

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



Agenda Item: 13

Date: November 8, 2017

Subject: Environmental Review for Well 78 – Butano/Cottage Project

Staff Contact: Jim Arenz, Senior Project Manager

At the October Board Meeting, it was reported to the Board of Directors that the environmental review process was underway for the Well 78 – Butano/Cottage project. To comply with the California Environmental Quality Act (CEQA), an Initial Study/Mitigated Negative Declaration has been prepared by the District's consultant, Wood Rodgers. Based on the evaluation of the Initial Study, a Mitigated Negative Declaration is proposed because the proposed project would not have significant impacts on the environment.

The Initial Study/Mitigated Negative Declaration must be circulated to various State agencies through the State Clearinghouse. However, in advance of this process a CEQA Public Review period is required. To comply with this requirement a Notice of Intent to Adopt (NOI) a Mitigated Negative Declaration has been prepared (Exhibit 1).

On November 15, 2017, this NOI will be mailed to 30 property owners surrounding the project site. The NOI will also be posted on the District's website and at the project site. As stated in the NOI, a 25-day public review period will begin on November 20, 2017, and end at 3:00 pm on December 14, 2017. A Public Hearing will be held at the December 18, 2017, Board meeting prior to Board action on the proposed Mitigated Negative Declaration. Following that, staff will recommend that the Board consider adoption of a Mitigated Negative Declaration at the December 18, 2017, Board meeting.

An electronic copy of the Initial Study/Mitigated Negative Declaration is available for review on the District's website at www.sswd.org.

**SACRAMENTO SUBURBAN WATER DISTRICT
NOTICE OF INTENT TO ADOPT CEQA MITIGATED NEGATIVE DECLARATION**

Pursuant to the California Environmental Quality Act (“CEQA”) and CEQA Guidelines, the Sacramento Suburban Water District (“SSWD”) hereby provides notice of its intent to adopt a Mitigated Negative Declaration for the following project:

- 1. Name of Project:** Municipal Supply Well 78 – Butano/Cottage

- 2. Project Proponent and Lead Agency:** Sacramento Suburban Water District, 3701 Marconi Avenue, Suite 100, Sacramento, California 95821; Contact: Jim Arenz, Senior Project Manager (jarenz@sswd.org) or Mitchell McCarthy, Assistant Engineer (mmccarthy@sswd.org), 916-972-7171, ext. 2880 or 2896.

- 3. Project Description:** The District proposes to construct and install a municipal groundwater supply well and pump station on a parcel of vacant land at the location described below.

- 4. Project Location:** Well 78 – Butano/Cottage would be located on the west side of Butano Drive just north of the intersection with Cottage Way in the Arden Arcade area of Sacramento County, California, as further described in the IS/MND.

- 5. Proposed Findings:** Based on the IS, the District proposes to adopt a MND with the following findings: (a) the proposed project would have no impacts on agriculture, biological resources, cultural resources, mineral resources, population and housing, and recreation; (b) the proposed project would have less-than-significant impacts on: aesthetic resources, air quality, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, land use and planning, noise, public services, transportation and traffic, and utilities and service systems; and (c) the proposed project would have no significant impacts.

- 6. Initial Study:** A copy of the IS/MND is available for public review at the District office at the above address. The documents referred to in the Initial Study are also available for public review and copying during regular business hours at the District office at the above address. An electronic copy of the IS/MND is also available for review and download on the District’s website at www.sswd.org.

- 7. Public Review:** Public comments on this proposal to adopt a Mitigated Negative Declaration will be received by the District at the above address beginning on November 20, 2017, and ending at 3:00 p.m. on December 14, 2017. The District’s Board of Directors will consider the proposed MND at its December 18, 2017, meeting, at 6:30 p.m. at the District’s office at the above address. Public comment will also be received at this meeting prior to Board action.

Dated: November 15, 2017

Jim Arenz, Senior Project Manager



Agenda Item: 14

Date: November 3, 2017

Subject: Biannual Groundwater Elevations Report

Staff Contact: Matt Underwood, Operations Manager

Groundwater levels are monitored as part of a water management program designed to help local purveyors implement water sustainability practices on a regional basis. Static (standing) and dynamic (pumping) water levels also assist staff in monitoring the placement of the well pump in relation to these levels. Furthermore, drawdown, the difference between the static and dynamic levels, in conjunction with well yield, provides important information about the performance and efficiency of District wells. Drawdown measurements can also help detect other problems in their early stages, such as plugging of well screens by encrustation.

The data tables in Exhibit 1 provide a summary of the standing water levels collected at all active well sites throughout the District for the past 8 years. The standing water levels are collected in the spring and fall of each year. The standing water level data collected in the fall generally indicates a reduction in the groundwater levels as a result of reduced recharge and higher pumping demands throughout the summer months. The standing water level data collected each spring generally indicates a replenishment of the groundwater aquifer levels throughout the winter months from reduced demand and aquifer recharge from precipitation. At the bottom of each table are the Fall Average, Spring Average, and Overall Average for the last eight years from 2010 to 2017.

Surface water was not available to the District from January 2013 through January 2016 due to drought conditions. However, the precipitation this past winter substantially increased the flows into Folsom Lake allowing the District to once again take surface water in the North Service Area (NSA). Additionally, the District took surface water in the South Service Area (SSA) in July and August. The use of surface water this year has resulted in an increase in the average standing water level for fall in the NSA when compared to the fall measurements from 2013 – 2016. The average standing water level for fall in the SSA remained the same from last year and has remained nearly unchanged over the past 8 years due in large part to recent conservation efforts. The overall ground water levels district wide indicate a general trend toward a replenishing aquifer over the past 14 years as shown on the linear trend line on the SSWD District Wide Average Biannual Static Water Level Graph from October 2003 through October 2017 (see Exhibit 2).

The stability of the aquifer in both the NSA and the SSA is a direct result of customers doing their part to reduce water use during drought periods combined with the District's utilization of surface water when available during wet years through the Conjunctive Use Program. These combined efforts result in the District banking water in the aquifer. These reserves allow the District to utilize its groundwater sources in drought years without sustaining substantial negative effects on the long term health of the aquifer.



Exhibit 1

Static Water Levels, April / October, In Feet Below Ground Surface

Sacramento Suburban Water District ~ North Service Area

Well Name	Well #	Apr 2010	Oct 2010	Apr 2011	Oct 2011	Apr 2012	Oct 2012	Apr 2013	Oct 2013	Apr 2014	Oct 2014	Apr 2015	Oct 2015	Apr 2016	Oct 2016	Apr 2017	Oct 2017
Melrose / Channing	27	132	132	126	132	115	132	116	131	120	126	121	127	117	124	114	124
Watt / Elkhorn	31A	120	114	115	113	106	120	112	125	116	122	116	121	112	118	110	116
La Cienega / Melrose	34	120	122	115	123	116	130	118	132	122	130	123	127	118	124	115	N/A
Thomas / Elkhorn	39	N/A	N/A	N/A	N/A	122	136	120	N/A	130	142	135	138	128	134	N/A	N/A
Weddigen / Gothberg	52	141	138	130	135	130	147	135	148	137	145	137	143	132	140	130	139
Fairbairn / Karl	56A	142	152	151	164	164	127	119	131	132	126	121	127	119	124	116	125
32nd Street / Elkhorn	58	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	116	110	115	106	114	108	113
Bainbridge / Holmes School	59A	158	156	147	153	147	163	153	165	154	162	155	160	152	157	149	161
Galbraith / Antelope Woods	64	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	142	137	142	131	140	131	138
McClellan Park	MC10	110	112	107	110	106	113	108	116	110	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capehart 1C	MC-C1	124	129	119	128	105	116	108	121	130	120	114	120	112	116	110	111
Capehart 3C	MC-C3	112	116	109	N/A	109	119	112	125	120	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Evergreen	N1	97	98	92	97	108	98	91	103	95	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Engle	N3	123	127	119	122	120	126	114	133	122	132	123	N/A	N/A	N/A	N/A	N/A
Hillsdale	N5	164	167	137	166	160	177	165	179	167	176	168	172	163	169	162	171
Rosebud	N7	114	115	109	114	111	120	114	124	116	122	115	118	113	116	113	118
Field	N8	124	127	119	125	122	132	125	133	126	131	124	130	122	N/A	N/A	129
Cameron	N9	120	123	117	121	122	126	117	131	122	130	121	128	120	122	121	129
Walnut	N10	145	144	137	148	151	150	141	154	151	154	143	N/A	141	149	N/A	148
St. John	N12	132	136	129	131	130	138	128	141	134	143	134	142	134	136	134	141
Orange Grove	N14	106	108	103	106	113	123	113	121	114	120	113	118	115	115	115	120
Cabana	N15	142	143	141	148	146	146	156	178	156	179	161	164	N/A	130	127	N/A
Oakdale	N17	120	123	117	120	117	124	158	169	158	168	159	164	156	117	115	121
Cypress	N20	129	132	126	130	130	142	128	142	135	141	130	140	130	133	132	131
River College	N22	120	128	94	126	118	126	119	130	120	131	123	129	120	123	119	126
Freeway	N23A	106	138	99	N/A	N/A	134	124	136	126	135	128	132	124	124	124	130
Don Julio	N24	165	164	157	162	159	180	162	185	168	183	165	177	157	170	162	162
Sutter	N25	160	157	149	159	143	164	151	162	160	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Monument	N26	202	196	187	195	190	211	197	212	199	212	205	209	190	202	190	193
Jamestown	N27	133	138	132	136	134	138	114	140	139	143	140	N/A	137	138	136	137
Merrihill	N29	134	144	130	138	132	141	135	146	137	144	135	140	134	137	134	137
Parkoaks	N30	133	135	129	134	131	153	133	140	136	141	135	138	134	132	131	129
Barrett Meadows	N31	152	152	151	152	144	151	147	159	154	158	151	157	151	154	152	156
Poker	N32A	171	170	162	165	160	176	169	N/A	169	N/A	N/A	173	164	172	164	166
Poker	N32B	176	174	161	165	160	176	169	176	167	176	177	173	164	171	162	166
Poker	N32C	168	167	163	164	161	176	169	179	166	N/A	N/A	N/A	168	169	164	164
Walerga	N33	175	164	156	165	159	171	163	175	172	174	167	171	162	168	160	162
Cottage	N34	158	157	137	146	139	159	145	155	146	153	N/A	N/A	142	N/A	N/A	N/A
North Antelope	N35	173	172	142	146	142	159	148	158	149	157	152	156	145	150	146	145
Verner	N36	N/A	161	148	156	152	165	156	N/A	185	161	155	159	152	153	151	153
Coyle	N38	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	167	N/A	150	N/A	147	148	N/A	151
Rutland	N39	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	145	141	147
Average Static Water Level		139	141	131	140	134	144	136	147	142	147	139	146	137	141	136	141

Fall Average 2010 - 2017:

143

Spring Average 2010 - 2017:

137

Overall Average 2010 - 2017:

140

Sacramento Suburban Water District ~ South Service Area

Well Name	Well #	Apr 2010	Oct 2010	Apr 2011	Oct 2011	Apr 2012	Oct 2012	Apr 2013	Oct 2013	Apr 2014	Oct 2014	Apr 2015	Oct 2015	Apr 2016	Oct 2016	Apr 2017	Oct 2017
El Prado / Park Estates	2A	87	87	86	91	80	83	81	83	82	86	81	84	80	N/A	88	95
Kubel / Armstrong	3A	98	104	96	99	95	95	94	102	95	97	94	73	68	76	70	75
Bell / Marconi	4B	87	87	92	95	99	98	91	97	95	100	94	97	88	99	90	101
Bell / El Camino	5	95	97	91	94	89	91	84	91	89	93	89	92	89	91	87	92
Ravenwood / Eastern	9	N/A	N/A	N/A	N/A	N/A	100	N/A	N/A	101	106	N/A	108	102	108	101	105
Hernando / Santa Anita Park	12	82	85	77	80	76	81	74	78	74	81	77	76	74	79	75	82
Calderwood / Marconi	13	104	106	98	102	103	100	97	101	95	99	95	95	94	94	84	90
Marconi South / Fulton	14	108	105	102	103	98	99	91	98	95	100	97	99	91	98	93	98
Riding Club / Ladino	18	94	100	88	95	88	94	91	98	91	99	93	98	92	99	88	96
Watt / Arden	20A	103	109	99	102	100	102	98	107	101	109	101	104	101	105	97	104
West / Becerra	22	N/A	132	124	133	107	N/A	N/A	119	113	118	112	114	111	117	-	121
Marconi North / Fulton	23	129	134	122	120	126	128	120	124	126	118	122	123	N/A	93	95	96
Becerra / Woodcrest	24	107	111	112	110	108	109	101	110	102	110	105	110	104	111	104	110
Thor / Mercury	25	106	114	103	108	102	107	105	114	106	112	109	111	106	111	102	110
Greenwood / Marconi	26	N/A	121	N/A	N/A	N/A	N/A	N/A	125	117	123	119	125	119	123	116	121
Red Robin / Darwin	28	105	107	102	104	102	102	98	100	100	101	98	98	96	102	98	102
Rockbridge / Keith	30	68	71	66	68	62	68	60	63	62	60	65	67	64	66	61	68
Eden / Root	32A	114	126	117	120	112	N/A	114	126	115	127	117	124	116	121	116	120
Auburn / Norris	33A	86	98	95	100	92	103	96	114	98	106	103	103	99	105	100	108
Ulysses / Mercury	35	130	135	125	130	124	129	128	135	126	108	105	107	101	107	99	104
Morse / Cottage Park	37	78	82	73	76	73	76	71	76	74	79	73	78	72	78	71	79
Watt / Auburn	38	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Auburn Yard	40	117	114	104	111	104	116	104	112	105	107	100	110	112	110	111	113
Auburn Yard	40A	104	107	99	105	97	104	97	106	99	103	100	99	99	104	102	104
Albatros / Iris	41	102	106	102	98	98	99	91	98	99	100	97	93.7	96	101	98	101
Edison / Truax	43	103	98	92	96	91	92	92	95	91	92	89	87	84	93	87	94
Jamestown / Middleberry	45	68	71	64	66	64	64	62	62	64	67	64	64	61	65	58	67
Jonas / Sierra Mills	46	67	71	65	68	65	69	68	70	64	70	67	68	65	71	63	67
Copenhagen / Arden	47	111	122	110	112	110	114	114	124	105	117	114	118	111	119	109	112
Stewart / Lynndale	55A	141	138	130	135	130	147	135	148	137	145	137	143	132	140	130	96
Whitney / Concetta	60	94	101	88	96	93	97	95	104	94	99	96	97	93	98	86	132
Merrily / Annadale	65	120	N/A	N/A	N/A	N/A	129	110	132	112	118	115	115	109	114	112	121
Eastern / Woodside Church	66	126	129	121	130	124	130	125	134	121	135	127	135	128	133	128	142
Northrop / Dornajo	68	48	53	46	50	48	49	46	50	54	51	49	48	48	51	42	50
Hilldale / Cooper	69	67	70	64	67	64	68	66	68	62	68	65	67	63	68	62	67
Sierra / Blackmer	70	45	50	44	46	46	45	43	48	44	49	48	50	46	48	39	48
Rodney T. Franz	71	65	77	62	70	71	74	72	76	71	78	73	71	72	74	64	74
River Walk / NETP	72	68	89	67	70	68	94	72	95	73	81	73	78	72	77	68	77
River Walk / NETP East	73	68	90	66	77	68	89	72	92	71	83	73	78	73	78	71	83
River Walk / NETP South	74	68	86	67	84	67	106	71	79	70	80	73	78	72	76	70	79
Enterprise / Northrop	75	52	N/A	52	52	50	54	50	54	51	65	48	65	52	56	48	57
Fulton / Fair Oaks	76	50	54	47	50	48	49	46	51	48	52	50	51	48	52	42	51
Larch / Northrop	77	74	80	74	75	70	74	72	72	72	79	74	73	72	76	69	76
Average Static Water Level		91	98	88	92	87	93	87	96	90	95	90	92	87	92	85	93

Fall Average 2010 - 2017: 94 Spring Average 2010 - 2017: 88 Overall Average 2010 - 2017: 91

Notes: Abandoned and destroyed wells that can no longer be monitored have been removed from the data tables. This may affect average static water levels reported in previous years. -10/26/16
 October 2016 water level for Well 30 was previously reported as 99.0 but was corrected to 66.0. -5/3/17
 Suspect data from April 2017 reading at Well 22 was removed. -11/3/17

Exhibit 2

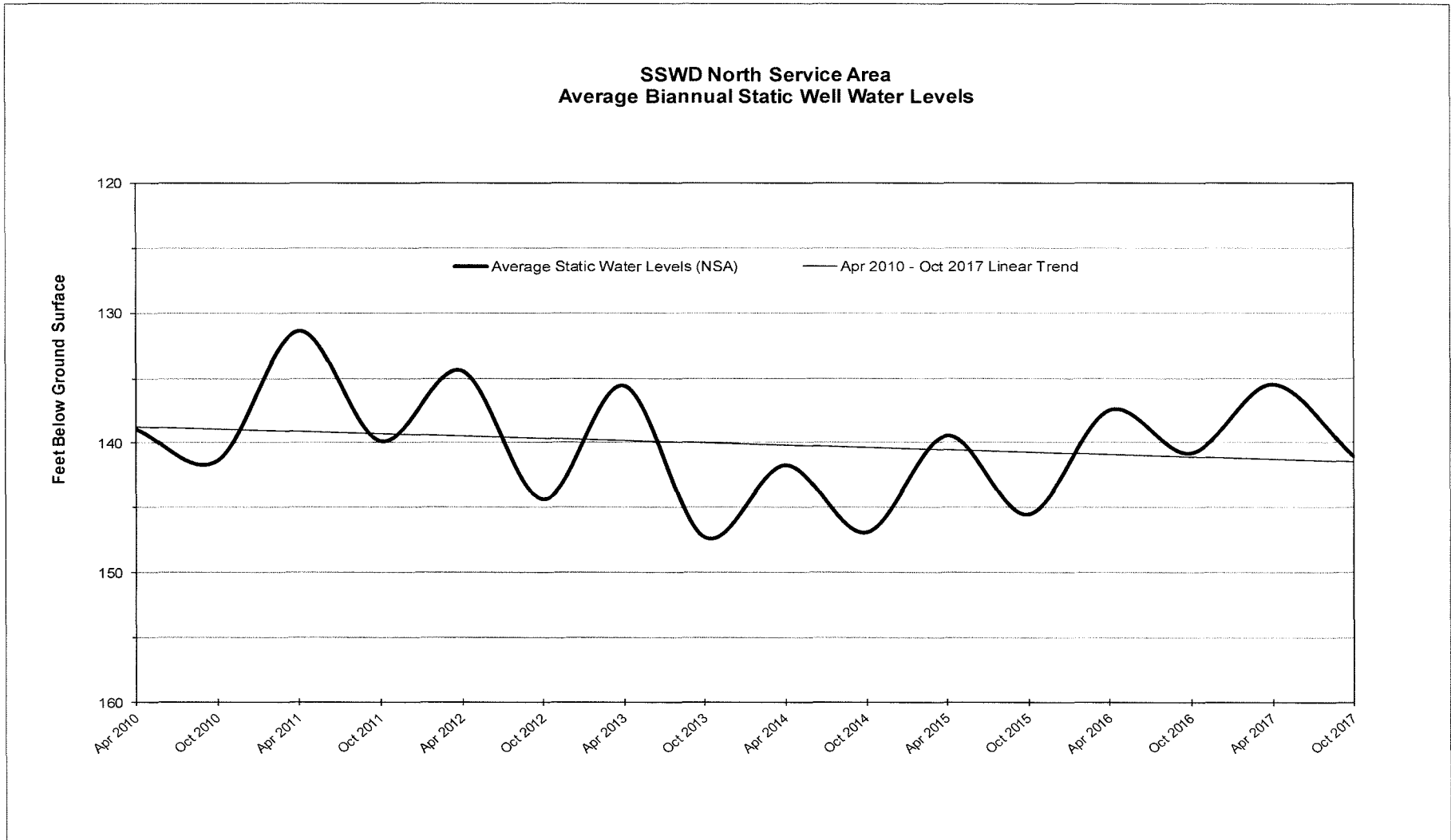


Exhibit 2

**SSWD South Service Area
Average Biannual Static Well Water Levels**

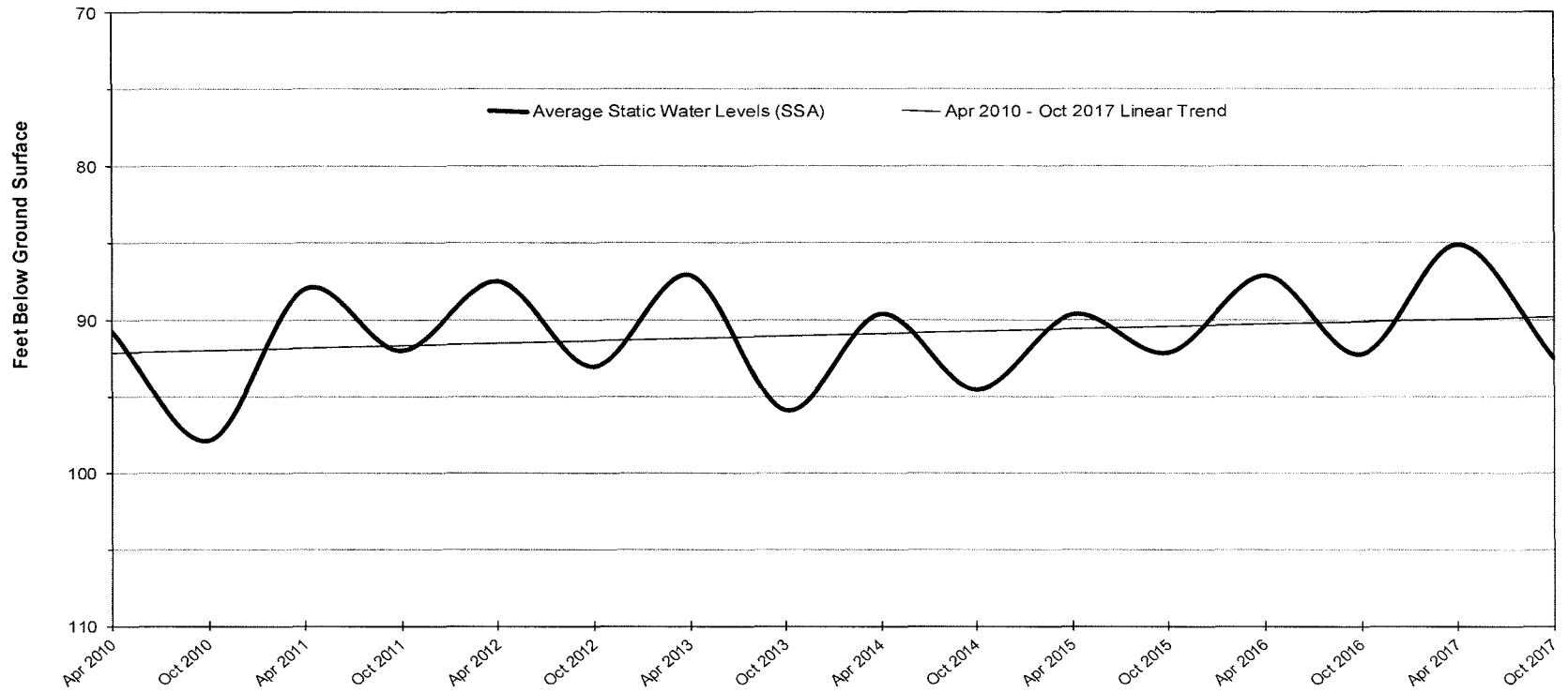
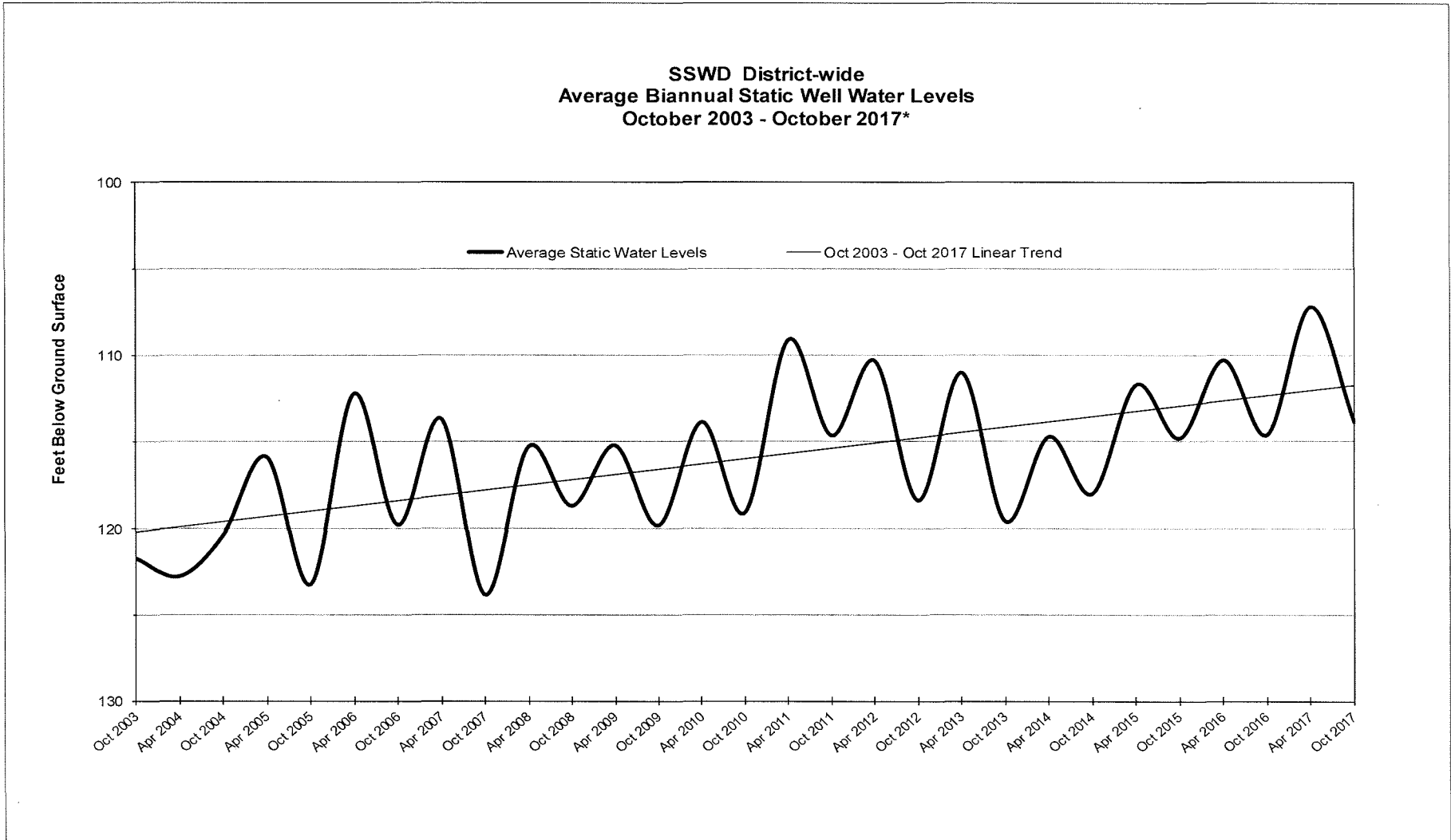


Exhibit 2



*Graph represents data from a separate table (not depicted in Exhibit 1) that contains the combined data from both the North Service Area and the South Service Area from October 2003 - October 2017.



