

Agenda

Sacramento Suburban Water District

Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, January 22, 2018
6:00 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

Oath of Office

Dan York to take Oath of Office as General Manager.

Election of District Officers

1. Election of District Officer – Vice President

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.

2. Minutes of the December 15, 2017 Special Board Meeting
Recommendation: Approve subject minutes.
3. Minutes of the December 18, 2017 Regular Board Meeting
Recommendation: Approve subject minutes.
4. Employee Standards of Conduct and Discipline Policy (PL - HR 011)
Recommendation: Adopt subject policy.

Items for Discussion and/or Action

5. Committee and Liaison Appointments for 2018
The Board President will consider committee and liaison appointments for 2018.
6. Resolution No. 18-01 A Resolution of the Board of Directors of the Sacramento Suburban Water District Authorizing Bank Account Signatories
Recommendation: Approve subject Resolution.
7. Robert Roscoe Retirement Event
Recommendation: Approve budget request.

Information Items

8. Antelope Transmission Pipeline Leak
9. 2017 Annual Environmental Compliance Activity Report
10. Garden on Eden Update
11. Preventive Maintenance Annual Report
12. Financial Markets Quarterly Report
13. Year-to-Date Interest Expense Quarterly Report
14. 2017 Budget Reallocations
15. Human Resources Quarterly Report

16. Legislative and Regulatory Update
17. RWA and ACWA Comment Letters to SWRCB
18. ACWA Committee Appointments for the 2018-19 Term
19. Upcoming Water Industry Events
20. 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
21. Engineering Report
 - a. Major Capital Improvement Projects
 - b. Other
22. General Manager's Report
 - a. Long Term Warren Act Contract Update
 - b. Chromium 6 Court Complaint Update
 - c. McClellan Business Park Successor Agreement Update
 - d. Assistant General Manager Recruitment
23. Financial Report
 - a. Draft Financial Statements – December 2017
 - b. Investments Outstanding and Activity Quarterly Report
 - c. Draft Cash Expenditures – December 2017
 - d. Draft Credit Card Expenditures – December 2017

e. Directors Compensation and Expense Accounting Quarterly Report

f. Market Report Yields

g. Draft District Reserve Balances – December 2017

h. Information Required by Bond Agreement

24. Upcoming Policy Review

a. Reasonable Accommodations and Interactive Process Policy (PL – HR 014)

Committee Reports

25. a. Facilities and Operations Committee (Director Schild)
No report.

b. Finance and Audit Committee (Director Thomas)
No report.

c. Water Quality Committee (Director Wichert)
Draft Minutes of the December 18, 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)

26. a. Regional Water Authority (Director Wichert)
Agenda for the January 11, 2018 Meeting.

Regional Water Authority Executive Committee (General Manager Dan York)
No report.

- b. Sacramento Groundwater Authority (Director Schild)
No report.
- c. Water Caucus Meeting (General Manager Dan York)
Agenda for the January 10, 2018 Meeting.
- d. Water Forum Successor Effort (General Manager Dan York)
No report.
- e. Other Reports

Miscellaneous Correspondence and General Information

- 27. Correspondence received by the District
None.

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)

- 28. Conference with Legal Counsel – Anticipated Litigation, Government Code sections 54954.5(c) and 54956.9(a) and (d)(2) and (3); significant exposure to litigation involving discrimination complaint filed by Brenda Davis, DFEH No. 964520-318001; EEOC No. 37A-2018-00815-C.
- 29. Conference with real property negotiator involving the purchase, sale, lease or exchange of real property, Assessor's Parcel Numbers 203-1940-121-0000 (7868 Golden Ring Way). Dan York, District negotiator, will negotiate with California American Water Instructions to the negotiator may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)
- 30. Conference with real property negotiator involving the purchase, sale, lease or exchange of real property, Assessor's Parcel Numbers 203-0120-018-0000 (proposed Barret Ranch East Subdivision – 4855 Don Julio Boulevard). Dan York, District negotiator, will negotiate with Winn Communities Instructions to the negotiator may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)

- 31. Conference with real property negotiator involving the purchase, sale, lease or exchange of real property, Assessor’s Parcel Numbers 279-0110-070-0000 (3233 Cottage Way). Dan York, District negotiator, will negotiate with Realty ONE Group Complete Instructions to the negotiator may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)
- 32. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957.

Adjournment

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Upcoming Meetings

Monday, February 26, 2018 at 6:00 p.m., Regular Board Meeting

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I certify that the foregoing agenda for the January 22, 2018 meeting of the Sacramento Suburban Water District Board of Directors was posted by January 18, 2018 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.

Dan York
 General Manager/Secretary
 Sacramento Suburban Water District



Agenda Item: 1

Date: January 11, 2018

Subject: Election of District Officer – Vice President

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

Recommended Board Action:

Board President to conduct selection of Vice-President of the Board for 2018.

Discussion:

According to the Rules for Proceedings of the Board of Directors (PL - BOD 002), annually at the first regular meeting in December, the Board may select a President and/or Vice President to serve for the coming year. Director Locke was selected to serve as the Board President for the 2018 term, however, due to Director Thomas' absence, the Board agreed to table the voting of Vice President until the January regular Board meeting, when Director Thomas would be able to attend. Attached as Exhibit 1 is the list of Presidents and Vice Presidents over the previous 10 years requested by the Board.

Below is an excerpt from PL - BOD 002 that outlines the selection of officers and the duties of the President.

Rule 1 – Selection of Officers

The President and Vice-President of the Board will be elected by the members of the Board for a one year term. The election will be held at the first regular meeting in December of each year or at any earlier special meeting called for the purpose of swearing in new members and organizing the Board. (See Water Code section 30520 and Elections Code section 10554.) The remaining provisions of this paragraph will be considered discretionary guidelines for the Board to follow in selecting its President and Vice-President, and will not be binding on the Board. The Board will normally follow a rotation for the election of President and Vice-President under which the Vice President will normally be elected President at the conclusion of the President's one year term. If the membership on the Board of the President is terminated before the expiration of his or her one year term of office, the Vice-President will automatically become the President for the balance of that term.

In the event of a contested election, the following is the recommended procedure for nominating and selecting the Board President or Vice President: (1) the then-presiding President should open nominations and ask if there are there any nominations for the contested office; (2) any Director then may make a nomination -- e.g., "I nominate Director X" -- no second is

required for a nomination, although sometimes one or more Directors will second a nomination to indicate endorsement (a Director may nominate himself or herself, but nominations cannot be accepted from members of the public); (3) a Director may decline a nomination; (4) when it appears that no one else wishes to make a nomination, the President should ask if there are additional nominations -- if there is no response, the President then should declare that the nominations for the office are closed and state the names of the nominees (it is unnecessary to have a motion to close the nominations); (5) after nominations have been closed, nominations may be reopened only by a motion, second and majority vote to reopen them; (6) after nominations have been closed and before the vote, the public should be provided an opportunity to comment on the agenda item; (7) the President then should call for votes on the nominees by a roll call vote on each nominee, and each Director should cast his or her ye or nay vote on each nominee, e.g., “For the first nominee for President, Director X, please state your vote by ye or nay;” (8) nominees should be voted on in the order in which they are nominated and the process should continue until there is a majority approval of one of the nominees; and (9) as soon as one of the nominees receives a majority vote, the President should declare that person elected to the office and no vote is taken on any remaining nominees.

The Board will by majority vote appoint a Secretary and Treasurer, who will serve at the pleasure of the Board. (See Water Code sections 30540-30543.)

Rule 2 – Duties of President of Board

The President of the Board of Directors will be its presiding officer. (See Water Code section 30520.) The President's duties will include, but not be limited to, the following: acting as the liaison between the General Manager and the Board, calling special meetings of the Board, presiding over meetings of the Board, establishing and appointing committees of the Board, and appointing representatives of the District to associations of which the District is a member or in which it has a significant interest. The Board will appoint representatives of the District to joint powers authorities of which the District is a member. In the President's absence, the Vice-President of the Board will perform such duties. If both the President and Vice-President are absent from a noticed public meeting, the remaining three Board members will choose one of their number to preside.

Exhibit 1

Sacramento Suburban Water District Presidents and Vice Presidents

Year	President	Vice President
2018	Locke	
2017	Wichert	Locke
2016	Thomas	Wichert
2015	Schild	Thomas
2014	Thomas	Fellenz
2013	Robison	Thomas
2012	Fellenz	Robison
2011	Schild	Fellenz
2010	Fellenz	Hanson
2009	Schild	Fellenz
2008	Githens	Schild

ITEM 2

Minutes

Sacramento Suburban Water District Special Board Meeting – Closed Session Friday, December 15, 2017

Call to Order

President Wichert called the meeting to order at 3:04 p.m.

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Roll Call

Directors Present: Dave Jones, Craig Locke, Neil Schild and Robert Wichert.

Directors Absent: Kevin Thomas.

Staff Present: General Manager Robert Roscoe, Assistant General Manager Dan York, Heather Hernandez-Fort and Legal Counsel Josh Horowitz.

Public Present: None.

Announcements

None.

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

The Board convened in Closed Session at 3:05 p.m. to discuss the following:

1. 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.
2. Public employee appointment involving the position of General Manager; Government Code sections 54954.5(e) and 54957(b)(1).

Return to Open Session

The Board convened in Open Session at 4:19 p.m. There was no reportable action.

3. General Manager Employment Agreements

Adjournment

President Wichert adjourned the meeting at 4:20 p.m.

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

ITEM 3

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, December 18, 2017

Call to Order

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

Pledge of Allegiance

President Wichert led the Pledge of Allegiance.

Roll Call

Directors Present: Dave Jones, Craig Locke, Neil Schild and Robert Wichert.

Directors Absent: Kevin Thomas.

Staff Present: General Manager Robert Roscoe, Finance Director Dan Bills, District Legal Counsel Josh Horowitz, Heather Hernandez-Fort, Dana Dean, Matt Winans, David Armand, Jim Arenz, Lynne Yost, Annette O’Leary, David Espinoza, David Morrow and Matt Underwood.

Public Present: William Eubanks, Avery Wiseman, Jim DeHart, Randy Davis and Ryan Gunstream.

Election of District Officers

1. **Election of District Officers**

President Wichert suggested to table the Item until Director Thomas was present at the meeting.

Director Jones suggested to continue with the Item.

Director Jones nominated Director Locke for President, Director Schild seconded. The motion passed by unanimous vote.

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

President Locke presided over the remainder of the meeting.

Director Schild nominated himself for Vice President, Director Wichert seconded.

Director Jones nominated himself for Vice President, President Locke seconded.

President Locke tabled the Item of Vice President until Director Thomas could be present at the meeting.

Director Schild requested staff to provide a spreadsheet to the Directors of who was President and Vice President over the last 10 years.

Staff expressed that a list would be provided to the Directors.

Announcements

General Manager Robert Roscoe (GM Roscoe) announced:

- The 2018 calendar magnets at the dais;
- Dan York was not at the meeting due to his mother passing;
- The January regular Board meeting start time will be 6:00 p.m.;
- The Save the Date for a Regional Water Authority’s, Making Safe, Clean, Affordable and Accessible Water a Reality event.

Finance Director Dan Bills (Mr. Bills) announced that GM Roscoe received the Emissary Award from ACWA as well as the Distinguished Service Award from RWA.

Public Comment

None.

Consent Items

2. **Minutes of the November 20, 2017 Regular Board Meeting**
3. **Minutes of the December 4, 2017 Special Board Meeting**
4. **Minutes of the December 11, 2017 Special Board Meeting**
5. **Claims Processing Policy (PL - Adm 007)**
6. **Capital Asset Policy (PL – Fin 002)**

Director Schild moved to approve the consent calendar; Director Wichert seconded. The motion passed by unanimous vote.

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

Public Hearings

7. Public Hearing on Initial Study and Proposed Mitigated Negative Declaration for Well 78 - Butano/Cottage Production Well and Pumping Plant Project

President Locke opened the Public Hearing.

President Locke opened the floor for public comment.

Randy Davis (Mr. Davis) expressed his support for the initial study.

There being no further public comments, President Locke closed the Public Hearing.

