Agreement \$160,000 and Long-Term Warren Act Agreement - \$70,000. Audit costs were reduced \$4,000 by having finance staff perform some of the auditor expanded testing procedures.

O&M Expense Detail

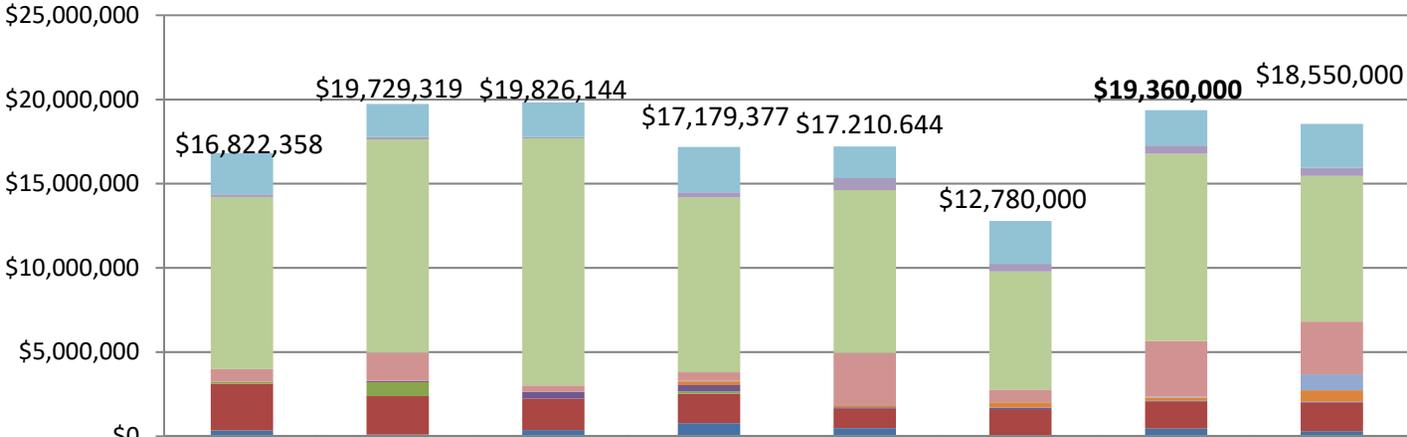
RWA/SGA ANNUAL FEES



Since 2010 Annual Fees have Increased by: RWA – 57%; SGA – 58%

CIP Budget

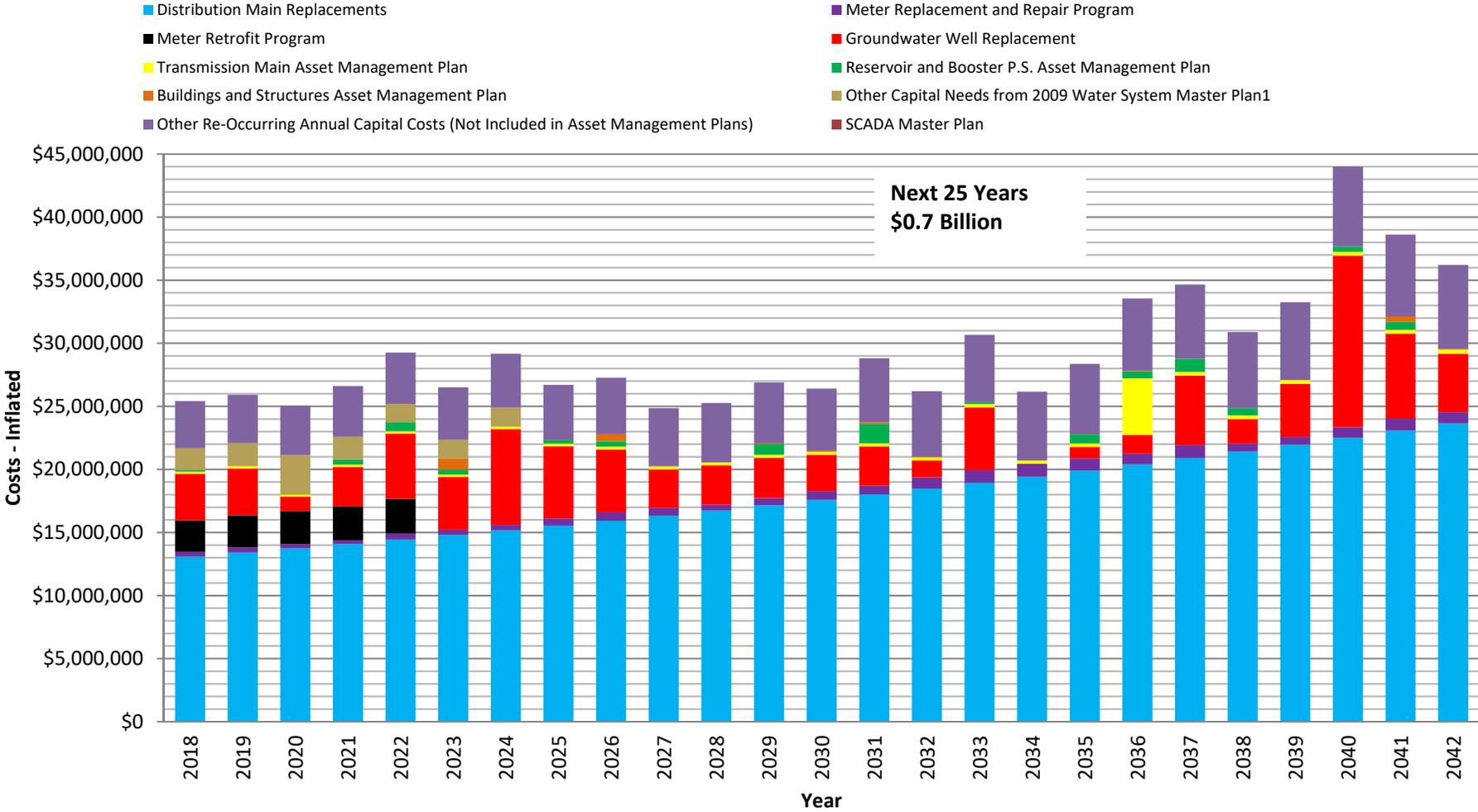
CIP Project Costs 2012 to 2019



	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Projected	2018 Budget	2019 Forecast
Meter Retrofit AMP	2,462,887	1,961,709	2,060,561	2,691,361	1,880,514	2,540,000	2,100,000	2,600,000
Meter Replacement & Repair AMP	152,219	132,922	80,975	307,870	715,337	450,000	490,000	490,000
Dist. Main Replacement AMP	10,212,546	12,674,933	14,672,460	10,381,851	9,674,096	7,020,000	11,120,000	8,655,000
Well Replacement AMP	744,091	1,655,646	377,974	507,393	3,099,875	750,000	3,300,000	3,125,000
Transmission Main AMP	-	-	-	31,866	-	5,000	50,000	950,000
Reservoir and Booster P.S. AMP	21,040	36,373	-	221,300	116,901	310,000	200,000	680,000
Buildings and Structures AMP	-	-	-	-	-	-	-	-
SCADA AMP	2,341	54,245	404,802	378,687	94,243	140,000	60,000	60,000
From 2009 Water System Master Plan	102,571	833,148	-	133,676	-	-	-	-
Other Re-Occurring Annual Capital Costs	2,774,657	2,274,474	1,859,724	1,745,028	1,149,924	1,504,000	1,590,000	1,690,000
Other Capitalized Projects	350,006	105,869	369,648	780,345	479,754	61,000	450,000	300,000

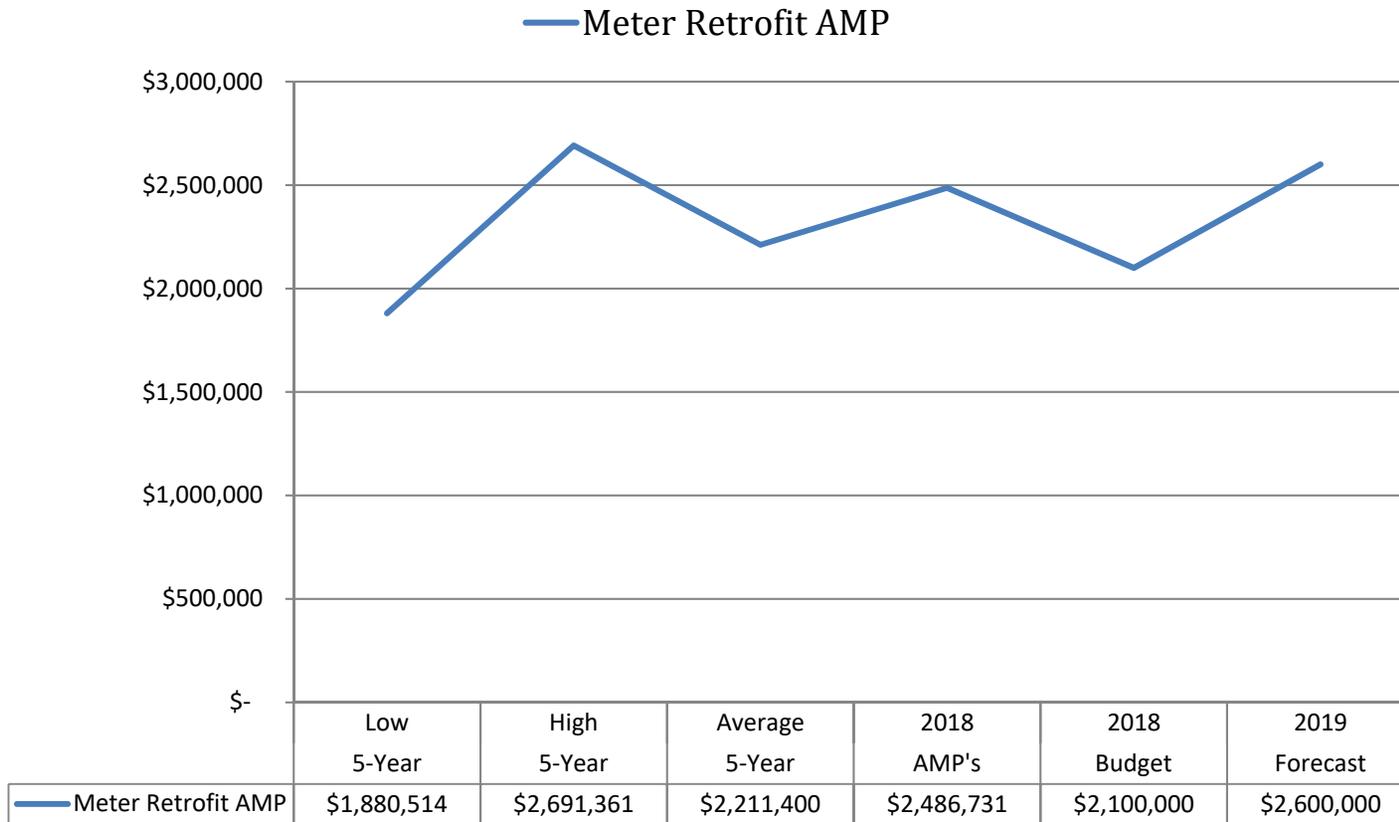
Updated for 2017 Water System Master Plan. Discussion of individual line items appears on subsequent pages.