Agenda Item: 15

Date: November 7, 2017

Subject: Long Term Warren Act Contract Update

Staff Contact: Dan York, Assistant General Manager

Background:

The District's Placer County Water Agency (PCWA) Agreement, for utilization of up to 29,000 acre-feet annually of Middle Fork Project (MFP) water, is a vital component of the District's groundwater stabilization program. In addition, the District's 2015 Urban Water Management Plan, 2017 Water System Master Plan, Purveyor Specific Agreement with the Sacramento Water Forum, and other long range plans and commitments all assume continued availability of the MFP supply.

As mentioned in previous staff reports, the District has been attempting to obtain a 25-year Long-Term Warren Act Contract (LTWAC) from the Bureau of Reclamation (Reclamation) since 2004. The District was unsuccessful in obtaining a LTWAC, however, it has been able to enter into "wet-year only" Temporary 1-year contracts, and, most recently, a temporary 5-year Warren Act Contract (5-year WAC). The District's current Temporary 5-year WAC expires in February 28, 2018.

Reclamation is waiting to hear a response from Gary Sprague, National Marine Fisheries Service (NMFS), regarding the Biological Assessment (BA) that was provided to him on June 1, 2017. As previously reported, Mr. Sprague appeared to be receptive to being able to review the BA in a timely manner if it was submitted as complete. Mr. Sprague responded to Reclamation staff that the BA and links to references were received as complete. Reclamation anticipated hearing from Mr. Sprague regarding sufficiency in July 2017. To date, Reclamation has yet to receive an update from Mr. Sprague.

Discussion:

A meeting was held on October 12, 2017 between District staff, ECORP Consulting and Reclamation. Based on the result of the meeting, it is necessary for the District to obtain an extension to the current 5-year WAC. The new 5-year WAC would be implemented March 1, 2018.

In terms of Environmental Compliance, Reclamation has contacted NMFS regarding the District's 5-year WAC and they are aware of the timeline and need for contract execution by March 1st. A letter has been prepared to initiate Section 7 consultation under the Endangered

Species Act and Reclamation will be meeting with Maria Rea, the Assistant Regional Administrator at NMFS Central Valley office, to discuss the 5-year WAC.

Reclamations Central California Area Office (CCAO) provided the draft 5-year WAC to the District on November 2, 2017. The draft 5-year WAC is based on the existing 5-year WAC. Minor changes were made to update the standard articles as well as clarify particular language. For example, the conveyance losses in the existing 5-year WAC has been modified to make it clear that the losses occur between the point of release from PCWA's MFP and Folsom Reservoir. The loss factor to be charged in the new 5-year WAC is being evaluated by CCAO and Central Valley Operators.



Agenda Item: 16

Date: November 16, 2017

Subject: New Other Post Employment Benefit (OPEB) Valuation

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

As a participant in the California Employers' Retiree Benefit Trust (CERBT)* the District is required to perform an updated actuarial valuation every two years. For 2017, the District contracted with a CERBT approved actuary – Total Compensation Systems - to perform the valuation at a cost of \$4,000.00. Attached as Exhibit 1 is the 2017 actuarial report for the Board's information and as Exhibit 2 inception-to-date results of the Trust.

The current valuation recommends a \$557,200 Annual Required Contribution Amount, or ARC, beginning in 2018. The previous valuation recommended an annual ARC of roughly \$470,000 in 2016 and 2017. The increase is due to a change in the estimated number of retirees requiring dependent care coverage.

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

*CERBT is the Trust selected by the District for all retiree medical, dental and vision premium payments.

Sacramento Suburban Water District
Actuarial Study of
Retiree Health Liabilities
As of July 1, 2017

Prepared by:
Total Compensation Systems, Inc.

Date: August 27, 2017

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

PART I: EXECUTIVE SUMMARY

A. Introduction

Sacramento Suburban Water District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of July 1, 2017 (the valuation date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending December 31, 2017. If the report will first be used for a different fiscal year, the numbers will need to be adjusted accordingly.

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

This actuarial study is intended to serve the following purposes:

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

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

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

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

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

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

- the amount necessary to amortize the UAAL over a period of 8 years.
- the annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the "normal cost").
- The Annual Required Contribution (ARC) which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45.

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

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

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning July 1, 2017 to be \$308,062 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning July 1, 2017 (the normal cost) is \$191,174. This normal cost would increase each year based on covered payroll. Had Sacramento Suburban Water District begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$7,295,798. This amount is called the "actuarial accrued liability" (AAL). The remaining unamortized balance of the initial unfunded AAL (UAAL) is \$1,950,130. This leaves a "residual" AAL of \$5,345,668.

Sacramento Suburban Water District has established a GASB 43 trust for future OPEB benefits. The actuarial value of plan assets at June 30, 2017 was \$4,726,714. This leaves a residual unfunded actuarial accrued liability (UAAL) of \$618,954. We calculated the annual cost to amortize the residual unfunded actuarial accrued liability using a 6.5% discount rate. We used an open 8 year amortization period. The current year cost to amortize the residual unfunded actuarial accrued liability is \$90,607.

Combining the normal cost with both the initial and residual UAAL amortization costs produces an annual required contribution (ARC) of \$557,202. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the "pay-as-you-go" cost.

We based all of the above estimates on employees as of June, 2017. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

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

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

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

D. Recommendations

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

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

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benefits, etc.

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

Respectfully submitted,



Geoffrey L. Kischuk, FSA, MAAA, FCA
Consultant
Total Compensation Systems, Inc.
(805) 496-1700

PART II: BACKGROUND

A. Summary

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

B. Actuarial Accrual

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

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

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

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

The normal cost is determined using several key assumptions:

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

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

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

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

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

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

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

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

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

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

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

B. Medicare

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

C. Liability for Retiree Benefits.

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

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

The product of each year's premium cost and the probability that premium will be paid equals the expected cost for that year. We discounted the expected cost for each year to the valuation date July 1, 2017 at 6.5% interest.

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

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

We added the APVPB for all employees to get the actuarial present value of total projected benefits (APVTPB). The APVTPB is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVTPB is the amount on July 1, 2017 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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Actuarial Present Value of Total Projected Benefits at July 1, 2017

<i>All Participants</i>	
Active: Pre-65	\$2,154,839
Post-65	\$3,154,110
Subtotal	\$5,308,949
Retiree: Pre-65	\$354,369
Post-65	\$3,092,435
Subtotal	\$3,446,804
Grand Total	\$8,755,753
Subtotal Pre-65	\$2,509,208
Subtotal Post-65	\$6,246,545

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

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

D. Cost to Prefund Retiree Benefits

1. Normal Cost

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

Normal Cost Year Beginning July 1, 2017

<i>All Participants</i>	
# of Employees	61
Per Capita Normal Cost	
Pre-65 Benefit	\$1,264
Post-65 Benefit	\$1,870
First Year Normal Cost	
Pre-65 Benefit	\$77,104
Post-65 Benefit	\$114,070
Total	\$191,174

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

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2. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

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

The initial UAAL was amortized using level percent, closed 18 year amortization. The District can amortize the remaining or residual UAAL over many years. The table below shows the annual amount necessary to amortize the UAAL over a period of 8 years at 6.5% interest. (Thirty years is the longest amortization period allowable under GASB 43 and 45.) GASB 43 and 45 allow amortizing the UAAL using either payments that stay the same as a dollar amount, or payments that are a flat percentage of covered payroll over time. The figures below reflect level percent, open 8 year amortization.

Actuarial Accrued Liability as of July 1, 2017

	<i>All Participants</i>
Active: Pre-65	\$1,566,012
Post-65	\$2,282,982
Subtotal	\$3,848,994
Retiree: Pre-65	\$354,369
Post-65	\$3,092,435
Subtotal	\$3,446,804
Subtot Pre-65	\$1,920,381
Subtot Post-65	\$5,375,417
Grand Total	\$7,295,798
Unamortized Initial UAAL	\$1,950,130
Plan assets at 6/30/17	\$4,726,714
Residual UAAL	\$618,954
Residual UAAL Amortization at 6.5% over 8 Years	\$90,607

3. Annual Required Contributions (ARC)

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

Annual Required Contribution (ARC) Year Beginning July 1, 2017

	<i>Total</i>
Normal Cost	\$191,174
Initial UAAL Amortization	\$275,421
Residual UAAL Amortization	\$90,607
ARC	\$557,202

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

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

4. Other Components of Annual OPEB Cost (AOC)

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

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

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

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

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

<i>Year Beginning</i>	
<i>July 1</i>	<i>All Participants</i>
2017	\$308,062
2018	\$325,761
2019	\$346,562
2020	\$377,781
2021	\$402,512
2022	\$425,290
2023	\$453,791
2024	\$481,832
2025	\$523,242
2026	\$554,175

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

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

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

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

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

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

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

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

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

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

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

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

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

ACTUARIAL METHODS AND ASSUMPTIONS:

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

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

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

AMORTIZATION METHODS: We used a level percent, closed 18 year amortization period for the initial UAAL. We used a level percent, open 8 year amortization period for any residual UAAL.

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

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ECONOMIC ASSUMPTIONS:

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

INFLATION: We assumed 2.75% per year.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 6.5% per year. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT. We used the “Building Block Method” as described in ASOP 27 Paragraph 3.6.2.

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

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

ACTUARIAL VALUE OF PLAN ASSETS (AVA): Because plan assets are primarily short term, we did not use a smoothing formula.

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NON-ECONOMIC ASSUMPTIONS:

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

MORTALITY

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

RETIREMENT RATES

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

VESTING RATES

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

COSTS FOR RETIREE COVERAGE

Actuarial Standard of Practice 6 (ASOP 6) provides that, as a general rule, retiree costs should be based on actual claim costs or age-adjusted premiums. This is true even for many medical plans that are commonly considered to be “community-rated.” However, ASOP 6 contains a provision – specifically section 3.7.7(c) – that allows use of unadjusted premiums in certain circumstances.

Because the section 3.7.7(c) exception is new, there is not a consensus among practicing actuaries regarding the specific circumstances under which a section 3.7.7(c) exception may be invoked. It is my opinion that the section 3.7.7(c)(4) exception allows use of unadjusted premium for PEMHCA agencies if certain conditions are met. Other actuaries have taken the position that ASOP 6 does not explicitly allow use of unadjusted premium for any agencies participating in the CalPERS medical plan.

Prior to the most recent ASOP 6 revision, there was general agreement that ASOP 6 allowed use of unadjusted premium as a retiree cost basis for PEMHCA agencies (under section 3.4.5 of the prior version of ASOP 6). Since there have been no changes to the CalPERS medical plan, use of unadjusted premium must still be viewed as appropriate actuarial practice to the extent that it was under the prior version of ASOP 6. That means that if the current ASOP 6 section 3.7.7(c)(4) exception is not deemed to ***explicitly*** allow use of unadjusted premium as a retiree cost basis for Sacramento Suburban Water District, then it would be allowable as a “deviation.” (Under GASB 45, there is no prohibition against using a “deviation.”)

While I am confident that ASOP 6 section 3.7.7(c)(4) will ultimately be found to explicitly allow use of unadjusted premium as a retiree cost basis for most PEMHCA agencies, I cannot be certain that this will be the case if and when this issue is fully reviewed. Therefore, I am including disclosure information required for a “deviation” so that the valuation will not need to be revised in the event section 3.7.7(c)(4) should be found not to explicitly allow use of unadjusted premium. Following is the disclosure information that is required should a deviation be necessary.

Use of ***age-adjusted*** premium for the CalPERS medical plan results in an overstatement of Sacramento Suburban Water District’s Annual Required Contribution (ARC) and Actuarial Accrued Liability (AAL) to the extent that Sacramento Suburban Water District continues to participate in the CalPERS medical plan AND that the rate structure of the CalPERS medical plan continues in its current form (i.e. with no rate distinction between active

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employees and retirees). In addition to the overstatement of OPEB costs and liabilities, Sacramento Suburban Water District's policy of funding OPEB obligations could lead to an inability of Sacramento Suburban Water District to recover overfunded assets. It is important to note that, should Sacramento Suburban Water District leave the CalPERS medical plan, the subsequent plan may not qualify to use unadjusted premium rates. In this event, leaving the CalPERS medical plan would be comparable to a significant change in plan terms and would likely require a new valuation.

Following are the criteria we applied to Sacramento Suburban Water District to determine that it is reasonable to assume that Sacramento Suburban Water District's future participation in PEMHCA is likely and that the CalPERS medical program as well as its premium structure are sustainable. (We also have an extensive white paper on this subject that provides a basis for our rationale entirely within the context of ASOP 6. We will make this white paper available upon request.)

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

- **Plan qualifies as a “pooled health plan.”** ASOP 6 defines a “pooled health plan” as one in which premiums are based at least in part on the claims experience of groups other than the one being valued.” Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.
- **Rates not based to any extent on the agency’s claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.
- **Rates not based to any extent on the agency’s demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.
- **No refunds or charges based on the agency’s claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.
- **Plan in existence 20 or more years.** Enabling legislation to allow “contracting agencies” to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.
- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.

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- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.
- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.
- **The agency does not represent a large part of the pool.** The District is in the CalPERS Sacramento Area region. Based on the information we have, the District constitutes no more than 0.5% of the Sacramento Area pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Sacramento Area pool.

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

<i>Employee Type</i>	<i>Future Retirees Pre-65</i>	<i>Future Retirees Post-65</i>
All Participants	\$14,328	\$7,015

PARTICIPATION RATES

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

TURNOVER

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

SPOUSE PREVALENCE

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

SPOUSE AGES

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

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

<i>Age</i>	<i>All Participants</i>
Under 25	4
25-29	4
30-34	5
35-39	10
40-44	5
45-49	9
50-54	11
55-59	9
60-64	3
65 and older	1
Total	61

ELIGIBLE RETIREES

<i>Age</i>	<i>All Participants</i>
Under 50	0
50-54	0
55-59	2
60-64	6
65-69	9
70-74	6
75-79	6
80-84	2
85-89	2
90 and older	2
Total	35

APPENDIX E: CALCULATION OF GASB 43/45 ACCOUNTING ENTRIES

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

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

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

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

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

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

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

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

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

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

APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CERBT Account Annual Update

Sacramento Suburban Water District

November 14, 2017

Discussion overview

- Employer summaries
 - OPEB cost report summary
 - CERBT account summary
 - Funded status
- Investment management
- Financial reporting
- Simple, focused administration
- CERBT experience data
- Questions and contact information

Employer summaries

OPEB cost report summary

2013 Valuation completed by Steve Itelson 2015 Valuation completed by Total Compensation Systems	7/1/2013		7/1/2015	
Actuarial Accrued Liability (AAL)	\$6,348,900		\$6,239,224	
Present Value of Benefits (PVB)	\$9,433,900		\$7,424,388	
Remaining Amortization Period	24 Years	Closed	10 Years	Closed
	FY 2015-16		FY 2016-17	
Annual Required Contribution (ARC)	\$459,542		\$472,179	
Normal Cost	\$160,857		\$165,281	
Amortization of Unfunded Actuarial Accrued Liability	\$298,685		\$306,899	
Pay-as-you-go	\$269,867		\$279,023	
Implicit Rate Subsidy	Not Applicable		Not Applicable	
Total Covered Lives (Active & Retiree)	87		91	
Asset Allocation Strategy Selection	Strategy 1		Strategy1	
Discount Rate	7.50%		7.00%	

Submission of Renewal OPEB Cost Report

- To comply with GASB 74, the CERBT requires that employers submit an OPEB cost report at least biennially.
- Documents Required for OPEB Cost Report Renewal:
 - Actuarial Valuation Report or AMM Report
 - Summary of Actuarial Information
 - Certification of Actuarial Information (Valuation), or Affirmation of OPEB Cost Analysis Report (AMM)
 - Certification of Funding Policy
- Please provide CERBT with renewal OPEB documents as soon as possible

OPEB data extracts

- For CalPERS Health Benefits contracted employers
 - Must be requested by completing two forms
- Within 30 days after receipt of request CERBT will provide
 - Participant data maintained by CalPERS
 - Excel workbook sent via password protected email
- Things to consider
 - May not include all of your OPEB participant data
 - Accuracy of data is responsibility of employer

CERBT account summary

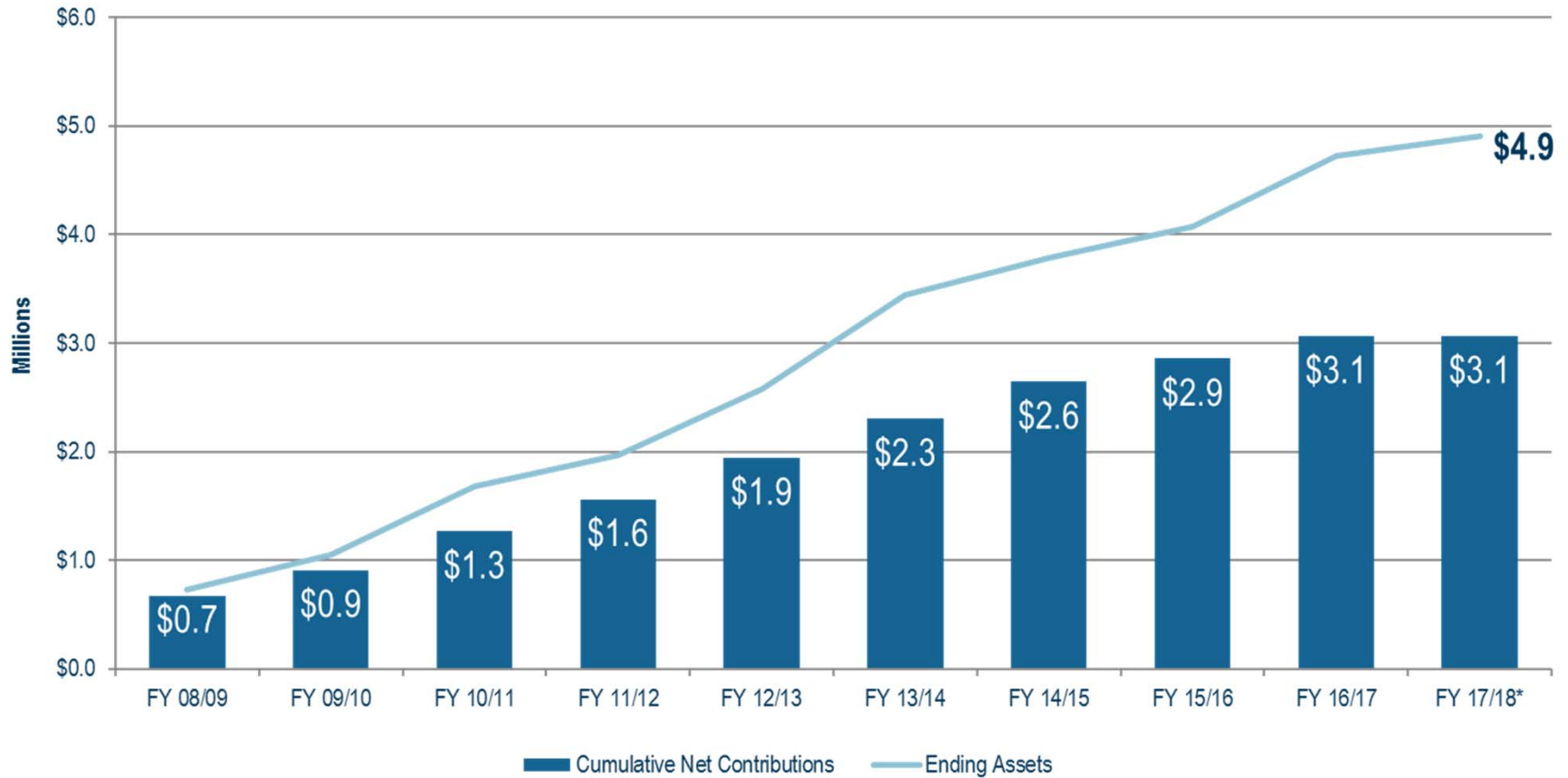
Account summary as of September 30, 2017

Initial contribution (12/19/2008)	\$248,419
Additional contributions	\$4,744,400
Disbursements	(\$1,928,194)
CERBT expenses	(\$24,236)
Investment earnings	\$1,864,129
Total assets	\$4,904,519
Average annualized internal rate of return (12/19/2008-9/30/2017)	8.86%

As of the District's most recent Annual Update through September 30, 2016, the Average Annualized Internal ROR was 8.44%

Agreement effective date: 12/10/2008
In PEMHCA: Yes

CERBT account summary by fiscal year



*FY 2017-18 is through September 30, 2017

Cash flow summary by fiscal year

FY	Contributions	Disbursements	Net Contributions
2008-09	\$726,419	(53,007.84)	\$673,411
2009-10	\$495,000	(256,173.19)	\$238,827
2010-11	\$511,000	(155,611.68)	\$355,388
2011-12	\$558,200	(262,802.15)	\$295,398
2012-13	\$576,300	(195,030.18)	\$381,270
2013-14	\$592,700	(233,194.08)	\$359,506
2014-15	\$591,000	(250,308.24)	\$340,692
2015-16	\$470,000	(258,551.15)	\$211,449
2016-17	\$472,200	(263,515.06)	\$208,685
2017-18*	\$0	(\$0)	\$0

*FY 2017-18 is through September 30, 2017.

Funded status comparison

Measurement Date	AAL	Market Value of Assets	Funded Ratio
7/1/2015	\$6,239,224	\$3,780,086	60.59%
6/30/2017	\$6,895,645*	\$4,726,714	68.55%

* Estimated AAL represents roll forward projections of AAL to fiscal year end

Investment management

CERBT asset allocation strategies

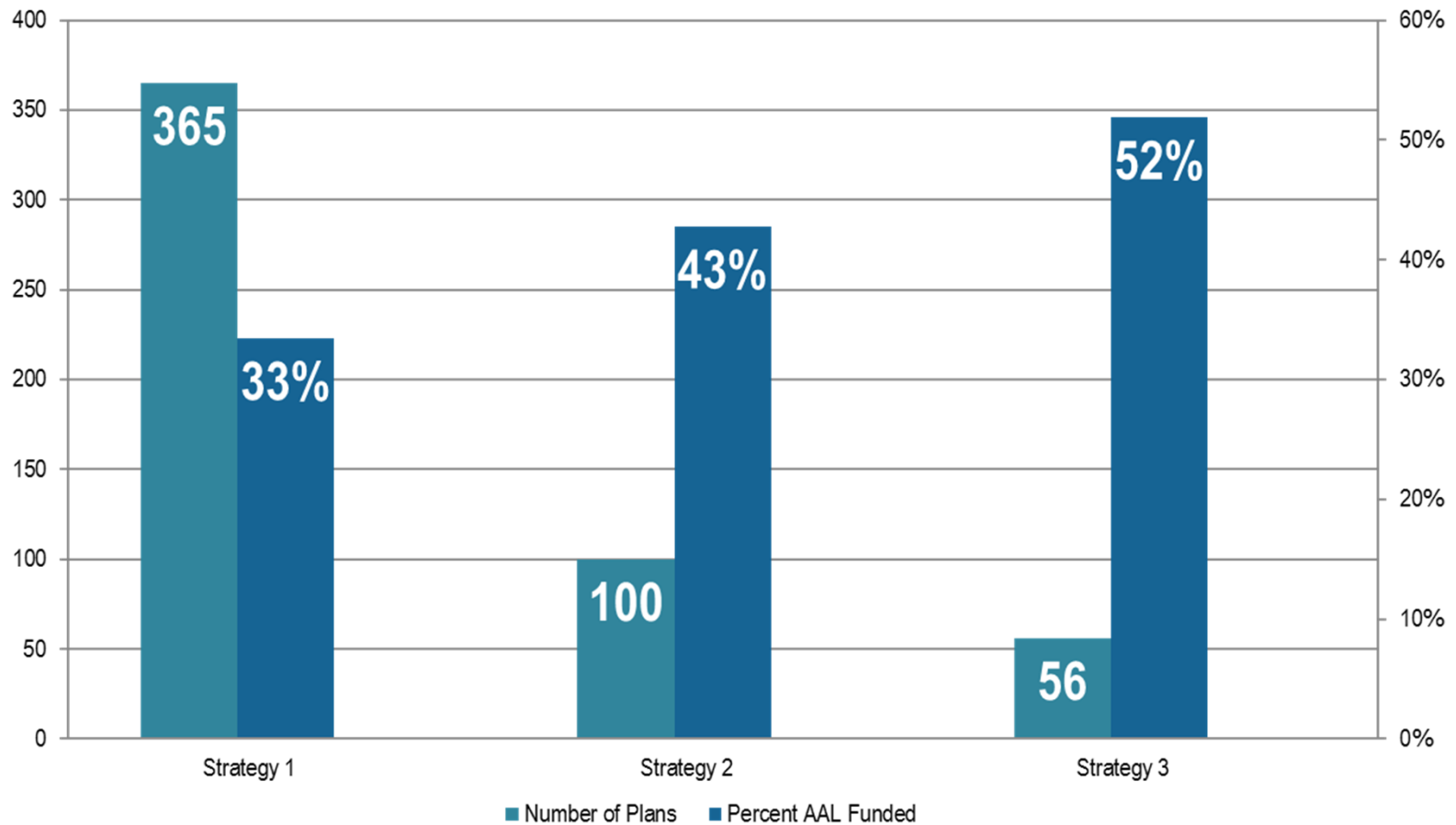
	Strategy 1	Strategy 2	Strategy 3
Expected Long Term Rate of Return <small>(General Inflation Rate Assumption of 2.75%)</small>	7.28%	6.73%	6.12%
Standard Deviation of Expected Returns	11.74%	9.32%	7.14%

- All CERBT asset allocation strategies share the same public market asset classes
 - Allocation strategies differ only to the extent to which they participate in each of the asset classes

CERBT asset class target allocations

Asset Classification	Investment Management	Strategy 1	Strategy 2	Strategy 3
Global Equity	Passive MSCI All Country World Index	57%	40%	24%
Fixed Income	Active Barclays Capital Long Liability Index	27%	39%	39%
Global Real Estate (REITs)	Passive FTSE EPRA/NAREIT Developed Liquid Index	8%	8%	8%
Treasury Inflation Protected Securities (TIPS)	Passive Barclays Capital Global Real: US TIPS Index	5%	10%	26%
Commodities	Active S&P GSCI Total Return Index	3%	3%	3%