Items for Discussion and Action

8. Potential Adoption of an Initial Study/Mitigated Negative Declaration for the Well 78 - Butano/Cottage Production Well and Pumping Station

Director Wichert moved to adopt the staff recommendation, Director Jones seconded.

Director Schild expressed that the easement was not clearly identified.

Jim Arenz (Mr. Arenz) expressed that staff had made contact with all parties involved and that everyone contacted was in support of the project.

Director Schild was unhappy with the lack of clarification with regards to the easement.

GM Roscoe clarified that staff had been in communication with the church and that they were in support of the project.

The motion passed by a 3/1 vote, Director Schild opposed.

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

9. Committee and Liaison Appointments for 2018

GM Roscoe presented the staff report.

Director Wichert recommended to table the Item until Director Thomas was present, Director Jones seconded.

Director Schild reminded the Board that selections for RWA were required as the Executive Committee was meeting before the next regular Board meeting.

GM Roscoe recommended that Assistant General Manager Dan York (AGM York) be the staff representative for the District.

The Board agreed to allow Dan York be the staff representative.

Director Schild requested to be an alternate, but not the delegate.

President Locke nominated himself to be the delegate.

Director Wichert also nominated himself to be the delegate.
Discussion ensued.

Director Wichert moved to be the delegate for RWA; Director Schild seconded. The motion passed by unanimous vote.

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

President Locke tabled the rest of the Committee and Liaison appointments until the January regular Board Meeting, when Director Thomas could be included.

10. **New Website Overview**

Annette O’Leary (Ms. O’Leary) presented the staff report and provided an overview of the District’s new website.

President Locke suggested to include a map to coincide with the current listed engineering projects.

Ms. O’Leary expressed that there was a map included, however she would consider additional maps for clarity of project location.

11. **A Day in the Life of the IT Department**

Matt Winans presented the staff report and the PowerPoint presentation.

William Eubanks (Mr. Eubanks) expressed his displeasure in the listed hobbies of the IT staff and expressed that he was disappointed that there were no professional qualifications listed.

12. **Debt Management**

Mr. Bills presented the staff report and PowerPoint presentation.

13. **General Manager’s Out of State Travel Requests**

GM Roscoe presented the staff report. He expressed that AGM York was interested in attending the AWWA Conference as well as the Cap-to-Cap trip.

Mr. Eubanks inquired who the General Manager would be.

GM Roscoe expressed that the staff report noted that the approval would be for the General Manager at the time of the event.

President Locke expressed interest in the Cap to Cap trip.

Director Jones expressed his interest in the Cap to Cap trip as well.

Director Wichert moved to approve Director Jones, President Locke and the General Manager to attend the Cap to Cap trip, and that the General Manager be approved to attend the AWWA Conference, noting that if any Directors would like to attend the

AWWA Conference, that staff would bring back a separate agenda item to a future meeting; Director Jones seconded.

Director Schild disagreed with two Directors attending the Cap to Cap trip.

The motion passed by a 3/1 vote, Director Schild opposed.

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

14. **New Other Post Employment Benefit (OPEB) Valuation**

Mr. Bills presented the staff report.

Director Schild noted that the Finance and Audit Committee received the detailed presentation and that they recommended to bring the Item to the full Board with a recommendation of approval.

Director Jones recused himself.

Mr. Eubanks spoke regarding recent court cases similar to the topic.

Director Schild moved to accept the staff recommendation; Director Wichert seconded. The motion passed by unanimous vote.

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

Information Items

15. **Chromium 6 Court Complaint Update**

A written report was provided.

16. **2017 Budget Reallocations**

A written report was provided.

Director Wichert commented that reallocating 1,000% of the original budget for the engine generator was not good budgeting on staff's part.

GM Roscoe expressed that whenever staff puts together budgets, they are making estimates, and that occasionally if a project gets held up due to permits or other circumstances that staff cannot control, it could affect the budget.

Mr. Bills expressed that staff will work harder at budgeting more accurately.

17. **Final 2018 Budget**
A written report was provided.
18. **Regional Water Authority Elections**
A written report was provided.
19. **Demonstration Gardens Featured in the Fall 2017 AWWA Source Magazine**
A written report was provided.

Director Schild commented that Director Thomas expressed to him that the Garden at Eden was not maintained, mentioning that someone should look into that.

20. **Legislative and Regulatory Update**
A written report was provided.
21. **Upcoming Water Industry Events**
A written report was provided.
22. **Upcoming Policy Review**
A written report was provided.
 - a. *Employee Standards of Conduct and Discipline Policy (PL – HR 011)*
A written report was provided. Directors' comments are due by January 8, 2018.

23. **District Activity Report**
A written report was provided.

Director Schild inquired about the valve issue with the transmission pipeline.

Matt Underwood provided an update.

Mr. Arenz provided further details and noted that staff would bring updated information to a future meeting.

- a. *Water Operations and Exceptions Report*
A written report was provided.
- b. *Water Conservation and Regional Water Efficiency Program Report*
A written report was provided.
- c. *Customer Service Report*
A written report was provided.
- d. *Community Outreach Report*
A written report was provided.

24. **Engineering Report**

A written report was provided.

Director Jones inquired if the easement for the Fernando Well Site was ever received as the outcome of doing the drought tolerant garden with Fulton/El Camino Parks and Recreation District, Howe Park.

GM Roscoe expressed that there would be an updated report on the item in the January regular Board meeting packet.

a. Major Capital Improvement Projects

A written report was provided.

b. County and City Projects/Coordination

A written report was provided.

c. Development Projects

A written report was provided.

d. Planning Studies

A written report was provided.

e. Other

A written report was provided.

25. **General Manager's Report**

A written report was provided.

a. McClellan Business Park Successor Agreement Update

A written report was provided.

GM Roscoe provided an update to the meeting that took place that day.

b. Long Term Warren Act Contract Update

A written report was provided.

c. Cal WaterFix Update

A written report was provided.

d. Grant of Easement and Right of Way at 3521 Arden Way

A written report was provided.

e. Grant of Variance to Public Utility Easement

A written report was provided.

26. **Financial Report**

A written report was provided.

Director Schild commented on a line item in the report stating \$402.93 for SSWD local travel cost. Mr. Bills expressed he would look into that and let Director Schild know what it was.

a. *Financial Statements – November 2017*

A written report was provided.

b. *Cash Expenditures – November 2017*

A written report was provided.

c. *Credit Card Expenditures – November 2017*

A written report was provided.

d. *District Reserve Balances – November 2017*

A written report was provided.

e. *Information Required by Bond Agreement*

A written report was provided.

Committee Reports

27. a. Facilities and Operations Committee (Director Schild)

No report.

b. Finance and Audit Committee (Director Thomas)

Draft Minutes from the December 5, 2017 Meeting were provided.

c. Water Quality Committee (Director Wichert)

Agenda for the December 18, 2017 Meeting was provided.

d. Government Affairs Committee (Director Locke)

No report.

e. Ad Hoc Water Banking and Transfer Committee (Director Schild)

No report.

f. Ad Hoc Selection Committee (Director Wichert)

No report.

g. Ad Hoc Process Committee (Director Wichert)

No report.

- h. Ad Hoc Compensation Committee (Director Schild)
No report.

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

- 28. a. Regional Water Authority (Director Thomas)
No report.

Regional Water Authority Executive Committee (General Manager Roscoe)
The agenda for the December 6, 2017 Meeting was provided.
- b. Sacramento Groundwater Authority (Director Schild)
The agenda for the December 14, 2017 Meeting was provided.
- c. Water Caucus Meeting
No report.
- d. Water Forum Successor Effort (General Manager Roscoe)
The agenda for the December 14, 2017 Meeting was provided.
- e. Other Reports
Director Schild provided oral reports regarding the FISH Group webinar that he participated in; the SGA Meeting that he attended on November 7, 2017; and the SGA Committee Conference Call that he participated in on November 15, 2017.

Miscellaneous Correspondence and General Information

- 29. **Correspondence received by the District**
A written report was provided.

Director's Comments/Staff Statements and Requests

Mr. Eubanks provided his opinion on Item 33. He disagreed with the monthly salary for GM Roscoe and inquired if he was still retiring.

Director Wichert explained that GM Roscoe was taking a transitional position until the end of April 2018. He further explained that after April 2018, GM Roscoe was going to take his vacation until it runs out, then unpaid leave until the end of his contract on January 30, 2019.

Director Wichert expressed that the District would gain GM Roscoe's expertise and knowledge as an advisor for the first 4 months of the year and expressed that the Board believed there was value in that.

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

The Board convened in closed session at 8:15 p.m. to discuss the following:

30. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9 (d)(1); *In re Municipal Bond Insurance Litigation*, San Francisco Superior Court Case No. JCCP 4555 (Sacramento Suburban Water District, et al.) – proposed settlement with MBIA and Jason Kissane.
31. 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.
32. Public employee appointment involving the position of General Manager; Government Code sections 54954.5(e) and 54957(b)(1).

Return to Open Session

The Board convened in open session at 8:31 p.m. There was no reportable action.

33. **General Manager Employment Agreement – Robert Roscoe**
34. **General Manager Employment Agreement – Dan York**
 Director Wichert moved to accept, ratify and submit for signature both Dan York and Rob Roscoe’s contracts; Director Jones seconded. The motion passed by unanimous vote.

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

GM Roscoe reminded the Board of the Director’s Comments/Staff Statements and Requests section of the agenda for any future Board meetings.

Director Jones requested information on the flow meter at the pump back.

Director Schild requested a report and an update on the Eden/Root drought garden.

President Locke suggested to hold a meeting at Antelope Gardens sometime.

Director Schild recommended to instead take a Director’s tour at the Antelope Garden, but to hold the regular Board meeting at the District office, as usual.

Adjournment

President Locke adjourned the meeting at 8:35 p.m.

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



Agenda Item: 4

Date: January 9, 2018

Subject: Employee Standards of Conduct and Discipline Policy (PL – HR 011)

Staff Contact: Lynne Yost, Human Resources Coordinator

Recommended Board Action:

Reaffirm the updated Employee Standards of Conduct and Discipline Policy (PL – HR 011).

Discussion:

Included with this report is the Employee Standards of Conduct and Discipline Policy (PL – HR 011) for the Board’s consideration. Staff is recommending the Board reaffirm the policy with no changes.

The policy was submitted to the Board last month as an information item. Comments from Directors were requested by January 8, 2018; Director Schild notified staff today that he had no comments to offer. The policy was not submitted to legal counsel for review.

This policy was originally adopted by the Board in October 2008 and last revised in December 2015.

Fiscal Impact:

None.

Strategic Plan Alignment:

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

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

District customers benefit from the District having and maintaining a policy that provides general guidelines for employee discipline in situations involving misconduct or unacceptable work performance.

Sacramento Suburban Water District

Employee Standards of Conduct and Discipline Policy

Adopted: October 20, 2008

Revised: November 18, 2013; December 21, 2015

100.00 Purpose of the Policy

The purpose of this policy is to assure a safe, efficient workplace and harmonious operation of the District by authorizing the establishment of standards of conduct and a corrective process to provide general guidance to supervisors and managers in situations involving employee misconduct or unacceptable work performance. In keeping with the District's status as an at-will employer, this policy is intended to provide guidelines for employee discipline in cases where standards of conduct are violated, but any actual discipline imposed pursuant to this policy will be determined on a case-by-case basis in accordance with the facts and circumstances of the relevant incident. As an at-will employer, both the District, by and through the General Manager, and its employees have the right to terminate employment at any time, with or without advance notice, and with or without cause.

200.00 Policy

The District is an at-will employer. The employment of every District employee will be conditioned on good behavior and satisfactory work performance. The District has established standards of conduct to provide employees with timely notice of what is expected of them. Because these standards cannot identify every type of unacceptable conduct and performance, employees should be aware that any conduct which adversely affects or is otherwise detrimental to the interests of the District, other employees, or the public, may result in disciplinary action up to and including termination. Any examples or lists of grounds for disciplinary action are illustrative only and shall not be construed to alter the at-will nature of employment, require the District to show "good cause" for termination, or reduce or affect in any manner the General Manager's broad authority over employment of District staff provided in California Water Code Section 30580.

300.00 Authority and Responsibility

The General Manager is authorized to establish and implement standards of conduct for all employees and guidelines for a flexible corrective process to be used by supervisors and managers as general guidance for possible disciplinary action up to and including termination in cases of misconduct or unacceptable performance.