Capital Costs Next 25 Years



Over the Next 25 Years, Capital Costs Continue to be Underfunded.
Funding Level Assumes Board Approved Rate Increases occur as Scheduled.

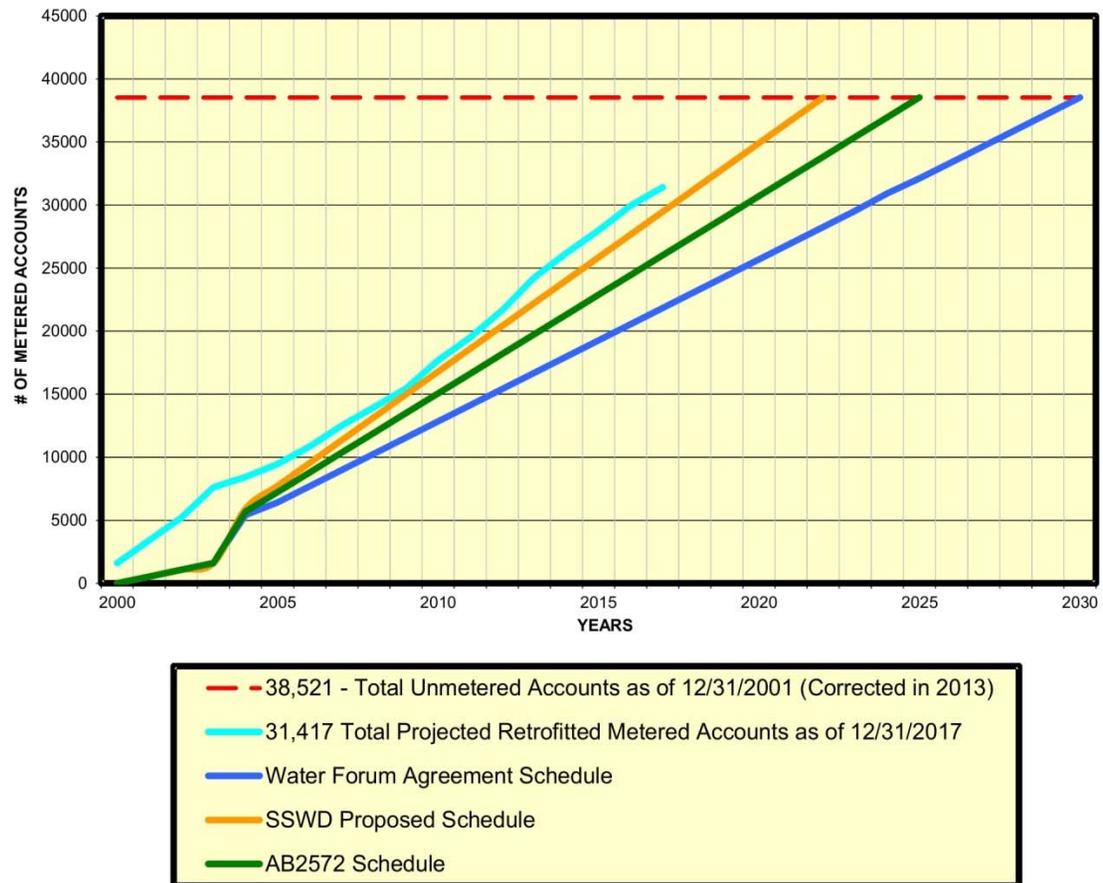
Water Meter Retrofit Program



Meters expected to be installed per Meter Retrofit Plan in 2017, 2018 and 2019 is 1,283, 1290 and 1230. Voluntary Meter installations in 2017, 2018 and 2019 are expected to be 15 each year.

Water Meter Retrofit Program

SSWD 30 YEAR METERING PLAN (RESIDENTIAL)



Meters added in 2017 – 1,478; comprised of - 1,283 per meter retrofit project, 15 voluntary and 180 through distribution main projects.

CIP Project Detail

Meter Replacement & Repair Costs

5-Year Low	5-Year High	5-Year Average	AMP 2018	Budget 2018	Forecast 2019
\$ 80,975	\$ 715,337	\$ 277,900	\$ 393,512	\$ 490,000	\$ 490,000

2018/19 Projects

Replace obsolete large meters (>3")	140,000	140,000
Replace/repair meters that have outlived their useful life	350,000	350,000
	\$ 490,000	\$ 490,000

Per Water Meter Asset Management Plan, beginning in 2016 a new program to replace water meters installed in the 1990's began.

CIP Project Detail

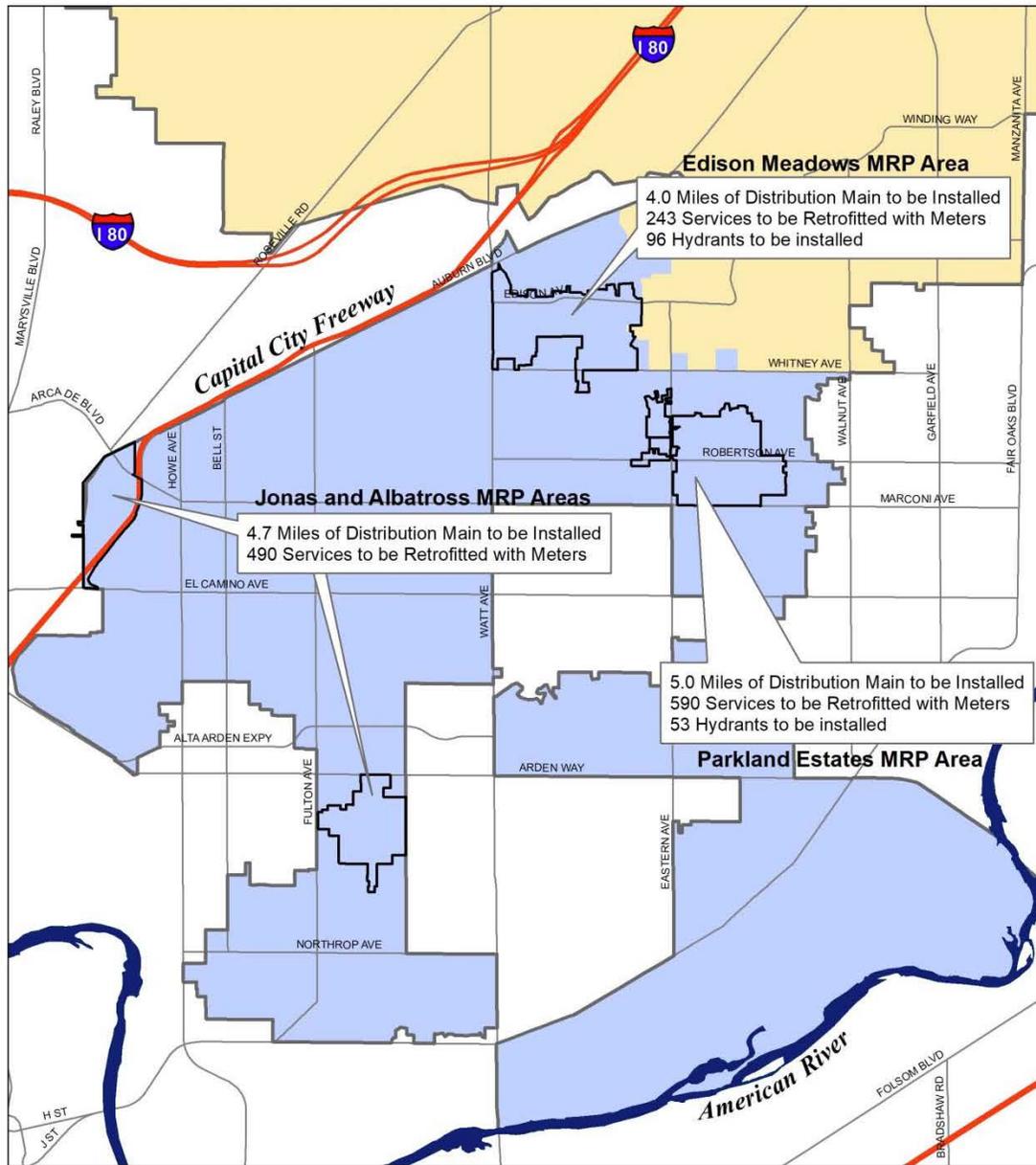
Distribution Main Replacement Costs

5-Year Low	5-Year High	5-Year Average	AMP 2018	Budget 2018	Forecast 2019
\$ 9,674,096	\$ 14,672,460	\$ 11,523,200	\$ 13,075,543	\$ 11,120,000	\$ 8,655,000