Participation by Asset Allocation Strategy



* Certain agencies excluded

As of September 30, 2017

CERBT investment results – time weighted

Periods Ended September 30, 2017

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>ITD</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$6,041,042,995	1.08%	3.78%	3.78%	10.80%	5.93%	7.69%	4.76%
Benchmark		1.04%	3.71%	3.71%	10.18%	5.44%	7.26%	4.29%
CERBT Strategy 2 (Inception October 1, 2011)	\$956,507,092	0.59%	3.05%	3.05%	7.51%	5.10%	6.27%	7.94%
Benchmark		0.54%	2.98%	2.98%	6.90%	4.66%	5.85%	7.62%
CERBT Strategy 3 (Inception January 1, 2012)	\$267,320,152	0.14%	2.34%	2.34%	4.39%	4.13%	4.74%	5.81%
Benchmark		0.10%	2.27%	2.27%	3.87%	3.72%	4.30%	5.44%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Financial reporting

Financial reporting

GASB 74 & 75 overview:

- Effective dates for implementation of GASB 75

Employer Fiscal Year End	Effective Dates
December	12/31/2018
March	03/31/2019
June	06/30/2018
September	09/30/2018

Financial reporting

- CERBT is the Plan
 - Provides audited and compliant GASB 74 report
 - Schedule of Changes in Fiduciary Net Position (FNP)

NFP Fiscal Year	Expected Availability
2015-16	November 2017
2016-17	February 2018
2017-18	November 2018

Financial reporting

GASB 74 & 75 overview:

- Employers will report the Net OPEB Liability on their financials
 - ARC no longer relevant for accounting purposes
- GASB 75 requires an audited Schedule of Change in Fiduciary Net Position from CERBT
- Significant increase in Note Disclosures and Required Supplementary Information

Financial reporting

GASB 74 & 75 overview:

- Measurement date detached from actuarial valuation date
- Amortization periods likely to be substantially shorter
- Late contribution accruals will not be allowed
- Triennial valuations will not be allowed

Simple, focused administration

Simple, focused administration - statements

- Quarterly account statements
 - Available online ~ two weeks post quarter close (except Q4)
 - Email notification will be sent once statements published
- Annual account statements
 - Available online ~ six weeks post fiscal year close
 - Email notification will be sent once statements published
 - Annual statement delivered in August is unaudited
 - CERBT will provide an audited, GASB 75 compliant, Schedule of Change in Fiduciary Net Position

CERBT total participation cost

- Total cost of CERBT participation is 10 basis points of assets under management
 - Consists of all administrative and investment management expenses including:
 - State Street Global Advisors (SSGA) (external investment management)
 - Includes imbedded external investment management fees (1.5 basis points)
 - Northeast Retirement Services (online record keeping)

CERBT fee rate breakdown

Source of Fees	CERBT FY 2017-2018
External investment management fees	2.03 basis points
External investment operating expenses to fund managers	1.50 basis points
Internal investment fees	0.67 basis points
Custodial services fees	0.19 basis points
Online record keeping fees	0.15 basis points
Program administration fees	5.46 basis points
Total (all inclusive):	10.00 basis points

CERBT total participation cost

- Total cost of CERBT participation is 10 basis points of assets under management
 - CERBT is a self-funded trust
 - CERBT does not profit
 - Employer account charged daily
 - Rate can be changed without prior notice and may be higher or lower in the future

CERBT fee rate history

Fiscal Year	Total Participation Cost
2007-2008	2.00 basis points
2008-2009	6.00 basis points
2009-2010	9.00 basis points
2010-2011	12.00 basis points
2011-2012	12.00 basis points
2012-2013	15.00 basis points
2013-2014	14.00 basis points
2014-2015	10.00 basis points
2015-2016	10.00 basis points
2016-2017	10.00 basis points
2017-2018	10.00 basis points

CERBT experience data

CERBT FY 2016-17 highlights

CERBT experienced a number of significant milestones

- Total CERBT contracts – 524
- Over \$1 billion in net contributions during the FY
- \$562 million in investment earnings
- Total assets under management grew by more than 30% ending the FY at \$6.8 billion
- Total covered lives increased 81.3% ending the FY at 729,315

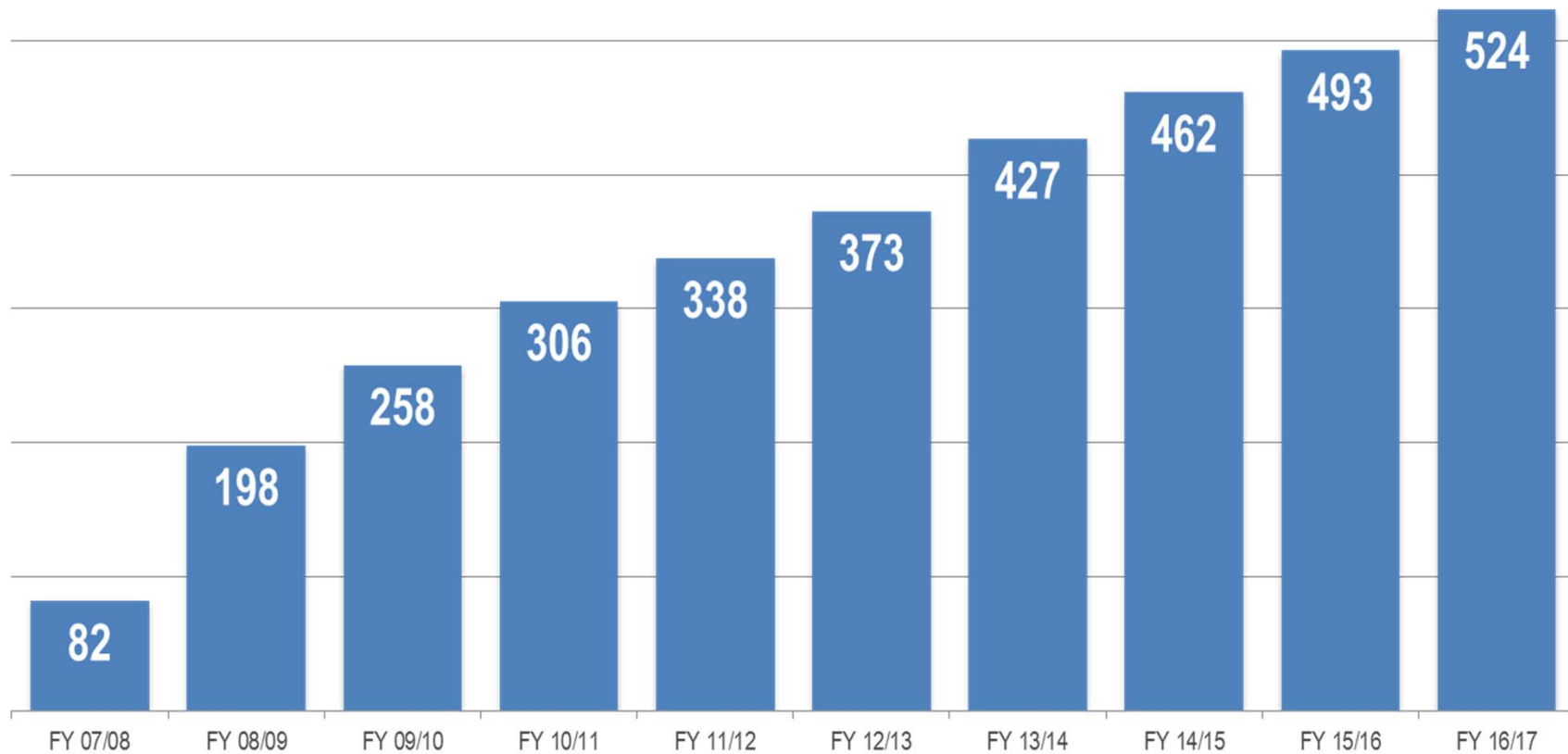
CERBT employers under contract

528 Total

- State of California
- 137 Cities or Towns
- 14 Counties
- 60 Schools
- 23 Courts
- 293 Special Districts and other Public Agencies
 - (90 Water, 33 Sanitation, 29 Fire, 22 Transportation)

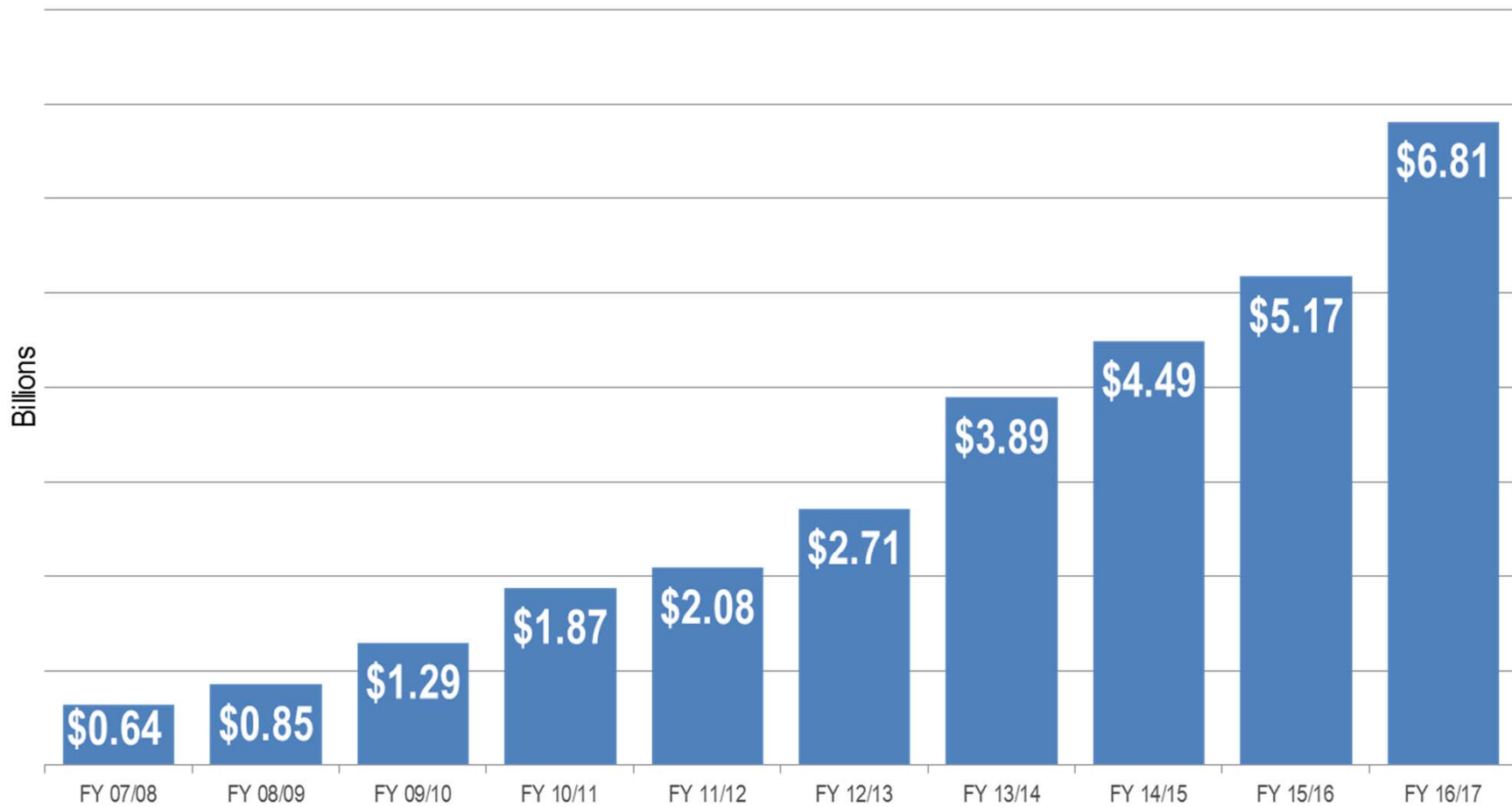
As of November 6, 2017

CERBT employers cumulative growth



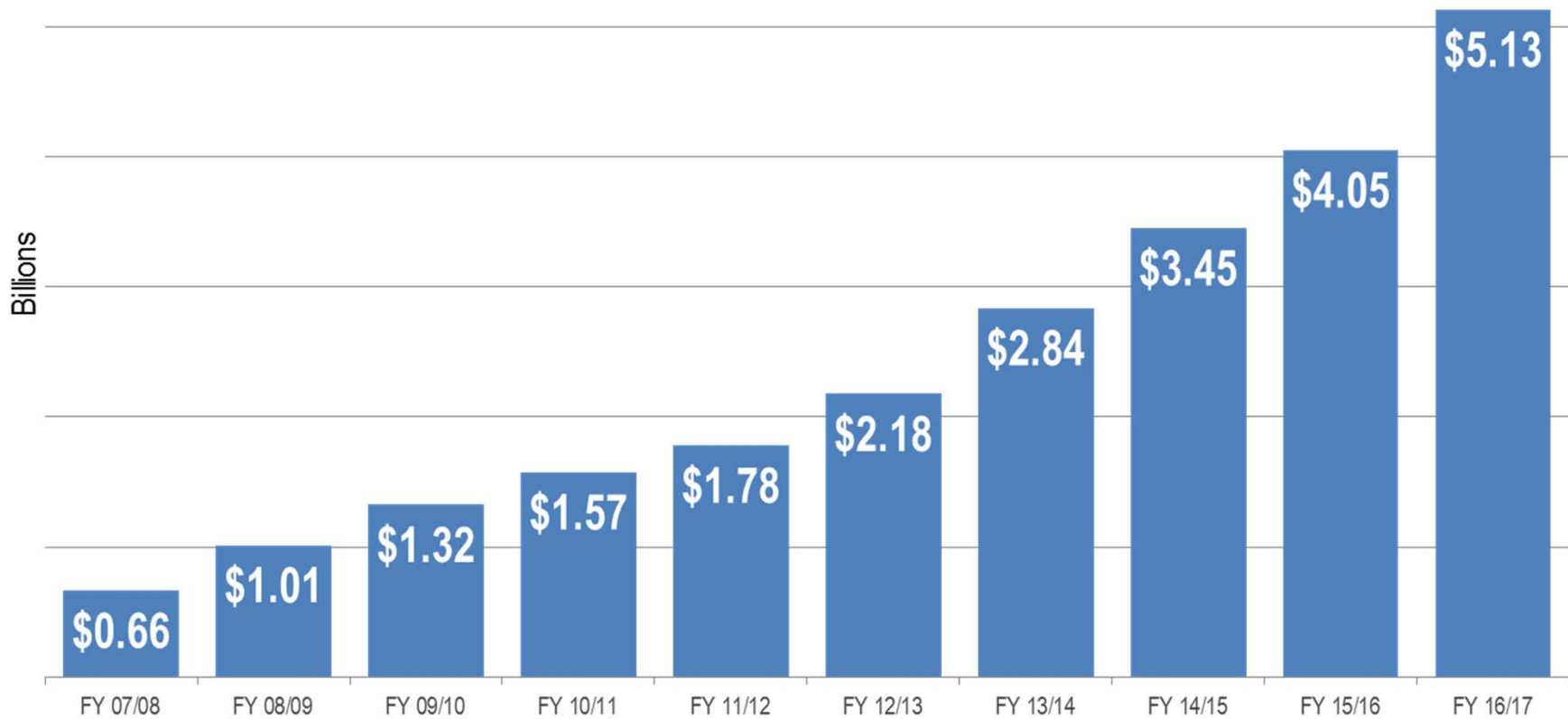
As of June 30, 2017

CERBT employer cumulative assets under management



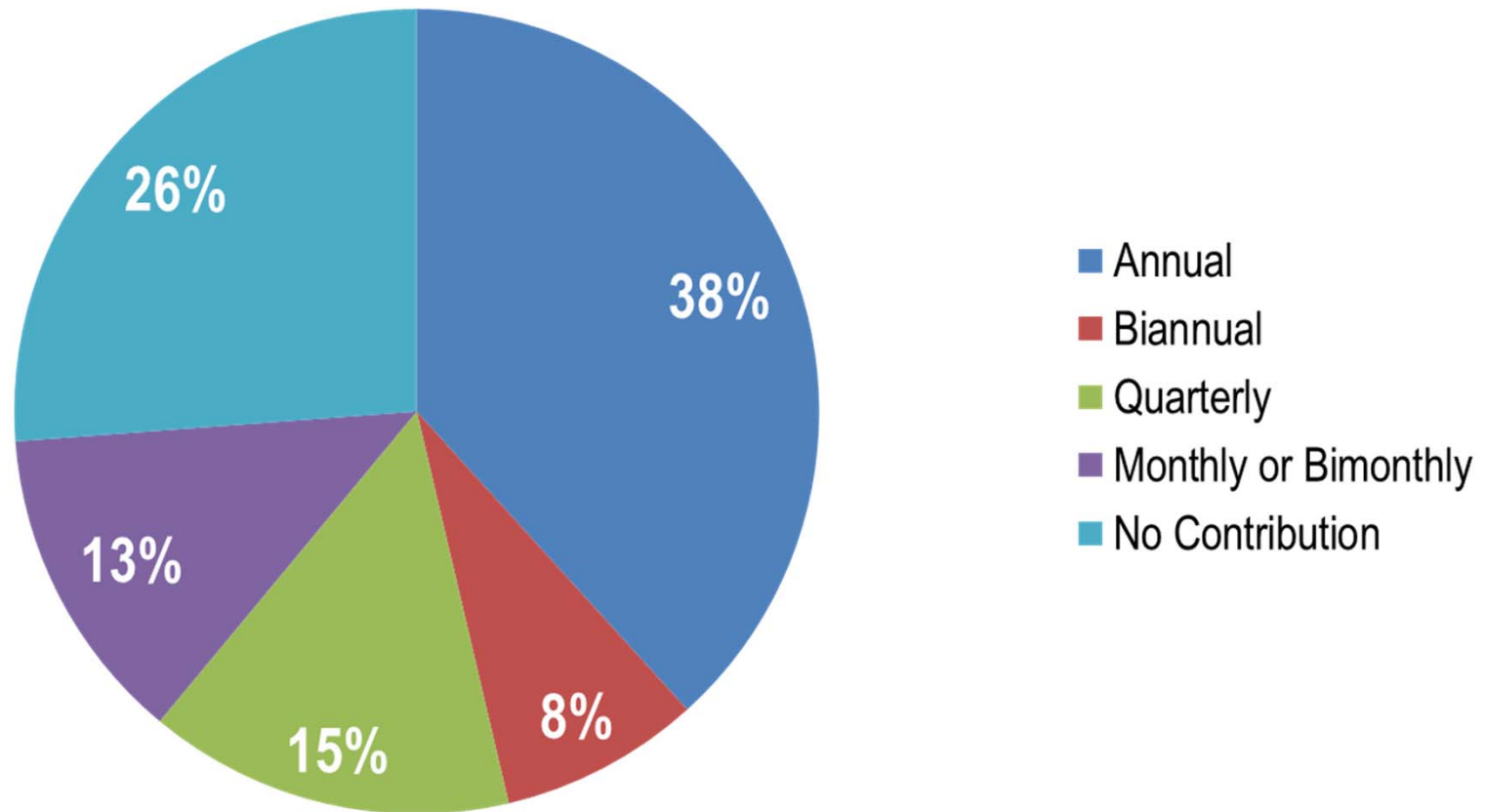
As of June 30, 2017

CERBT employer cumulative net contributions



As of June 30, 2017

CERBT contribution patterns



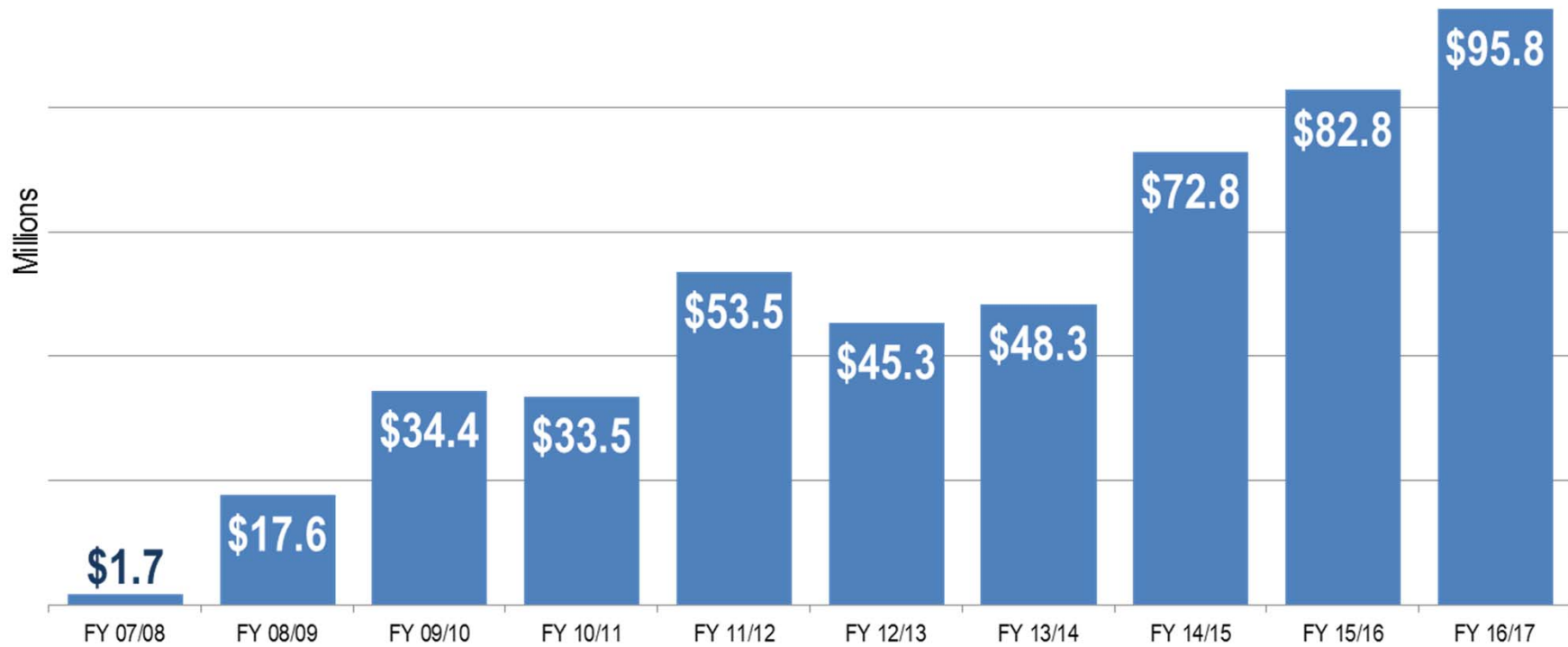
FY 2016-17 contribution patterns

Cost-sharing of OPEB

Conditions that may allow for employee sharing of employer OPEB costs in an IRC Section 115 trust fund

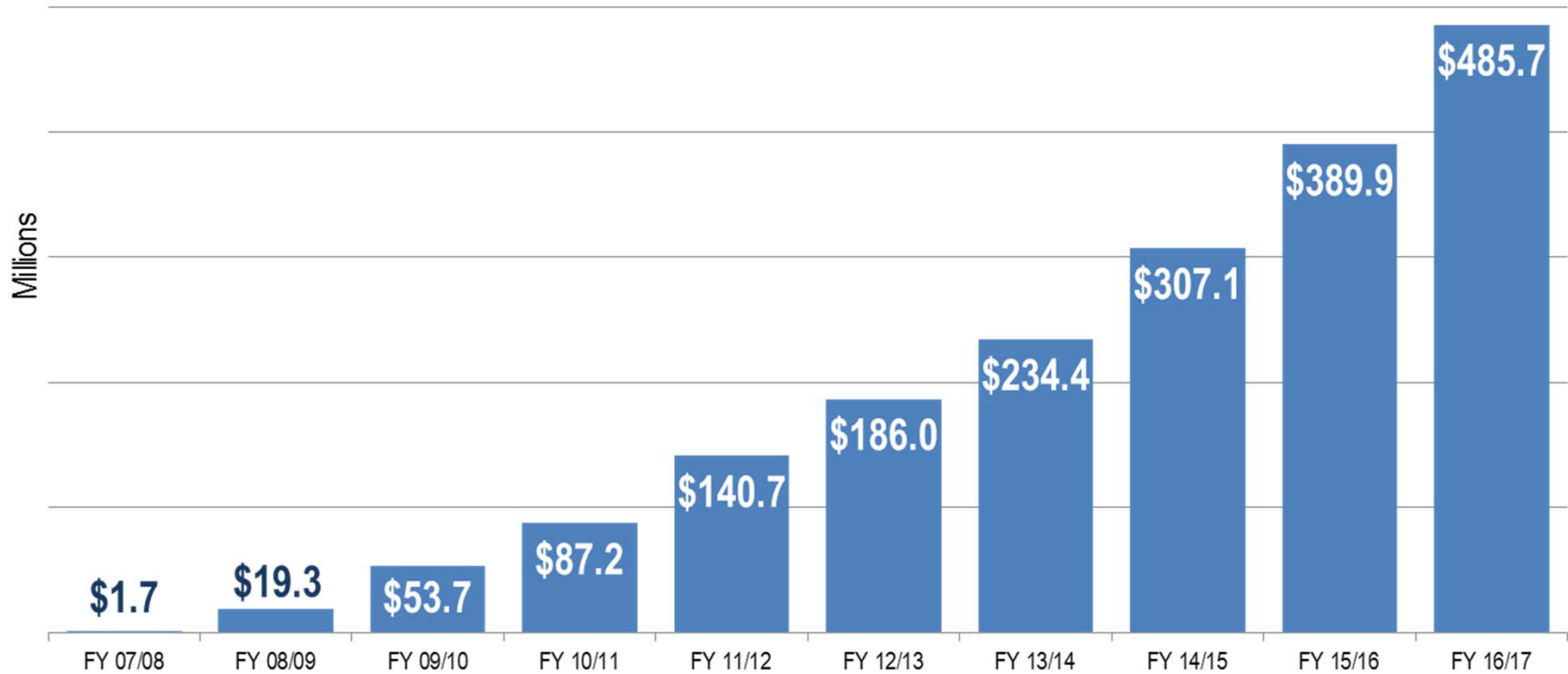
- Employee shared contributions must be mandatory and uniform
 - May vary by bargaining unit only
- No voluntary or elective contributions
- No one-time irrevocable elections
- Assets contributed to the CERBT belong to the employer
 - Employees, former employees, retirees and dependents have no reversion rights

CERBT disbursements by fiscal year



As of June 30, 2017

CERBT cumulative disbursements



As of June 30, 2017

CERBT disbursement frequency

28%

Percentage of employers requesting disbursements

72%

Percentage of employers not requesting disbursements

As of June 30, 2017

CERBT employer funding levels

Funding level	Actuarial Accrued Liability	Present Value of Benefits
0% - 25%	144	195
25% - 50%	151	175
50% - 75%	97	92
75% - 100%	69	41
> 100%	63	21

As of June 30, 2017

CERBT Accrued Liabilities and Market Value of Assets

Agency Type	AAL	MVA	Funded Level
Cities and Towns	\$5.9 Billion	\$1.4 Billion	24%
Counties	\$4.1 Billion	\$1.8 Billion	44%
Courts	\$393.2 Million	\$67.6 Million	17%
Fire	\$798.4 Million	\$179.0 Million	22%
Other Special Districts	\$1.6 Billion	\$996.7 Million	62%
Sanitation	\$480.8 Million	\$236.8 Million	49%
Schools	\$19.8 Billion	\$867.1 Million	4%
State of California	\$80.6 Billion	\$538.8 Million	1%
Water	\$1.7 Billion	\$711.2 Million	42%
All CERBT Agencies	\$115.4 Billion	\$6.8 Billion	6%

As of June 30, 2017

Questions? Where to get information?