400.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 5

Date: January 11, 2018

Subject: Committee and Liaison Appointments for 2018

Staff Contact: Dan York, General Manager

Recommended Board Action:

The Board President makes appointments to Board standing and ad hoc committees and assigns Board member liaisons to outside organizations.

Discussion:

The Board President appoints Directors to various committees. Typically, there is an annual review of committee assignments in December, when the newly elected officers are selected. At the December 2017 regular Board meeting, Board President Locke appointed the staff representative as well as the Board representative for the Regional Water Authority (RWA). Those appointments were required in order for either position to be considered at the upcoming RWA Executive Committee election taking place before the January 2018 regular Board meeting.

Subsequent to the RWA appointment, the Board agreed to table the remainder of the item until the January 2018 regular Board meeting, so that Director Thomas could be included.

Included with this report is the most recent list of the 2017 Committee and Liaison Assignments indicating the appointments for the past year, including the RWA appointments made at the December 2017 regular Board meeting (Exhibit 1).

Note that some assignments are to establish the District's voting representative with outside entities and others are to assign liaison interests for the purposes of establishing compensable attendance per District policies on Director Compensation.

Fiscal Impact:

Payment to Directors will be made in accordance to District policy. Total annual payments are expected to be within budgeted amounts.

Strategic Plan Alignment:

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

Representation at meetings can forward the District's position and increase knowledge of other professional groups' activities.

**Sacramento Suburban Water District
2017 Committee and Liaison Assignments**

Committees (date of last appointment)

Water Quality Committee (01/23/17) Bob Wichert, Chair
(Standing: no regularly assigned meeting time) Dave Jones
..... Staff Contact: Dan York

Facilities and Operations Committee (01/23/17) Neil Schild, Chair
(Standing: no regularly assigned meeting time) Dave Jones
..... Staff Contact: Dan York

Finance and Audit Committee (01/23/17) Kevin Thomas, Chair
(Standing: no regularly assigned meeting time) Neil Schild
..... Staff Contact: Dan Bills

Ad Hoc General Manager Performance Review Committee (01/23/17) Craig Locke, Chair
(no regularly assigned meeting time) Kevin Thomas

Ad Hoc Water Banking and Transfer Committee (01/23/17) Neil Schild, Chair
(no regularly assigned meeting time) Craig Locke
..... Staff Contact: Rob Roscoe

Government Affairs Committee (01/23/17) Craig Locke, Chair
(no regularly assigned meeting time/quarterly) Kevin Thomas
..... Staff Contact: Rob Roscoe

Ad Hoc Compensation Committee (03/27/17) Neil Schild, Chair
..... Dave Jones

Ad Hoc Selection Committee (03/27/17) Bob Wichert, Chair
..... Kevin Thomas

Ad Hoc Process Committee (03/27/17) Bob Wichert, Chair
..... Craig Locke

Liaison Assignments (date of last appointment)

ACWA/JPIA (01/23/17) Director Position: Neil Schild
..... Staff Position: Rob Roscoe

ACWA/JPIA Workers Compensation Committee (01/23/17) Neil Schild

ACWA Federal Affairs Committee (09/26/17) Neil Schild

ACWA General Election Voting Delegate (01/23/17) Neil Schild

ACWA Groundwater Committee (09/26/17)..... Dave Jones
..... Neil Schild
..... Kevin Thomas
..... Craig Locke
..... Dan York
..... Robert Roscoe

ACWA Local Government & Outreach Committees (09/26/17) Craig Locke

ACWA Water Management Committee (09/26/17) Dave Jones
..... Craig Locke

ACWA Water Quality Committee (09/26/17) Bob Wichert
..... Dave Jones

ACWA Energy Committee (09/26/17) Kevin Thomas

ACWA Communications Committee (09/26/17) Kevin Thomas

California Special Districts Association (01/23/17) Kevin Thomas
..... Dave Jones

CSDA Transparency and Formation Expert Feedback Teams (01/23/17) Kevin Thomas

CSDA Fiscal and Education Committees (01/23/17) Dave Jones

LAFCo Special District Advisory Committee (01/23/17) Bob Wichert

Regional Water Authority (12/18/17) Bob Wichert
..... Dan York

Regional Water Authority Executive Committee (01/23/17) Staff Rep: Rob Roscoe

Sacramento Groundwater Authority (01/23/17) Neil Schild, Board Rep.
..... Rob Roscoe, Staff Rep.
..... Kevin Thomas, Alternate
..... Bob Wichert, Alternate
..... Craig Locke, Alternate
..... Dave Jones, Alternate

Sacramento Water Forum Successor Effort (01/23/17) Staff Rep: Robert Roscoe
..... Neil Schild
..... Craig Locke, Alternate
..... Kevin Thomas, Alternate
..... Bob Wichert, Alternate
..... Dave Jones, Alternate



Agenda Item: 6

Date: January 2, 2018

Subject: Resolution No. 18-01 A Resolution of the Board of Directors of the Sacramento Suburban Water District Authorizing Bank Account Signatories

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

Adopt Resolution No. 18-01 authorizing a change in bank account signatories.

Discussion:

Resolution 18-01 will remove the Former General Manager, Robert S. Roscoe, and add the District's new General Manager, Daniel R. York, as signatories to the District financial accounts with the various commercial financial institutions the District uses to transact its financial business.

Even though Mr. Roscoe continues employment with the District, he is no longer a District officer and needs to be removed as a signatory to the District's banking functions. Once a newly hired Assistant General Manager is in place, a new resolution will be brought before the Board for consideration.

Fiscal Impact:

None.

Strategic Plan Alignment:

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

RESOLUTION 18-01

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SACRAMENTO SUBURBAN WATER DISTRICT
AUTHORIZING BANK ACCOUNT SIGNATORIES**

WHEREAS, the Sacramento Suburban Water District is a depositor into various deposit accounts with different commercial financial institutions, and the Board of Directors desires to continue maintaining such deposit accounts; and

WHEREAS, such commercial financial institutions require that the Board of Directors of the Sacramento Suburban Water District designate the District's deposit account signatories and authorize them to withdraw funds, initiate payment orders and otherwise give instructions on behalf of the District with respect to its deposit accounts by a duly adopted resolution; and

WHEREAS, with the retirement of the District's General Manager, Robert S. Roscoe, and the appointment of Daniel R. York as the new General Manager, it is therefore necessary for the Board to remove Mr. Roscoe and add Mr. York as a signatory on the District's deposit accounts.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF SACRAMENTO SUBURBAN WATER DISTRICT AS FOLLOWS:

1. The Board of Directors authorizes the General Manager and/or the Assistant General Manager and/or the Finance Director to enter into deposit account, funds transfer, investment, cash management, and deposit service agreements with WestAmerica Bank, MUFJ Union Bank, N.A., State of California Local Agency Investment Fund, CalPERS, PFM Group, Wells Fargo Bank, Sumitomo Mitsui Banking Corporation and Citibank and to designate from time to time who is authorized to withdraw funds, initiate payment orders and otherwise give instructions on behalf of the District with respect to its deposit accounts.

(a) Daniel R. York
General Manager

(b) _____
Assistant General Manager

(c) Daniel A. Bills
Finance Director

(Signature)

(Signature)

(Signature)

2. This authorization shall remain in effect until the District provides written notice of its revocation to the appropriate financial institution.

3. This Resolution shall be made effective and any and all prior resolutions relating to District Bank accounts, including Resolution 14-11, shall be rescinded and rendered invalid on January 22, 2018.

PASSED AND ADOPTED by the Board of Directors of Sacramento Suburban Water District, Sacramento County, California at a meeting on the 22nd day of January 2018 by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Craig M. Locke
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 22nd day of January 2018.

(SEAL)

By: _____
Daniel R. York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 7

Date: January 16, 2018

Subject: Robert Roscoe Retirement Event

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve staff allocating \$2,500 from the District’s Employee Morale Fund towards a retirement event for Robert Roscoe, former General Manager of Sacramento Suburban Water District, and replacing those funds with attendee proceeds after the event.

Discussion:

Approximately one year following the merger of Arcade and Northridge Water Districts, Sacramento Suburban Water District (District) selected Robert Roscoe (Mr. Roscoe) as their General Manager. This was due in part to legal actions against the District’s former General Manager and Assistant General Manager due to mis-use/misappropriation of District funds.

Mr. Roscoe led the District from a lack of trust by the general public, to one of the premier water agencies in the Sacramento region. During his tenure, Mr. Roscoe became engaged with the Association of California Water Agencies (ACWA) in 2008. He was elected to the ACWA Region 4 Board as Chair or Vice-Chair from 2008 through 2017. In addition, he was very involved in ACWA’s regulatory/legislative issues. In addition, Mr. Roscoe was involved with Regional Water Authority (RWA) since 2003. Mr. Roscoe was elected to RWA’s Executive Committee from 2003 through 2017.

Further, under Mr. Roscoe’s leadership, the District’s credit rate rose from a BB rating to a AA+ rating.

Mr. Roscoe has recently received awards from ACWA, RWA and American Society of Civil Engineers (ASCE) for his dedication and efforts in the water industry. In fact, Mr. Roscoe is scheduled to receive a second award from ASCE, the ASCE Region 9 Lifetime Achievement on March 23, 2018.

While staff is still working out the details of the event, a similar retirement event was held in 2016 for Bob Churchill, former General Manager with Citrus Heights Water District (CHWD). In this case, CHWD sponsored a small portion of funds towards the event with the remaining funds coming from guests attending the event.

Another similar retirement event was held recently for Shauna Lorance, former General Manager with San Juan Water District (SJWD). SJWD allocated funds initially to reserve the venue, etc. and replaced those funds once guests paid for attendance at Ms. Lorance's event. The District proposes to conduct Mr. Roscoe's event similar to Ms. Lorance's event.

Staff is in the process of obtaining quotes for a venue, food, decorations, etc. Once the estimates have been received, a budget will be developed to determine the cost for each guest to attend the event.

Fiscal Impact:

Initial impact is to temporarily remove \$2,500 from the Employee Morale Fund. As guests begin to pay for attendance at the event, staff will place those funds back into the Employee Morale Fund until fully replaced.



Agenda Item: 8

Date: January 16, 2018

Subject: Antelope Transmission Pipeline Leak

Staff Contact: Matt Underwood, Operations Manager

On December 9, 2017, at approximately 8:45 p.m., the District On-Call Technician was dispatched to 7447 Antelope Road (see Exhibit 1) responding to a report of a water leak inundating the number 2 westbound lane. Upon arrival, staff assessed to determine whether the leak was the responsibility of Sacramento Suburban Water District or the local water purveyor Citrus Heights Water District. It was staff's determination that the leak was associated with a blow-off lateral that would require isolation of the District's Antelope Transmission Pipeline (Pipeline).

Staff coordinated with the local law enforcement agency that was assisting with traffic control to secure the intersection of Mariposa Avenue and Antelope Road. This intersection contained the only known operable valve downstream of C-Bar-C (8275 Oak Avenue), which is the District's and San Juan Water District's (SJWD) intertie. During a previous project (in 2014), it was determined that the three (3) isolation valves between C-Bar-C and Navion at Mistry Creek Drive, as well as Navion motor operated valve (MOV), did not function as expected and did not completely shut down the flow of water. Consequently, the valve at Mariposa Avenue and Antelope Road and the Navion MOV were replaced with new valves in 2014 and 2015, respectively.

Staff attempted to isolate the affected section of pipeline using the valve at Mariposa Avenue and Antelope Road that was installed in 2015; unfortunately, it did not operate as anticipated. Therefore, staff was directed to use the intertie valve at C-Bar-C. Upon shutting down the intertie valve, staff saw a reduction in discharge volume at both the leak and on Supervisory Control and Data Acquisition. Staff then proceeded to the Navion MOV to isolate the downstream side of the pipeline. The Navion MOV worked properly and the closing of these two valves accomplished the shutdown and isolated this section of pipeline.

Due to the anticipated size and depth of excavation, staff determined the most appropriate means of repairing the lateral line was to outsource the work to a District contractor (see Exhibit 2). Staff remained on site to coordinate, inspect and provide direction as needed. Due to the length of pipeline being dewatered, the actual lateral line repair work did not commence until Monday, December 11, 2017. The volume of water discharged due to this repair work was in excess of 2.5 million gallons.