2018/19 Projects

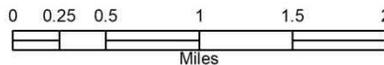
Parkland Estates Phase 2 (2017 Carryover = \$2.24 million)	\$ 3,270,000	\$ -
Edison Meadows	6,700,000	
Jonas - Albatross	500,000	7,305,000
Design for 2020 Projects		700,000
Various small main replacement projects	<u>650,000</u>	<u>650,000</u>
	<u>\$ 11,120,000</u>	<u>\$ 8,655,000</u>

See next slide for further details



Legend

- Distribution Main Replacement Areas
- North Service Area
- South Service Area



**Proposed 2018-2019
 Distribution Main Projects**

Base Data: Sacramento County Gis Base Map
 Projection: CA State Plane 2, NAD83
 Scale: No Scale
 Prepared by: JWS, SSWD
 Sacramento, CA - September 27, 2017
 Main Replacements-2018-2019.mxd

CIP Project Detail

Well Replacement Costs

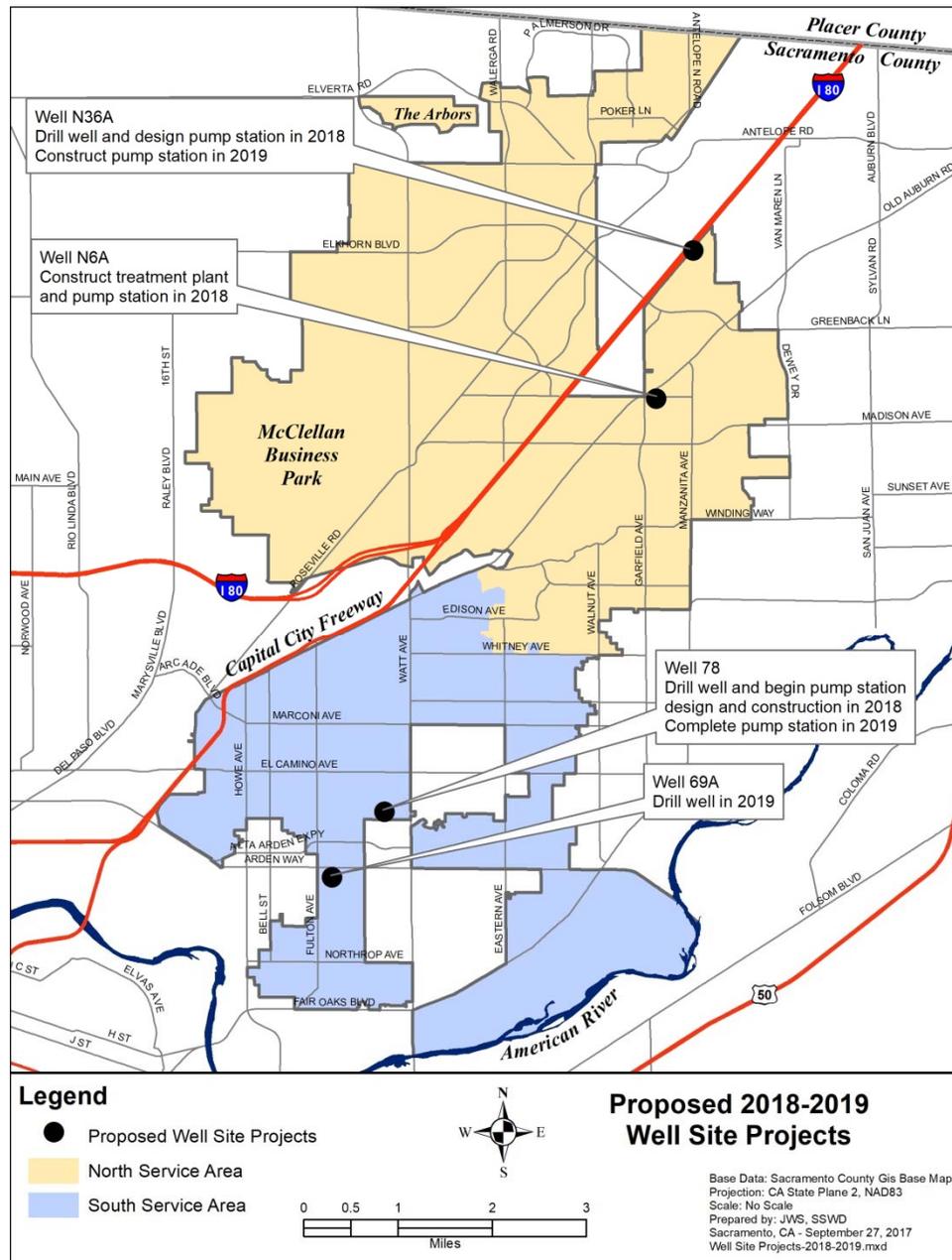
5-Year Low	5-Year High	5-Year Average	AMP 2018	Budget 2018	Forecast 2019
\$ 377,974	\$ 3,099,875	\$ 1,277,000	\$ 3,684,926	\$ 3,300,000	\$ 3,125,000

2018/19 Projects

Well #N36 - Verner Well or Well #78 - Butano/Cottage	\$ 1,140,000	\$ 950,000
Well #N6A - Palm (2017 Carryover = \$1.45 million)	1,750,000	
Well #N36-1 - Verner	410,000	1,655,000
Well #69-1 - Hilldale/Cooper	-	520,000
	\$ 3,300,000	\$ 3,125,000

Asset Management Plan assumed replacing four wells at various stages of planning, design and construction.

See next slide for further details



Well N6A is scheduled for completion in 2018, Well 78 and N36A are scheduled to start construction in 2018 and be finished in 2019. Well 69A is scheduled for 2019.

CIP Project Detail

Transmission Main Costs

5-Year Low	5-Year High	5-Year Average	AMP 2018	Budget 2018	Forecast 2019
\$ -	\$ 31,866	\$ 6,400	\$ 178,303	\$ 50,000	\$ 950,000

2018/19 Projects

Install impressed current cathodic protection to each District's major transmission pipelines (CTP, Walerga Pipeline, Antelope North Pipeline, Mission Ave Pipeline and Bell/Northrop Pipeline)

\$ **50,000** \$ 450,000

Improve and complete the transmission network in the NSA that is weak and not currently connected in many parts.

	-	500,000
	\$ 50,000	\$ 950,000

Asset Management Plan called for an equal amount of repair/replacement costs each year.

CIP Project Detail

SCADA System Costs

5-Year Low	5-Year High	5-Year Average	AMP 2018	Budget 2018	Forecast 2019
\$ 2,341	\$ 404,802	\$ 186,900	\$ -	\$ 60,000	\$ 60,000

2018/19 Projects

Complete SCADA at well 12 and N20 Arbors PRV	\$ 60,000	\$ 60,000
	<u>\$ 60,000</u>	<u>\$ 60,000</u>

Asset Management Plan called for an expanded RTU Pilot Study and SCADA System completion, which includes purchasing and installing SCADA system components on 24 remote water facility sites that currently do not have SCADA.

CIP Project Detail

Reservoir and Booster P.S. Costs

5-Year Low	5-Year High	5-Year Average	AMP 2018	Budget 2018	Forecast 2019
\$ -	\$ 221,300	\$ 79,100	\$ 118,869	\$ 200,000	\$ 680,000

2018/19 Projects

Tank Inspections and Repairs - Walnut Elevated tank and Watt/Elkhorn
Reservoir and demolition of Tank #769

\$ **100,000** \$ 30,000

Spot Painting & Repairs various District's above ground storage reservoirs
and miscellaneous well sites

\$ **100,000** \$ 650,000

\$ **200,000** \$ 680,000

CIP Project Detail

Other Re-Occurring Capital Costs

5-Year Low	5-Year High	5-Year Average	Estimate 2018	Budget 2018	Forecast 2019
\$ 1,149,924	\$ 2,774,657	\$ 1,960,800	\$ 3,732,473	\$ 1,590,000	\$ 1,690,000

2018/19 Projects

Well Rehabilitation - investigate and/or rehab various well sites and improve/modify existing entertie with the City of Sacramento	\$ 1,000,000	\$ 1,000,000
Wellhead Treatment - replace/repair existing wellhead treatment or chemical feed systems	150,000	250,000
Engine Generator Compliance	240,000	240,000
Lowering/Raising Valve Boxes	200,000	200,000
	\$ 1,590,000	\$ 1,690,000