Name	Title	E-mail	Desk	Mobile
John Swedensky	Assistant Division Chief	John.Swedensky@calpers.ca.gov	(916) 795-0835	(916) 715-7960
Colleen Cain-Herrback	Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Matt Goss	Outreach & Support Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Alisa Perry	Outreach & Support Analyst	Alisa.Perry@calpers.ca.gov	(916) 795-3360	(916) 705-9447
Karen Lookingbill	Outreach & Support Analyst	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219

Program e-mail addresses	CERBT Website
CERBT4U@calpers.ca.gov	www.calpers.ca.gov/cerbt
CERBTACCOUNT@calpers.ca.gov	



Agenda Item: 17

Date: November 7, 2017

Subject: Legislative and Regulatory Update

Staff Contact: Dan York, Assistant General Manager

RWA Government Affairs Committee

The last day for the Governor to sign or veto bills passed by the Legislature was October 15, 2017. The RWA Lobbyist Subscription Program Committee members continue to review relevant legislation to gauge potential future 2018 legislation as bills which were not chaptered may reincarnate in a future legislative term.

The RWA Government Affairs Committee met on October 18, 2017 to begin developing RWA's legislative and regulatory agenda for 2018. Once in draft form, the document will then be circulated for comment, and ultimately for approval by the RWA membership.

State

The State Water Resources Control Board (State Water Board) has released a draft regulation that proposes to permanently prohibit certain "wasteful and unreasonable water use practices." The proposed prohibitions are the result of direction given by the Governor to the State Water Board in Executive Orders B-37-16 and B-40-17. According to the State Water Board, the agency is conducting the rulemaking process under its "Waste and Unreasonable Use" authority as part of the Administration's framework to make conservation a "California Way of Life."

Written comments regarding the draft regulation must be submitted by December 26, 2017. The State Water Board has also announced that they will be holding a public workshop regarding the draft regulation on November 21, 2017. The State Water Board have indicated that it is their goal to have the final regulation adopted by February 2018, which would allow the regulations to take effect beginning in April 1, 2018. Under the CA Administrative Procedures Act, the State Water Board has one year to complete this rulemaking. The proposed regulatory action notice is available on request.

The California Water Efficiency Partnership and the Alliance for Water Efficiency requested support of two Congressional Bills that would make water conservation rebates exempt from federal tax. The Water Conservation Tax Parity Act, S 1464, is sponsored by Senator Dianne Feinstein (D-CA), and HR 448, the Water Conservation Rebate Tax Parity Act, is sponsored by

Representative Jared Huffman. In February 2017, the District's Board passed Resolution No. 17-02, A Resolution Regarding the Federal Taxation of Water Conservation Incentives, in favor of supporting the California Water Efficiency Partnership and the Alliance for Water Efficiency efforts.

State Bills of Interest (2017 two year bills)

Key Bills	Topic
a. AB 12 (Cooley)	- Administrative Regulations – (Vetoed)
b. AB 18 (Garcia, Eduardo)	- Clean water, climate – (Held in Committee)
c. AB 68 (Mathis)	- School facilities, proximity to farms – (Held in Committee)
d. AB 77 (Fong)	- Regs: Effective Dates and Legislative Review – (Held in Committee)
e. AB 196 (Bigelow)	- Greenhouse Gas Reduction Fund – (Held in Committee)
f. AB 247 (Garcia, Cristina)	- Lead Advisory Taskforce – (Vetoed)
g. AB 277 (Mathis)	- Water-Wastewater Loan Grant Program – (Signed)
h. AB 321 (Mathis)	- Groundwater Sustainability – (Signed)
i. AB 968 (Rubio)	- Urban Water Use Efficiency – (Held in Committee)
j. AB 975 (Friedman)	- Natural Resources: wild and scenic river – (Ordered to inactive file at the request of Assembly Member Friedman)
k. AB 1654 (Rubio)	- Urban Water Management Planning – (Referred to Committee)
l. AB 1668 (Friedman)	- Water Conservation: guidelines – (Referred to Committee)
m. SB 606 (Skinner/Hertzbert)	- Water Mgmt. Planning – (Referred to Committee)
n. AB 1669 (Friedman)	- Urban Water Use Efficiency – (Held in Committee)
o. SB 5 (DeLeon)	- Drought, water, parks, climate – (Signed)
p. SB 80 (Salas)	- Environmental Quality Act: notices – (Vetoed)
q. SB 146 (Wink)	- Water Rsrccs: Permit to operate: application proc – (Held in Committee)

- r. **SB 224 (Jackson)** - Environmental Quality Act: baseline – **(Held in Committee)**
- s. **SB 229 (Wieckowski)** - Accessory dwelling units – **(Signed)**
- t. **SB 580 (Pan)** - Wtr Dvlpmt Projects: Sac-San Joaquin Watershed – **(Signed)**
- u. **SB 623 (Monning)** - Funding for Safe Drinking Water – **(Held in Committee)**
- v. **SCA 4 (Hertzberg)** - Drought related drinking water projects – **(Held in Committee)**

Federal Bills of Interest (113th Congress)

- a. **HR 5781 California Emergency Drought Relief Act of 2014** - This bill was recently introduced in the House of Representatives following failure of a Senate compromise bill, pushed by Senator Feinstein, to gain sufficient support. Several Republican Congressmen Valadao, Nunes, McCarthy, McClintock, Calvert, and La Malfa were joined by central valley Democrat Costa in sponsoring the bill. HR 5781 passed the House but is not expected to pass the Senate this term. Adding bill language to a must-pass omnibus spending bill is being considered.
- b. **HR 1837 - San Joaquin Valley Water Reliability Act (Nunes)** -To address certain water-related concerns on the San Joaquin River, and for other purposes.
- c. **HR 4345 - Domestic Fuels Protection Act of 2012 (Shimkus)** - A bill to provide liability protection for claims on the design, manufacture, sale, offer for sale, introduction into commerce, or use of certain fuels and fuel additives, and for other purposes.
- d. **HR 6484 - SAFE Levee Act (Garamendi)** - To amend the Calfed Bay-Delta Authorization Act to authorize the secretary of the Interior to provide assistance to non-Federal interests for levee stability improvements located within the Sacramento- San Joaquin Delta related to Bureau of Reclamation Central Valley Project water deliveries, and for other purposes.
- e. **HR 353 – Weather Research and Forecasting Innovation Act of 2017 (Lucas)** – The District supports this bill to improve the National Oceanic and Atmospheric Administration's weather research through a focused program of investment on affordable and attainable advances in observational, computing, and modeling capabilities to support substantial improvement in weather forecasting and prediction of high impact weather events, to expand commercial opportunities for the provision of weather data, and for other purposes. The bill will allow National Oceanic and Atmospheric Administration to focus on affordable and attainable advances in observational, computing, and modeling capabilities in an effort to deliver substantial improvement in weather forecasting and prediction of high impact weather events, such as those associated with hurricanes, tornadoes, droughts, floods, storm surges, and

wildfires. This could offer the ability to better manage water supplies in filling the state's reservoirs.

- f. S 519 - Maximum contaminant levels (Gilibrand)** - To amend the Safe Drinking Water Act (SDWA) to require the Administrator of the Environmental Protection Agency to establish maximum contaminant levels for certain contaminants, and for other purposes. The SDWA would be amended by adding at the end the following: Per fluorinated compounds by publishing a maximum contaminant level goal and promulgate a national primary drinking water regulation.



Agenda Item: 18

Date: November 7, 2017

Subject: Upcoming Water Industry Events

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

Note that the Board adopted Policy governing Director compensation and expense reimbursement section 200.20(g) states that Directors may receive a meeting stipend (currently \$100.00) for “meetings, water industry events or office visits of a substantial duration concerning substantive District business as requested and approved for payment by the General Manager or the Board President...” Just because information is presented on upcoming water industry events or regularly scheduled meetings of other water districts does not necessarily imply that approval for a compensable meeting or reimbursement of expenses are triggered.

Below is a list of upcoming water industry events:

Upcoming Events

1. ACWA 2017 Fall Conference
November 28 – December 1, 2017
Anaheim, CA
<http://www.acwa.com/events/acwa-2017-fall-conference-exhibition>

2. RWA 17th Annual Holiday Social
December 7, 2017
North Ridge Country Club
7600 Madison Avenue

3. Sacramento Groundwater Authority Board Meeting
December 14, 2017 at 9:00am
RWA/SGA Office
www.rwah2o.org

4. RWA Board Meeting
January 11, 2018 at 9:00am
RWA Office
www.rwah2o.org

Upcoming Water Industry Events

November 7, 2017

Page 2 of 2

5. ACWA 2018 Spring Conference

May 8 – May 11, 2018

Sacramento, CA

<https://www.acwa.com/events/2018-acwa-spring-conference-exhibition/>

Below is a partial list of local Water Purveyors Regular Board Meeting information and websites:

- Carmichael Water District: <http://carmichaelwd.org/> - Every 3rd Monday of the month
- Citrus Heights Water District: <http://chwd.org/> - Every 2nd Tuesday of the month
- Del Paso Manor Water District: (916)487-0419 - Every 1st Monday of the month
- El Dorado County Water Agency - <http://www.edlafco.us/> - Every 2nd Wednesday of the month
- El Dorado Irrigation District - <http://www.eid.org/> - Every 2nd and 4th Monday's of the month
- Fair Oaks Water District: <http://www.fowd.com/> - Every 2nd Monday of the month
- Natomas Mutual Water Company - <http://natomaswater.com/> - Every 2nd Tuesday of the month
- Orangevale Water Company - <https://orangevalewater.com/> - Every 1st Tuesday of the month
- Placer County Water Agency: <https://pcwa.net/> - Every 1st and 3rd Thursdays of the month
- Rio Linda/Elverta Community WD: <http://www.rlecwd.com/> - Every 3rd Monday of the month
- San Juan Water District: <http://www.sjwd.org/> - Every 2nd and 4th Wednesday of the month



Agenda Item: 19

Date: November 6, 2017

Subject: District Activity Report

Staff Contact: Dan York, Assistant General Manager

Described below are significant District Activities and milestones over the past month. The report is separated into the following sections: Water Operations and Exception Report, Customer Service Report, and Community Outreach Report.

a. Water Operations And Exceptions Report

i. Monthly Water Production – Exhibit WO-1

This indicates the amount of water produced, both ground and surface water, in the District’s North Service Area (McClellan Business Park, The Arbors at Antelope, and portions of North Highlands, Antelope, Carmichael, and Citrus Heights) and South Service Area (Portions of Arden Arcade, Carmichael, and City of Sacramento) for Calendar Years 2016 and 2017. The District continues to receive surface water supplies as the primary water source for the North Service Area. The District continues to utilize groundwater as the primary water source for the South Service Area.

ii. Water Wheeled to Other Purveyors – Exhibit WO-2

This indicates the amount of water the District served to other water purveyors in Calendar Year 2017. The amount is indicated in Million Gallons (MG) and Acre Feet (AF). California American Water continues to take surface water deliveries from the North Service Area.

iii. Water Operations Activity – Exhibit WO-3

This shows the types and number of activities that are conducted daily in the Production, Distribution, and Field Services Departments.

iv. Claims Update – Exhibit WO-4

This is a summary report of claims received by the District that are less than \$10,000, and approved or rejected by the General Manager.

v. General System Discharges by Category – Exhibit WO-5

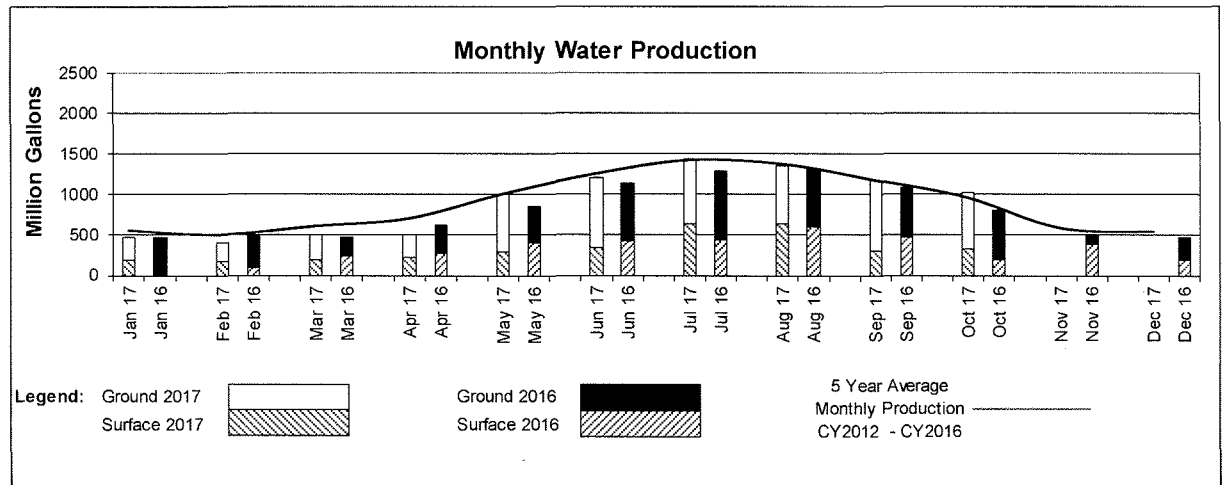
This report quantifies the amount of water discharged for each discharge type. In October 2017, the total volume of water discharged was 0.205 MG or 0.02% of the total water produced for the month, of which 1.0% or 0.002 MG was reused through land application.

- vi. **Exception Reports for October**
 - Fixed Network Meter Reading Report (see Information Item #10).
 - Drive-By Legacy Meter Reading Report (see Information Item #11).
 - 5073 Shell Street Water Main Leak (see Information Item #12).

Monthly Water Production 2017

Exhibit WO-1

North Service Area *			South Service Area **			Total North & South Service Areas (MG)	Average MG/Day	% Of Total Year to Date Production	
Month	Surface (MG)**	Ground (MG)	Sub Total (MG)	Surface (MG)	Ground (MG)				Sub Total (MG)
Jan	187.518	93.149	280.667	0.000	191.805	191.805	472.472	15.241	5.181
Feb	174.222	74.344	248.566	0.000	165.299	165.299	413.865	14.781	4.538
Mar	191.993	99.806	291.799	0.000	210.246	210.246	502.045	16.195	5.505
Apr	231.705	66.983	298.688	0.000	201.879	201.879	500.567	16.686	5.489
May	299.000	254.180	553.180	0.000	452.839	452.839	1,006.019	32.452	11.031
Jun	343.160	326.951	670.111	0.000	540.501	540.501	1,210.612	40.354	13.274
July	416.913	376.335	793.248	228.121	426.447	654.568	1,447.816	46.704	15.875
Aug	451.051	314.514	765.565	195.788	400.963	596.751	1,362.316	43.946	14.938
Sep	314.565	322.750	637.315	0.000	537.550	537.550	1,174.865	39.162	12.882
Oct	324.859	249.856	574.715	0.000	454.687	454.687	1,029.402	33.207	11.287
Nov									
Dec									
MG	2934.986	2178.868	5,113.854	423.909	3582.216	4,006.125	9119.979	30.000	
AF	9,007.141	6,686.700	15,693.842	1,300.929	10,993.417	12,294.346	27,988.188		



* North Service Area (North Highlands, Northridge, McClellan Park and The Arbors)
 ** South Service Area (Town and Country)
 ***The surface water delivery quantities are reported from SJWD's monthly records.
 Note: Reported production values do not include water wheeled/sold to other purveyors.

Mo/Yr	Million Gallons (MG)			Difference
	Surface	Ground	Total	
Jan 17	187.518	284.954	472.472	6.173
Jan 16	0.000	466.299	466.299	
Feb 17	174.222	239.643	413.865	-78.704
Feb 16	97.179	395.390	492.569	
Mar 17	191.993	310.052	502.045	22.472
Mar 16	244.176	235.397	479.573	
Apr 17	231.705	268.862	500.567	-118.368
Apr 16	278.717	340.218	618.935	
May 17	299.000	707.019	1,006.019	152.464
May 16	406.766	446.789	853.555	
Jun 17	343.160	867.452	1,210.612	78.501
Jun 16	429.012	703.099	1,132.111	
Jul 17	645.034	802.782	1,447.816	153.099
Jul 16	432.815	861.902	1,294.717	
Aug 17	646.839	715.477	1,362.316	36.124
Aug 16	610.979	715.213	1,326.192	
Sep 17	314.565	860.300	1,174.865	81.445
Sep 16	470.076	623.344	1,093.420	
Oct 17	324.859	704.543	1,029.402	227.206
Oct 16	184.916	617.280	802.196	
Nov 17				
Nov 16	385.163	129.400	514.563	
Dec 17				
Dec 16	190.646	286.450	477.096	

Exhibit WO-2

SACRAMENTO SUBURBAN WATER DISTRICT
Water Wheeled To Other Purveyors
 2017

Month	California American Water Company		Citrus Heights Water District		City of Sacramento		County of Sacramento		Rio Linda / Elverta Water District		San Juan Water District		City of Roseville	
	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)
January	106.368	34.660	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
February	87.743	28.591	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
March	97.446	31.753	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
April	88.583	28.865	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
May	112.232	36.571	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
June	127.592	41.576	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
July	304.342	99.170	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
August	304.596	99.253	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
September	285.164	92.921	0.000	0.000	0.000	0.000	0.000	0.000	0.384	0.125	0.000	0.000	0.000	0.000
October	275.245	89.689	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
November														
December														
YTD	1789.312	583.049	0.000	0.000	0.000	0.000	0.000	0.000	0.384	0.125	0.000	0.000	0.000	0.000

Note: Water wheeled to other purveyors includes water sold.

Exhibit WO-3

Water Operations Activity

	<u>October</u>	<u>Monthly Avg</u>	<u>Total</u>	<u>Total # in</u>	<u>% Completed</u>
	<u>2017</u>	<u>CY 2017</u>	<u>CY 2017</u>	<u>System</u>	<u>CY 2017</u>
<u>Production Department</u>					
<u>Service Orders</u>					
Preventive Maintenance: Work Orders Completed	765	708	7077		
Corrective Maintenance: Work Orders Completed	12	10	103		
<u>Water Quality</u>					
Complaints	0	3	31		
Inquiries	1	10	95		
<u>Distribution Department</u>					
<u>Service Orders</u>					
Main Leaks	1	4	41		
Service Line Leaks	7	10	98		
Locate & Expose (L&E)	18	15	150		
Determine Responsibility (DR)	40	55	549		
<u>Water Main Shutdown</u>					
-- Emergency	1	2	22		
-- Scheduled	0	0	4		
<u>Preventive Maintenance Program</u>					
Fire Hydrants Inspected	0	2	21	6,486	0.3%
Fire Hydrant Valves Inspected	0	5	47	5,759	0.8%
Fire Hydrant Valves Exercised	0	5	45	5,759	0.8%
Mainline Valves Inspected	105	69	690	11,132	6.2%
Mainline Valves Exercised	96	62	623	11,132	5.6%
<u>Underground Service Alert</u>					
Reviewed	2070	1987	19872		
Marked	644	498	4983		
<u>After Hours Activity (On-Call Technician)</u>					
Calls Received	45	49	494		
Calls Responded	24	31	312		
Average Call Time Hours	2.4	2	2		
Overtime Hours	58	61	611		
<u>Field Services Department</u>					
<u>Meters</u>					
PM - Meters Tested (3 - 10 inch)	5	13	131	451	29.0%
PM - Meters Replaced (⁵ / ₈ - 1 inch)	151	18	182	35,728	0.5%
PM - Meter Re-Builds (1 ¹ / ₂ - 2 inch)	0	23	232	2,441	9.5%
<u>Customer Service</u>					
Shut Off (non-payment)	168	151	1514		
Restore Service	151	153	1527		
Customer Pressure Inquiries	11	10	96		
<u>Field Operations Department</u>					
Service Requests Generated	1849	1481	14814		
Work Orders Generated	1293	1170	11696		

Exhibit WO-4

Date: November 6, 2017

Subject: Claims Update

Staff Contact: Matt Underwood, Operations Manager

On December 21, 2009, the District adopted a Claims Processing Policy. The Policy requires any claim in excess of \$10,000 be brought before the Board for approval or rejection of said claim. The General Manager has the authority to approve or reject claims up to \$10,000. The Policy further requires that all claims less than \$10,000 be reported to the Board as an information item.

The following information provides an overview of the claims that are less than \$10,000 that have been submitted to the District:

CLAIMS APPROVED/REJECTED BY GENERAL MANAGER

There were no claims approved/rejected by the General Manager.

CLAIMS UNDER REVIEW/INVESTIGATION

There are no claims under review or investigation at this time.

Exhibit WO-5

General System Discharges by Category

From 10/1/2017 to 10/31/2017

Report Group	Water Used (MG)
Distribution Flushing (11 detail records)	
Discharge Sub Total	0.095
Portion Reused	0.000
Meter Testing (1 detail records)	
Discharge Sub Total	0.009
Portion Reused	0.002
Raw Water Pump-to-Waste (1 detail records)	
Discharge Sub Total	0.101
Portion Reused	0.000
Total Water Flushed for all Types of Discharges:	0.205
Total Monthly Production for October 2017:	1,029.402
Percent of Total Production Discharged to Waste:	0.02%
Total Water Reused for all Types of Discharges:	0.002
Percent of Discharged Water Reused:	1.0%

b. Water Conservation and Regional Water Efficiency Program Report

i. Program Overview for October 2017

The District continues to message water conservation and use efficiency to its customers. The District's website reflects the current water use restrictions and the current update to Regulation No. 15. Staff will continue to engage customers in an effort ensure they are aware of the most up to date water use efficiency practices and water conservation programs being offered by the District. The following is a list of District water conservation activities for October 2017.

- a. In May 2017, the District's Board of Directors declared Normal Water Supply conditions, but called on District customers to continue to use water as efficiently as possible. The District set an overall water conservation goal of 10%. The District achieved a 6.6% reduction in October 2017 (when compared to October 2013), which did not meet the District's 10% goal. Since the Emergency Drought Regulations were enacted in June 2015, the District has achieved a 24% reduction in water use when compared to 2013.
 - b. The Regional Water Authority (RWA) issued the regional water conservation results for September 2017. The Sacramento Region reduced water use by 8.9% in September 2017 (compared to September 2013) and 19.8% reduction for CY2017 (compared to CY2013). Data graphics can be provided upon request.
 - c. Customer Leak Notifications – Staff sent out 555 notifications of 72-hour continuous flow events in October 2017.
- ii. Public Outreach –** The District utilized various info graphics for public outreach in October 2017. Staff utilized local newspapers, online advertising, and the District's website to communicate the District's water use efficiency message. The online advertisements used for Facebook generated 383 clicks, reached 122,139 people and left 292,487 impressions. The online advertisements used for Google generated 354 clicks and left 120,272 impressions. The District's focus for October 2017 was to advertise sprucing up sprinkler systems, water efficient devices offered by the District, fall planting ideas, and the various District rebate programs.

iii. Water Conservation Program and Results

District staff continues to promote water conservation directly to District customers. During the month of October 2017, District staff and our contract company performed 25 indoor residential Water-Wise House Calls (WWHC), 34 outdoor residential WWHC's, and 4 Commercial WWHCs. Staff received 17 calls and 6 reports via the District's website regarding reports of water waste. Staff issued 10 Information Only Water Waste Notices, 84 Notices of Violation, and 2 Warning Notices of Violation (see Exhibit 1).

The District issued rebates for 6 toilets, 5 Weather-Based Irrigation Controllers, 1 Irrigation Efficiency Upgrade, and 2 clothes washers in October 2017. In addition, as part of the Water Energy Grant Program (operated by the Regional Water Authority) Southwest Environmental (SWE) has scheduled the replacement of high volume toilets in various multi-family residential disadvantaged communities throughout the District. SWE replaced 8 toilets in October 2017 bringing the total number of high-volume toilets replaced to 572. SWE has also replaced 32 high-volume urinals with low-flow urinals.

iv. Permanent Water Conservation Regulations

On November 1, 2017, the State Water Resources Control Board (SWRCB) sent out a Notice of Proposed Regulatory Action (PRA) regarding California Code of Regulations, title 23, division 3, chapter 3.5 on Conservation and Preservation of Waste and Unreasonable Use and a new article, article 2, on Water Conservation. The new article is proposed to permanently prohibit certain wasteful water uses. The PRA would prohibit all Californians from engaging in certain wasteful water use practices, would penalize particular entities that violate existing laws, and would require specific actions of hotels and motels. These wasteful uses of water are currently prohibited under an emergency regulation that is set to expire on November 25, 2017¹. The prohibitions listed in the PRA include the following:

- Apply water to outdoor landscape that causes runoff;
- Use of a hose to wash a car that is not fitted with an automatic shut-off device and a bucket;
- Apply potable water directly to driveways and sidewalks;
- Irrigate turf and ornamental landscapes within 48 hours after measurable rainfall of at least one tenth of an inch²;
- Serve drinking water other than upon request in eating and drinking establishments;
- Irrigation turf on public street medians or publicly owned or maintained landscaped areas between the street and sidewalk, except where the turf serves a community or neighborhood function; and,
- Operators of hotels and motels shall provide guests with the option of choosing not to have towels and linens laundered daily. The hotel or motel shall prominently display notice of this option in each guestroom using clear and easily understood language.

¹ The current Emergency Regulation language regarding the Prohibitions differs from the PRA's prohibitions. Staff ensured that the District's Regulation No. 15 reflected the language used in the Emergency Regulations, and will ensure that Regulation No. 15 is updated to reflect any permanent regulations that are made by the SWRCB as a result of the PRA.

² The District's regulation No. 15 currently defines measurable rainfall as one eighth of an inch. If the proposed regulations are adopted by the SWRCB, staff will recommend that the Board of Directors update Regulation No. 15 to one tenth of an inch.

A public workshop regarding the PRA will be held on November 21, 2017, and public comment is due no later than noon on Tuesday, December 26, 2017. A copy of the Proposed Regulatory Action can be furnished upon request.

v. Upcoming Events

There are no upcoming events scheduled.