Antelope Transmission Pipeline Leak

January 16, 2018

Page 2 of 2

On December 13, 2017, the District contractor finalized the repair to the lateral line. The failure was due to the deterioration of bonnet bolts of the 6" isolation valve. The failure of these bolts caused the bonnet and operating stem to blow upwards, thus creating the leak. The repair to the lateral line was accomplished by replacing/installing a new 6" isolation valve. The estimated total cost incurred for the repair of the lateral line and pavement of the roadway is \$89,329.30. Below is a breakdown of this cost:

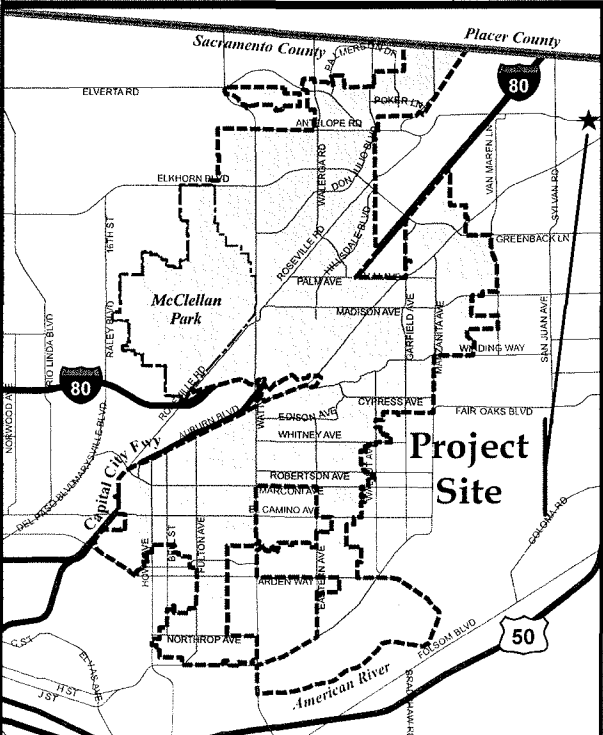
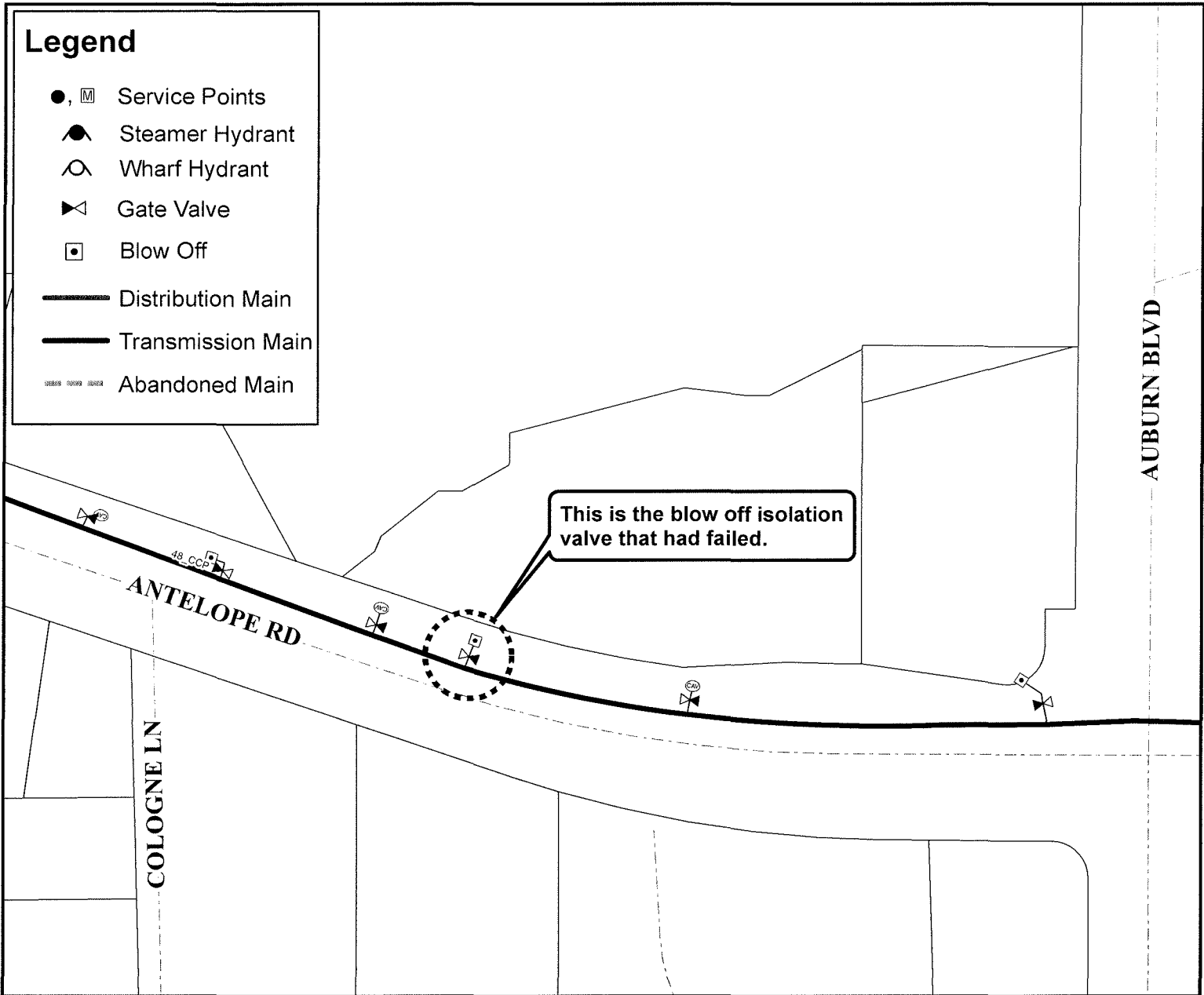
\$61,745.30 – Repair/replacement of blow-off lateral line and all incidentals.

\$27,548.00 – Pavement restoration.

During the shutdown process to address this leak a 48-inch butterfly valve near Mariposa Avenue was reported as not fully operational by staff. The valve was visually inspected by a manufacturer representative on January 3rd and found to be in generally good condition and operational, but some minor adjustments may be needed. Testing of this valve to determine if adjustment is required as well as testing the operation and efficacy of the other two valves between C-Bar-C and the Navion MOV will be completed in the following weeks as the ATP is disinfected and returned to normal service. Additionally, the valves located between the Navion MOV and the Antelope and Verner PRV stations will be tested prior to the ATP being returned to normal service. The pipeline is anticipated to be placed back in service the week of February 5, 2018.

Legend

- , [M] Service Points
- ▲ Steamer Hydrant
- Wharf Hydrant
- ▶ Gate Valve
- ◻ Blow Off
- Distribution Main
- Transmission Main
- Abandoned Main



NTS

Partial of Sacramento Suburban Water District



EXHIBIT 1

NOT FOR RECORDING
7447 Antelope Road
Leak on the Antelope
Transmission Pipeline

(Outside of Voting Divisions)



Base Data: Sacramento County Gis Base Map
 Projection: CA State Plane 2, NAD83
 Scale: As Shown
 Prepared by: D.A.V., SSWD
 Sacramento, Ca - January 2018
 Antelope_7447_Transmission Pipeline Leak.mxd

Exhibit 2

7447 Antelope Road



This picture illustrates the excavation area, and the location in the roadway. What it does not show is the overall depth required to repair the leak (16 feet).



Agenda Item: 9

Date: January 4, 2018

Subject: 2017 Annual Environmental Compliance Activity Report

Staff Contact: Matt Underwood, Operations Manager

All District staff share a collective responsibility to ensure that the District’s operational activities comply with existing regulatory requirements. Because environmental compliance applies to many aspects of work in the District, various staff members act in lead and/or supporting roles. Activities necessary for the District to remain in compliance with any regulatory requirements generally determines a staff member’s role. The District’s Environmental Compliance staff is responsible for disseminating information about existing and upcoming regulations to stakeholders. Whenever possible, staff endeavors to provide compliance solutions that are environmentally conscious and provide the most value to the District’s ratepayers.

The District’s Environmental Compliance Program provides assistance with activities such as reporting, providing training and drafting guidance for District staff. Tasks associated with the regulatory requirements from several different agencies provide the framework of the Environmental Compliance team’s day-to-day operations. Those agencies include:

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

The following provides an overview of those agencies and some of the tasks completed by Environmental Compliance staff to meet their regulatory requirements or otherwise facilitate compliance in 2017.

DDW and USEPA

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

Every month the District submits a report to DDW that provides details about the quality of the water produced. The DDW engineer that oversees the District also conducts an annual field inspection of approximately 80 well sites and 7 storage facilities.

Some of the District's efforts in 2017 related to DDW and USEPA requirements include:

- Ensured the collection, analysis, and reporting of over 2,700 samples.
- Responded to and documented over 200 customer water quality calls.
- Performed drinking water lead sample plan preparation, monitoring and reporting for 44 K – 12 schools in accordance with the District's revised water supply permit.
- Analyzed water quality data and produced the Consumer Confidence Report (Annual Water Quality Report).
- Drafted a contractual services agreement for laboratory services following termination of the services contract with the former laboratory.
- Submitted permit amendment packages for several wells.
- Revised and submitted the Groundwater Representative Monitoring Plan for UCMR 4 monitoring (scheduled to begin in 2019).
- Responded to both internal and external requests for data (such as well information, production data, and water quality data) in order to assist engineers, consultants, and agencies, including DDW, Sacramento Groundwater Authority, and URS Corporation.

There are more than 4,640 backflow prevention assemblies (Assemblies) installed on services throughout the District. District staff ensured that testing was performed on each Assembly at an active service connection in 2017. In order to facilitate program compliance and prevent terminating the customer's service, District staff had approximately 428 Assemblies tested by contract testers. Contract testing is performed when customers do not respond to District letters notifying them of the annual testing requirement. The cost of contract testing is subsequently added to customer's bills whom received that service. In addition, District staff had 61 Assemblies installed at existing customer service connections; thereby satisfying the DDW directive that at least 50 Assemblies are added to the system each year.

CVRWQCB

The CVRWQCB is the regulatory agency that enforces the provisions of the federal Clean Water Act. Most discharges to Waters of the U.S. are regulated through "Waste Discharge Requirements" that are included in a discharger's National Pollutant Discharge Elimination System (NPDES) permit. Potable water discharges must be conducted in accordance with the District's NPDES permit. In the first quarter of 2017, the District submitted its first annual report required under the new NPDES permit for water utilities. Coverage under the new permit began on the first day of the CVRWQCB fiscal year (July 1, 2016). When compared with the previous NPDES, discharge and reporting requirements have been streamlined so that they better reflect the minimal environmental impact associated with potable water discharges.

SCEMD

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

In 2017, District staff reviewed and re-submitted Hazardous Materials Business Plans and site maps for the 64 District facilities where hazardous materials in reportable quantities are stored. Those hazardous materials are primarily Sodium Hypochlorite, Hydrofluorosilicic Acid, and diesel in the emergency generator fuel tanks. District staff also accompanied SCEMD on inspections to a limited number of those facilities.

SMAQMD and CARB

SMAQMD and CARB enforce specific portions of air quality regulations. In general, SMAQMD enforces air quality regulations that pertain to stationary sources of air pollution and CARB enforces air quality regulations that pertain to mobile sources of air pollution. CARB enforces emission standards that apply to the District's large diesel-powered trucks and off-road equipment. SMAQMD is the permitting agency for the District's 19 diesel, 16 natural gas, and two propane-powered internal combustion engines (Engines). The Engines are permitted as emergency stand-by power for selected facilities throughout the District. Each year, at the end of January, Environmental Compliance staff prepare and submit an annual usage report for all Engines.

SMAQMD permits for all Engines have numerous operational, maintenance and record-keeping requirements. Production staff visually inspect each Engine every day that a facility is visited. The Engines are maintained, tested, and serviced in accordance with air quality regulations and the District's Internal Combustion Engine Operations Plan (ICEOP). The ICEOP helps ensure that Production staff adhere to regulatory requirements and properly document their activities. SMAQMD and District staff inspected all 37 Engines in August. Following the inspection, the SMAQMD engineer praised the District for its efforts in maintenance, documenting and reporting.