CIP Project Detail

Other Capitalized Project Costs

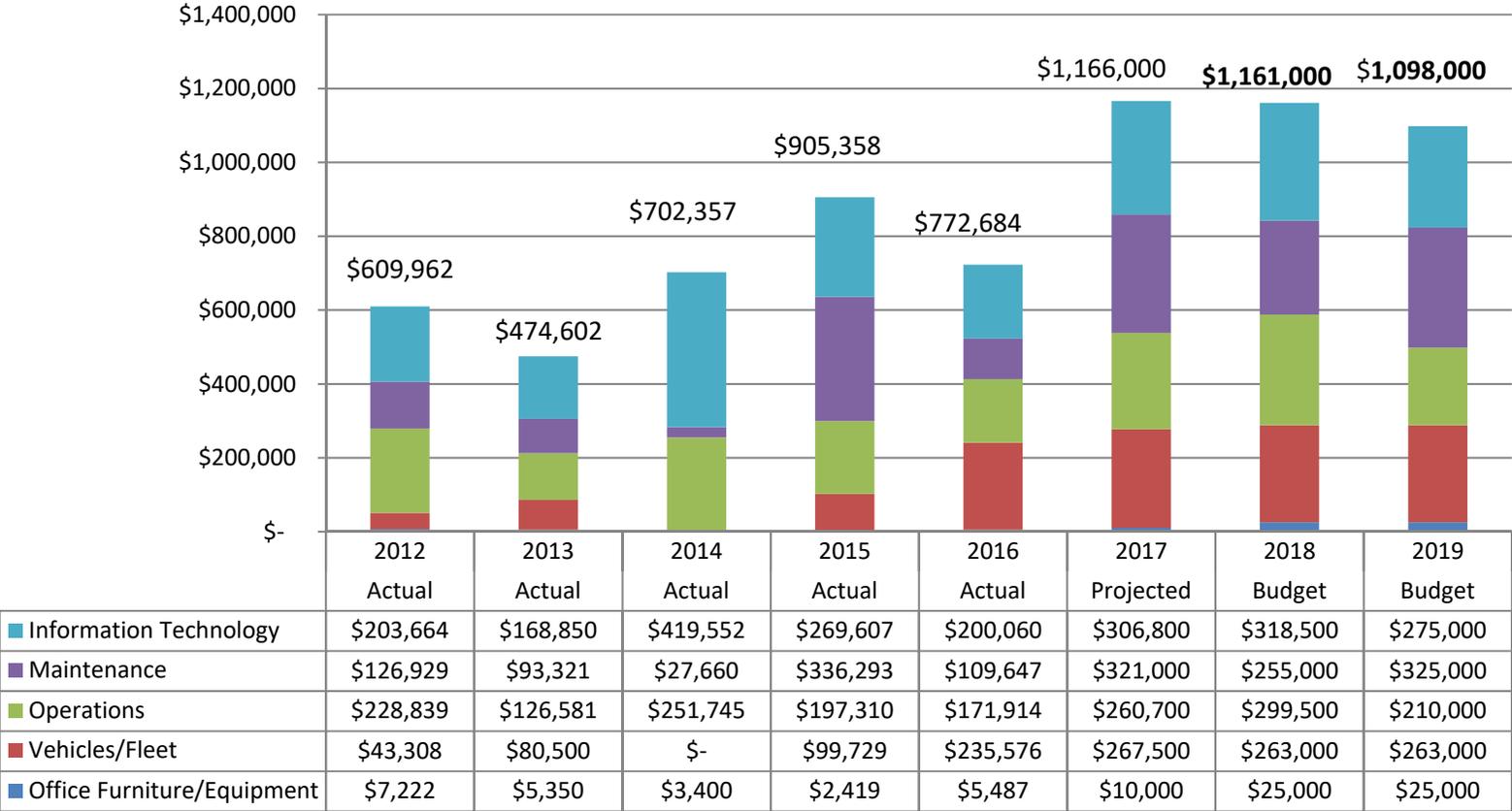
5-Year Low	5-Year High	5-Year Average	Original Estimate 2018	Budget 2018	Forecast 2019
\$ 105,869	\$ 780,345	\$ 417,100	\$ -	\$ 450,000	\$ 300,000

2018/19 Projects

Electrical Improvements at Various Facilities	\$ 200,000	\$ 50,000
Right of way/easement acquisitions	50,000	50,000
Land for Future Well Sites	200,000	200,000
	\$ 450,000	\$ 300,000

OCB Budget

OCB Project Costs 2012 to 2019



Discussion of individual line items appear on subsequent pages.

OCB Project Detail

Information Technology Costs

5-Year Low	5-Year High	5-Year Average	Budget 2018	Forecast 2019
\$ 168,850	\$ 419,552	\$ 252,300	\$ 318,500	\$ 275,000

2018/19 Projects

Hardware Refresh Program	\$ 108,500	\$ 115,000
Software Enhancements/Modules	160,000	160,000
Server Room	50,000	
	\$ 318,500	\$ 275,000

2017 budget was \$306,800

OCB Project Detail Maintenance

5-Year Low	5-Year High	5-Year Average	Budget 2018	Forecast 2019
\$ 27,660	\$ 336,293	\$ 138,800	\$ 255,000	\$ 325,000

2018/19 Projects

Well Site and Building Structures Maintenance	\$ 195,000	\$ 325,000
Walnut Facility - Exterior Seal South Wall Shop	12,000	
Walnut Facility - Distribution Foreman & Environmental Compliance Remodel	31,000	
Walnut Facility - Window Covering Replacement	5,000	
Rekey all Facilities	12,000	
	\$ 255,000	\$ 325,000

2017 Budget was \$296,000.

OCB Project Detail

Operations Project Costs

5-Year Low	5-Year High	5-Year Average	Budget 2018	Forecast 2019
\$ 126,581	\$ 251,745	\$ 195,300	\$ 299,500	\$ 210,000

2018/19 Projects

Asphalt Repair/Replacement/Sealing - Various Well Sites	\$ 30,000	\$ 30,000
Fence Replacement - 4 Well Sites	28,000	28,000
Peristaltic Chemical Dosing Pumps	27,500	
UCMR 4 Monitoring	120,000	120,000
Compact Mini Excavator	62,000	
Meter Vault Lid Replacement	32,000	32,000
	\$ 299,500	\$ 210,000

2017 budget was \$260,700

OCB Project Detail

Vehicles/Fleet

5-Year Low	5-Year High	5-Year Average	Budget 2018	Forecast 2019
\$ -	\$ 235,576	\$ 91,800	\$ 230,000	\$ 230,000

2018/19 Projects

Trailer Replacement/Trailer # 168 & 169	\$ 20,000	\$ 20,000
Vehicle Replacement/Right Size - Truck #2	75,000	75,000
Vehicle Replacement/Right Size - Truck # 14	45,000	45,000
Vehicle Replacement/Right Size - Truck # 47	45,000	45,000
Vehicle Replacement/Right Size - Truck #48	45,000	45,000
	<u>\$ 230,000</u>	<u>\$ 230,000</u>

2017 budget was \$267,500 – Replaced three Trucks and purchased one new truck for the new production operator position. Annual Maintenance costs on the new vehicles will be comprised of oil changes, batteries and tires for the first 5 years.

OCB Project Detail

Office Furniture & Equipment

5-Year Low	5-Year High	5-Year Average	Budget 2018	Forecast 2019
\$ 2,419	\$ 7,222	\$ 4,800	\$ 25,000	\$ 25,000

2018/19 Projects

3 Foremen Furniture/Workstations	\$ 12,000	
Env Compliance Furniture/Workstations		\$ 15,000
Folding Tables & Chairs	\$ 13,000	\$ 10,000
	\$ 25,000	\$ 25,000

2017 budget was \$10,000 – For Walnut Facility remodel.

Debt Service Forecast

Debt Service Forecast

5-Year	5-Year	5-Year	Budget	Forecast
Low	High	Average	2018	2019
\$ 7,425,000	\$ 9,895,112	\$ 7,944,615	\$ 7,700,000	\$ 7,720,000

	2012	2013	2014	2015	2016	2017	2018	2019
Principal	\$ 5,994,000	\$ 3,580,000	\$ 3,675,000	\$ 3,795,000	\$ 3,945,000	\$ 4,060,000	\$ 4,240,000	\$ 4,390,000
Interest	3,901,112	3,849,356	3,792,909	3,630,000	3,560,697	3,483,002	3,460,000	3,330,000
Total Debt Service	<u>\$ 9,895,112</u>	<u>\$ 7,429,356</u>	<u>\$ 7,467,909</u>	<u>\$ 7,425,000</u>	<u>\$ 7,505,697</u>	<u>\$ 7,543,002</u>	<u>\$ 7,700,000</u>	<u>\$ 7,720,000</u>

2018/19 forecast assumes a variable interest rate of 3.86%. Average interest rate for total debt portfolio is 4.35%.

2018 Budget and 2019 Forecast Summary

	2016 Actual	2016 Amended Budget	Actual As Of 8/31/17	2017 Projected	2017 Amended Budget	2018 Proposed Budget	2019 Forecast
Income From Customers	\$ 41,083,028	\$ 41,410,000	\$ 28,321,477	\$ 43,054,000	\$ 43,726,000	\$ 45,020,000	\$ 45,250,000
Water Transfers	-	-	-	-	1,992,000	-	-
Total Other Income	1,483,443	2,905,000	1,042,039	2,409,000	1,780,000	1,465,000	1,354,000
Total Revenue	\$ 42,566,471	\$ 44,315,000	\$ 29,363,516	\$ 45,463,000	\$ 47,498,000	\$ 46,485,000	\$ 46,604,000
Budgets:							
Operations and Maintenance	19,680,747	17,895,000	12,199,230	20,000,000	21,311,000	21,930,000	22,425,000
Capital Improvement Program	17,179,377	18,796,000	6,335,378	12,780,000	16,975,000	19,360,000	18,550,000
Operating Capital Program	722,684	974,000	571,122	1,166,000	1,166,000	1,161,000	1,098,000
Debt Service (Forecast)	7,505,697	7,605,000	2,322,001	7,543,000	7,770,000	7,700,000	7,720,000
Total Costs	45,088,505	45,270,000	21,427,731	41,489,000	47,222,000	50,151,000	49,793,000
Change in Reserve Balance	(2,522,034)	(955,000)	7,935,785	3,974,001	276,000	(3,666,000)	(3,189,000)
Reserve (Cash) Balance	\$ 40,988,408	\$ 40,033,408	\$ 48,370,727	\$ 44,962,409	\$ 41,264,408	\$ 41,296,409	\$ 38,107,409

QUESTIONS



Agenda Item: 7

Date: October 31, 2017

Subject: Chromium 6 Court Complaint Update

Staff Contact: Dan York, Assistant General Manager

Background:

The United States caused toxic hexavalent chromium to contaminate Sacramento Suburban Water District (“District”) municipal supply wells. The presence of this dangerous substance in the District’s drinking water wells deprives the District of its protectable property interest in its right to appropriate groundwater. The District therefore brought in the Court of Federal Claims (CFC) a claim for an unconstitutional taking of private property. The Government submitted a motion in the CFC that only the District Court in Sacramento had jurisdiction to hear the District’s case. The District opposed the motion. Summary is below.