Exhibit 1

2017 Water Conservation Activity Report

<u>Non-Measurable Water Saving Programs</u>	<u>Month</u> <u>October</u>	<u>Year</u> <u>2017</u>
1.1-1 Conservation Coordinator	*	Yes
1.1-2 Water Waste Prevention	*	Yes
1.1-3 Wholesale Agency Assistance	N/A	N/A
1.2 Water Loss Control	N/A	Yes
1.3 Metering/Commodity Rates	141	1,568
1.4 Retail Conservation Pricing	*	N/A
2.1 Public Information	*	N/A
2.2 School Education	*	N/A

<u>Demonstrated Water Saving Programs</u>		
3 Residential Audits - Indoors	25	191
3 Residential Audits - Outdoors	34	289
3 Water Conservation Kits - Indoor	23	510
3 Water Conservation Kits - Outddor	2	12
3 High Bill Investigates	16	133
3 Leak Notifications Sent - All Customers	555	4,307
4 CII Audits	4	16
5 Large Landscape Audits	0	0

<u>Current Rebates</u>		<u>Monthly Spend</u>		<u>To Date Spent</u>
Rebates - Cash for Grass	0	\$0	0	\$0
Rebates - Pool Covers	0	\$100	4	\$599
Rebates - Toilets (District)	6	\$1,337	36	\$6,313
Rebates - WBIC	5	\$1,025	26	\$4,376
Rebates - Rain Sensors	0	\$0	0	\$0
Rebates - Irrigation Upgrades	1	\$496	16	\$7,100
Rebates - Clothes Washers	2	\$150	10	\$1,125
Rebates - HET Toilets (DAC)	8	\$0	572	\$0

<u>Water Waste Calls and Notifications</u>		
Water Waste Calls	17	176
Water Waste via Website	6	98
Notice - Information Only	10	199
Notice of Violation	84	561
Waming Notice of Violation	2	24
1st Violation - Water Waste	0	4
2nd Violation - Water Waste	0	2
3rd Violation - Water waste	0	0

* Not all BMPs are quantifiable. Of those that are not, if the District is implementing them, they're noted as "Yes."
 If the District is not implementing them, they are noted as, "N/A."

c. Customer Service Report

i. Customer Service Monthly Activity - Exhibits CS-1 & CS-2

1. Customer Service Activity Report shows Customer Service activity for the month of October 2017.
2. Call Volume Report shows number of calls received, abandoned calls, and queue times.

ii. Customer Service Exceptions

1,836 flat rate accounts were transitioned to metered rate on November 1, 2017. There are 6,570 flat rate accounts still to be metered.

iii. Website Redesign Update

Staff has been diligently working on the new website to bring content and forms up-to-date. Staff anticipates a go-live date before the end of the 2017 calendar year.

Exhibit CS-1

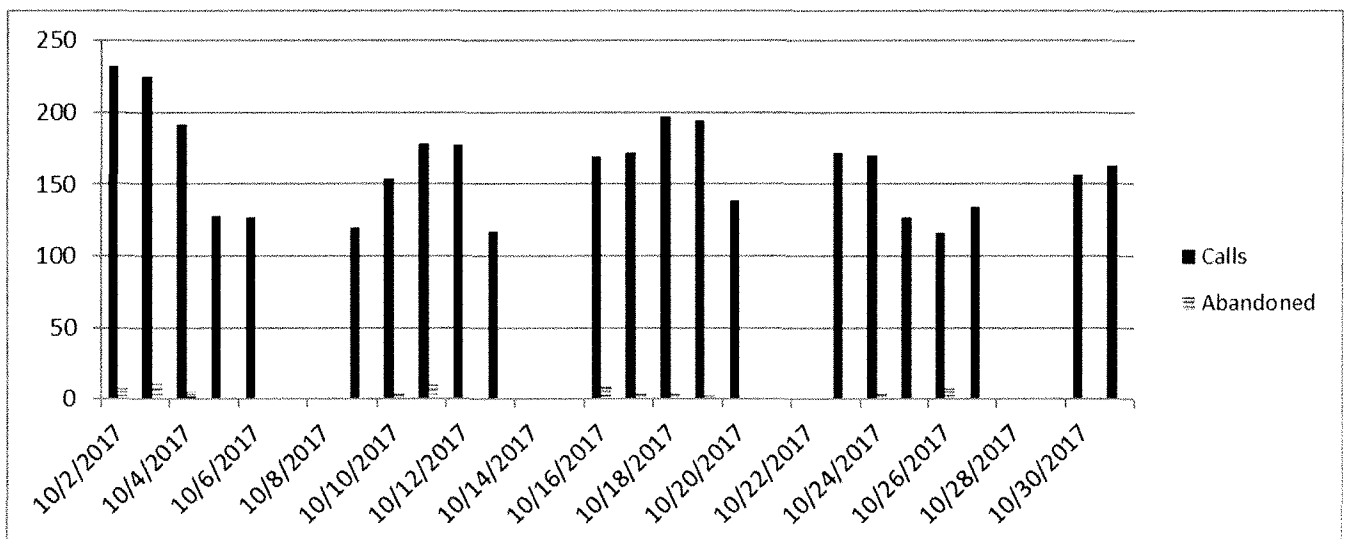
	<u>October 2017</u>		<u>Calendar Year 2017</u>	
<u>Customer Service Department</u>				
<u>Billing</u>				
Water Connections - Total Active	46,248		n/a	
Active Flat w/o Meter	6,570		n/a	
Active Flat w/Meters	1,430		n/a	
Active Meter Non-Residential	7,028		n/a	
Active Meter Residential	31,220		n/a	
Water Connections - Suspended	461		n/a	
Owner/Tenant Billing Agreement	1,308		n/a	
E-billing	3,309		n/a	
Water Statements Mailed	38,200		397,972	
Monthly Calls	3,560		33,109	
Customer Changes	181		2,356	
<u>Collections</u>				
15-Day Notices	1,384		13,992	
48-hour Door Tags Generated	815		7,371	
Lock-off Door Tags Generated	227		1,878	
Bankruptcy Processed	1		7	
<u>Payments</u>				
Cash/Check Payments (Front Office)	1,472	3.5%	12,933	3.3%
Credit Card Payments (Front Office)	770	1.9%	7,790	2.0%
SSWD Customer Web Payments	5,193	12.5%	42,827	11.0%
Direct Payment Service (Auto Pay-Checking)	4,524	10.9%	45,445	11.7%
Direct Payment Service (Auto Pay-Credit Card)	3,528	8.5%	32,391	8.3%
IVR (Automated Phone System)	1,567	3.8%	14,526	3.7%
Electronic Payments (Online Banking)*	11,576	27.9%	110,104	28.3%
LockBox (Checks)	12,924	31.1%	122,440	31.5%
Total Payments	41,554	100.0%	388,456	100.0%

*Electronic payments have been combined into one category

Exhibit CS-2

Date Ranges : 10/01/2017 - 10/31/2017
 Time Ranges : 08:00 a.m. - 04:30 p.m.

Date	Total Calls	Calls Abandoned	% of Calls Abandoned	Avg Wait On Queue	Max Wait on Queue	Avg Talk Time
10/2/2017	232	8	3.45%	36s	7m, 24s	2m, 18s
10/3/2017	225	12	5.33%	1m, 40s	9m, 22s	2m, 18s
10/4/2017	192	6	3.13%	55s	7m, 35s	2m, 26s
10/5/2017	128	1	0.78%	19s	3m, 40s	2m, 21s
10/6/2017	127	2	1.57%	37s	7m, 30s	2m, 30s
10/9/2017	120	2	1.67%	20s	5m, 7s	2m, 25s
10/10/2017	154	4	2.60%	1m, 2s	7m, 21s	2m, 53s
10/11/2017	178	11	6.18%	51s	7m, 44s	2m, 50s
10/12/2017	177	1	0.56%	35s	4m, 43s	2m, 42s
10/13/2017	117	2	1.71%	27s	3m, 58s	2m, 26s
10/16/2017	169	9	5.33%	27s	5m, 31s	2m, 22s
10/17/2017	172	4	2.33%	45s	7m, 41s	2m, 47s
10/18/2017	197	4	2.03%	30s	6m, 19s	2m, 3s
10/19/2017	194	3	1.55%	1m, 4s	11m, 17s	2m, 45s
10/20/2017	139	1	0.72%	35s	4m, 42s	2m, 49s
10/23/2017	172	1	0.58%	39s	4m, 56s	3m, 4s
10/24/2017	170	4	2.35%	53s	9m, 53s	2m, 57s
10/25/2017	127	2	1.57%	37s	10m, 11s	3m, 29s
10/26/2017	116	8	6.90%	1m, 27s	19m, 32s	3m, 44s
10/27/2017	134	0	0.00%	31s	5m, 28s	2m, 55s
10/30/2017	157	2	1.27%	46s	6m, 34s	3m, 24s
10/31/2017	163	2	1.23%	31s	6m, 21s	2m, 23s
Group Total	3560	89	2.50%	51s	7m, 19s	2m, 51s



d. Community Outreach Report

i. December Bill Insert

The December bill insert will begin on November 27, 2017 and continue until December 24, 2017. The bill insert includes the following articles:

- Keep Sprinklers Off This Winter
- 2018 Rate Increase
- SSWD Board Meeting Time Change
- H₂O Hero – Removing the Ivy to Make a Low-Water Home for Pollinators
- Year in Review
- Conservation 365 – Saving Water in the Kitchen
- Upgrade Your Dishwasher with an EnergyStar Model

A sample of the bill insert has been included with this report.

ii. December Envelope Message

The December envelope thanks our customers for using water efficiently and wishes them a happy holiday season. The envelope will begin on November 27, 2017 and continue until December 24, 2017.

iii. Community Meetings/Events

Staff, representing SSWD, attended the following agency meetings, conference calls, community meetings, and events in October 2017:

<u>Date:</u>	<u>Meeting:</u>	<u>Staff:</u>
10/05/17	San Juan Water District Strategic Plan Workshop	Dan York
10/11/17	Water Caucus	Rob Roscoe
10/11/17	Drought Contingency Reliability Plan – RWA	Dan York
10/12/17	SGA Meeting	Rob Roscoe
10/12/17	Bureau of Reclamation – Long Term Warren Act Contract	Roscoe/York
10/18/17	RWA Lobbyist Subscription Program	Roscoe/York
10/19/17	SAWWA	Rob Roscoe
10/23/17	Presentation to International Visitors from Bolivia	Rob Roscoe
10/25/17	RWA Executive Committee Meeting	Rob Roscoe
10/25/17	San Juan Water District Board Meeting	Dan York
10/26/17	PPCI Event – Priorities for California Water	Rob Roscoe
10/26/17	Water Education Foundation 40 th Anniversary	Roscoe/York
10/27/17	RWA Legislative Process Workshop	Dan York
10/31/17	McClellan Business Park Meeting	Dan York

00184061



H₂O on the Go

December 2017

Keep Sprinklers OFF This Winter

With December's cooler and wetter days, your sprinklers should be free to take the month off.

If you're not certain if your plants need water, try the screwdriver test. Push a screwdriver into the ground; if it goes in more than three inches you don't need to water.

2018 Rate Increase

A 4 percent rate increase will take effect in January for all our customers. This is the last of the rate increases adopted by the SSWD Board of Directors on August 27, 2013. For more information, please visit sswd.org/water-rates.

SSWD Board Meeting Time Change

Effective January 22, 2018 the SSWD Board meeting will be held at 6:00 p.m. instead of 6:30 p.m. The meeting will be held in the Board Room at the District Administration Office at 3701 Marconi Avenue, Suite 100. The public is welcome to attend and participate.

sswd.org

Phone: 916.972.7171

Fax: 916.972.7639

3701 Marconi Avenue, Suite 100

Sacramento, CA 95821-5346

Hours: M-F, 8:00 a.m. to 4:30 p.m.



Dan Gannon, and Pat and Floyd French

H₂O Hero | Removing the Ivy to Make a Low-Water Home for Pollinators

Floyd and Pat French made a decision a year ago to rethink their front yard. It was a mix of ivy and sod and they wanted to create a landscape that would require less water and labor.

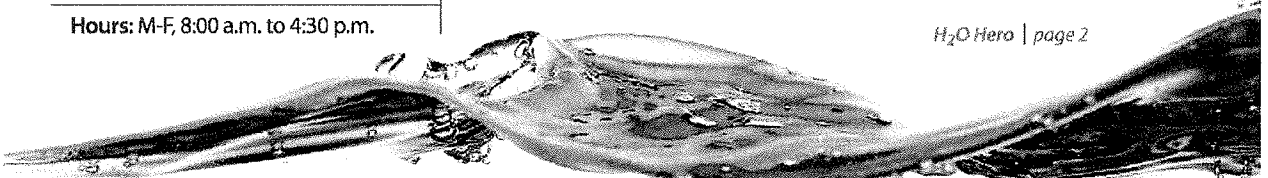
They began the process by having a thick section of ivy removed. Floyd then had a friend bring over a rototiller and turn the soil, making sure to rip out any of the remaining ivy roots.

Their daughter Sara recommended Dan Gannon of Everyday Ecology to help design their new low-water landscape. Dan was a childhood friend of Sara's and would often come over to the house when she was in town. His company specializes in native plant landscapes.

Dan designed a plan for the yard incorporating an efficient sprinkler system utilizing drip irrigation, high-efficiency rotator sprinklers and a WaterSense-labeled weather-based sprinkler controller. He also added a dry creek bed that is fed by a downspout so that the rainwater will percolate down into the soil and not into the street.

Dan and his team removed a large section of the lawn in the front yard by covering it with recycled paper and then laid mulch on top. He added a variety of native plants suited for Sacramento's climate, including black

H₂O Hero | page 2





YEAR IN REVIEW

2017 was filled with many accomplishments, including:

- * The opening of the Howe Park Demonstration Gardens. Developed in partnership with the Fulton-El Camino Recreation and Park District, the gardens feature four, state-of-the-art, low-water use landscapes that demonstrate how residents can grow landscapes that require less work and water, attract beneficial wildlife, hold and filter rain water, provide year-round color and even provide food, scents and herbs.
- * Installation of over 1,250 meters throughout the District. With less than 7,000 connections left to retrofit, SSWD is well on its way of meeting the state-mandated deadline to be fully metered by 2025.
- * Receiving an award for the Rutland Pumping Plant from American Society of Civil Engineers, an Award of Distinction from the California Association of Public Information Officers for the Conservation 365 communications campaign, taking 3rd place in the California/Nevada Section American Water Works Association Top Ops Challenge and a 2017 Sustainable Business Award from Sacramento's Business Environmental Resource Center for its two new demonstration gardens, the Garden on Eden and Gardens at Howe Park.

Upgrade Your Dishwasher with an EnergyStar Model

Does your home have a dishwasher made before 1994? You could save \$35 a year on energy costs and use less water, more than 10 gallons of water per cycle. An EnergyStar certified dishwasher will save, on average, nearly 4,000 gallons of water over its lifetime.

H₂O Hero | from page 1

sage, snow berries, hummingbird sage, coffee berries, yarrow, white sage, bees bliss salvia, blue fescue and pink muhly grass.

"We love the way it looks," Floyd said. "Dan chose a variety of plants that add a lot of color to the front yard and attract bees and hummingbirds. We're looking forward to seeing how it comes together as it grows and becomes established."

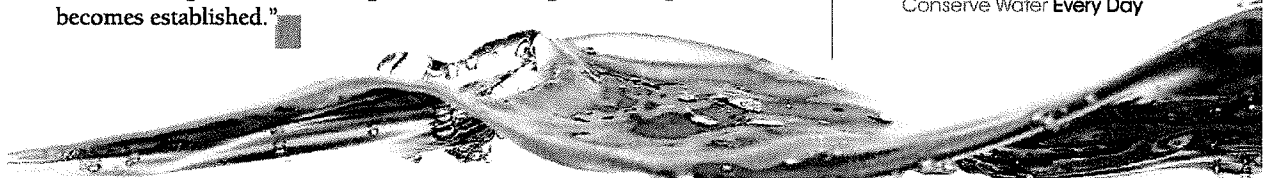
Conservation 365 | Saving Water in the Kitchen

You can make a big difference in the amount of water you use in the kitchen by following these handy tips:

- ◆ Install water-efficient kitchen faucets. Look for faucets that have flow rates of 1.5 gallons per minute (gpm), which will save up to 32 percent over the industry standard of 2.2 gpm.
- ◆ Add a low-flow aerator to your kitchen faucets. Pick up one at the District office.
- ◆ Collect water as it heats to use on your outside plants in the summer or indoor plants in the winter.
- ◆ Install a recirculating hot water pump to always have hot water at the ready when you turn on the tap.
- ◆ Use your dishwasher instead of hand washing dishes.
- ◆ Keep a pitcher of drinking water in the fridge. You won't waste water waiting for it to get cold.
- ◆ Wash fruits and vegetables in a large bowl or tub of water and scrub with a vegetable brush.
- ◆ Properly measure the amount of water you need for cooking. It will help you use less water and save on energy costs.



Conserve Water Every Day





*Thank you for using water efficiently in 2017
and Best H₂Oolidays wishes from all of us
at Sacramento Suburban Water District*





Agenda Item: 20

Date: November 6, 2017
Subject: Engineering Report
Staff Contact: Dana Dean, P.E., Acting Engineering Manager

Described below are significant Engineering Department activities and milestones over the past month. The report is separated into the following sections: Major Capital Improvement Projects, County and City Projects/Coordination, Developer Projects, Planning Studies and Other.

a. Major Capital Improvement Projects

The District continues to deliver CIP projects at a steady rate, supporting operations and ensuring the readiness of District supply and facilities consistent with the funding program as approved by the Board of Directors.

1) Supply

Well N6A – Palm (Replacement Well)

The District’s consultant, Luhdorff and Scalmanini Consulting Engineers (LSCE), has added a wellhead manganese treatment facility to the project design. Coordination efforts are taking place to address a sanitary sewer connection related to the proposed treatment facility, as well as environmental efforts to address the addition of the treatment facility to the project. A Staff report has been prepared for action at his month’s Board Meeting with additional information.

The project is scheduled to go out to bid this year with an anticipated contract award between December 2017 and January 2018.

Other activity:

- The County has made progress in collecting all the illegal dumpings and garbage left on the Palm Avenue right-of-way near the project site.
- SMUD has installed a street light to illuminate the District’s site entrance.
- The District’s property was recently surveyed and the property corners marked in preparation for planned periodic clean-up of the District’s parcel.

Well 78 – Butano/Cottage (New Well Site)

Engineering is moving ahead with plans to design and construct a new production well in the South Service Area. The Well Design Report prepared by Wood Rodgers (WR) has been approved and finalized, and Engineering has provided comments on the 90% design. WR has prepared an Initial Study/Mitigated Negative Declaration (IS/MND) document to comply with California Environmental Quality Act (CEQA) requirements. A site layout has been selected and is included in the IS/MND as it is needed to complete the environmental review process. A Staff report has been prepared for this month's Board Meeting with additional information. See Item 13

Various Well Investigation and/or Rehabilitation Projects

Some of the ongoing projects are discussed in more detail below:

- Well N17 – Oakdale – This well is off-line for rehabilitation of well casing and piping. The well work has been completed; and painting of piping is anticipated to take place in mid-November. Work is progressing per plan and the well is anticipated to be back on line this month.
- Well 67 – El Camino/Eastern – This well is off-line for destruction. The District has been coordinating with El Camino High School for site activities, and Sacramento County Environmental Management Department for destruction permitting.

2) Distribution

Water Main and Non-Potable Pipeline Separation Requirements

As reported previously, engineering staff is working with Division of Drinking Water (DDW) staff to obtain project by project waivers where separation criteria could not practically be met. Staff have been consistently pursuing a more practical and economic approach, while maintaining protection of public-health, to be approved by DDW for the more common parallel clearance conditions. Engineering met with DDW again in September to provide additional information and re-assert the District's request for DDW approval of an alternative design (restrained push-on joint gaskets) to that of bolted connections heretofore required by DDW.

In October, staff received waivers for three distribution main projects allowing use of restrained push-on joint gaskets used in conventional bell-and-spigot pipe, and staff plans implementation of this approach on all future main replacement projects. This should result in significant cost savings relative to cost increases related to the blanket requirement for bolted connections initially required by DDW. Staff does not anticipate further reporting on this issue.

Parkland Estates Phase 2 Main Replacement Project

Doug Veerkamp General Engineering (Veerkamp) began construction in May 2017. To date, approximately 22,600 feet of new 8- and 12-inch water mains have been installed.

They have also installed 37 new fire hydrants, upgraded two (2) fire hydrants, and completed six (6) tie-ins. Flowline Contractors, Inc., (Flowline) began work on installation of service lines and meter in October. To date 29 services have been installed by Flowline.

Other Significant Items:

- Nearly all work on Marconi Avenue has been completed including main, services and final paving.
- The District has received all separation waivers from DDW.

Edison Meadows Main Replacement Project

This Main Replacement Program project consists of about 23,000 feet of 12- and 8-inch-diameter distribution main replacing primarily steel and asbestos-cement backyard main, and about 340 new metered services. The design is nearly complete and construction work on the mainline portion of the project is anticipated to begin in late-2017 for completion in late-2018 to early-2019.

In July 2017 the Board approved extending Veerkamp's Master Service Agreement (MSA) to include this project. Staff plans to put the service lines portion of the project out to public bid this year for the next 3- to 5-year MSA.

Edison Avenue Water Main Extension Project

This water main extension project consists of approximately 1,200 feet of distribution main and 36 new metered services. Rawles Engineering Inc., was awarded the contract and began work November 2. The project is scheduled to be complete in late December.

Jonas Water Main Replacement Project

Staff is preparing to begin the design phase for a planned construction in 2019. This project is preliminarily estimated to consist of approximately 19,000 feet of distribution main and 350 new metered services. Staff plans to put the distribution main portion of the project out to public bid in the fall of 2018 for the next 3- to 5-year Master Service Agreement, and utilize a service line MSA contractor for the service lines.

Meter Retrofit Program

- **2017 Meter Retrofit Project**
Flowline Contractors Inc., has completed the 2017 project; and between January and October retrofitted 1,273 services with meters.
- **2018 Meter Retrofit Project**
The next Meter Retrofit Project is scheduled to be put out to bid in late 2017 and consists of about 1290 meter retrofits.

b. County and City Projects/Coordination

The County has a variety of projects scheduled in the next couple of years. Including the projects listed below, the County has approximately six capital projects which will require coordination for District facilities. Specific projects will be described and mitigations proposed as County projects trigger District action.

▪ **Fulton Avenue Overlay Project Phase 2**

The County will be paving Fulton Avenue between Arden Way and Marconi Avenue this fall. The District has 157 valve boxes within the project and has entered into contract with the County's contractor, Teichert Construction (Teichert), to lower and raise the District's valve boxes. This work is scheduled to be completed by the end of the year.

▪ **Countywide Sidewalk Improvements**

The County will be installing sidewalks and curb ramps throughout the County this fall. The District has several valve boxes within the project limits. Engineering will first attempt to contract with the County's contractor to lower and raise the boxes, but if unsuccessful bids will be solicited to perform the work. This work is scheduled to be completed by the end of the year.

▪ **Garfield A.C. Overlay Project**

The County will be paving Garfield Avenue from Verner Avenue to Greenback Lane this fall. The District has 7 valve boxes within the project limits. The District has entered into contract with GM Construction & Developers (GM) to lower and raise the valve boxes. The work is scheduled to be completed by the end of 2017.

c. Development Projects

There are approximately 50 development projects within the District in various stages of the approval process. The majority of these are commercial projects. Currently there are 27 projects approved by the District, 17 of which have started or are under construction, and 10 that are scheduled but have not provided the required deliverables prior to start of construction.

During the month of October there were no projects approved for construction.

- Total fees collected for CY 2017 are approximately \$295,000 which includes approximately \$236,000 in Facilities Development Charges.

d. Planning Studies

Transmission Main Modeling and Prioritization

Brown and Caldwell (B&C) previously completed the additional hydraulic modeling work related to identifying and prioritizing need for new transmission main. A meeting was held

with B&C in early-September to discuss their findings, and B&C submitted a draft technical memorandum for review and comment. B&C concludes that their modeling has confirmed a reduced urgency for completing a backbone transmission system in the NSA. However, an improved transmission main network in the NSA will ultimately be needed for water system reliability and to ensure new production facilities are able to push water into vulnerable areas.

e. Other

New Engine Generator for Administration Building

Construction on the new engine generator and related work at the Marconi Office commenced on October 18, 2017. The project is comprised of two major parts: 1) new generator and enclosure; and 2) new transformer and electrical panels.

Part 1 – Work is progressing but has been delayed due to permitting issues related to the size and location of the natural gas supply line for the generator as well as early November rains. Completion is expected by the end of December.

Part 2 – Work related to the installation of the new transformer and electrical panels has been delayed due to issues with SMUD regarding the location for a new transformer. Affinity Engineering is currently coordinating with SMUD on this issue. Once this issue is resolved a Request for Proposals will be prepared to complete the installation of the new transformer and electrical panels as a separate job in early 2018.

Sacramento Suburban GPS/GIS Implementation Project

One of the GPS units has been deployed by the Field Services division to use in a pilot study to help determine future processes for data acquisition and implementation. This pilot project has field staff gathering location data on meters as they replace them. This will assist GIS and IT staff in determining the best way to transfer precise location data for existing asset information into GIS database.



Agenda Item: 21

Date: November 14, 2017

Subject: General Manager's Report

Staff Contact: Robert S. Roscoe, General Manager

a. Grant of Easement and Right of Way at 2930 Eastern Avenue

Pursuant to Resolution 16-21, the General Manager will accept Grants of Easement and Rights of Way for the below listed property for the purposes of construction and future operation and maintenance of new distribution main pipeline and related appurtenances for the Parkland Estates Waterline Replacement Project Phase 2:

- 2930 Eastern Avenue, Sacramento, California
- 2928 Eastern Avenue, Sacramento, California

b. Cal WaterFix Update

On November 8, 2017, the District's attorneys filed a closing brief on water-supply issues related to the impacts on Folsom Reservoir storage that California WaterFix could have. That brief argues that the District could be injured as a water user for at least two reasons. First, implementation of California WaterFix could change dry-year flows on the lower American River, which could further limit when the District can obtain surface water from the City of Sacramento. Second, California WaterFix could make dry-year supplies from Folsom Reservoir less reliable and effectively compel more groundwater pumping around the District, which would affect the District's groundwater supplies and potentially cause contamination plumes to migrate. The District's staff and attorneys are continuing to work with the Water Forum and other local agencies to present additional evidence to support the implementation of the modified flow management standard to better maintain Folsom Reservoir storage and conditions for fish in the lower American River. That evidence is due November 30, 2017. Finally, the District's attorneys continue to work on the preliminary stages of CEQA litigation concerning the Department of Water Resources' Environmental Impact Review (EIR). To keep costs down and to ensure that everyone who sued over the EIR is as coordinated as possible, the District's attorneys are working with the attorneys for other agencies and groups that sued. Those interests include the City of Sacramento, Sacramento County and other local water suppliers.

c. Del Paso Manor Water District

The District's General Manager and Assistant General Manager met with Del Paso Manor Water District's (DPMWD) General Manager Debra Sedwick, to discuss potential water quality issues with the groundwater supply and the State Revolving Fund process

in the event they lose some groundwater supplies. Part of the State Revolving Fund application process is to conduct a Technical, Managerial, and Financial (TMF) Assessment. This requirement helps ensure that public water systems have long term sustainability and are able to maintain compliance with all applicable drinking water laws and regulations.

If DPMWD has to apply for grant funding, they must demonstrate that both Mandatory and Necessary TMF elements have been addressed as described in the guidance document prior to completion of a construction project. One element in the TMF is Consolidation Feasibility. Each public water system applying for construction financing, or a refinancing loan, must perform an evaluation, including costs and feasibility, of physically consolidating with another public water system. Guidelines for when a consolidation is most feasible include, but are not limited to:

- When one of the water systems is located within another's established service area
- When one of the water systems is within an existing General Plan's zone of influence of the other
- Or, when the water system is within five miles of another public water system.