FCC

The FCC is the federal agency that licenses and regulates users of radio frequencies. The District has 10 active licenses for frequencies that are used for operation of the District's SCADA system, two-way radios and remote meter reading system. The term of each license is 10 years. No licenses required renewal in 2017. Three radio license frequencies require renewal in 2018.

TRAINING

In May, Environmental Compliance staff set up hazardous communication training for Operations and Engineering staff and first responder awareness training for Environmental Compliance and production staff as well as Operations supervisory staff. In addition, when necessary, Environmental Compliance staff also periodically provide the following training for Operations and/or Engineering staff:

- Bacteriological sample collection
- NPDES discharge requirements
- Hazardous materials plan contents and requirements
- SMAQMD permit requirements

SUMMARY

As is the case with the other functional groups, the Environmental Compliance team accepts responsibility for their part in helping the District operate in a manner consistent with the Strategic Plan's Goals and Principles. In doing so, the Environmental Compliance team recognizes their role in supporting the District's internal and external customers. For internal customers, that support includes understanding regulations and their requirements, then disseminating information through communication, training and guidance tools. For external customers, that support includes investigating, educating and reporting.

The District's ability to successfully satisfy the applicable compliance requirements in 2017 results from a collective effort by all staff. The Environmental Compliance team will continue to evolve and provide the necessary support to their internal and external customers to help ensure that they are satisfied, and that compliance requirements are met.



Agenda Item: 10

Date: January 10, 2018

Subject: Garden on Eden Update

Staff Contact: Greg Bundesen, Water Conservation Supervisor

In November 2016, the District completed a landscape upgrade project at the well 32A location on Eden Ct. and Root Ave. The Garden on Eden (Garden), as it was named, features a unique river friendly landscape that was designed specifically using the watershed approach. The watershed approach is defined as creating a landscape that promotes beneficial uses of water including, but not limited to, irrigation efficiency, onsite storm water retention, promoting beneficial insects such as pollinators, and reducing urban run-off. Since the installation of the Garden, staff has been actively attempting to ensure that invasive plants and grasses are controlled as best as possible. Some of the techniques used during the installation of the Garden, such as the sheet mulching in the rear of the property, have not performed as expected and have allowed invasive grasses to encroach onto the landscape. Staff continues to work with the District's maintenance consultant to ensure that any invasive or non-desirable plant material is removed in a fashion that does not compromise the Garden's principles of sustainability. The District chose a landscape maintenance contractor with certifications in River-Friendly Landscaping. The contractor is well versed in the unique aspects and sensitive nature involved with maintaining this type of landscape. Please note the following aspects of the Garden:

1. Many of the plants in the Garden bloom in the spring and go dormant in the fall/winter, though staff did have some fall/winter blooming plants installed. The spring blooming plants may have a "dead" appearance, but will look vibrant as they transition into the spring.
2. The plants have only been installed for just over a year, so they are still establishing themselves and growing to full maturity over the next year.
3. Staff continues to ensure that the contractor is appropriately maintaining the plants to ensure they are reaching their full potential.
4. Invasive plants, such as crabgrass and nut grass, can be very difficult to control. Staff and the contractor are actively developing plans to improve the control of these two specific plants.

Along with the routine maintenance of the plants in the Garden, staff is reviewing the use of mulch onsite. Recent rain events have saturated the soil to the point that the mulch has begun to displace. Staff will be reviewing different landscape alteration techniques that will ensure the mulch stays onsite while continuing to maximize the Garden's storm water capture potential.

Staff visited the Garden on January 10, 2018 to assess the ongoing maintenance (see Exhibit 1 for pictures of the Garden). Though staff will be working on developing a strategy to control the invasive plants growing in the rear of the site, staff was pleased with the state of the Garden for the current time of year. Staff plans on reviewing the condition of the Garden on a quarterly basis and relaying any concerns with the District's contract agency tasked with Garden maintenance.

Exhibit 1



Exhibit 1





Agenda Item: 11

Date: January 4, 2018

Subject: Preventive Maintenance Annual Report

Staff Contact: Matt Underwood, Operations Manager

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

On an annual basis, staff has been providing the Board with a report of the actions taken by the Distribution Department PM crew along with their findings. For CY2016, staff expanded the Preventive Maintenance Annual Report to include information on PM activities performed by Field Services Department staff on the District’s water meters as well as PM activities performed and/or supervised by Production Department staff on production facility equipment.

DISTRIBUTION DEPARTMENT

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

The PM Program ran intermittently throughout the entire year in 2017 due to reduced staff levels as well as an influx of new hires, who required an abundance of training. However, while operational, staff focused the efforts of the Program in the two areas as listed below:

1. Inspection and exercising of distribution system main line valves.
2. Inspection and exercising of valves in high traffic areas.

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

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

The following is a summary of the inspections and findings of the various appurtenances completed this year (see Exhibit 1):

- Main line Valves: 691 main line valves were inspected with 625 of these being exercised. Of the 691 main line valves inspected, 163 were located in high traffic areas; 118 high traffic valves were targeted and exercised. There were 335 significant findings that included valves identified as closed, valve boxes that were either buried or overlaid with asphalt, valves that were unable to locate, or had access issues, valves with misaligned risers, and valve cans that were full of debris.
- Fire Hydrants: 27 fire hydrants were inspected with 18 significant findings. These findings included, but were not limited to, issues such as non-operational hydrants, hydrants that were non-accessible due to access issues, hydrants that were leaking, hydrants that were non-visible due to overgrown vegetation and hydrants that required painting.
- Fire Hydrant Isolation Valves: 48 fire hydrant isolation valves were inspected with 46 of these being exercised. There were 19 significant findings, including issues such as broken valves, valves identified as closed, valve cans that were full of debris, and valve boxes that were either buried or overlaid with asphalt.

The Distribution Department's PM plan for 2018 will be a continued focus on main line valve inspections and exercise, and a continued effort to identify, inspect and exercise high traffic valves. The District continues to experience the benefit of the Program's effectiveness daily as staff is able to quickly identify and operate valves when performing a shutdown thus, decreasing the District's exposure to loss.

FIELD SERVICES DEPARTMENT

The Field Services Department began conducting Water Meter PM in 2007. With the passing of AB 2572 in 2004, requiring all water suppliers to install water meters on all customer connections by January 1, 2025, the District has steadily been upgrading flat rate service connections to metered service connections. The addition of thousands of new meters has resulted in an increased

workload in the department. This increased workload resulted in longer response times to customer requests and resulted in the Meter PM Program (Program) falling behind schedule prior to 2016. However, the District's Board of Directors approved the addition of one new DO position for the Field Services Department in 2016 and a second new DO position in 2017. With the addition of the full-time DOs in CY2016 and CY2017, meeting the Program schedule was assigned a high priority.

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

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

The following is a summary of the work performed by the Meter PM crew this year (see Exhibit 2):

- 1.5" & 2" Meters: Staff completed 232 meter rebuilds in this category.
- 3" or Larger Meters: Staff completed 138 large meter tests, surpassing the required 114 scheduled for 2017. Meters that were operating outside of AWWA accuracy standards were rebuilt by staff immediately following the test. Staff rebuilt the high side of 33 meters and rebuilt the low side of 53 meters. The average initial meter accuracy on the meters tested was 75.3%. Final average accuracy after being rebuilt was 99%.
- The Meter PM crew replaced 277 meters size 1" and below, well below the goal to replace 1,306 meters size 1" and below. These meters are 22-25 years old and equipped with the District's legacy drive-by transponders that are between 10-14 years old, which exceeds the life expectancy of the transponders. Due to ongoing AMI issues and a lack of available product, staff suspended the PM Meter Replacements until the AMI issues are resolved. In the future, to effectively maintain a 20-year replacement schedule, approximately 2,100 meters 1" and below will need to be replaced annually.

It is anticipated the Field Services Department will be able to meet all PM goals outlined in the AMP in CY2018.

PRODUCTION DEPARTMENT

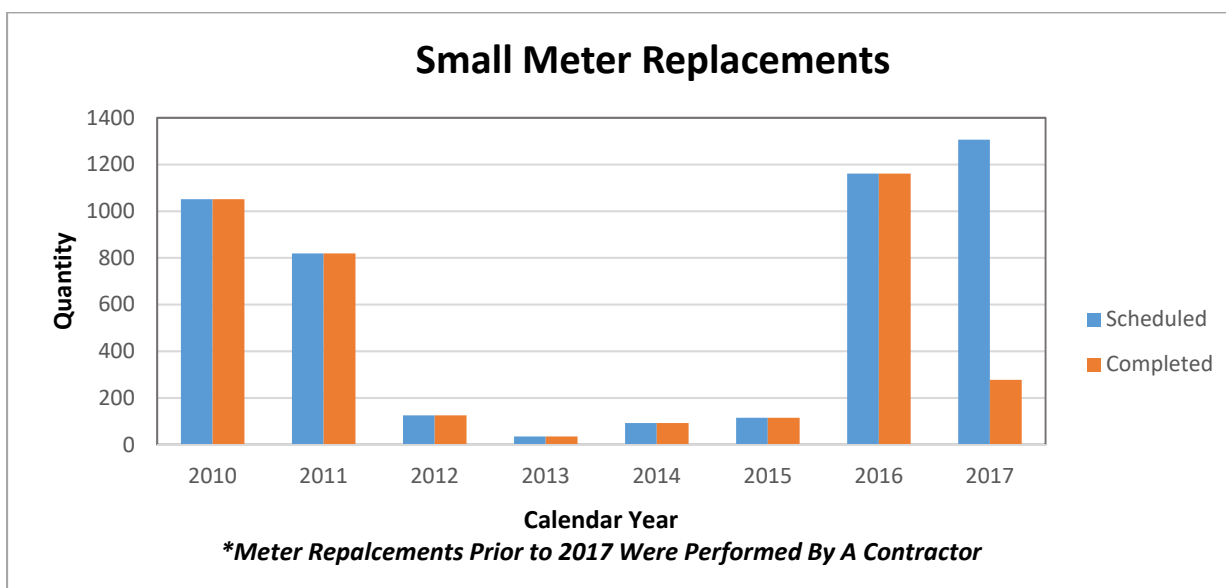
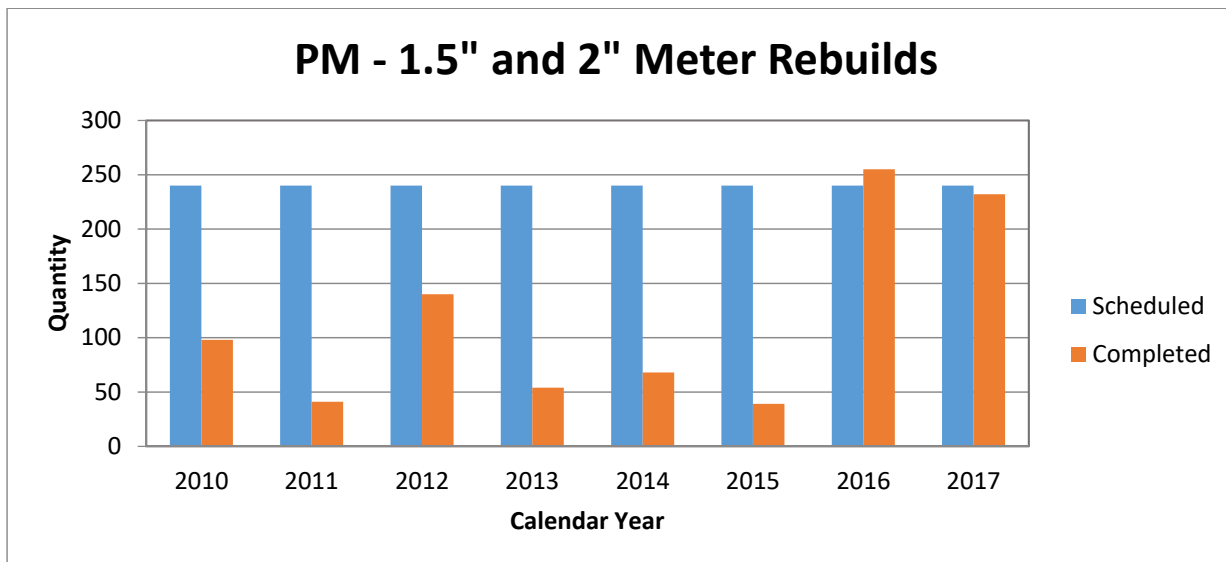
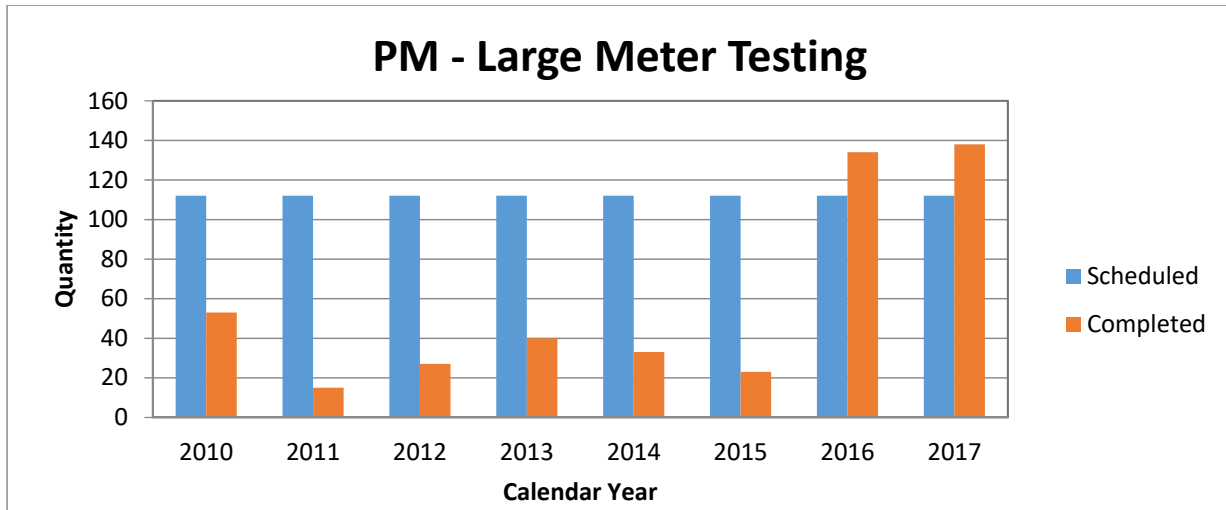
The District has experienced continued success with the Production Department PM Program (Program). Since the inception of the Program in 2007, two additional Production Operators and an Instrumentation and Electrical Technician were added to keep up with the ever-increasing amount of PM necessary to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