Factual Arguments

The U.S. Air Force argued that Chromium 6 (“Cr6”) naturally occurs in the aquifer at a concentration of up to 14 parts per billion (“ppb”), such that elevated levels in the District’s wells are natural, and that operations at McClellan Air Force Base (“McClellan”) Cr6 did not cause exceedances of any Maximum Contaminant Level (“MCL”). To rebut this evidence, Sher Edling retained two experts: (1) Larry Ernst, a hydrogeologist with extensive experience in the Sacramento Valley and who has worked with the District for years; and (2) David Terry, a hydrogeologist specializing in statistical analysis of well data to characterize groundwater contamination. The District’s experts opined on several lines of evidence that Air Force incorrectly determined background Cr6 concentrations, the most compelling of which are:

1. Air Force’s study arriving at 14 ppb was fatally flawed because it used well data from within McClellan, gathered from 2001-2008. This dataset is tainted by 65-odd years of Cr6 use at McClellan. Air Force’s own records demonstrate that Cr6 was released at virtually the entire Base over the course of its operation. Air Force’s investigations demonstrate chromium contamination at the Base as far back as the early 1980s. Thus, the data and conclusions from this study are biased toward an artificially inflated concentration, one that would be more properly reflective of “ambient” rather than “natural” levels.

2. Using data from municipal supply wells located adjacent to McClellan, the District’s experts calculated a background concentration that is less likely to have been tainted by McClellan Cr6, arriving at a mean background concentration of 4.3 ppb. This aquifer’s hydrology gives rise to contaminant migration from McClellan to several off-Base locations, including the District’s wells. Any elevated concentrations off-Base are more likely caused by

anthropogenic Cr6, which is consistent with Mr. Ernst's opinion that Cr6 concentrations in wells decrease with distance from the Base. Thus, the 4.3 ppb concentration is more likely representative of natural Cr6 concentrations, although that figure itself is upwardly biased because of the inclusion of off-Base wells suspected to contain McClellan Cr6.

3. The geology near the Base is not likely to naturally give rise to 14 ppb Cr6. The chromium-containing rocks that create natural Cr6 are not present in the vicinity of the Base in sufficient concentrations, unlike west of the Sacramento River, closer to the Coast Range.

Sher Edling believe this evidence demonstrates that the Air Force wrongly substituted ambient background levels for the amount of Cr6 that would be in the District's wells in the absence of McClellan's extensive chrome use, **and** that contamination present in the District's wells is likely materially impacted by Cr6 from McClellan.

Legal Argument: The CFC's Jurisdiction Derives from the Fifth Amendment

Case law establishes that the CFC has authority to hear a case if the provision giving rise to the cause of action requires the government to pay money if it is found liable. The 5th Amendment, from which the District's claim derives, mandates "just compensation" for takings. The next step should be to develop the evidentiary record to address more substantive issues that may impact jurisdiction. The USA jumped the gun in offering evidence and arguing that the government did not have jurisdiction on other grounds – those determinations should be made on complete record.

Legal Argument: Interference with the District's Appropriative Right Supports a Taking

By statute, the CFC has jurisdiction only over the District's taking claim; it cannot hear Resource Conservation and Recovery Act or tort claims, for instance, those are being litigated in the District Court in Sacramento. A substantial interference with a property right, elevated concentrations of Cr6 that induce decreased pumping and well retirement, constitutes a taking. Case law demonstrates that groundwater contamination can cause a recoverable injury in the absence of an MCL.

Legal Argument: The District Can Maintain Parallel Claims in the CFC and the Eastern District of California

USA argued statute deprives the CFC of authority to hear a case where a plaintiff has a case arising out of the same operative facts pending in another court. Sher Edling argued that law contradicts this position. Instead, they urged the Court to let them provide the case in District Court in Sacramento first and then come back to the Court of Claims to see what claims remain against the United States.

Conclusion

The evidence assembled in opposition to the United States' motion is compelling indicia that the contamination is coming from McClellan. Sher Edling will update the Board on the next legal developments.



Agenda Item: 8

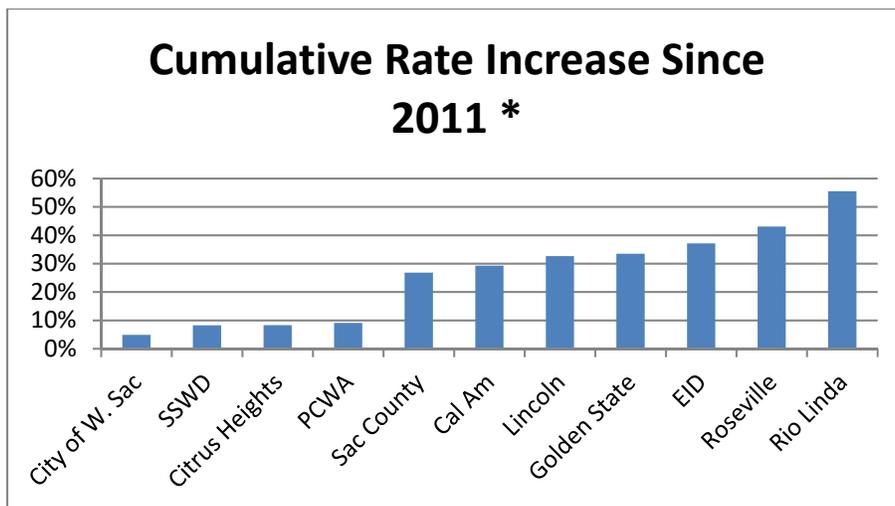
Date: November 9, 2017

Subject: Water Rate Increase History of Surrounding Purveyors – ¾” Connection

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

As requested by the Board at the October Board meeting, the rate history of surrounding purveyors who set rates based on a ¾” connection is presented along with the underlying data. As the Board will recall, staff has conducted a survey of all neighboring water district’s that are part of the Regional Water Authority (RWA) to ascertain changes in their respective water rates for metered residential customers over the past 5 years. Data based on a ¾” connection size as of December 31, 2011 was compared to December 31, 2016. The rate change over the past 5 years and the underlying data are shown in the Graph and Table below:



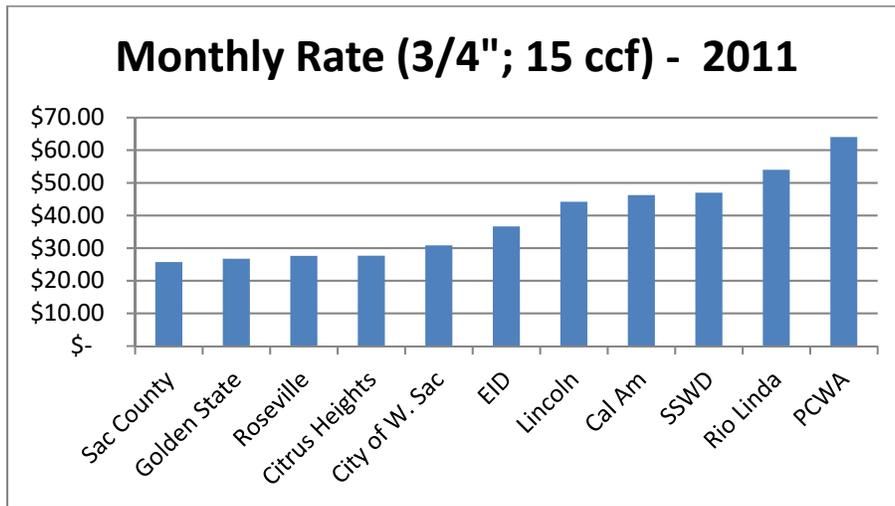
- Rates are as of December 31, 2011 and 2016. 2017 rate increases are not reflected.

Monthly Residential Metered Rates @ 15 CCF; ¾” Connection

	<u>2011</u>	<u>2016</u>	<u>%</u>
City of W. Sac	30.85	32.35	5%
SSWD	46.95	50.82	8%
Citrus Heights	27.64	29.94	8%
PCWA	64.04	69.85	9%
Sac County	25.69	32.58	27%
Cal Am	46.23	59.75	29%
Lincoln	44.17	58.58	33%
Golden State	26.75	35.71	33%
EID	36.65	50.25	37%
Roseville	27.62	39.52	43%
Rio Linda	54.00	83.98	56%

Comparing the monthly water bill of water purveyors between each other in 2011 and 2016 shows the following results, from lowest to highest:

Monthly water bill for a ¾” connection using 15 CCF per month in 2011 was:

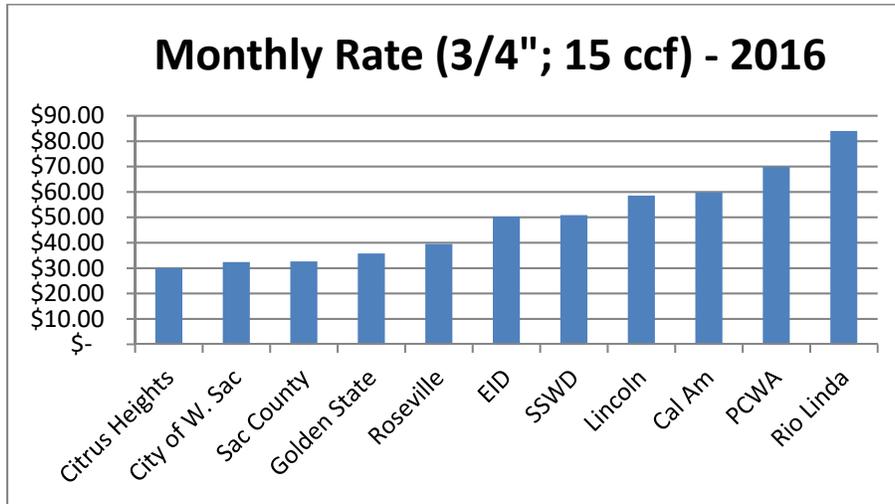


Water Rate Increase History of Surrounding Purveyors – 3/4” Connection

November 9, 2017

Page 2 of 2

Monthly water bill for a 3/4” connection using 15 CCF per month in 2016 was:



Sources for the information are self-reporting by each individual water purveyor, corroborated by data from a similar report provided by RWA.