Ms. Sedwick will be providing the DPMWD Board of Directors with an update on the subject topic at their December 4, 2017 regular Board meeting.



Agenda Item: 22

Date: November 9, 2017

Subject: Financial Report

Staff Contact: Daniel A. Bills, Finance Director

Eight reports are attached for your information. They are:

- Financial Statements – October 2017
- Cash Expenditures – October 2017
- Credit Card Expenditures – October 2017
- District Reserve Balances – October 2017
- Information Required by Bond Agreement

Financial Statements

Balance Sheet:

District cash and cash equivalents increased to \$9.7 million as of October 31, 2017, up from \$2.7 million at December 31, 2016. Cash held in the District's bank accounts (\$4.5 million as of October 30) is held in accordance with state and federal regulations, which state that cash held in the District's bank accounts above the FDIC insured limits must be fully collateralized with government securities that are equal to or greater than 110% of the District's cash balance in the bank at any time.

Investments decreased since December 31, 2016 by \$0.5 million to a total of \$34.1 million, reflecting 1) the net liquidation of \$0.5 million of investments, plus 2) unrealized market value losses and the reinvestment of interest received. At the request of the Board, Investment portfolio and activity is now reported quarterly.

Capital assets grew \$9.2 million to \$454.8 million as of October 31, 2017, reflecting expenditures on distribution main replacement projects, well improvement projects and meter retrofits. Capital assets are primarily funded by monthly remuneration from customers through "capital facilities charges," developer contributions, as well as grant funds, when available, and District reserves when necessary.

Annual debt service payments of \$5.2 million were made on the fixed-rate bonds during the month. Principal paid down was \$4.1 million.

Net position stands at \$244.0 million as of October 31, 2017, compared to \$233.9 million at December 31, 2016 for an increase of \$10.1 million.

Income Statement:

The net position increase of \$10.1 million in 2017, when compared to \$9.3 million for the same year-to-date period in 2016, shows:

1. Water Consumption Sales increased by \$1.1 million (11.9 percent) compared to the same period in 2016 due primarily to increased water deliveries as 27,988 acre-feet of water was delivered in the first ten months of 2017 compared to 26,268 acre-feet in 2016 or an increase of 6.6 percent. In addition to the increased income from water consumptions sales, there was a 4.0 percent rate increase that occurred on January 1, 2017.
2. Operating expenses increased by \$1.3 million compared to the same period a year ago due to - 1) Surface water cost increases of \$0.7 million as surface water was unavailable in the North Service Area until mid-March 2016 and has been available all of 2017; 2) two major leak repairs occurred in 2017 relative to the same period in 2016; and 3) legal cost increases due primarily to CalWaterFix.
3. Interest and investment income decreased \$0.2 million compared to the same period a year ago primarily due to unrealized holding gains in 2016 not recurring in 2017.
4. Facility Development Charges and Developer Contributions decreased by \$0.2 million and \$0.4 million, respectively, compared to the same period a year ago.
5. Capital grant revenue increased \$0.9 million compared to the same period a year ago, due to funding received on the Coyle and Rutland well projects.

Budgets:

The District's operating and maintenance expenditures through October 2017 are less than the budget by \$1.9 million. Most of this positive variance is due to water cost savings that stem primarily from savings on surface water purchased from the City of Sacramento.

Operating capital project expenditures year-to-date have been \$0.72 million with \$0.28 encumbered. The total budget for the year is \$1.1 million.

The District's 2017 capital improvement project (CIP) budget is \$17.0 million. For 2017, \$8.0 million has been spent, while \$4.9 million is encumbered, leaving \$4.0 million unspent and unencumbered. \$3.7 million of the unencumbered amount is due to delays in the Palm Well (\$1.45 million) and the Parkland Estates Phase 2 Distribution Main projects (\$2.24 million).

Debt – October 2017

This report shows District activity in repaying its long-term debt obligations. Scheduled 2017 principal payments of \$4.1 million was made at the end of October along with \$1.1 million in semi-annual interest on the District's two fixed-rate bonds. Total principal outstanding as of October 31, 2017 is \$81.6 million.

Cash Expenditures – October 2017

During the month of October, the District made cash payments totaling \$7.9 million. The primary expenditures were – \$5.2 million for debt service, \$1.1 million for capital improvement projects, \$0.5 million for water costs including pumping and chemical costs, \$0.2 million for general liability insurance, and \$0.7 million for payroll, pension and health benefits.

Purchasing Card Expenditures – October 2017

Per the District's Purchasing Card Policy (PL – FIN 006), a monthly report detailing each purchasing card transaction by cardholder is provided.

During the month, the District spent \$12,726 for various purchases on the six District purchasing cards. Details by vendor and purpose are included in this report.

District Reserve Fund Balances

The District's Reserve Policy, PL – Fin 004, requires the District to maintain a certain level of cash and investments on hand at any one time, as determined by the Board annually. Balances as of October 31, 2017 are \$47,505,515 compared to \$40,988,408 at December 31, 2016.

Information Required by Bond Agreement

Per Article 5.2 (b) of the 2009A COP Reimbursement Agreement with Sumitomo Mitsui Banking Corporation, year-to-date net revenues available for the payment of debt service costs and an estimate of debt service payments for the upcoming six months are provided.

Financial Statements
October 31, 2017

**Sacramento Suburban Water District
Balance Sheet**

As Of

	Month End	Year End
	10/31/2017	12/31/16
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$9,702,188.33	\$2,694,456.00
Restricted Cash and cash equivalents	11,615.70	263.28
Accounts receivable, net of allowance for uncollectible accounts	1,866,919.64	2,277,678.14
Interest receivable	141,385.25	134,041.26
Restricted Interest receivable	2,329.83	8,714.06
Grants receivables	140,945.88	285,928.89
Other receivables		130,550.13
Inventory	622,948.82	463,850.02
Prepaid expenses and other assets	935,140.00	1,949,109.81
TOTAL CURRENT ASSETS	13,423,473.45	7,944,591.59
NONCURRENT ASSETS		
Investments	34,118,882.84	34,619,873.12
Restricted Investments	3,529,112.94	3,531,060.83
Fair value of interest rate swaps	14,266.00	14,266.00
TOTAL NONCURRENT ASSETS	37,662,261.78	38,165,199.95
Property, plant and equipment	454,836,451.23	445,666,713.19
Accumulated depreciation	(169,119,140.52)	(158,959,856.15)
TOTAL CAPITAL ASSETS	285,717,310.71	286,706,857.04
TOTAL ASSETS	336,803,045.94	332,816,648.58
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on long-term debt refunding	6,785,277.55	7,321,214.15
Pension contribution subsequent to measurement date	1,926,537.00	2,078,534.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	345,514,860.49	342,216,396.73
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt and capital leases	4,240,000.00	4,060,000.00
Accounts payable	323,842.12	2,339,210.63
Accrued interest	0.06	465,592.15
Deferred revenue and other liabilities	874,032.34	701,139.54
Accrued expenses	1,110,290.20	1,048,093.02
TOTAL CURRENT LIABILITIES	6,548,164.72	8,614,035.34
NONCURRENT LIABILITIES		
Long-term debt	85,657,782.68	90,441,926.68
Compensated absences	1,123,975.52	1,087,883.47
Net pension liability	7,654,038.00	7,654,038.00
TOTAL NONCURRENT LIABILITIES	94,435,796.20	99,183,848.15
TOTAL LIABILITIES	100,983,960.92	107,797,883.49
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow of effective swaps	14,266.00	14,266.00
Employee pensions	543,791.00	543,791.00
NET POSITION		
Invested in capital assets, net of related debt	199,526,144.51	199,526,144.51
Restricted	3,540,038.17	3,540,038.17
Unrestricted	40,906,659.89	30,794,273.56
TOTAL NET POSITION	243,972,842.57	233,860,456.24
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	345,514,860.49	342,216,396.73

**Sacramento Suburban Water District
Income Statement**

Period Ended

	<u>Month</u>	<u>Year-To-Date</u>	<u>Month</u>	<u>Year-To-Date</u>
	<u>10/31/2017</u>	<u>10/31/2017</u>	<u>10/31/2016</u>	<u>10/31/2016</u>
OPERATING REVENUES				
Water consumption sales	\$1,340,642.75	\$10,812,988.88	\$1,137,871.65	\$9,664,179.01
Water service charge	537,713.49	5,292,824.08	533,186.45	5,260,143.93
Capital facilities charge	1,959,468.17	19,288,717.16	1,883,093.43	18,527,177.43
Wheeling water charge	551.76	167,185.82	586.42	166,246.58
Other charges for services	102,864.29	874,448.15	86,362.02	812,327.10
TOTAL OPERATING REVENUES	<u>3,941,240.46</u>	<u>36,436,164.09</u>	<u>3,641,099.97</u>	<u>34,430,074.05</u>
OPERATING EXPENSES				
Source of supply	448,140.83	2,696,061.01	129,178.30	1,976,416.80
Pumping	405,956.18	3,151,868.20	356,897.32	3,164,213.34
Transmission and distribution	409,406.05	3,121,669.64	246,479.71	2,758,077.13
Water conservation	31,365.23	366,267.04	144,588.81	465,770.29
Customer accounts	61,842.93	1,016,910.49	94,224.19	942,213.80
Administrative and general	453,866.90	5,451,294.33	587,444.93	5,148,997.96
TOTAL OPERATING EXPENSES	<u>1,810,578.12</u>	<u>15,804,070.71</u>	<u>1,558,813.26</u>	<u>14,455,689.32</u>
Operating income before depreciation	2,130,662.34	20,632,093.38	2,082,286.71	19,974,384.73
Depreciation and amortization	<u>(1,011,784.92)</u>	<u>(10,159,284.37)</u>	<u>(986,504.82)</u>	<u>(9,884,951.17)</u>
OPERATING INCOME	1,118,877.42	10,472,809.01	1,095,781.89	10,089,433.56
NON-OPERATING REV. (EXP.)				
Rental income	18,683.70	214,216.98	22,523.33	216,668.58
Interest and investment income	10,246.68	551,198.77	(35,870.83)	752,563.51
Interest expense	(273,432.02)	(2,899,601.56)	(278,508.38)	(2,976,890.00)
Other non-operating revenues		179,909.10	3,095.45	11,816.77
Grant revenue pass-through to sub recipients		389,100.55	33,880.00	763,754.28
Other non-operating expenses		3,652.99	(3,565.75)	(3,577.07)
Sub recipient grant expenses		(389,100.55)	(33,880.00)	(763,754.28)
NON-OPERATING REV. (EXP.)	<u>(244,501.64)</u>	<u>(1,950,623.72)</u>	<u>(292,326.18)</u>	<u>(1,999,418.21)</u>
NET INCOME (LOSS) BEFORE CAPITAL	874,375.78	8,522,185.29	803,455.71	8,090,015.35
CAPITAL CONTRIBUTIONS				
Facility development charges		91,097.00		249,420.00
Developer contributions		413,977.00		773,540.00
Federal, state and local capital grants		1,085,127.04		149,825.00
TOTAL CAPITAL CONTRIBUTIONS		<u>1,590,201.04</u>		<u>1,172,785.00</u>
CHANGE IN NET POSITION	874,375.78	10,112,386.33	803,455.71	9,262,800.35
Net position at beginning of period	<u>243,098,466.79</u>	<u>233,860,456.24</u>	<u>234,195,535.61</u>	<u>225,736,190.97</u>
NET POSITION AT END OF PERIOD	<u>243,972,842.57</u>	<u>243,972,842.57</u>	<u>234,998,991.32</u>	<u>234,998,991.32</u>

**Sacramento Suburban Water District
Operations and Maintenance Budget
Period Ended**

	<i>Month Of October</i>			<i>2017 YTD</i>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<i>BUDGETED OPERATING EXPENSES</i>						
Board of Directors	\$2,631.49	\$2,704.88	\$73.39	\$33,304.42	\$37,148.80	\$3,844.38
Administrative	145,133.89	178,859.48	33,725.59	1,616,922.67	1,785,344.80	168,422.13
Finance	59,977.61	86,472.88	26,495.27	819,362.73	980,228.80	160,866.07
Customer Services	61,842.93	107,221.55	45,378.62	1,016,910.49	1,076,523.50	59,613.01
Field Operations	41,359.52	34,792.47	(6,567.05)	447,216.83	445,924.70	(1,292.13)
Production	854,097.01	692,185.06	(161,911.95)	5,847,929.21	6,899,614.72	1,051,685.51
Distribution	271,839.99	197,650.37	(74,189.62)	1,901,676.04	1,963,503.70	61,827.66
Field Services	137,566.06	113,137.66	(24,428.40)	1,219,342.66	1,087,781.60	(131,561.06)
Maintenance	53,072.16	59,875.71	6,803.55	509,926.97	598,756.82	88,829.85
Water Conservation	31,365.23	44,929.27	13,564.04	366,267.04	460,267.70	94,000.66
Engineering	85,789.92	126,737.02	40,947.10	994,437.52	1,241,760.20	247,322.68
GIS/CAD	26,980.78	29,488.82	2,508.04	290,027.46	303,388.20	13,360.74
Human Resources	11,598.18	25,437.96	13,839.78	176,004.98	186,484.60	10,479.62
MIS	27,323.35	65,514.81	38,191.46	564,741.69	662,148.10	97,406.41
<i>TOTAL OPERATING EXPENSES</i>	<u><u>1,810,578.12</u></u>	<u><u>1,765,007.94</u></u>	<u><u>(45,570.18)</u></u>	<u><u>15,804,070.71</u></u>	<u><u>17,728,876.24</u></u>	<u><u>1,924,805.53</u></u>

SACRAMENTO SUBURBAN WATER DISTRICT
OPERATING CAPITAL AMENDED BUDGET
10/31/2017

Project Number	Project Name	Original Budget	Budget Amendments	Amended Budget	Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SF17-396	VEH REPL - RIGHT SIZE/TRUCK#41	33,000.00	(\$3,335.00) ²	\$29,665.00		\$ 29,638.26		\$ 26.74
SF17-397	VEH REPL-RIGHT SIZE TRUCK#25	70,000.00		\$70,000.00	360.85	67,410.20	1,181.00	1,408.80
SF17-398	VEH REPL-RIGHT SIZE/TRUCK#27	130,000.00		\$130,000.00		-	118,111.00	11,889.00
SF17-399	NEW VEH-PROD DEPT/CCCS	34,500.00	\$1,669.00 ²	\$36,169.00 ²		34,744.18	1,250.00	174.82
SF17-400	FACILITY SIGN HOLDER REPL	7,200.00		\$7,200.00	4,040.63	4,040.63	-	3,159.37
SF17-401	PROD MAG METER REPL	23,000.00		\$23,000.00		20,000.00	200.00	2,800.00
SF17-402	CHEMICAL TRAILER REFURB/REPL	10,000.00	\$1,700.00 ⁶	\$11,700.00 ⁶		-	11,697.00	3.00
SF17-403	SECURITY CAMERAS	30,000.00	(\$10,200.00) ^{5,6}	\$19,800.00 ^{5,6}		-	-	19,800.00
SF17-404	SCADA CONTRL SYS INTEGRATION	75,000.00		\$75,000.00		6,066.07	68,500.00	433.93
SF17-405	VAN AIR UNDERDECK-AIR SUPPLY-T30	25,000.00		\$25,000.00		21,501.72		3,498.28
SF17-406	METER FAULT LID RETROFIT	10,500.00		\$10,500.00		10,025.00	-	475.00
SF17-407	GPS/GIS INTEGRATION-PH 1	70,000.00		\$70,000.00	44,513.52	44,513.52	50.00	25,436.48
SF17-408	BUILDING/STRUCTURE MAINT	95,000.00		\$95,000.00	4,810.00	59,390.00	27,100.00	8,510.00
SF17-409	HVAC/ROOF/BUILDING REPAIRS	30,000.00		\$30,000.00		6,678.00	7,278.00	16,044.00
SF17-410	WALNUT FACILITY LIGHT UPGRADE	40,000.00	(\$16,259.00) ²	\$23,741.00 ²		23,740.65	-	0.35
SF17-411	DRIVEWAY/PARKING/IRRIGA-WALNUT	10,000.00		\$10,000.00		7,180.00	-	2,820.00
SF17-412	WALNUT - INTERIOR PAINTING	25,000.00	\$16,700.00 ^{1, 2}	\$41,700.00 ^{1,2}		41,700.00	2,800.00	(2,800.00)
SF17-413	EXTERIOR PAINT-WALNUT	40,000.00	(\$40,000.00) ¹	\$0.00 ¹		-	-	-
SF17-414	WALNUT - NEW OFFICES	15,000.00	\$26,716.00 ^{1, 2}	\$41,716.00 ^{1,2}		41,716.00	-	-
SF17-415	WALNUT - NEW FOYER FURNITURE	6,000.00	\$2,000.00 ¹	\$8,000.00 ¹		-	-	8,000.00
SF17-416	ANTELOPLE GARDEN - MULCH	20,000.00		\$20,000.00		16,305.00	7,390.00	(3,695.00)
SF17-417	MARCONI - SECURITY UPGRADE	15,000.00	(\$4,321.00) ²	\$10,679.00 ²		11,224.08		(545.08)
SF17-418	TRAILER REFURBISH - VEHICLE 33A	10,000.00		\$10,000.00	969.74	9,592.19	-	407.81
SF17-419	WALNUT - NEW OFFICE FURNITURE	10,000.00	\$16,830.00 ^{1,2}	\$26,830.00 ^{1,2}		27,181.51		(351.51)
SF17-420	HARDWARE REFRESH PROGRAM	82,800.00	\$13,500.00 ^{4,5}	\$96,300.00 ^{4,5}	22,405.66	87,608.82	146.00	8,545.18
SF17-421	SOFTWARE ENHANCEMENTS/MODULES	85,000.00	\$21,000.00 ³	\$106,000.00 ³	27,375.00	83,111.66	21,772.00	1,116.34
SF17-422	GPS/GIS INTEGRATION - HARDWARE	75,000.00	(\$26,000.00) ^{3,4}	\$49,000.00 ^{3,4}		-		49,000.00
SF17-423	WEBSITE UPGRADE	58,000.00		\$58,000.00		36,052.50	12,019.00	9,928.50
SF17-424	NEW STAFF - 2 DESK TOPS/2 LAPTOPS	6,000.00		\$6,000.00		6,479.15		(479.15)
SF17-425	MARCONI GARAGE SECURITY		\$25,000.00	\$25,000.00		23,696.00	-	1,304.00
		1,141,000.00	\$25,000.00	\$1,166,000.00	\$ 104,475.40	\$ 719,595.14	\$ 279,494.00	\$ 166,910.86

**Sacramento Suburban Water District
Capital Improvement Project Amended Budget
10/31/2017**

Project No.	Project Name	Original Budget	Amended Budget		Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SC17-009	WELL REHAB/PUMP ST IMPROVEMENT	700,000.00	\$1,300,000.00	^{1,3}	\$ 119,563.85	\$ 762,101.75	\$ 330,481.00	\$ 207,417.25
SC17-010	SCADA RTU/COMMUN IMPROVEMENT	75,000.00	\$75,000.00	-	6,390.00	23,675.00	79,700.00	(28,375.00)
SC17-011	WELLHEAD TREATMENT/CHEM FEED	250,000.00	\$250,000.00	-		3,111.00	168,089.00	78,800.00
SC17-012	WELL REPLACEMENTS	2,000,000.00	\$1,700,000.00	¹	6,858.75	97,715.99	375,883.00	1,226,401.01
SC17-013	ELECTRICAL IMPROV @WELL SITES	25,000.00	\$25,000.00	-	-	17,808.00	23,637.00	(16,445.00)
SC17-018	DISTRIBUTION MAIN REPLACEMENTS	9,250,000.00	\$8,300,000.00	²	537,366.97	4,988,943.60	3,129,537.00	181,519.40
SC17-019	DIST MAIN IMPRV/EXT/INTERTIES	600,000.00	\$600,000.00	-	1,760.00	30,159.05	476,273.00	93,567.95
SC17-020	MCCLELLAN LINE REPL	50,000.00	\$50,000.00	-		-	5,000.00	45,000.00
SC17-022	WTR RELATED STREET IMPRV	200,000.00	\$350,000.00	⁵	9,785.00	112,236.00	206,156.00	31,608.00
SC17-024	METER RETROFIT PROGRAM	2,540,000.00	\$2,540,000.00	-	93,580.86	1,817,609.45	107,683.00	614,707.55
SC17-034	RESERVIOR/TANK IMPROVMENT	100,000.00	\$100,000.00	-	19,186.06	75,406.10	28,701.00	(4,107.10)
SC17-034A	CORROSION CONTROL-TRAN MAINS	450,000.00	\$450,000.00	-		3,750.45		446,249.55
SC17-038	LARGE WTR METER >3" REPL	100,000.00	\$100,000.00	-	12,753.00	80,787.00	5,500.00	13,713.00
SC17-040	ENGINE GENERATOR COMPLIANCE	35,000.00	\$385,000.00	⁴		13,335.43	-	371,664.57
SC17-042	METER REPLACE/REPAIR - WMP	50,000.00	\$350,000.00	²	5,197.86	6,636.09	-	343,363.91
SC17-046	TANK INSPECTION & REPAIRS	200,000.00	\$200,000.00	-	5,980.00	5,980.00	-	194,020.00
SC17-047	NSA TRANSMISSION LINES	300,000.00	\$150,000.00	⁵		-	-	150,000.00
SC17-048	RIGHT OF WAY/EASEMENT ACQUISTI	50,000.00	\$50,000.00	-		-	-	50,000.00
Totals SSWD		\$ 16,975,000.00	\$ 16,975,000.00		\$ 818,422.35	\$ 8,039,254.91	\$ 4,936,640.00	\$ 3,999,105.09

**Sacramento Suburban Water District
Debt
10/31/2017**

Current Month

	Series 2009A COP	Series 2009B COP	Series 2012A	Total
Beginning Balance	\$ 42,000,000	\$ 24,095,000	\$ 19,520,000	\$ 85,615,000
Additions:				-
Reductions: Payment	-	(2,030,000)	(2,030,000)	(4,060,000)
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ 22,065,000</u>	<u>\$ 17,490,000</u>	<u>\$ 81,555,000</u>

Year-To-Date

	Series 2009A COP	Series 2009B COP	Series 2012A	Total
Beginning Balance	\$ 42,000,000	\$ 24,095,000	\$ 19,520,000	\$ 85,615,000
Additions:				-
Reductions: Payment	-	(2,030,000)	(2,030,000)	(4,060,000)
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ 22,065,000</u>	<u>\$ 17,490,000</u>	<u>\$ 81,555,000</u>

**Cash Expenditures
October 2017**

AP Warrant List from 10/1/2017 to 10/31/2017

Group	Vendor Name	Date	Amount	Description
	ACWA JPIA INSURANCE/EAP - Invoices:1	10/12/2017	\$150.40	Miscellaneous Employee Benefits
	ADP Payroll - 2	10/27/2017	\$457,849.47	Payroll
	AMERITAS (VISION) - Invoices:1	10/6/2017	\$1,858.20	Employee Benefit - Vision
	BASIC - Invoices:1	10/24/2017	\$34.00	Miscellaneous Employee Benefits
	CIGNA GROUP INS LIFE/LTD - Invoices:1	10/6/2017	\$3,914.76	Employee Benefit - LTD Insurance
	PERS HEALTH - Invoices:2	10/30/2017	\$95,540.89	Employee Benefit - Medical
	PERS PENSION - Invoices:13	10/2/2017	\$132,578.59	Employee Benefit - PERS
	AFFINITY ENGINEERING INC - Invoices:1	10/24/2017	\$6,390.00	Construction In Progress
	AREA WEST ENGINEERS - Invoices:3	10/12/2017	\$4,620.00	Construction In Progress
	BUD'S TRI COUNTY TREE SERVICE -	10/12/2017	\$7,535.00	Construction In Progress
	CALIFORNIA CUSTOM TRAILERS -	10/6/2017	\$969.74	Construction In Progress
	CDWG - Invoices:4	10/6/2017	\$50,315.50	Construction In Progress
	CENTRAL VALLEY ENG & ASPHALT -	10/6/2017	\$47,427.00	Construction In Progress
	COUNTY OF SAC ENVIRO MGT - Invoices:1	10/13/2017	\$746.00	Construction In Progress
	DOUG VEERKAMP GENERAL ENGR -	10/24/2017	\$452,960.95	Construction In Progress
	ERC CONTRACTING - Invoices:4	10/6/2017	\$14,460.00	Construction In Progress
	FERGUSON WATERWORKS - Invoices:1	10/12/2017	\$1,540.88	Construction In Progress
	FLOWLINE CONTRACTORS INC - Invoices:2	10/6/2017	\$115,631.82	Construction In Progress
	GEOCON CONSULTANTS INC - Invoices:1	10/24/2017	\$1,715.00	Construction In Progress
	GM CONSTRUCTION & DEVELOPERS -	10/6/2017	\$127,332.55	Construction In Progress
	HEROLD & MIELENZ INC - Invoices:1	10/24/2017	\$18,556.22	Construction In Progress
	KIRBY PUMP AND MECHANICAL - Invoices:5	10/6/2017	\$40,014.74	Construction In Progress
	LEICA GEOSYSTEMS INC - Invoices:2	10/6/2017	\$44,513.52	Construction In Progress
	LOEWEN PUMP MAINTENANCE - Invoices:3	10/6/2017	\$9,280.00	Construction In Progress
	LUHDORFF & SCALMANINI - Invoices:1	10/6/2017	\$13,373.45	Construction In Progress
	NATIONAL METER AND AUTOMATION INC -	10/6/2017	\$43,422.18	Inventory Supplies
	ONE STOP TRUCK SHOP - Invoices:1	10/6/2017	\$360.85	Construction In Progress
	PACIFIC COPY & PRINT - Invoices:1	10/24/2017	\$213.25	Construction In Progress
	PRODIGY ELECTRIC - Invoices:3	10/6/2017	\$27,900.00	Construction In Progress
	RAWLES ENGINEERING - Invoices:5	10/6/2017	\$13,585.00	Construction In Progress
	RIVER CITY PAINTING - Invoices:2	10/24/2017	\$10,790.00	Construction In Progress
	S E AHLSTROM INSPECTION - Invoices:1	10/24/2017	\$10,800.00	Construction In Progress
	SIERRA WEST CONSULTANTS - Invoices:1	10/6/2017	\$18,545.50	Construction In Progress
	SIGNS IN 1 DAY - Invoices:1	10/6/2017	\$4,040.63	Construction In Progress
	STEWART TITLE OF FAIR OAKS - Invoices:2	10/24/2017	\$800.00	Construction In Progress
	TEICHERT CONSTRUCTION - Invoices:1	10/6/2017	\$8,985.00	Construction In Progress
	WEST COAST WELL LOGGING - Invoices:1	10/12/2017	\$775.00	Construction In Progress
	WOOD RODGERS ENGINEERING -	10/6/2017	\$10,553.75	Construction In Progress
	UNION BANK NA - Invoices:3	10/16/2017	\$5,080,222.35	Current Portion 2009B COP
	CITIGROUP GLOBAL MARKETS INC -	10/6/2017	\$13,232.88	2009A COP Interest Expense