In 2017, staff focused the efforts of the PM Program in the areas as listed below:

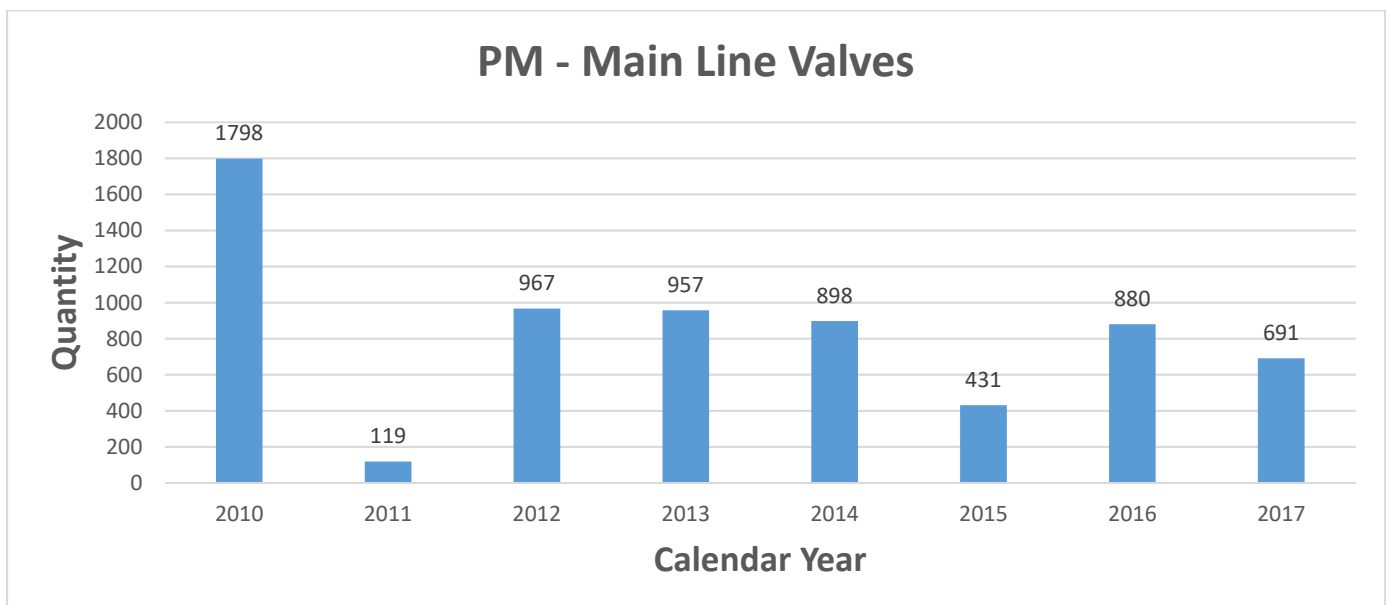
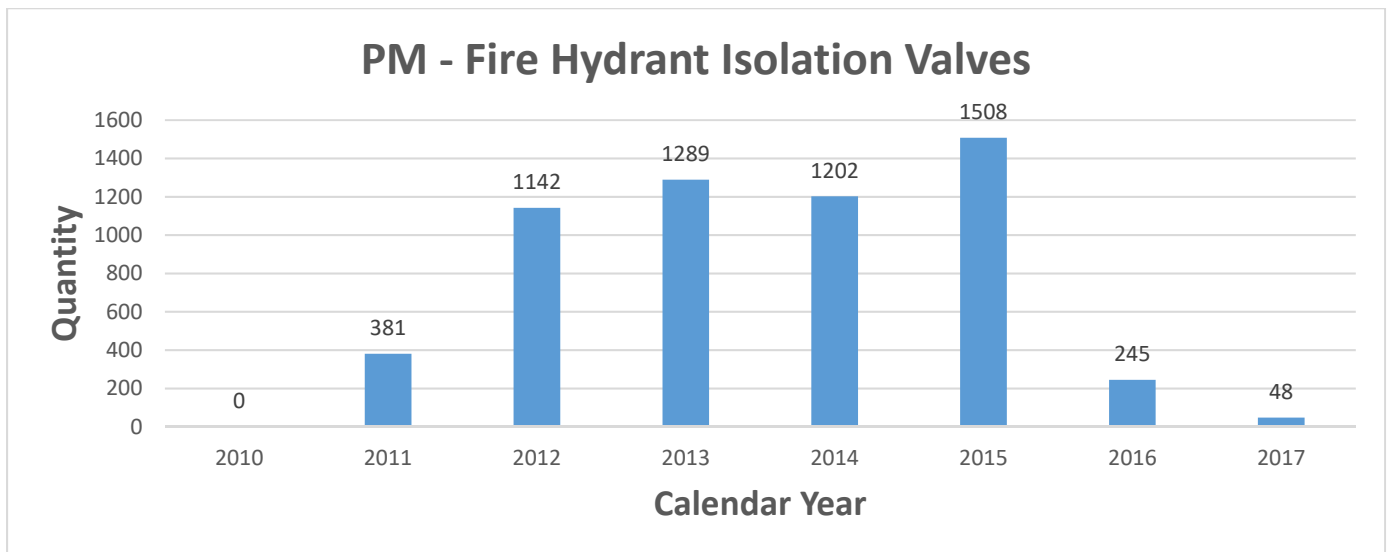
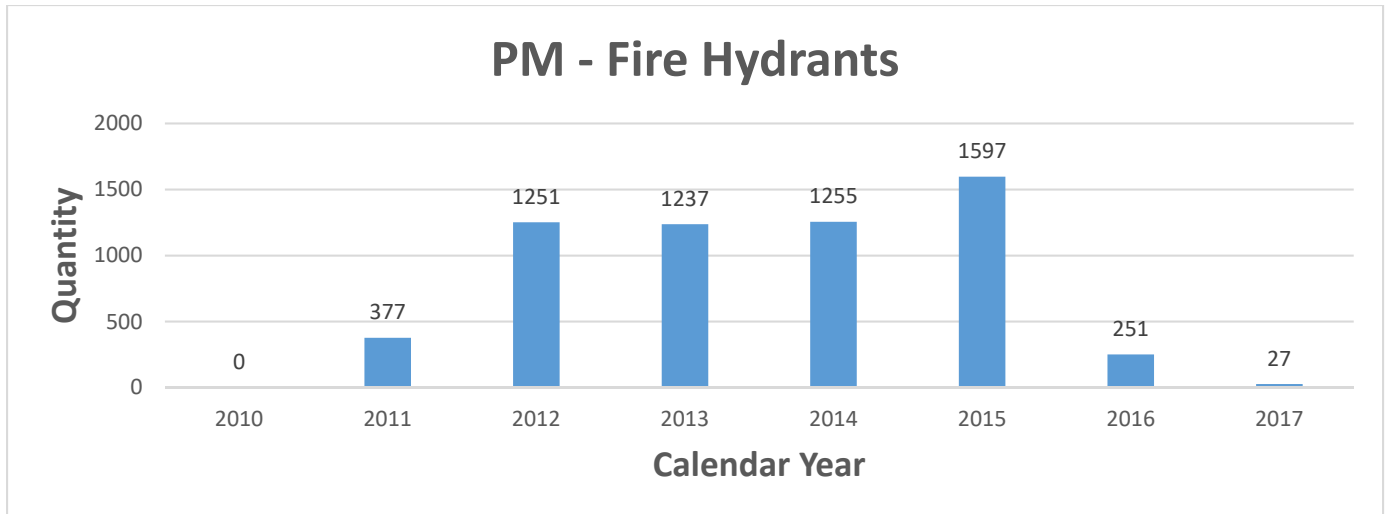
- **Pneumatic Tank Air Compressor Inspection and Maintenance:** Inspection and maintenance was performed on all 32 air compressors. This consisted of cleaning the site glass on the pneumatic tank, inspecting compressor and wiring for damage and/or wear, cleaning the compressor, chassis, and components, and adjusting compressor for optimal performance.
- **Production Facility Air Release Valve Inspection and Maintenance:** Inspection and maintenance was performed on 54 of the 153 air release valves (ARV). This consisted of inspecting the ARV for damage, exercising the isolation valve, flushing and cleaning the interior body of the ARV, inspection of the float seals, and inspection and cleaning of the vent screen.
- **Chlorine and Fluoride Analyzer Inspection and Maintenance:** Inspection and maintenance was performed on all 7 chlorine and fluoride analyzers. This consisted of replacing the tubing and cleaning the sensor eye and mixing magnet.
- **Sodium Hypochlorite Feed System Inspection and Maintenance:** Inspection and maintenance was performed on 76 of the 77 sodium hypochlorite (CL2) feed systems. This consisted of a number of steps including, but not limited to, cleaning the injection quill, cleaning and/or replacing the clear double containment tubing, rebuilding the positive displacement chemical pump, and verification of flow pacing set-points in the PLC.
- **Hydrofluorosilicic Acid (Fluoride) Feed System Inspection and Maintenance:** Inspection and maintenance was performed on all 29 Fluoride feed systems. This consisted of a number of steps including, but not limited to, cleaning the injection quill, cleaning and/or replacing the clear double containment tubing, rebuilding the positive displacement chemical pump, verification of flow pacing set-points in the PLC, and calibration of the fluoride drum scales 4-20mA output.
- **Emergency Internal Combustion Engine (ICE) Maintenance:** To adhere to Sacramento Metropolitan Air Quality Management District's requirements, and to ensure the ability of the District's 37 emergency ICE to perform as intended, routine operation and maintenance is required. The following maintenance frequency is based on manufacturer's recommendations and/or regulatory requirements and is performed by District staff or when necessary, by a vendor/contractor:

- Weekly Maintenance Check – Visual inspection and documentation by District staff.
 - Monthly Reliability Testing - Operate ICE once a month for 50 minutes loaded with the existing facility load by District staff.
 - Annual Maintenance - Oil and filter change and inspection of all hoses and belts performed by a vendor/contractor.
 - Once every 3 years – Load bank test (at 100% of capacity) performed by a vendor/contractor.
 - In 2017, load bank testing was performed on 6 emergency ICE's as scheduled.
 - Once every 3 years – Battery replacement performed by a vendor/contractor.
 - In 2017, 8 emergency ICE's received battery replacements.
-
- Hydraulic Valve Inspection and Maintenance: Inspection and maintenance was performed on all 44 valves in 2017. This consisted of a numbers of steps including, but not limited to, inspect for damage and proper operation, flush valve body pilot controls, clean and exercise needle valves, and exercise actuator.
 - Electric Vertical Turbine Well Pump Motor (Pump Motor) PM: Pump Motor PM was performed by an outside vendor due to reduced staff levels as well as an influx of new hires, who required an abundance of training. The vendor greased and changed the turbine oil on all 76 motors at 59 facilities in 2017. This consisted of a number of steps including, but not limited to, inspect for damage and/or issues, inspect/clean sight glass, de-grease motor and pump base, inspect sanitary seal and vent screens, clean and adjust dripper setting and change mechanical packing material if necessary.
 - Drainage Sump Maintenance: Staff completed PM of drainage sumps at 16 facilities in 2017. This consisted of a number of steps including, but not limited to, pulling the sump pump for inspection, service and cleaning, cleaning the sump basin, reinstallation of the pump and verification of proper operation.