Agenda Item: 9

Date: November 9, 2017

Subject: McClellan Business Park Successor Agreement Update

Staff Contact: Dan York, Assistant General Manager

Under an agreement with the County of Sacramento (County) dated November 13, 2001, McClellan Business Park (MBP) obtained the right to purchase, privatize, and redevelop most of the property and facilities within the former McClellan Air Force Base, except those portions of the base reserved to the United States and the water system property and facilities granted to the District.

Over the years, a number of disagreements have arisen between the District and MBP regarding the interpretation and application of its ordinances and regulations governing water service to new or changed water services on the McClellan Property. The District and MBP now desire to acknowledge their respective roles relative to water supply and service matters within the McClellan Property and to resolve all disagreements related to SSWD's service of water to MBP and other customers within the McClellan Property, including any alterations of existing facilities and installation of new facilities on the water distribution system, and to enter into an agreement for these purposes as well as to terminate and supersede in full the 1999 Agreement.

As reported at the October 16, 2017 regular Board meeting, the County on August 8, 2017 approved the master purchase and sale agreement between the County and MBP for properties located at the former McClellan Air Force Base. The property transfer is now finalized.

The District received the draft Successor Agreement (draft Agreement) on October 4, 2017. District staff reviewed the draft Agreement and had minor substantive edits. The draft Agreement was delivered to County and MP legal counsel for their review and comments the week of October 9, 2017. As of the date of this report, MBP has completed their review of the draft Agreement and provided the draft document to the County for their review and comment. The County informed District staff that they anticipate delivery of the draft Agreement the week of November 13, 2017. Staff is in the process of scheduling a Facilities & Operations Committee meeting to review the draft Agreement in advance of it being brought before the full Board.

Note: The 1999 Agreement between the District and County is a legal binding document and will not be terminated until the Successor Agreement between the District and MBP is approved and signed by both parties.



Agenda Item: 10

Date: November 6, 2017

Subject: Fixed Network Meter Reading Report

Staff Contact: Matt Underwood, Operations Manager

As reported in October, the District's Advanced Metering Infrastructure (AMI) fixed network meter reading system is experiencing significant problems. The KP Electronics MegaNet system was first deployed in 2010. To date, approximately 25,000 metered services (63% of metered services) have been equipped with the AMI radio-read endpoints. In February 2017, the MegaNet technology was acquired by Mueller Systems. Mueller Systems had previously been the national distributor for the MegaNet system and is familiar with all aspects of the product, including sales, service, and support.

Due to unforeseen issues with internal components and an inability to withstand environmental stress, the endpoint has gone through several changes and modifications since initial deployment in 2010. Each improvement to the endpoint has held up an average of 5-6 months before failures started to appear. KP Electronics had been an excellent business partner to the District and had been very responsive and reactive to the District's needs, up to and including hiring a contractor at their cost to replace all defective endpoints. It should be noted that the industry standard warranty is for product replacement only. Supplying labor to replace defective product is very rare.

The original AMI network included 11 collectors. In an effort to improve system performance and area coverage, KP Electronics continually upgraded existing collectors with the latest technology and installed additional collectors throughout the District bringing the total number of collectors to 27. The costs associated with the improvements were born by KP Electronics.

The problems are broken down into two general categories: endpoint failures and network issues.

The majority of the endpoints that are currently failing are a previous version that had been identified as having a potential for failure. KP Electronics had previously arranged to have a contractor replace the previous version endpoints as they fail, at no cost to the District. Mueller Systems has continued this practice. Approximately 1,375 endpoints have been replaced by the contractor working for KP Electronics/Mueller Systems YTD in 2017. Approximately 6,500 of this previous version endpoints are remaining in the system.

The issues with the network are of greater concern. The endpoints are sending out a signal as expected, but some of the signals are not being received by the network, resulting in missed meter reads for billing. The issue is not concentrated to specific areas of the District.

KP Electronics had previously directed the contractor to replace failed endpoints without conducting any investigation as to the reason of the failure. Mueller systems has recently made the decision to have the contractor perform thorough investigations before every replacement in an effort to gather data that will assist in determining the nature of the non-read. This will be useful information that will be provided to the District in the future report when it becomes available.

The amount of endpoint failures has varied since 2015. Beginning in 2015, staff began running a script that would close any open Service Requests that received a billing read within the past four days. This task was conducted to assist with a backlog of Service Requests. However, staff discovered that it did not resolve the actual problem and often another Service Request would be generated for the same location the following month. In 2016, staff discontinued auto closing Service Requests unless the non-read was due to a collector issue. In 2017, staff resumed running the script to allow Mueller Systems the opportunity to fully vet the AMI system.

When a billing read is not received, the water service bill is based on the District's estimate of the quantity of water delivered. On the following month, the non-operational water meters require a manual read by staff for billing. When this occurs, the read is a high priority and staff have to visit the locations to gather the manual read without actually resolving the issue at hand. This additional workload is having a direct impact on operations. Below is a recap of the recent manual reads due to too many estimates that have required a truck roll by staff:

- August – 13 manual reads
- September – 35 manual reads
- October – 156 manual reads

AMI systems are complex and offer many benefits to a utility and its customer base. This does not change their primary function as a meter reading system for billing. The District considers any endpoint that does not deliver a billing read within a 5-day window as a failed unit, regardless of the version and regardless of the reason. Failed endpoints become manual read meters for District staff, which is unacceptable, regardless of the cause of problem.

Since acquiring the MegaNet technology, Mueller Systems has been unable to produce and ship a final product that passes their quality assurance inspections. In September 2017, they began production and found a flaw in the process causing them to shut down the production line. Mueller Systems states that they anticipate resolving the problem by December 2017 at the earliest, in which case they would ship product by the middle of the month; however, due to a lack of inventory on hand it has caused a backlog of Service Requests that are slated to be replaced by the Mueller Systems contractor. In addition, KP Electronics was replacing all endpoints that were not reporting regardless of the version. Mueller Systems has been reluctant

to agree to replace anything other than the older version that has been identified with having a potential for failure. This will result in an additional backlog of Service Requests until Mueller Systems can determine if the problem is due to the endpoint or the network. No timeline has been provided for a possible solution.

The District has formed an AMI/AMR Focus Group consisting of the Operations Manager, Field Services Superintendent, Distribution Foreman, Field Operations Coordinator, Purchasing Specialist, Information Technology Manager, Administrative Services Manager, and Engineering Manager. The purpose of the Focus Group is to determine the best course of action going forward and to minimize the impacts these problems are causing. District staff are holding weekly conference calls with Mueller Systems in an attempt to resolve the issues.

Staff will provide updates to the Board as conditions unfold.



Agenda Item: 11

Date: November 6, 2017

Subject: Drive-By Legacy Meter Reading Report

Staff Contact: Matt Underwood, Operations Manager

The District currently employs two meter reading technologies. The older legacy system is a drive-by Automatic Meter Reading (AMR) system. AMR is a mobile solution that requires staff to drive a vehicle equipped with meter reading equipment to collect the read monthly. This technology provides one read per month that is utilized for billing. The two predecessor districts began using AMR technology in the early 1990's. The existing AMR radio-read endpoints were installed in the District from 2003 to 2010. To date, approximately 14,400 metered services (37% of metered services) are equipped with AMR endpoints.

The anticipated life expectancy of an AMR endpoint is 10-15 years. The average lifespan has been approximately 12 years. Within the next five (5) years, all AMR endpoints will be older than 12 years. (See Exhibit 1 showing AMR endpoints remaining in the system by installing year.) The amount of AMR endpoints that are replaced due to failure have increased every year. (See Exhibit 2 showing the amount of AMR endpoints that have been replaced per year due to failure.)

Staff has recently identified that a version of AMR endpoints that were installed around 2008-2009 are experiencing mass early failures. The vendor is aware of the problem and has acknowledged the defect in the product. The specific endpoints are identified by a unique serial number identification range. There are approximately 4,850 endpoints remaining in the system that are now expected to fail in the near future. Staff had not anticipated these early failures and are now working towards developing a plan for the proactive replacement of the identified units.

The failures have increased from 850 failures in 2016, to 1,270 failures in 2017 (50% increase). In October 2017, staff replaced 379 endpoints associated with meter non-reads. It's important to note that staff has two days prior to billing to mitigate as many non-reads as possible. An endpoint takes an average of 25 minutes to replace and in October staff worked an additional 20 hours of overtime to replace as many endpoints as possible for billing.

The warranty on this product is a 10 year full replacement and 10 year prorated towards the purchase of a like-in-kind product. Since the District is no longer installing AMR endpoints, the failed units were not previously returned for warranty exchange. In February 2017, staff

Drive-By Legacy Meter Reading Report

November 6, 2017

Page 2 of 2

successfully negotiated with the vendor to provide credit towards the purchase of new water meters for the value of the failed AMR endpoints that are returned under warranty.