SUMITOMO MITSUI BANKING	10/4/2017	\$27,233.55	2009A COP Interest Expense
WELLS FARGO SWAP - Invoices:1	10/1/2017	\$61,186.68	2009A COP Interest Expense

BARTKIEWICZ KRONICK & SHANAHAN -	10/24/2017	\$14,417.85	Legal Services
PFM ASSET MANAGEMENT LLC - Invoices:1	10/6/2017	\$3,793.80	Financial Services
ADP, INC - Invoices:5	10/18/2017	\$2,641.73	Financial Services
WESTAMERICA BANK ANALYSIS FEES -	10/18/2017	\$6,710.84	Financial Services
WESTAMERICA CARD PROCESSING STMT -	10/18/2017	\$6,806.60	Financial Services
VANTIV INTEGRATED PAYMENT	10/18/2017	\$480.21	Financial Services
WELLS FARGO STATEMENTS & NOTICES -	10/18/2017	\$328.13	Financial Services
BRINKS - Invoices:2	10/12/2017	\$527.87	Financial Services

ACWA - Invoices:1	10/17/2017	\$22,850.00	Annual Membership/Dues
ACWA JPIA INSURANCE AUTHORITY -	10/6/2017	\$224,695.86	Liability Insurance 2017/2018
AIRGAS USA LLC - Invoices:1	10/17/2017	\$121.80	Operating Supplies
ALL PRO BACKFLOW - Invoices:5	10/6/2017	\$4,195.00	Backflow Services
ALLTECH GATES - Invoices:1	10/17/2017	\$180.00	Building Maintenance - Office &
AM CONSERVATION GROUP INC -	10/6/2017	\$5,312.09	Operating Supplies
ANSWERNET - Invoices:1	10/24/2017	\$494.21	Communication
AT&T CALNET 3 - Invoices:5	10/6/2017	\$3,143.98	Communication
ATLAS DISPOSAL - Invoices:2	10/17/2017	\$336.14	Building Service Expense - Office &
AVILES SIGN AND LIGHTING REPAIR -	10/6/2017	\$3,211.44	Building Maintenance - Office &
AWWA - Invoices:2	10/17/2017	\$7,765.00	Licenses, Permits & Fees
BACKFLOW TECHNOLOGIES - Invoices:1	10/12/2017	\$61.79	Operating Supplies
BADGER METER INC - Invoices:1	10/17/2017	\$72.00	Communication
BRIAN HENSON - Invoices:1	10/6/2017	\$928.00	Backflow Services
BROADRIDGE MAIL LLC - Invoices:11	10/18/2017	\$18,067.32	Postage/Shipping/UPS/Fed Ex
BROWER MECHANICAL - Invoices:3	10/6/2017	\$1,692.00	Building Maintenance - Office &
BSK ASSOCIATES - Invoices:5	10/24/2017	\$11,165.00	Inspection & Testing
BURTON ROB /BURT'S LAWN & GARDEN	10/6/2017	\$14,660.00	Contract Services
CAPITAL RUBBER CO LTD - Invoices:1	10/24/2017	\$10.83	Equipment Maintenance Supplies
CAPITOL ELEVATOR COMPANY - Invoices:2	10/6/2017	\$225.00	Building Service Expense - Office &
CELL ENERGY INC - Invoices:1	10/12/2017	\$261.27	Equipment Maintenance Supplies
CINTAS - Invoices:16	10/6/2017	\$2,938.71	Building Maintenance - Office &
CITRUS HEIGHTS WATER DISTRICT -	10/6/2017	\$124.67	Public Relations
CITY OF SACRAMENTO DEPT OF UTILITIES	10/6/2017	\$77.37	Utilities
CLEAR VISION WINDOW CLEANING -	10/17/2017	\$225.00	Building Service Expense - Office &
COMCAST - Invoices:1	10/17/2017	\$32.18	Communication
CONSOLIDATED COMMUNICATIONS -	10/17/2017	\$412.06	Communication
CORIX WATER PRODUCTS US INC. -	10/6/2017	\$4,915.58	Operating Supplies
COTTON SHOPPE - Invoices:1	10/24/2017	\$51.96	Uniforms
COUGHRAN MECHANICAL SERVICE -	10/12/2017	\$7,995.47	Contract Services
COUNTY OF SAC ENVIRO MGT DEPT -	10/18/2017	\$107.00	Licenses, Permits & Fees
COUNTY OF SAC PUBLIC WORKS -	10/24/2017	\$2,872.50	Licenses, Permits & Fees
COUNTY OF SAC UTILITIES - Invoices:1	10/6/2017	\$125.11	Utilities
CROWN DISTRIBUTING - Invoices:1	10/6/2017	\$410.75	Building Maintenance - Office &

CULLIGAN - Invoices:2	10/12/2017	\$237.00 Building Maintenance - Office &
Customer Refunds: 129	10/6/2017	\$12,945.18 Refund Clearing Account
DAN YORK - Invoices:1	10/6/2017	\$167.46 Local Travel Cost
DAWSON OIL CO - Invoices:1	10/6/2017	\$2,527.19 Operating Supplies
DIRECT TV - Invoices:2	10/6/2017	\$14.25 Communication
DOMCO PLUMBING - Invoices:1	10/12/2017	\$148.00 Contract Services
DOUMIT CONSTRUCTION INC - Invoices:1	10/6/2017	\$2,272.64 Hydrant Meter Deposit Refund
EMIGH ACE HARDWARE - Invoices:8	10/6/2017	\$123.97 Building Maintenance - Office &
FASTENAL COMPANY - Invoices:4	10/6/2017	\$1,539.10 Operating Supplies
FEDERAL EXPRESS CORPORATION -	10/24/2017	\$35.97 Postage/Shipping/UPS/Fed Ex
FLEETWASH INC - Invoices:1	10/25/2017	\$348.50 Vehicle Maintenance Services
FRESH LOOK MOBILE WASH LLC -	10/12/2017	\$1,270.00 Vehicle Maintenance Services
FUTURE FORD - Invoices:1	10/24/2017	\$65.47 Vehicle Maintenance Services
GARY BABIN - Invoices:1	10/24/2017	\$197.11 Uniforms
GEREMY MOODY - Invoices:1	10/24/2017	\$165.00 Required Training
GRAINGER - Invoices:4	10/24/2017	\$2,794.10 Operating Supplies
H2H PROPERTIES - Invoices:4	10/6/2017	\$3,663.00 H&D WALNUT PARKING LOT LEASE
HACH COMPANY - Invoices:1	10/24/2017	\$86.46 Operating Supplies
HARRINGTON PLASTICS - Invoices:2	10/6/2017	\$5,866.18 Operating Supplies
HARROLD FORD - Invoices:10	10/6/2017	\$2,379.16 Vehicle Maintenance Services
HD Supply/WHITE CAP - Invoices:2	10/12/2017	\$2,130.02 Operating Supplies
HERBURGER PUBLICATIONS INC -	10/6/2017	\$400.00 Public Relations
HILL RIVKINS BROWN & ASSOCIATES -	10/17/2017	\$420.00 Consulting Services
IRON MOUNTAIN OFF SITE DATA	10/17/2017	\$492.94 Equipment Maintenance Services
J&J LOCKSMITH - Invoices:1	10/24/2017	\$96.97 Building Maintenance - Office &
JAMES BYRD SMOKE TESTING - Invoices:1	10/5/2017	\$240.00 Vehicle Maintenance Services
JD PASQUETTI - Invoices:1	10/12/2017	\$2,180.30 Hydrant Meter Deposit Refund
KENNEDY JENKS CONSULTANTS -	10/12/2017	\$4,112.50 Consulting Services
KLEINFELDER - Invoices:1	10/24/2017	\$2,972.00 Consulting Services
LES SCHWAB TIRE CENTER/MADISON -	10/6/2017	\$1,035.68 Equipment Maintenance Services
MICHAEL PHILLIPS LANDSCAPE CORP -	10/6/2017	\$5,830.00 Building Service Expense - Office &
MILLER MECHANICAL - Invoices:3	10/24/2017	\$3,475.25 Contract Services
NORMAC - Invoices:1	10/6/2017	\$32.86 Operating Supplies
OFFICE DEPOT INC - Invoices:2	10/6/2017	\$163.00 Office Supplies
PAINTING & DECORATING CONTRACTORS -	10/12/2017	\$150.00 BMP Rebates
PALADIN PRIVATE SECURITY - Invoices:1	10/6/2017	\$460.00 Building Service Expense - Office &
PHYLLIS CHRISTENSEN - Invoices:1	10/6/2017	\$137.00 BMP Rebates
PITNEY BOWES LEASES - Invoices:1	10/17/2017	\$544.64 Equipment Rental/Lease
PROTECTION ONE - Invoices:1	10/24/2017	\$522.87 Building Service Expense - Office &
PUMP EFFICIENCY TESTING SERVICES -	10/12/2017	\$1,400.00 Contract Services
RAY MORGAN CO - Invoices:1	10/17/2017	\$201.83 Equipment Maintenance Services
RELIABLE PEST MANAGEMENT - Invoices:3	10/6/2017	\$255.00 Building Service Expense - Office &
RESOURCE TELECOM LLC - Invoices:2	10/6/2017	\$976.17 Equipment Maintenance Services
RIVER CITY FIRE EQUIP CO INC -	10/6/2017	\$1,860.41 Building Service Expense - Office &
ROBERT BARRAGAN - Invoices:1	10/6/2017	\$199.42 Uniforms

ROBERT ROSCOE - Invoices:1	10/24/2017	\$92.00	Local Travel Cost
RODNEY LEE - Invoices:1	10/6/2017	\$60.00	Required Training
RUE EQUIPMENT INC - Invoices:6	10/24/2017	\$743.33	Equipment Maintenance Services
SAC ICE LLC - Invoices:1	10/24/2017	\$187.50	Building Maintenance - Office &
SACRAMENTO BEE - Invoices:1	10/17/2017	\$478.40	Publication
SACRAMENTO CO TAX COLLECTOR -	10/17/2017	\$2,241.52	Property Taxes
SACRAMENTO SUBURBAN WATER	10/24/2017	\$485.42	Petty Cash Reimbursements
SAWWA - Invoices:2	10/12/2017	\$600.00	Membership & Dues
SHAWN SHEDENHELM - Invoices:1	10/12/2017	\$161.59	Uniforms
SONITROL - Invoices:2	10/17/2017	\$1,696.84	Building Service Expense - Office &
SOPHOS SOLUTIONS - Invoices:1	10/6/2017	\$5,920.00	Consulting Services
STATE WATER RESOURCE - Invoices:1	10/6/2017	\$527.00	Inspection & Testing
STEVE MOSUNIC - Invoices:1	10/6/2017	\$150.00	BMP Rebates
SUSPECTS THEATER - Invoices:1	10/17/2017	\$1,460.79	Employee Retention/Morale
TEE JANITORIAL & MAINTENANCE -	10/6/2017	\$3,223.50	Building Service Expense - Office &
TINA LYNN DESIGN - Invoices:2	10/6/2017	\$300.00	Consulting Services
TOMMY FOX - Invoices:1	10/27/2017	\$193.92	Uniforms
VALLEY REDWOOD & YARD SUPPLY -	10/24/2017	\$82.97	Operating Supplies
VERIZON WIRELESS/DALLAS TX -	10/6/2017	\$5,115.80	Communication
VICKI SPRAGUE - Invoices:1	10/12/2017	\$250.00	Uniforms
VOYAGER FLEET SYSTEMS - Invoices:1	10/12/2017	\$8,474.03	Operating Supplies
WASTE MANAGEMENT - Invoices:3	10/6/2017	\$753.78	Building Service Expense - Office &
WATER EDUCATION FOUNDATION -	10/24/2017	\$35.00	Other Training
WATER ENVIRONMENT FEDERATION -	10/12/2017	\$320.00	Membership & Dues
WATERWISE CONSULTING, INC. -	10/6/2017	\$3,325.00	Consulting Services
WELLS CONSTRUCTION - Invoices:1	10/24/2017	\$2,286.32	Hydrant Meter Deposit Refund
WELLS SWEEPING -Monthly - Invoices:1	10/17/2017	\$88.75	Building Service Expense - Office &

PG&E - Invoices:4	10/6/2017	\$286.65	Utilities
CITY OF SACRAMENTO WATER - Invoices:4	10/12/2017	\$163,333.81	Purchased Water-City of
PLACER COUNTY WATER AGENCY -	10/24/2017	\$105,000.00	Water
SIERRA CHEMICAL COMPANY - Invoices:6	10/6/2017	\$34,317.00	HFA, Chemical & Delivery
SMUD - Invoices:4	10/6/2017	\$181,933.81	Electrical Charges

\$7,948,658.75

**Purchasing Card Expenditures
October 2017**

Sacramento Suburban Water District
 US Bank Purchasing Card Program
 CalCard Expenditures
 October 2017

Vendor Name	Description	Amount	Proj/GLAcct
OFFICE DEPOT	OFFICE SUPPLIES - "COPY" STAMP	\$ 11.30	17-52108
BRIDGEPORT EQUIP. & TOOLS	2017 RED WING WORK BOOTS - MICHELLE HIRT	\$ 215.95	12-51408
CAPITAL AIR TOOL LLC	REPAIR BACKFILL TAMPER S/N#60940059	\$ 194.12	12-54003
J&J LOCKSMITH	10 EACH SPARE KEYS	\$ 53.88	12-54004
PEP BOYS	10 EACH STEERING WHEEL COVERS FOR PRODUCTION DEPARTMENT	\$ 96.80	12-54005
LIGHT BULBS PLUS	10 EACH REPLACEMENT LEDS FOR RECESSED LIGHTING	\$ 107.64	12-54008
THE HOME DEPOT	GFCI RECEPTICLES, PLATE COVERS, T103 INTERMATIC TIME & TEST PLANTS	\$ 112.01	12-54008
HOBLIT CHRYSLER JEEP DODGE	2 SPARE IGNITION KEYS FOR NEW VEHICLE #71	\$ 215.14	SF17-397
THE HOME DEPOT	SUPER GLUE, CHLORINE TABS AND FLOATER	\$ 66.61	12-52101
THE HOME DEPOT	SUPPLIES TO BUILD MODEM MOUNTS FOR VEHICLES	\$ 63.89	12-54006
MAITA TOYOTA	DRIVER SIDE VISOR FOR VEHICLE #09	\$ 109.45	12-54005
DHS EQUIPMENT	MAINTENANCE/REPAIR PARTS FOR BS600 RAMMER - EQUIPMENT #69	\$ 102.47	12-54003
GCIRON.COM	REPAIR PARTS FOR RAMMER #68 AND PUMP #207	\$ 258.42	12-54003
BATTERIES PLUS BULBS	REPLACEMENT BATTERIES FOR SUITE 300 NETWORK UPS	\$ 116.15	18-52101
OTTER BOX	REPLACEMENT SCREEN FOR MICHELLE HIRT	\$ 4.99	18-52101
GOVERNMENT FINANCE	ANNUAL GAAP UPDATE FOR LYNN PHAM	\$ 135.00	03-51406
FLASHPOINT STUDIOS	MONTHLY FEE FOR ONHOLD RECORDINGS	\$ 79.00	04-54506
GOVERNMENT FINANCE	DISCLOSURE UPDATE FOR DAN BILLS	\$ 85.00	03-51406
APWA	APWA SUPPORT STAFF SEMINAR FOR RACHEL MIDDLESTEAD	\$ 45.00	15-51407
CA-NV SECTION AWWA	CA-NV ANNUAL FALL CONFERENCE FOR MITCHELL MCCARTHY	\$ 445.00	15-55001
OWPSACSTATE	T2-D2 COURSE ENROLLEMENT AND MATERIALS FOR DAN BILLS	\$ 265.77	03-51407
GOVERNMENT FINANCE	HOW TO ACCOUNT FOR CAPITAL ASSETS FOR LYNN PHAM	\$ 85.00	03-51407
DATABANK	ONBASE CONCURRENT LICENSES FOR OFFICE 2016	\$ 1,504.58	18-54509
JPIA	HUMAN RESOURCES GROUP MEETING	\$ 20.00	15-51407
CA-NV SECTION AWWA	T1-T2 REVIEW-SAC (CHAD JIVIDEN)	\$ 195.00	07-51406
OFFICE DEPOT	CORK BOARD W/PLASTIC FRAME	\$ 126.95	08-52101
PUBLIC SECTOR EXCELLENCE	" DEALING SUCCESSFULLY WITH CUSTOMERS" (RYAN & JEO) CONCORD	\$ 290.00	06-51406
THE HOME DEPOT	1" GALVINIZED NIPPLES (PRODUCTION-06)	\$ 17.66	06-52101
THE HOME DEPOT	1" GALVINIZED NIPPLES (PRODUCTION-06)	\$ 15.88	06-52101
CA-NV SECTION, AWWA	CA-NV AWWA ANNUAL FALL CONFRENCE- METER COMMITTEE MEETING	\$ 445.00	08-55001
ACWA	ACWA 2017 REGULATORY SUMMIT	\$ 270.00	13-55002
ATLANTIS CASINO RESORT	CA-NV AWWA ANNUAL FALL CONFRENCE (RENO) TODD ARTRIP	\$ 145.77	08-55001
AMAZON.COM	LEATHERMAN PREMIUM LEATHER SHEATH'S	\$ 59.00	05-52101
ATLANTIS CASINO RESORT	CA-NV AWWA ANNUAL FALL CONFRENCE (RENO) TODD ARTRIP	\$ 382.29	05-52101

AWWA	AWWA WATER QUALITY TECHNOLOGY CONFERENCE (PORTLAND OREGON)	\$	645.00	06-51406
SOUTHWEST.COM	ROUNDTRIP FLIGHT TO PORTLAND OREGON (HANNAH DUNRUD)	\$	227.96	06-51406
SMART & FINAL	KITCHEN SUPPLIES (WALNUT YARD) COFFEE, CREAMER, TEA	\$	104.43	03-51408
WALMART	REPLACEMENT MICROWAVE (WALNUT YARD)	\$	171.32	03-51408
OFFICE DEPOT	CHAIR MAT (HEATHER HERNANDEZ)	\$	53.86	02-52101
ERNST FLOW IND.	SIGHT GLASS TUBES, GLASS CUTTER'S (PRODUCTION-06)	\$	486.18	06-52101
SMART & FINAL	SAFETY BBQ	\$	124.78	02-51403
USI	SIGN CLIPS (PRODUCTION-06)	\$	25.48	06-52101
COSTCO	SAFETY BBQ	\$	276.79	02-51403
PUBLIC SECTOR EXCELLENCE	"DEALING SUCCESSFULLY WITH CUSTOMERS" (PAUL J.) CONCORD	\$	145.00	07-51407
PUBLIC SECTOR EXCELLENCE	"DEALING SUCCESSFULLY WITH CUSTOMERS" (JOSH T.) CONCORD	\$	145.00	08-51407
SAFETY CENTER	TRAFFIC CONTROL & FLAGGING (KYLE C., ED HILDAGO, CHANCE, ROBERT)	\$	600.00	07-51406
SAFETY CENTER	COMPETENT PERSON EXCAVATION (KYLE C., ED H., CHANCE, ROBERT)	\$	600.00	07-51406
SAFEWAY	SAFETY BBQ	\$	8.07	02-51403
GRA	CONFERENCE REGISTRATION FOR ROB ROSCOE	\$	100.00	02-55001
RALEY'S	ALL HANDS/SAFETY FOOD	\$	17.93	02-51403
CAL NEV AWWA	CONFERENCE REGISTRATION FOR DAVE JONES	\$	495.00	01-55001
SOUTHWEST	FLIGHT FOR HEATHER HERNANDEZ CSDA CONF	\$	127.97	02-55001
SOUTHWEST	FLIGHT FOR AMY BULLOCK FOR CSDA CONFERENCE	\$	127.97	02-55001
ATLANTIS	HOTEL DEPOSIT FOR DAVE JONES FOR AWWA	\$	145.77	01-55001
SOUTHWEST	FLIGHT FOR ROB ROSCOE FOR ACWA	\$	479.96	02-55001
PAYPAL/ASCE	REGISTRATION FOR MEETING FOR ROB ROSCOE	\$	85.00	02-55002
EZ OFFICE PRODUCTS	EMBOSSER FOR ADMIN	\$	47.94	02-52108
CAL NEV AWWA	REGISTRATION FOR CONFERENCE FOR DAVID ESPINOZA	\$	495.00	15-55001
MARIOTT	CSDA CONFERENCE HOTEL FOR DAN YORK	\$	195.66	02-55001
ASCE	MEMBERSHIP RENEWAL	\$	285.00	02-52501
RALEY'S	SEPTEMBER BIRTHDAY'S	\$	21.10	02-51403
RALEY'S	SEPTEMBER ALL HANDS	\$	22.83	02-51403
NOAH'S BAGELS	SEPTEMBER ALL HANDS	\$	74.95	02-51403
EWRI	REGISTRATION FOR ROB ROSCOE FOR EWRI MEETING	\$	50.00	02-55002
		Totals:	\$ 12,726.67	

**District Reserve Balances
October 31, 2017**

**Sacramento Suburban Water District
Reserve Fund Balance**

	<u>October 31, 2017</u>	<u>December 31, 2016</u>
Debt Service Reserve	\$ 3,543,058	\$ 3,540,038
Facilities Reimbursement	-	-
Emergency/Contingency	10,931,500	10,387,000
Operating	7,270,250	6,490,750
Rate Stabilization	5,976,000	5,630,000
Interest Rate Risk	-	-
Grant	210,000	1,068,000
Capital Asset	19,574,706	13,872,620
TOTAL	<u><u>\$ 47,505,515</u></u>	<u><u>\$ 40,988,408</u></u>

**Cash and Investments
Per District Balance Sheet
(Provided for Reconciliation Purposes)**

	<u>October 31, 2017</u>	<u>December 31, 2016</u>
Cash and cash equivalents	\$ 9,702,188	\$ 2,694,456
Investments	34,260,268	34,753,914
Restricted assets	3,543,058	3,540,038
TOTAL	<u><u>\$ 47,505,515</u></u>	<u><u>\$ 40,988,408</u></u>

Information Required by Bond Agreement

**Sacramento Suburban Water District
Schedule of Net Revenues**

	<i>As Of</i>	
	<i>Actual</i>	<i>Budget</i>
	<i>Year-To-Date</i>	<i>Year-To-Date</i>
	<u>10/31/2017</u>	<u>10/31/2017</u>
REVENUES		
Water sales charges	\$17,147,446.93	\$19,282,830.00
Capital facilities charge	19,288,717.16	19,147,500.00
Facility development charges	91,097.00	416,662.00
Interest and investment income	468,714.77	720,000.00
Rental & other income	394,126.08	208,330.00
TOTAL REVENUES	<u>37,390,101.94</u>	<u>39,775,322.00</u>
EXPENSES		
Source of supply	2,696,061.01	3,057,550.00
Pumping	3,151,868.20	3,842,064.72
Transmission and distribution	3,121,669.64	3,113,785.30
Water conservation	366,267.04	460,267.70
Customer accounts	1,016,910.49	1,076,523.50
Administrative and general	5,447,641.34	6,178,685.02
TOTAL EXPENSES	<u>15,800,417.72</u>	<u>17,728,876.24</u>
NET REVENUE	<u>21,589,684.22</u>	<u>22,046,445.76</u>

Sacramento Suburban Water District
6 - Months Debt Service Schedule
10/31/2017

Month	Principal	Total SSWD Debt Service			Debt Service
		Interest Adjustable/Fixed/Swap	Facility Fee	Remarketing	
Nov-17	-	97,330.84	-	-	97,330.84
Dec-17	-	97,330.84	47,250.00	13,125.00	157,705.84
Jan-18	-	97,330.84	-	-	97,330.84
Feb-18	-	97,330.84	-	-	97,330.84
Mar-18	-	97,330.84	47,250.00	13,125.00	157,705.84
Apr-18	4,270,000.00	1,033,031.84	-	-	5,303,031.84

Month	Principal	Series 2012A Fixed Rate Bonds (\$23,440,000.00)			Debt Service
		Interest - Fixed 4.25%			
Nov-17	-	-	-	-	-
Dec-17	-	-	-	-	-
Jan-18	-	-	-	-	-
Feb-18	-	-	-	-	-
Mar-18	-	-	-	-	-
Apr-18	2,135,000.00	374,096.00	-	-	2,509,096.00

Month	Principal	Series 2009A Adjustable Rate COPs (\$42,000,000.00)			Debt Service
		Interest, Adjustable 0.91%	Facility Fee 0.450%	Remarketing 0.125%	
Nov-17	-	31,850.00	-	-	31,850.00
Dec-17	-	31,850.00	47,250.00	13,125.00	92,225.00
Jan-18	-	31,850.00	-	-	31,850.00
Feb-18	-	31,850.00	-	-	31,850.00
Mar-18	-	31,850.00	47,250.00	13,125.00	92,225.00
Apr-18	-	31,850.00	-	-	31,850.00

Month	Principal	Series 2009B Fixed Rate COPs (\$27,915,000)			Debt Service
		Interest - Fixed 5.00%			
Nov-17	-	-	-	-	-
Dec-17	-	-	-	-	-
Jan-18	-	-	-	-	-
Feb-18	-	-	-	-	-
Mar-18	-	-	-	-	-
Apr-18	2,135,000.00	561,605.00	-	-	2,696,605.00

Month	Principal	2012 SWAP Interest, Net (\$33,000,000.00)			Debt Service
		Interest, Swap Net (3.283-0.74333-18)%			
Nov-17		\$ 65,480.84	-	-	65,480.84
Dec-17		\$ 65,480.84	-	-	65,480.84
Jan-18		\$ 65,480.84	-	-	65,480.84
Feb-18		\$ 65,480.84	-	-	65,480.84
Mar-18		\$ 65,480.84	-	-	65,480.84
Apr-18		\$ 65,480.84	-	-	65,480.84



Agenda Item: 23 a.

Date: November 6, 2017

Subject: Upcoming Policy Review – Claims Processing Policy (PL - Adm 007)

Staff Contact: Dan York, Assistant General Manager

The Claims Processing Policy (PL - Adm 007) is scheduled for its biennial review, attached to this report as Exhibit 1. This policy was originally adopted by the Board in December 2009.

Staff is not recommending any changes to the policy. The policy was not submitted to legal counsel for review.

The policy is scheduled for Board consideration and adoption at the December 2017 regular Board meeting. If a Director wishes to have his comments included in hard copy, please provide those comments to staff by Monday, December 4, 2017.

EXHIBIT 1

Sacramento Suburban Water District

Claims Processing Policy

Adopted: December 21, 2009

Revised: December 19, 2011, January 27, 2014; January 25, 2016

100.00 Purpose of the Policy

The purpose of this policy is to establish a claims handling process that complies with the Government Claims Act, Government Code sections 810 and following and Ordinance 02-02 establishing local claims procedures for the Sacramento Suburban Water District (District). This process will be used by persons and entities that file claims seeking reimbursement from the District for damages to personal or real property, or for personal injuries alleged to be caused by District facilities or equipment, or its directors, officers, employees or agents.