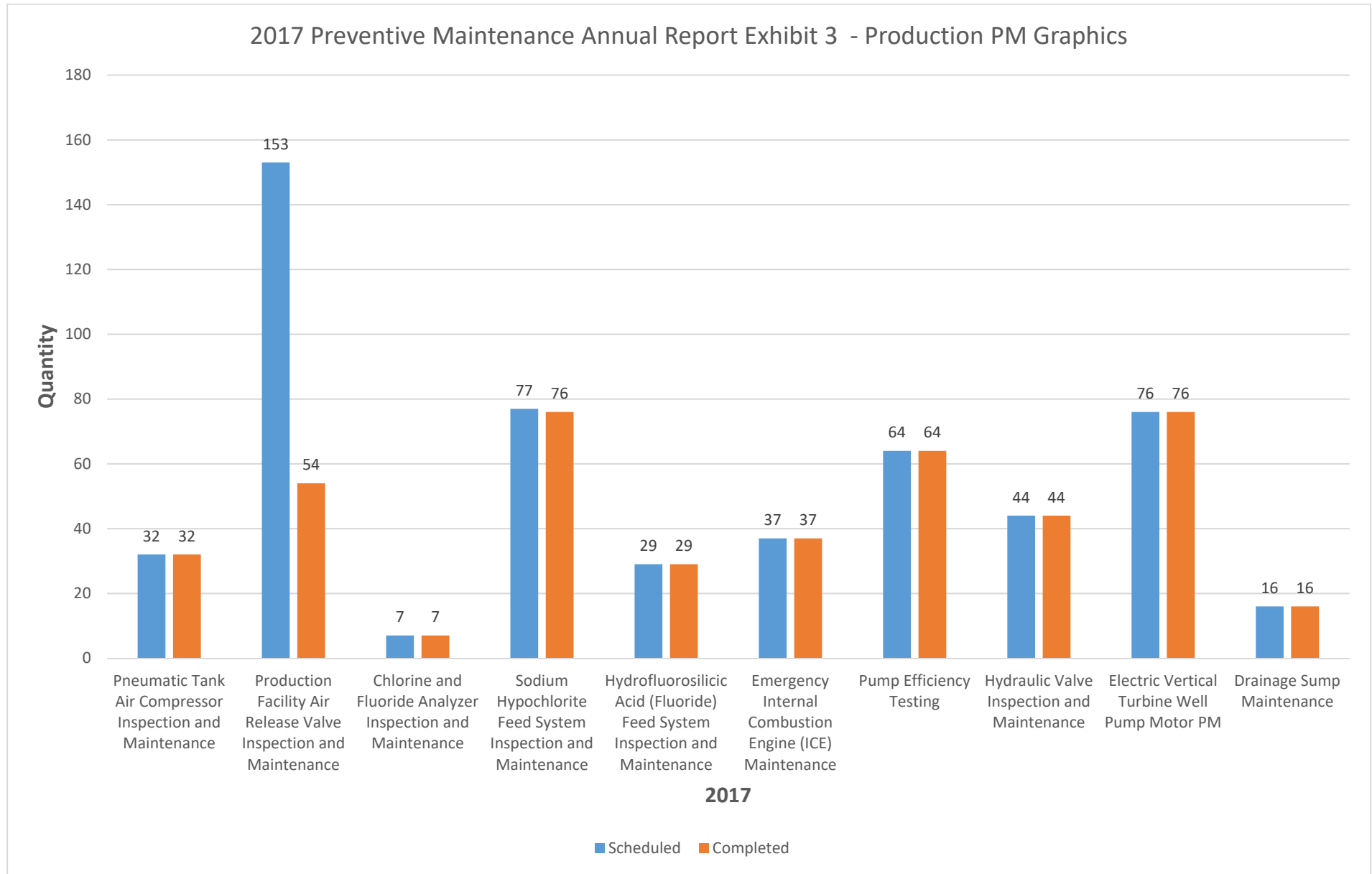
Most of the PM items noted above are conducted annually, so the Production Department's PM plan will continue unchanged in 2018.



Preventive Maintenance Annual Report Exhibit 2 – Distribution PM Graphics



Preventive Maintenance Annual Report Exhibit 3 – Production PM Graphics





Agenda Item: 12

Date: January 16, 2018

Subject: Financial Markets Quarterly Report

Staff Contact: Daniel A. Bills, Finance Director

Summary of District’s Debt Portfolio:

Debt	Original Par	Outstanding	Issuance	Credit Enhancement	Final Maturity
2009A	\$ 42,000,000	\$ 42,000,000	Adjustable Rate Revenue COP’s	Sumitomo Bank*	11/1/2034
2009B	\$ 36,155,000	\$ 22,065,000	Fixed Rate Revenue COP’s		11/1/2028
2012A	\$ 29,200,000	\$ 17,490,000	Fixed Rate Revenue Bond		11/1/2027
	<u>\$107,355,000</u>	<u>\$ 81,555,000</u>			

* Credit enhancement expires 6/30/2023

Current Status of District’s Variable-Rate Debt Portfolio:

Debt	Outstanding	Credit Enhancement	Bank Owned	Sold in Market	Market Rate
2009A	\$42,000,000	Sumitomo Bank LOC	None	\$42,000,000	1.60%
	Notional Amount	Counterparty	FMV	Receive Rate	Fixed Rate
Swap	\$33,300,000	Wells Fargo Bank, N.A.	(\$6,365,931)	1.078%	3.283%

Current Status of District’s Investment Portfolio (December 31, 2017):

Fair Market Value	Security Type	Yield
\$ 3,167,946	LAIF	1.24%
2,090,306	commercial paper	1.50%
2,622,962	Supra-National Agency Bond	1.59%
7,552,951	Certificates of Deposit	1.92%
8,781,001	Corporate Notes	2.12%
1,475,572	Agency Securities Bonds/Notes	1.28%
925,422	Municipal Bonds	2.02%
10,905,008	Treasury Bonds/Notes	1.77%
558,141	Agency Collateralized Mortgage Obligation	0.81%
3,039,448	Asset-Backed Securities/CMOs	1.54%
<u>\$ 41,118,757</u>		<u>1.76%</u>

Market:

Listed below is the most recent market summary provided by the District's Investment Portfolio Advisor (PFM Asset Management):

Current Bond Markets

- The U.S. Treasury yield curve continued to flatten in December. The combination of Fed rate hikes buoying the front end of the curve and tepid inflation restraining long-term Treasury rates has resulted in the least slope in the yield curve since 2007. Ten-year Treasury yields were unchanged in December at 2.41%, while two-year yields rose 10 basis points (bps) to 1.89%. Over the quarter, the 10-year yield was up 7 bps while the two-year yield rose 40 bps.
- The increase in short- and intermediate-term Treasury yields depressed returns for the month, as market price erosion offset income for maturities of less than seven years. However, benchmark Treasury notes for 10- and 30-year constant maturities exponentially outpaced their shorter counterparts, posting one-month unannualized returns of 0.26% and 2.07%, respectively.
- Corporate bonds finished the year on a strong note, as credit spreads narrowed further, yet again reaching new post-recession lows.
- Despite the Fed's ongoing balance sheet reduction measures, federal agency mortgage-backed securities (MBS) provided positive excess returns relative to Treasuries in December.

PFM Outlook

- As we pass the ten-year anniversary of the official start of the nation's most recent recession (December 2007), the domestic economic landscape continues to show signs of resilience, breadth and positive momentum.
- Agency yield spreads remain incredibly tight and we expect them to remain so. What value exists is largely confined to price concessions when new issues are first traded. On the other hand, the supranational sector offers additional income benefit relative to both Treasury and agency securities and we view this as an opportunity to increase allocations to the sector.
- Corporate spreads, albeit tight, still offer a risk-adjusted yield benefit relative to similar maturity government securities. We remain constructive on the sector, at least over the near term, as profits and balance sheets remain strong. The trajectory of corporate spread narrowing may slow in 2018, and we are cognizant of downside risks that may weigh on the sector later in the year.
- With the Fed scheduled to increase the pace of sales of its Treasuries and MBS holdings from \$4 billion to \$8 billion per month this quarter, we view the agency MBS sector as vulnerable to spread widening in 2018.
- Cash and money market yields are expected to rise in response to anticipated Fed moves. A good deal of this is already reflected in the yields available in Treasury bills and high-quality money market instruments with maturities of three- to six-months. Liquidity portfolios should continue to benefit from this.

(Source: PFMAM January 2018 Monthly Market Review).

Debt Portfolio:

The District's debt portfolio is evenly divided between fixed-rate debt and variable-rate debt. While the District's exposure to market conditions has been reduced, the District is exposed to interest rate risk primarily on the un-hedged portion of its variable-rate COP, representing \$8.7 million. Such risk is managed by the District through adherence to the District's Reserve Policy that addresses the management of interest rate risk through prudent investing of reserves in short-term variable-rate securities in an amount at least equal to the un-hedged debt exposure.

Investment Portfolio:

In this market environment, the investment objective is to position portfolio durations modestly short of benchmarks while emphasizing intermediate maturities and underweighting longer maturities thus shortening the portfolio.



Agenda Item: 13

Date: January 16, 2018

Subject: Year-to-Date Interest Expense Quarterly Report

Staff Contact: Daniel A. Bills, Finance Director

Interest expense consists of: 1) interest paid to bondholders, 2) letter-of-credit facility fees, 3) remarketing fees, 4) arbitrage rebate liabilities, and 5) net SWAP interest.

For the year ended December 31, 2017, the District incurred interest expense of \$3,449,550 versus a forecast of \$3,710,000 or a \$260,450 positive variance. This is primarily due to expected Federal Reserve interest rate increases occurring later than originally anticipated.

**Sacramento Suburban Water District
Interest Expense
2017**

	<u>A</u> 2017 Debt Interest FORECAST	<u>B</u> 2017 Actual Debt Service Cost	<u>A - B</u> 2017 DIFFERENCE	2017 CUMULATIVE YTD DIFFERENCE
2017				
January	\$ 309,166	\$ 309,471	\$ (305)	\$ (305)
February	309,166	255,357	53,809	53,504
March	309,168	330,925	(21,757)	31,747
April	309,166	280,321	28,845	60,592
May	309,166	266,502	42,664	103,256
June	309,168	325,693	(16,525)	86,731
July	309,166	270,628	38,538	125,269
August	309,166	276,918	32,248	157,517
September	309,168	310,355	(1,187)	156,330
October	309,166	273,432	35,734	192,064
November	309,166	270,007	39,159	231,223
December	309,168	279,941	29,227	260,450
TOTAL 2017	<u>\$ 3,710,000</u>	<u>\$ 3,449,550</u>	<u>\$ 260,450</u>	



Agenda Item: 14

Date: January 17, 2018

Subject: 2017 Budget Reallocations

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

CIP Budget Reallocations

At budget adoption, the Board authorizes “the General Manager to adjust and/or reallocate amongst the project type cost categories as necessary within the total CIP Budget amount.” Recently, the General Manager authorized transfers between various projects as described in Exhibit 1. The total amended CIP budget of \$16,975,000 is unchanged.