Historically, failed AMR endpoints were replaced with new AMI endpoints. Due to ongoing problems with the District's fixed network AMI system and the uncertainty of that product going forward, staff recently made the decision to begin replacing failed AMR units with warranty replacement AMR endpoints. This is the first time that AMR endpoints have been installed since 2010. The product is being provided by the vendor at no cost to the District under the warranty. This will not have a negative effect on time required for drive-by meter reads as staff is currently driving the areas where the failed endpoints are located. This is considered a temporary solution as it is highly unlikely that the District will make the decision to begin actively installing a drive-by AMR system going forward.

Exhibit 1

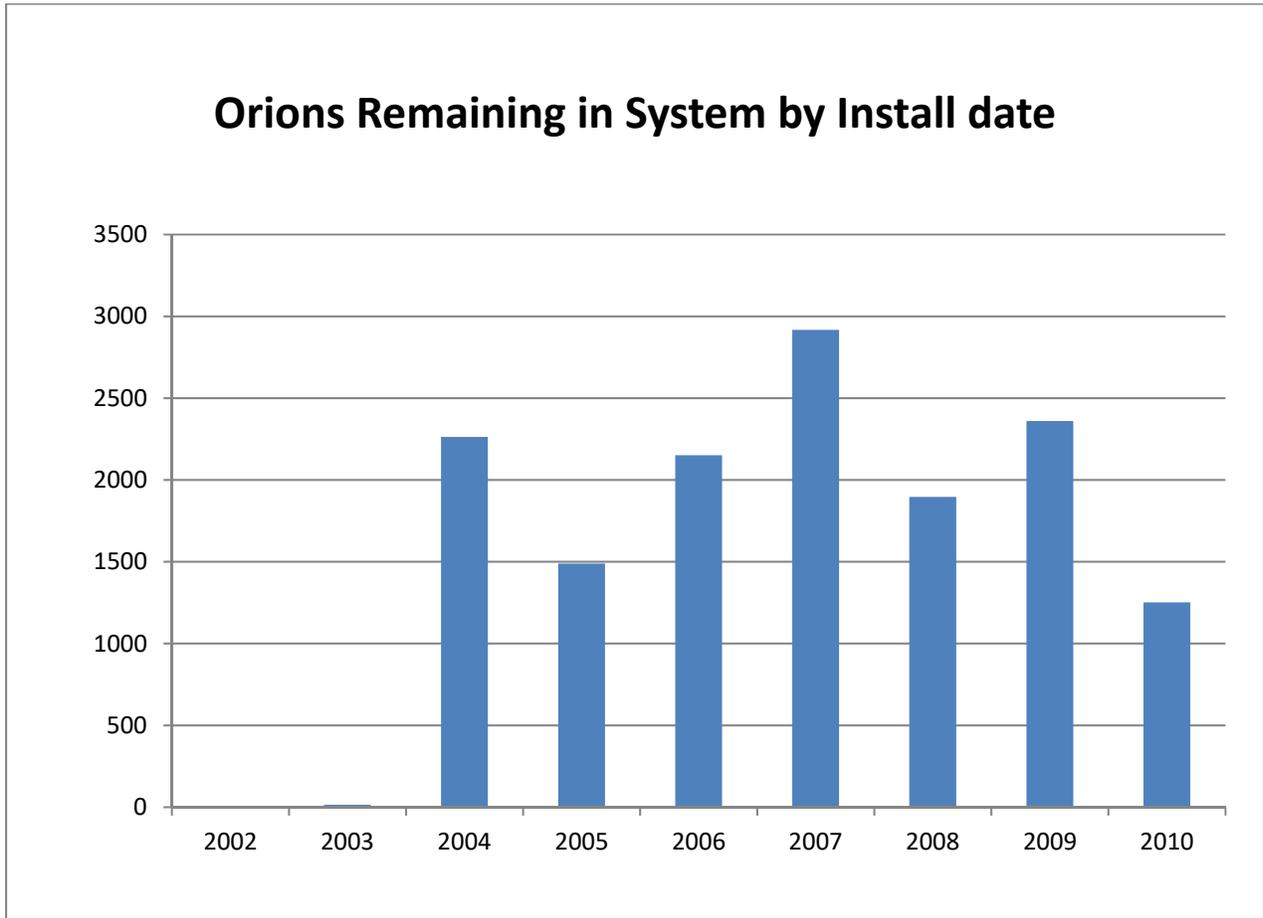
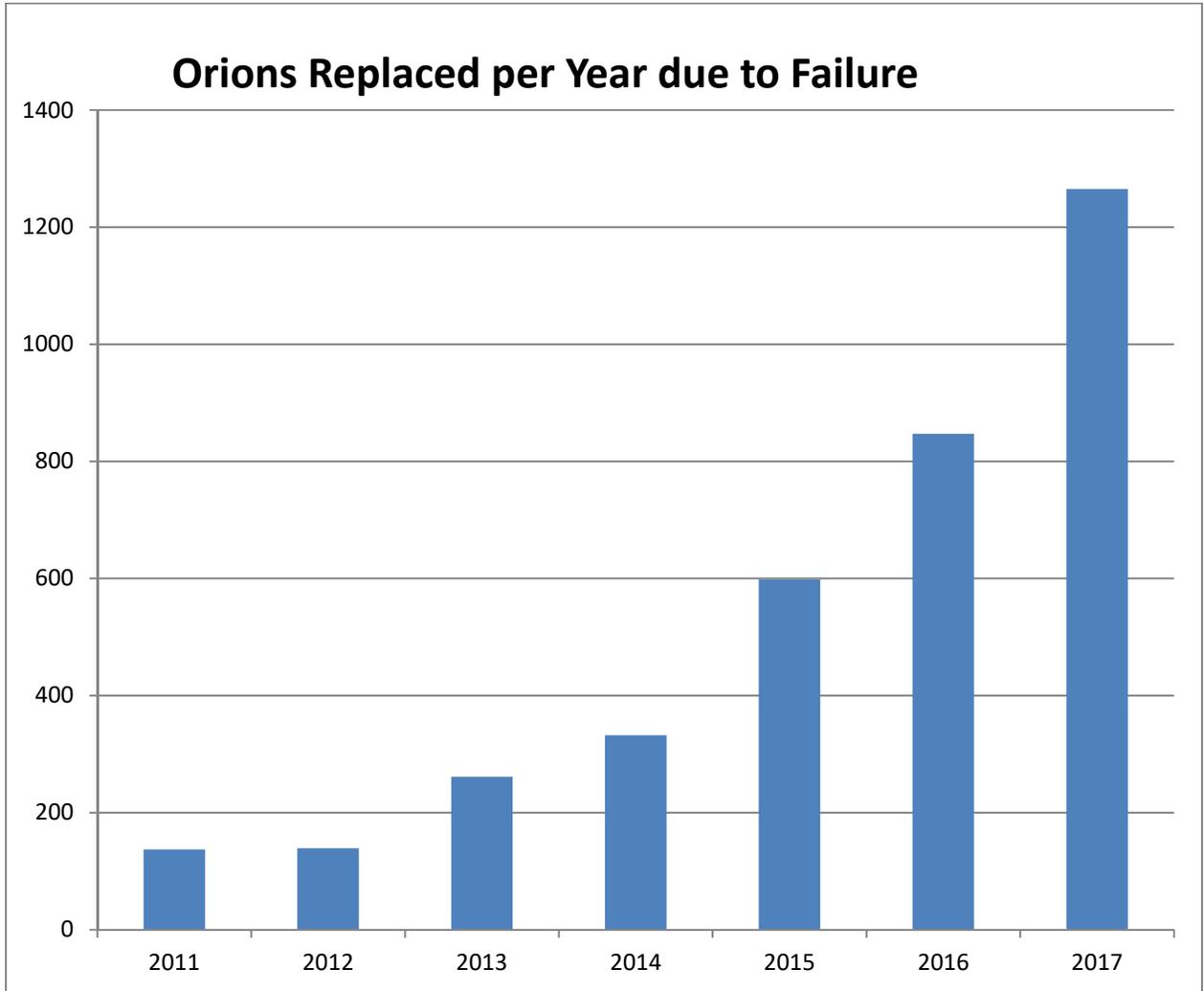


Exhibit 2





Agenda Item: 12

Date: November 6, 2017

Subject: 5073 Shell Street Water Main Leak

Staff Contact: Matt Underwood, Operations Manager

On October 23, 2017, at approximately 11:30 a.m., District staff was dispatched to 5073 Shell Street (see Exhibit 1) responding to a report of a water main being hit by a boring contractor performing work for Comcast. Upon arriving staff observed a large volume of water flowing from the subject address, inundating the surrounding roadways. Staff immediately initiated a shutdown of the affected area in order to isolate the leak.

Once the leak location was identified staff was capable of isolating the damaged section of water main by shutting down several valves containing the shutdown to approximately 12 homes. The damaged water main was a section of 6" Asbestos Cement Pipe. The amount of water that was discharged from this section of water main is estimated at approximately 121,000 gallons over a 45-minute period.

Due to the volume of debris on the roadway staff determined the most effective means for mitigating the issue was to outsource the cleanup and repair to a District contractor (see Exhibit 2). Staff stayed present at the site for oversight and discussion with County of Sacramento and Department of Water Resources representatives. The repair to the water main was accomplished by sectioning in a 4' length of ductile iron pipe (see Exhibit 3). Staff restored water to the affected residences at approximately 5:15 p.m.

The estimated total cost incurred for the repair of the water main and sediment removal in the roadway is \$7,000. Below is a breakdown of those costs:

\$3,000 = Repair/replacement of water main and all incidentals.

\$4,000 = Cleanup of sediment from the roadways utilizing vacuum equipment.

Additional costs may be incurred for Inspection Fees, and/or possible submittal of claims against the District.