200.00 Policy

Pursuant to authority granted by the Government Claims Act and the County Water District Law, the District must take action on each valid claim made by a person or entity against the District for damages to personal or real property, or personal injuries before the person or entity is permitted to file legal action on such claims. Under this Policy, the Board of Directors grants the General Manager, or his or her designee, the authority to review and to approve or reject a claim for property damage in an amount not exceeding \$10,000. In accordance with the policies of the District's risk pool, ACWA-JPIA, all claims involving bodily injury must be denied by the Board of Directors and referred to ACWA-JPIA for handling. The processing of all claims will be conducted in accordance with the Government Claims Act and Ordinance 02-02, including the time limits on claims processing and requirements for claims presentation. All claims exceeding \$10,000 in value will be presented for action to the Board of Directors at a regularly scheduled Board Meeting. District staff will present all documents received from a claimant, an investigation report, and a recommendation to approve or reject the claim. In the event that a claim against the District is rejected, District staff will send a letter to the claimant describing the Board of Directors' action on the claim and advising the claimant of his, her or its rights under the Government Claims Act with respect to any adverse action on the claim. Staff also will send a letter to and negotiate any necessary agreement with any claimant whose claim is approved in whole or in part.

300.00 Authority and Responsibility

The General Manager, or designee, has the authority to approve or reject a personal or real property claim up to a value of \$10,000. The Operations Manager has the responsibility to receive claim documentation and prepare an investigation report with recommendation for action to the General Manager or Board. The General Manager shall adopt and implement appropriate procedures to carry out this Policy and report to the District Board of Directors at its next regular meeting on each claim in the amount of \$10,000 or less that is processed by staff under this policy.

400.00 Tender of Claims to Risk Pool or Insurer

Upon receipt of any claim, District staff will provide notice of the claim and all relevant documents to ACWA-JPIA or to any other risk pool or insurer from which the District may obtain any insurance coverage or indemnity for claims from time to time.

500.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 23 b.

Date: October 30, 2017

Subject: Upcoming Policy Review - Capital Asset Policy (PL - Fin 002)

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

Included with this report is the updated Capital Asset Policy (PL - Fin 002) for the Board's review and comment. The Capital Asset Policy was last reviewed in January 2016. The Auditors have reviewed the Policy and staff is recommending edits to the Policy that help to clarify the \$5,000 minimum capitalization threshold.

This Policy will come before the Board for consideration at the December 2017 regular Board meeting. All director comments received by the end of business on Monday, December 4, 2017, will be included in the draft version for the December Board meeting.

Sacramento Suburban Water District

Capital Asset Policy

Adopted: November 17, 2003

Revised: September 17, 2007, February 25, 2008, February 22, 2010, August 20, 2012,
January 27, 2014, January 25, 2016; December XX, 2017**100.00 Purpose of the Policy**

The purpose of this policy is to establish guidance in identifying, capitalizing, depreciating, and accounting for District capital assets.

100.10 Definitions

A capital asset is defined under this Policy as an asset owned by the District that – 1) is acquired for use in District operations, 2-2) is long-term in nature (i.e., useful life exceeds 2 years), and 3) is subject to depreciation, and 4) has a minimum value of \$5,000 (see section 200.20).

200.00 Policy

It is the policy of the District that the following types of assets will be considered Capital Assets of the District. If an asset does not meet the capitalization requirements listed in this policy, then it is to be expensed in the year acquired.

200.05 Capital Assets

The District operations program will be maintained at a level that assures system reliability and efficiency. A well thought out maintenance program will extend the life of the water production and distribution system and in turn reduce infrastructure costs in the long-term.

- A. Funding to Meet Regulations and Standards - The District will adequately fund costs to meet current industry standards and regulations (e.g. Safe Drinking Water Act, etc.) in the annual budgeting process.
- B. Capital Improvement Plan - The District, as part of its routine planning process, will develop a 5-year Water System Master Plan and update it. Further, the District will update its Asset Management Plans.
- C. Adopted Capital Plan - The District will undertake all capital improvements approved by the Board annually at budget adoption according to the District's Asset Management Plans.
- D. Types of Capital Projects - The District's capital improvement program will consider mandated capital, growth related capital and renewal and replacement capital.

- E. Financing of Growth-Related Projects - The financing of growth-related capital projects may be funded from any of the available funding resources of the District. However, to better meet the District's needs, the use of long-term debt to finance growth-related projects will be minimized. When necessary, long-term debt will be issued to allow the District to better match the financing of these facilities to the timing of the customers as they connect to the system.

200.10 Capital Asset Categories

Capital assets shall be segregated into the following categories:

- A. Land and Land Improvements with a limited life, such as driveways, walks, fences, landscaping, and parking areas.
- B. Buildings and Building Improvements, such as HVAC equipment, interior remodeling features, and landscaping.
- C. Hydrants, pressure modulating facilities, Valves and related appurtenances.
- D. Transmission and Distribution pipelines.
- E. Water Storage Facilities.
- F. Groundwater Wells
- G. Pumps, Motors and Water Treatment Facilities
- H. Water Meters.
- I. Machinery and Equipment, such as generators, compressors, jackhammers, tools, trimmers, etc.
- J. Fleet Equipment, such as cars, trucks, trailers and backhoes.
- K. Office Equipment such as furniture and fixtures.
- L. Computer Systems, Purchased Software and Telephones.
- M. Intangible Assets, such as easements and internally generated computer software.
- N. SCADA, including location and mapping features.

200.20 Capitalization Thresholds

Capital assets eligible for capitalization, must have:

- 1) an estimated useful life of at least two years from the date of acquisition
- 2) and a minimum value of \$5,000, and;
- ~~3) Once Furniture, fixtures and office equipment, computers are fully depreciated, they will be removed from the capitalization valuation in the Districts financial system as the residual value will be minimal and the amounts immaterial to continue to track; and~~
- 4) 3) Such criteria shall be applied to individual assets and not to groups of assets.

200.30 Valuation of Capital Assets

The value assigned to capital assets shall be determined as follows:

200.32 Purchased Capital Assets

The capitalized value of purchased Capital assets shall be determined using the original cost of the asset. Specific costs eligible for capitalization are identified under section 200.40. If the original cost of an asset is not available or cannot be reasonably determined, an estimated current cost may be utilized.

200.34 District-Constructed Capital Assets

District-constructed water system infrastructure assets intended to be used in District operations or internally generated computer software are eligible for capitalization. The capitalized value of such assets shall be determined using direct costs and material costs associated with the construction up until the time the asset is complete and ready for use.

200.36 Donated Capital Assets

The capitalized value of donated assets shall be determined using the fair market value at the time of donation. If the fair market value of the asset is not available or cannot be reasonably determined, an estimated cost may be determined using the best available information. The value of donated intangible assets shall be accounted for separate from donated tangible capital assets.

200.40 Capitalizable Costs

Costs eligible for capitalization under this policy are:

For land:

- Purchase price or appraised value, whichever is more readily determinable;
- Closing costs, such as title fees, attorneys fees, environmental assessments, appraisals, taxes and recording fees;
- Costs necessary to get the land ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;
- Assumptions of liens, encumbrances or mortgages;

For purchased assets other than land:

- Purchase price, including all taxes
- Freight, handling and in-transit insurance charges
- Assembling and installation charges
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Applicable purchase discounts or rebates

For District-constructed assets:

- Direct labor costs (to include wages and benefits);
- Direct materials cost;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Insurance premiums and related costs incurred during construction;
- Costs necessary to get the site ready for its intended use, such as grading, clearing, filling, draining, surveying, and demolition of existing structures;

- Costs for intangible assets as determined in accordance with Governmental Accounting Standards Board, Statement No. 51 “Accounting and Financial Reporting for Intangible Assets.”

For donated Capital assets:

- Fair Market or Appraised Value at date of donation;
- Installation costs;
- Professional fees of engineers, inspectors, attorneys, consultants, etc.;
- Other normal or necessary costs required to place the asset in its intended location and condition for use.

200.50 Capitalization of Costs Subsequent to Acquisition

Additional costs incurred after a capital asset is placed in use shall be accounted for as follows:

200.52 Additions

An “Addition” is defined as an expenditure that either significantly extends the useful life or productivity of the existing capital asset or creates a new capital asset. All “Additions” to existing capital assets should be capitalized as long as the asset meets the criteria of section 200.20 above.

200.54 Improvements and Replacements

“Improvements and Replacements” are defined as expenditures that involve substituting a similar capital asset, or portion thereof, for an existing one. All “Improvements and Replacements” to existing capital assets should be capitalized as long as the asset meets the criteria of section 200.20 above. If the existing asset’s book value is determinable, then the existing asset should be removed from the books at the time the replacement is recorded. If the existing asset is not separately identifiable, then the replacement should still be capitalized as the existing asset’s book value is assumed to be negligible.

200.56 Rearrangement or Reinstallation

“Rearrangement or Reinstallation” costs are defined as expenditures that involve moving an existing asset to a new location or reinstalling a similar asset in place of an existing asset. All “Rearrangement or Reinstallation” costs should be expensed in the period incurred.

200.58 Repairs and Maintenance

“Repairs and Maintenance” costs are defined as expenditures that involve maintaining the asset in good or ordinary repair. All “Repairs and Maintenance” costs should be expensed in the period incurred.

200.60 Depreciation or Amortization of Capital Assets

Capital assets shall be depreciated or amortized on a straight-line basis beginning the first day of the month following acquisition in accordance with the following schedule:

Category	Depreciation/Amortization Period
Land	None
Land Improvements	15 Years
Buildings	40 Years
Building Improvements	10 Years
Hydrants, PRV Stations, Valves and similar assets	30 Years
Transmission and Distribution pipelines	80 Years
Storage Facilities (reservoirs)	40 Years
Pumping and Wells (wells, pumps, treatment facilities and related equipment)	25 years
Water Meters	10-20 Years
Machinery and Equipment (generators, compressors, jackhammers, tools and equipment)	5-10 Years
Fleet Equipment (cars, trucks, backhoes, other mobile motorized equipment)	5-10 Years
Office Furniture and Fixtures	7 Years
Computer Equipment, Purchased Software and Telephones	4 Years
Intangible Assets, such as easements and internally generated computer software	Permanent Easements – None; Software – 4 Years

200.70 Physical Inventory of Capital Assets

A physical inventory of the following categories of capital assets shall be performed at least annually:

Inventory Items
Machinery and Equipment

Fleet Equipment
Office Furniture and Fixtures
Computer Equipment, Purchased Software and Telephones

The results of the physical inventory shall be reconciled with the District's asset inventory system. Differences will be reported, along with explanations, to the Board of Directors.

200.80 Disposal of Capital Assets

Capital assets that have become obsolete shall be disposed in accordance with District's Policy on "Disposing of Surplus District Real Property, Vehicles and Large Equipment and Other Personal Property (PL - Adm 003)."

300.00 Policy Review

This policy shall be reviewed at least biennially.

ITEM 24. c.

Minutes

Sacramento Suburban Water District
Water Quality Committee
Monday, October 16, 2017

Call to Order

Director Wichert called the meeting to order at 3:01 p.m.

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Roll Call

Directors Present: Bob Wichert and Dave Jones.

Directors Absent: None.

Staff Present: General Manager Rob Roscoe, Assistant General Manager Dan York, Amy Bullock, David Armand, Hannah Dunrud, Dana Dean, Matt Underwood, David Espinoza, Doug Cater and James Arenz.

Public Present: None.

Announcements

None.

Public Comment

None.

Consent Items

1. Meeting Notes of the July 17, 2017 Water Quality Committee Meeting

Director Jones moved to approve Items 1; Chair Wichert seconded. The motion passed by unanimous vote.

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

Items for Discussion and Action

2. Regulation and Monitoring of 1,2,3 – Trichloropropane

David Armand (Mr. Armand) presented the staff report.

Chair Wichert commented that it was a good report and well put together.

Chair Wichert inquired if at the next Water Quality Committee (Committee) meeting could staff tabulate the data from the monitoring that are below the lab reporting levels and include trace level detections that were reported below the labs reporting levels.

Mr. Armand noted that he would provide that information at the next Committee meeting.

3. Update on Water Quality - TCE at Well #N15

James Arenz (Mr. Arenz) presented the staff report.

Mr. Arenz provided an update about the status of the TCE at Well #N15, the Cabana site, and informed the Committee that the consultant was making progress on evaluating and providing cost estimates for possible well rehabilitation options that might allow the well to be returned to service. In addition, he added that the consultants were also reviewing possible treatment options. It was anticipated that the consultants would be completed with the phase two work by November 2017.

4. Water Quality Test Reports

Hannah Dunrud (Ms. Dunrud) presented the staff report.

Ms. Dunrud went through Exhibits 1 through 8 of the staff report.

Chair Wichert commented that he would like to see dates or information moving forward at future Committee meetings of any smell and taste complaints with the water.

General Manager Robert Roscoe (GM Roscoe) stated that arsenic was a constituent of potential concern for the District. He noted that California is considering different standard and arsenic was something that was naturally occurring in the aquifers. He further noted that if California lowered the standard, then the District may have to treat the wells.

Chair Wichert stated that he would like to see the maximum contaminates levels (MCL) description listed and the MCL levels that were acceptable, listed in the table for reference.

Director Jones inquired how much time staff was putting towards these reports and all the excel exhibit spreadsheets.

Mr. Armand and Ms. Dunrud stated that the data was time consuming and did take a few days to a week to compile the information for the reports.

Chair Wichert commented that it was nice to see all the zeros and non-detects (ND) listed on the provided exhibit spreadsheets. He stated that it provided a tremendous level of confidence in the District when you see everything that is monitored and to see all the zeros and ND's in these spreadsheets and on the CCR's. It shows a lot of conscious effort.

5. New Replacement Well #N6A – Manganese Treatment

David Espinoza (Mr. Espinoza) presented the staff report.

Director Jones inquired if the District was on schedule for the design.

GM Roscoe stated that from the revised schedule the District was on track.

Assistant General Manager Dan York (AGM York) stated that the project was anticipated to be complete in the summer of 2018.

6. SB 427 – Lead User Service Lines

Mr. Armand presented the staff report.

GM Roscoe stated that the Governor just passed and signed bill SB 427.

Chair Wichert inquired how the District would comply.

Mr. Armand stated that he had a meeting scheduled for Tuesday, October 17, 2017 to discuss compliance.

GM Roscoe stated that a District concern was the potential for lead washers that may be present in the old steel backyard mains. He noted one problem was the District didn't know where those were from the WWII time frame.

Chair Wichert commented that the language in the bill was confusing.

GM Roscoe stated that this bill was going to be a challenge to comply with until the State got a track record of what constituted an acceptable plan. He noted that the District was unsure until clarification and direction on the language was clearly laid out.

Adjournment

Director Wichert adjourned the meeting at 4:07 p.m.

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

ITEM 25. a.

REGIONAL WATER AUTHORITY REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, November 9, 2017, 9:00 a.m.

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

AGENDA

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

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. CONSENT CALENDAR

Draft minutes from the September 14, 2017 RWA regular board meeting

Action: Approve Consent Calendar item

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

Information: Final minutes of the August 16, 2017 and September 27, 2017

Executive Committee meetings and draft minutes of the October 25, 2017

Executive Committee meeting

5. DELTA UPDATE

Information Presentation: John Woodling, Executive Director, Ryan Bezerra, Legal Counsel; and Jim Peifer, RWA Chair

6. LEGISLATIVE SESSION REVIEW

Information Presentation: Adam W. Robin, Legislative and Regulatory Affairs Program Manager

7. 2017 COMPENSATION STUDY

Information Presentation: John Woodling, Executive Director

Action: Approve Exhibit A to RWA Policy 400.2

8. EXECUTIVE DIRECTOR'S REPORT

9. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, December 6, 2017, 8:30 a.m. and Wednesday, January 24, 2018, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, January 11, 2018, 9:00 a.m., at the RWA Office.

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA**

October 25, 2017; 8:30 a.m.

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

AGENDA

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

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.
- 3. CONSENT CALENDAR**
Minutes of the September 27, 2017 Executive Committee meeting
Action: Approve Consent Calendar item
- 4. 2017 COMPENSATION STUDY**
 - a. Information Presentation: John Woodling, Executive Director
Action: Accept 2017 Compensation Study consultant report
 - b. Information Presentation: John Woodling, Executive Director
Action: Recommend Board approval of amendments to RWA Policy 400.2, Exhibit A
- 5. SUBCOMMITTEE UPDATE**
Update from Subcommittee on Conferences/Education
- 6. NOVEMBER 9, 2017 RWA BOARD MEETING AGENDA**
Action: Approve November 9, 2017 proposed RWA Board Meeting Agenda
- 7. EXECUTIVE DIRECTOR'S REPORT**
- 8. DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Upcoming Executive Committee Meetings –December 6, 2017 and January 24, 2018 at 8:30 a.m. at the RWA office

Next RWA Board of Directors' Meeting – Thursday, November 9, 2017, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Suite. 110, Citrus Heights, CA 95610

ITEM 26

[Back to Agenda](#)

DIV 4

From: Greg Bundesen
Sent: Thursday, October 12, 2017 7:49 AM
To: '@att.net' <@att.net>
Cc: Annette O'Leary <aoleary@sswd.org>
Subject: RE: Robert Roscoe

Mr.,

Thank you for reaching out to the District regarding our customer leak notification program. As was stated in an email sent to you on September 25, 2017, the leak notifications post cards are automatically generated within our system for all customers who are flagged for consuming at least 7.48 gallons of water per hour for a 72 continuous hours. As indicated below, you do not have any leaks on your property. We appreciated you for having someone check your property and making the necessary repairs.

I do apologize if our notifications are making you feel as though you are wasting water. That is not the intention of the notifications. Customers who are flagged for 72 hours of continuous usage have a very high probability of having a leak on their property that they may be unaware of, and the District's goal for this program is to notify those customers to make them aware of their situation and offer our assistance in finding and mitigating any leaks. If you are confident that you do not have any leaks on your property and that you are receiving these post cards as a result of watering your trees, then please disregard the post card. I do need to inform you that the District's regulation No. 15 currently prohibits the use of water for irrigation between the hours of 12:00 p.m. and 6:00 p.m.

I appreciate that you want to ensure that your trees are healthy. Redwoods have a difficult time in the Sacramento climate; however, according to the Sacramento Tree Foundation, redwood trees do best when deep watered up to twice per month ([LINK - Sac. Tree Foundation, Mature Tree Guide, Part 1, Pg. 6](#)). I would recommend contacting the Sacramento Tree Foundation for information regarding the care of your redwood trees. They have a wealth of information. I would also recommend that you place a 3 inch layer of mulch at the base of your trees to reduce the amount of water lost to evaporation during the summer months.

Again, the intention of the post card is not to label customers as "water wasters" only to inform them that they may have a leak on their property and offer District assistance. I have reviewed your account and as of the last 24 hour of this email, there does not appear to be any continuous flow at your property (see attached report).

Please let me know if I can be of any further assistance.

Regards,
Greg Bundesen
Water Conservation Supervisor

From: @att.net [mailto: @att.net]
Sent: Wednesday, October 11, 2017 1:31 PM
To: feedback <feedback@sswd.org>
Subject: Robert Roscoe

I know you have a job to do, BUT.....

1. Because of the long extended drought.....I have 2 out of 10 Redwood trees that are threatened due to lack of water. The cost to remove these trees is approximately \$7,000 ea.
2. I have a swimming pool, and because of the drought, the redwood droppings make pool maintenance quite time consuming and chemical costs are high because of the contamination.
3. I have lived in Carmichael, as I said before about 40 years and I have gotten great rewards enjoying my greenery including not only the trees, but the lawn, the flowers, vegetables. Just keeping them alive, without ample water, makes it quite expensive to maintain the greenery.
4. I am an old man (76) and now days my pleasure is my yard and my residence.
5. I do not waste water, but I do everything possible to keep my greenery healthy and alive...
6. I have had a plumber go with me around my yard and in my home to check for leaks and we did have two faucets that had some leakage. Since then, both have been repaired. (These were not major leaks and nowhere near 7 gallons an hour for 24 hours.)

You continue to send me notices saying that I am wasting water. I am not, but I am trying desperately to keep 2 large Redwood trees alive, but that gallonage figure you say I waste is not correct but over-stated.

I would greatly appreciate your NOT sending me these postcards because it reminds me of World War II where the Nazi's kept track of everyone and everything. Your postcards are extremely offensive to me.

You will note the many fires here in Northern California. If I let my trees and other vegetation die, I create a much bigger hazard than watering my two trees.

Please pray with me that we get rain this year.....not floods but enough rain to keep us all green.

Yours truly,



**CALIFORNIA NEEDS NEW AND MODERN APPROACHES TO SUPPLY
WATER FOR CITIES AND RURAL COMMUNITIES, FARMS, FISH, BIRDS
AND RECREATION IN THE 21ST CENTURY**
November 13, 2017

Water suppliers in every part of California call on the Governor and both the state and federal administrations to embrace a coordinated and modern 21st century approach to water management for the Bay-Delta by protecting all beneficial uses of water.

We share the current interest to improve fisheries and our agencies have made substantial investments and advanced programs for the benefit of fish. Furthermore, water suppliers acknowledge flow as an important component of habitat, and encourage a new approach where every drop of water serves a specific and targeted beneficial use or multiple uses. However, a flow only approach that fails to take steps to incorporate flow with habitat and other important species functions, such as proposed by the State Water Board in the Water Quality Control Planning process, will not improve species. Continuing on the path set by the State Water Board will not help the environment, it will not help water supplies throughout the State, and it will not help California successfully implement groundwater management. It could lead to an adjudication of the entire Bay-Delta watershed, which would threaten progress on ecosystem restoration and other priority water issues in the California Water Action Plan.

We offer this statement to set a new path. We support California's co-equal goals of protecting, restoring and enhancing the Delta ecosystem and providing more reliable water supplies for California. We believe these goals can be achieved by holistically planning for ecosystem functions to ensure the most efficient use of water for all beneficial uses, by using the interaction of flow with other habitat aspects to create the type of conditions that allow us to meet our objectives. This requires us to take into account the altered physical landscape in California and our highly managed water system, which must be addressed in combination with appropriate hydrology to protect and balance all beneficial uses of water.

A Flow Only Approach Does Not Work for Modern California

A flow only approach is at the core of the State Water Board's Phase I San Joaquin River Substitute Environmental Document (SED) and its recently released Phase II scientific basis report. These proposals, if implemented, would have significant negative impacts throughout California because they:

- focus on one beneficial use of water (instream flow for fish) without balancing and protecting all beneficial water uses, including water for drinking and sanitation for cities and rural communities, fire suppression, farms, salmon, birds and wildlife along the Pacific Flyway, hydroelectric generation, and recreational opportunities;
- ignore the state policy for "One Delta, One Science" and the Delta Science Program's conclusion that directing more water to a sterile and inhospitable rip-rapped channel in the Delta will not benefit fish or other aquatic species, regardless of how much water is applied;
- will deplete reservoir storage and thus lose the benefit of water storage (including carryover storage) in such a way that will create greater risk for all beneficial uses during dry years, such as 2014-15, particularly under various climate change scenarios evaluated by the state administration;
- undermine significant fishery efforts and success stories in areas upstream of the Delta, which have benefitted from integrating functional flows with habitat improvements and partnerships among our agencies; and
- result in less surface water put into groundwater to help California comply with the Sustainable Groundwater Management Act (SGMA) without significant economic impacts.

California Should Embrace a Modern, Functional Flow Approach for 21st Century California

Together, the water suppliers embracing this statement serve water for 39 million people, the safest and most productive agricultural economy in the world, the wildlife refuges and ricelands that serve birds and wildlife along the Pacific Flyway, hydro-electric generation, recreation and many other beneficial uses of water. We are actively implementing progressive and innovative 21st century water management to serve nearly every beneficial use of water in California. To support these efforts throughout California, we need state and federal agencies to also embrace a practical and progressive approach that will empower 21st century water resources management. These initiatives are consistent with the California Water Action Plan and will create positive, transformative change in the management of California's water resources.

The Natural Resources Agency's Resiliency Strategies, for both smelt and salmon, are prime examples of this progressive approach. The Resiliency Strategies pursue a new and innovative path to improve conditions for fish using scientifically based conceptual models to advance habitat and nourishment by connecting water and land with the volume, rate, and timing of flows. For example, the use of flows in the Yolo Bypass to export food to the Delta demonstrated that the right amount of flow at the right place and the right time can provide the ecosystem functions key to species success. Importantly, these programs can be achieved without negatively affecting other beneficial uses. We support this new path and implore the state and federal administrations to build upon the successes in the Resiliency Strategies by pursuing the following actions:

- Advance the landscape scale ecosystem improvements that are being implemented in many parts of the Central Valley to restore ecological functions to California’s highly-altered landscape. These programs include: (i) the numerous actions underway and planned for Eco-Restore, (ii) the Yolo and Sutter Bypasses, (iii) the San Francisco Estuary Institute’s (SFEI) Delta Renewed, and (iv) the various Fish-Food Programs in the bypasses, ricelands and other managed wetlands in the traditional floodplain. The modern, scientific, approach in all of these programs--to spread water out and slow it down--is the approach recommended by the leading scientists at the Delta Science Program and the University of California, and better matches the ecosystem functions in which the Bay-Delta species evolved. Evacuating water from storage and quickly conveying it through a sterile, inhospitable channel through the Delta cannot produce the type of ecosystem functions necessary to meet co-equal goals. This latter approach, in combination with other factors, has led to fish declines and makes California more vulnerable for the next drought.
- Fully evaluate the nearly 1.3 million acre-feet (maf) of water that has been redirected annually to Delta outflow over the past two decades, largely through the 2008 and 2009 OCAP Biological Opinions and State Water Board Decision 1641. Only a small portion of this water was intentionally meant for outflow; the remainder is incidental to other restrictions. With the current flow-only regime failing for fish and wildlife and water supply reliability, an adaptive management approach would suggest that the state and federal agencies evaluate and then re-purpose this water to more effectively and efficiently to benefit fish and wildlife beneficial uses, and other beneficial uses of water. This should be done in the context of co-equal goals and directing water for more functional and targeted flows connected to land as part of Delta Renewed and the other landscape scale ecosystem programs.
- Further develop the opportunities and mechanism for water acquisitions and re-operations to help balance supply and demand, and provide water for the Delta Smelt Resiliency Strategy’s “Outflow Augmentation” adaptive management effort.

For the past several decades, the principal stressor addressed through various regulatory processes has been flow, and fishery populations have continued to decline, notwithstanding the ever-greater quantities of water directed at “solving” the problem. In the California Water Action Plan, the administration committed itself to seeking transformative change by embracing new science and re-thinking old assumptions. Transformative change will not occur if we continue on the same path. The programs described above come directly from the California Water Action Plan and the Natural Resources Agency has seen the way that these programs have galvanized a wide variety of stakeholders to collaborate to restore the ecosystem.

California is one of the most progressive parts of the world and California’s citizens deserve a modern and innovative, 21st century water management approach to support and reasonably protect all beneficial uses of water throughout California. We welcome the opportunity to discuss these multi-faceted, collaborative approaches and we stand ready to work with the administrations, including the resources agencies and State Water Board members and staff, to craft a solution that improves the environment and works for all beneficial uses of water.

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