On October 25, 2017, District staff, Comcast, CableCom, Kleven Construction and the Department of Water Resources were asked to participate in a field meeting by Construction Management and Inspection Division (CMID) to discuss the water main hit and who would be responsible for mitigating sediment that had reached Magpie Creek due to this incident. The

Principal Construction Inspector for CMID stressed that the meeting was not about liability or blame; the intent was to have the creek cleaned prior to any potential precipitation. The District's Operations Manager stated that if drain inlet protection Best Management Practices had been in place, the impact to the creek would have been minimal; therefore, the District's position was that the District was not the responsible entity to mitigate this issue. Comcast volunteered/agreed to clean the creek; however, they stated that in no way were they admitting liability and/or fault for the discharge.

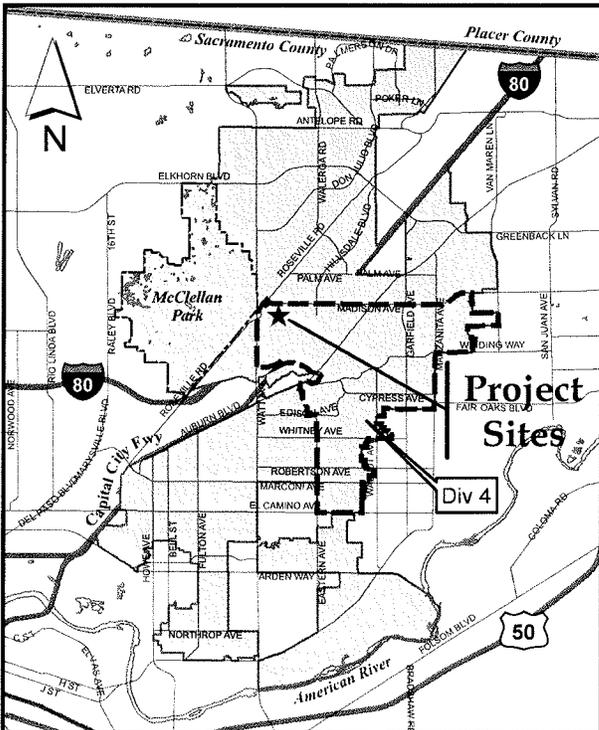
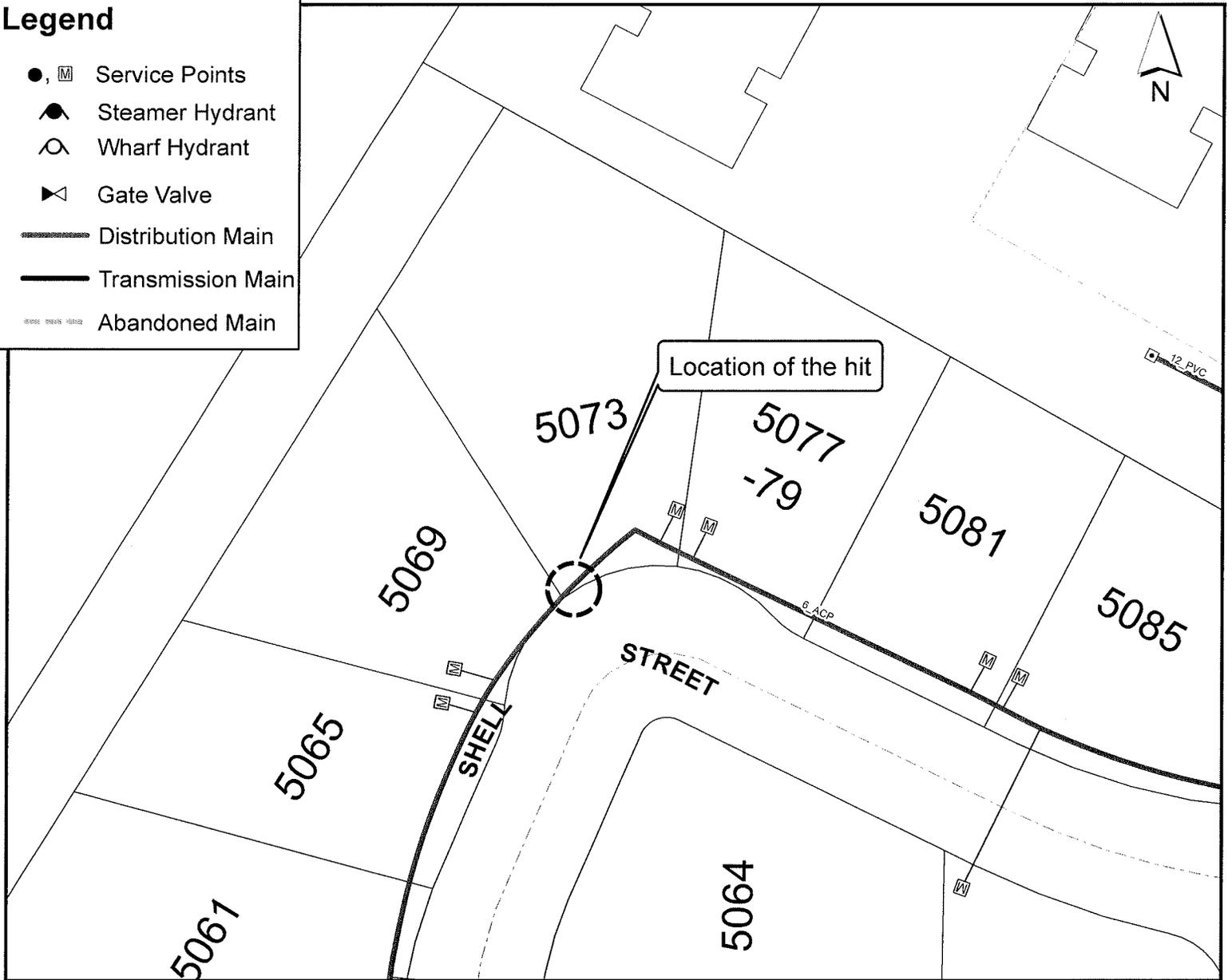
Staff is anticipating that the contractor will submit a claim for their damages associated with the leak and is working closely with Joint Powers Insurance Agency to prepare for it.

Background Information

On October 6, 2017, staff received an Underground Service Alert (USA) ticket (see Exhibit4). Ticket #X727900701 was reviewed and marked by staff on October 9, 2017. The USA Technician used all of the methods at his disposal to accurately mark out the location of District facilities. However, there were a couple of locations that created difficulty due to the water main configuration and the physical characteristics of the water main (i.e., asbestos cement pipe, no tracer wire). Therefore, when marking District facilities, staff provided information to the best assumed location, and marked in the USA area that the water main was non-traceable (see Exhibit 5).

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

NOT FOR RECORDING

5073 Shell Street Water Main Leak

(Voting Division 4)



Base Data: Sacramento County Gis Base Map
 Projection: CA State Plane 2, NAD83
 Scale: As Shown
 Prepared by: D.A.V., SSWD
 Sacramento, Ca - October 2017
 Shell_5073.mxd

Exhibit 2

5073 Shell Street Water Main Leak



These photos illustrate the volume of sediment discharged onto the roadway

Exhibit 3

5073 Shell Street Water Main Leak



This photo illustrates the repaired ACP water main utilizing 2 flex couplings and 4 feet of ductile iron pipe.

Exhibit 4

FO Forms - 10-6-2017 - - - DIGSMART - - 175443 - (2).txt
SACSU1 00012 USANX 10/06/17 15:05:13 X727900701-00X NORM NEW POLY LREQ

Message Number: X727900701 Rev: 00X Received by USAN at 14:45 on 10/06/17

Work Begins: 10/11/17 at 17:01 Notice: 022 hrs Priority: 2
Night Work: Weekend Work:

Expires: 11/03/17 at 23:59 Update By: 11/01/17 at 00:00

Caller: WENDY LUSK
Company: KLEVEN CONSTRUCTION
Address: 110 S. PRIEST DR, SUITE 101
City: TEMPE State: AZ Zip: 85281
Business Tel: 480-736-8400 Fax:
Email Address: WLUSK@KLEVCON.COM

Nature of Work: DIRECTIONAL BORING
Done for: WAVE COMM Explosives:
Foreman: TONY DURAN
Cell Tel: 602-708-0891
Area Premarked: Y Premark Method: PINK PAINT
Work Order: 70741-1
Permit Type: UNKNOWN
Vac / Pwr Equip Use In The Approx Location Of Member Facilities Requested: Y
Excavation Enters Into Street Or Sidewalk Area: Y

Location:
Street Address: SHELL ST
Cross Street: CORVAIR ST

START AT THE SOUTHSIDE OF ADDRESS 5069 SHELL ST HEAD NORTH MARKING WEST SIDE OF SHELL ST THEN FOLLOW EAST MARKING NORTH SIDE OF SHELL ST TO THE EAST SIDE OF JACKSON ST. THEN HEAD NORTH MARKING ON JACKSON ST MARKING THE EAST SIDE OF JACKSON ST TO A POINT 100FT NORTH OF SHELL ST. MARK 15 FEET BOTH SIDES OF THE DELINEATION FOR THE ENTIRE STRETCH.

Place: MCCLELLAN /U County: SACRAMENTO State: CA

Long/Lat Long: -121.372570 Lat: 38.658527 Long: -121.377494 Lat: 38.660685

Comments:
QUESTIONS CALL TONY @ 602-708-0891.

Sent to:
CCICM2 = CONSOLIDATED COMM 2 COMSAC = COMCAST-SACRAMENTO
COSAC3 = COUNTY SACRAMENTO TRF SIG & COSAC4 = SAC AREA SEWER DISTRICT
MAFBCA = MCCLELLAN AIR FORCE BASE MCLBPK = MCCLELLAN BUSINESS PARK
PACBEL = PACIFIC BELL PGESAC = PGE DISTR SACRAMENTO