OCB Budget Reallocations

Similar to the CIP budget, the Board authorizes “the General Manager to adjust and/or reallocate amounts amongst the project type cost categories as necessary during the budget year within the total OCB Budget amount.” Necessary reallocations related to various projects are described in Exhibit 2. The total amended OCB budget of \$1,166,000 is unchanged.

O&M Budget Reallocations

Similar to the CIP & OCB budgets, the Board authorizes “the General Manager to adjust and/or reallocate amounts amongst the account categories as necessary during the budget year within the total O&M Budget amount.” Necessary reallocations related to various departments are described in Exhibit 3. The total amended O&M budget of \$21,311,000 is unchanged.

EXHIBIT 1 - CY2017 CIP Budget Transfers

Project Number	Project Name	Amended or Reallocated Budget Estimate	Reallocated Amount	Current Budget Estimate	Reason for Transfer
SC17-010	SCADA/RTU Panels	\$115,000	(\$21,000)	\$94,000	Additional work for the Arbors PLC Project into the Arbors Subzone Reoperation Plan was less than budgeted.
SC17-013	Electrical Improvements at Well Sites	\$25,000	\$13,000	\$38,000	Additional needed improvement for certain sites performed in December.
SC17-018	Distribution Main Replacements	\$8,300,000	\$253,000	\$8,553,000	Previously reduced due to delays in the Parkland Estates Phase 2 project. Increase due to material purchases for 2018 projects.
SC17-034	Reservoir Tank Improvement	\$100,000	\$8,000	\$108,000	Final costs came in slightly higher than budget.
SC17-034A	Corrosion Control for Transmission Mains	\$410,000	(\$253,000)	\$157,000	Transmission Main corrosion control not be completed in 2017, moved to 2018.
Total		\$8,950,000	\$0	\$8,950,000	

EXHIBIT 2 – 2017 OCB Budget Transfers

Project Number	Project Category	Amended Budget Estimate	Reallocated Amount	Amended Budget Estimate	Reason for Transfer
SF17-398	Truck #27 Replacement	\$130,000	(\$11,800)	\$118,200	Actual costs came in less than budget.
SF17-403	Security Cameras	\$19,800	(\$19,800)	\$-0-	Staff was unable to locate security cameras with a self-monitoring function. Staff is reassessing, therefore budgeted funds are not needed.
SF17-407	GPS/GIS Integration	\$70,000	(\$20,000)	\$50,000	As GPS equipment was assessed and purchased later in 2017, integration costs partially deferred to 2018.
SF17-408	Building & Structures Maintenance	\$95,000	(\$5,000)	\$90,000	Actual costs came in less than budget.
SF17-409	HVAC, Roof & Building Repairs	\$30,000	(\$11,700)	\$18,300	Monies set aside for the Antelope Garden deferred until staff can assess best use of the Antelope Facility.
SF17-415	Walnut – New Furniture for Foyer	\$8,000	\$5,000	\$13,000	Furniture acquisition expanded to replace furniture thought to be usable, but was not.
SF17-422	GPS/GIS Integration Hardware	\$49,000	(\$29,000)	\$20,000	Actual cost of GPS equipment was less than budgeted.
SF17-423	Website Upgrade	\$58,000	(\$9,900)	\$48,100	Actual cost of website came in less than budget.
SF17-426	Vac Excavation Truck	\$-0-	\$102,200	\$102,200	Acquisition approved by the Board in November. District purchased vehicle in December.
Total		\$459,800	\$0	\$459,800	

EXHIBIT 3 - CY2017 O&M Budget Transfers

Account Number	Account Name	Amended or Reallocated Budget Estimate	Reallocated Amount	Current Budget Estimate	Reason for Transfer
02-54506	Consulting	\$340,000	(\$100,000)	\$240,000	2017 budget included \$550,00 for an RWA Reliability Study and \$160,000 for the Joint Defense Agreement. Actual costs came in less than budgeted.
05-54509	Licenses & Fees	\$90,000	\$100,000	\$190,000	Increase due to SWRCB fees of \$160,000.
06-53501	Electricity	\$1,913,145	(\$100,000)	\$1,813,145	Electrical expenses came in under budget due primarily to a reduction in the amount of groundwater pumped.
08-52105	Inventory	\$275,000	\$100,000	\$375,000	Inventory increase due to AMI/AMR meter issues.
Total		\$2,618,145	\$0	\$2,618,145	



Agenda Item: 15

Date: January 5, 2018

Subject: Human Resources Quarterly Report

Staff Contact: Lynne Yost, Human Resources Coordinator

1. Current Statistics

Full Time Employees:	66
Temporary Employees:	5
Full Time Vacancies:	3

Current temporary employees include three engineering interns and one GIS intern.

Current full-time vacancies include Assistant General Manager and two Production Operators.

2. Completed/Ongoing Work of Note

- a) Completed retirement paperwork for Engineering Manager and Production Operator and discharge paperwork for temporary water conservation intern.
- b) Completed hiring process and orientations for three new full-time staff, including Senior Engineer, Purchasing Specialist and Administrative Assistant for Walnut office.
- c) Completed internal promotions to Distribution Foreman, Production Operator and General Manager.
- d) Updated all benefit plans for 2018 in ADP human resources program, including updated premiums for medical and dental plans.
- e) Completed 2018 benefit costs and deductions finance/payroll report.

3. Annual OSHA/Workers' Compensation Report

The District had just 1 recordable case in 2017 that occurred on December 28, 2017 (dog bite; 0 days away from work). This follows 0 recordable cases in 2016, 1 recordable case in 2015 and 2 recordable cases in 2014. These statistics indicate staff is consistently and effectively engaging in safe and healthy work practices throughout the year.



Agenda Item: 16

Date: January 13, 2018

Subject: Legislative and Regulatory Update

Staff Contact: Dan York, General Manager

RWA Government Affairs Committee

The State legislature reconvened January 3, 2018. California Legislators have until February 16, 2018 to introduce bills; additional bills will be introduced over the next few weeks. As the Legislative session advances, RWA will continue to regularly update the bill list, and as the Lobbyist Subscription Program begins to adopt positions the development of the priority bills will ensue, such as:

- SB 623 – Safe and Affordable Drinking Water Fund
- AB 746 – Testing for lead in schools
- AB 1668/SB 606 – Water Management Planning

State

On January 10, 2018, Governor Jerry Brown released a proposed \$190.3 billion spending plan that includes funding for several key water-related issues. Below are some highlights:

- \$4.7 million to set up a safe drinking water fund consistent with the framework of SB 623 (Monning) to address the lack of safe drinking water in some disadvantaged communities. ACWA strongly opposes the tax on drinking water proposed in SB 623;
- \$63 million in bond funding, if approved by voters in June, would fund capital costs for safe drinking water projects in disadvantaged communities;
- \$61.8 million (assuming passage of bond funding in June 2018) for the work of groundwater sustainability agencies operating under the Sustainable Groundwater Management Act;
- \$84 million (assuming passage of bond funding in June 2018) for the State Water Board to support regional groundwater treatment and remediation activities that prevent or reduce contamination of groundwater that is a source of drinking water.
- \$98.5 million (assuming the passage of bond funding in June 2018) for flood control projects that achieve public safety, along with fish and wildlife improvements.

On January 10, 2018, Governor Brown announced the appointment of Karla Nemeth as the new Director for the California Department of Water Resources (DWR). Grant Davis, who was appointed DWR director in August 2017, will return to the Sonoma County Water Agency to serve as its General Manager.

The California Natural Resources Agency followed the governor's appointment with a statement that its executive team has been restructured to further bolster dam and flood safety, emphasize climate resilience and incorporate lessons learned from recent impacts of extreme weather on the state's water system.

Ms. Nemeth has served as the governor's deputy secretary and senior advisor for water policy at the California Natural Resources Agency since 2014, where she was Bay Delta Conservation Plan project manager from 2009 to 2014.

On January 9, 2018, in cooperation with the State Water Resources Control Board, ACWA hosted an informational webinar for public and community water systems that provided updates to requirements for testing lead in the drinking water at California schools and for compiling lead user service line inventories in service distribution areas. The webinar focused on new requirements under AB 746 (Gonzalez Fletcher, 2017), which sets a July 1, 2019 deadline for community water systems to test lead levels in school drinking water. The requirements affect all California public, K-12 schools constructed before January 1, 2010. The webinar provided information that water systems can forward to schools within their service area.



Agenda Item: 17

Date: January 3, 2018

Subject: RWA and ACWA Comment Letters To SWRCB

Staff Contact: Greg Bundesen, Water Conservation Supervisor

On November 1, 2017 the California State Water Resources Control Board (SWRCB) released a Notice of Proposed Regulatory Action regarding an update in the California Code of Regulations, title 23, division 3, a new Chapter 3.5, on Conservation and the Prevention of Waste and Unreasonable Use, and within this chapter a new article, article 2, on Water Conservation. The Draft Regulations seeks to define and prohibit specific uses of potable water considered wasteful in an effort to make conservation a way of life for California (see Exhibit 1 for a summary of the Draft Regulations). The SWRCB was seeking public comment regarding the Draft Regulations which were due no later than 12:00 noon on December 26, 2017. In response to the Draft Permanent Regulations, the Sacramento Regional Water Authority (RWA) and the Association of California Water Agencies (ACWA) submitted comment letters on behalf of their member agencies regarding their opinion of the SWRCB's recommendation to the legislature. The RWA stated that they supported the actions of the prohibitions, but wanted the SWRCB to refine the language of several elements of the Draft Regulations. The ACWA letter goes a bit further stating that ACWA shares a more general concern regarding the SWRCB's authority to prevent "waste and unreasonable use" as a means to categorically prohibit certain water use practices without consideration of specific water use circumstances as required by law. More details regarding the RWA's and ACWA's concerns and recommendations for changes to the Draft Regulations can be found in Exhibits 2 & 3.

Both letters were submitted by the December 26, 2017 deadline. As a member agency of both ACWA and the RWA, the District supported both comment letters and the sentiments therein.

The District has already defined the proposed uses of water regarded as wasteful in the Draft Regulations as prohibited through the District's Regulation No. 15. Staff will make all recommendations necessary to ensure that the District is in compliance with any provisions outlined in the Draft Regulations if/when they are made permanent.



State Water Resources Control Board

NOTICE OF PROPOSED REGULATORY ACTION

TITLE 23. WATERS DIVISION 3. STATE WATER RESOURCES CONTROL BOARD AND REGIONAL WATER QUALITY CONTROL BOARDS CHAPTER 3.5 Conservation and the Prevention of Waste and Unreasonable Use

NOTICE OF PROPOSED RULEMAKING

The State Water Resources Control Board (State Water Board or Board) proposes to adopt the proposed regulation described below after considering all comments, objections, and recommendations regarding the proposed action.

PROPOSED REGULATORY ACTION

The State Water Board proposes to establish California Code of Regulations, title 23, division 3, chapter 3.5 on Conservation and the Prevention of Waste and Unreasonable Use and within this chapter will be a new article, article 2, on Water Conservation. This article is proposed to provide for permanent prohibitions against wasteful water uses. Currently certain water uses are prohibited under an emergency regulation that is set to expire November 25, 2017. The prohibitions that are proposed would be consistent with existing requirements in California Code of Regulations, title 23, division 3, chapter 2, article 22.5, specifically sections 865 and 866 that are expiring November 25, 2017 by operation of law.

AUTHORITY AND REFERENCE

The State Water Board is implementing, interpreting and making specific:

Authority: Section 1058, Water Code.

References: Article X, Section 2, California Constitution; Sections 4080, 4100, 4110, 4150, 4185, and 4735, Civil Code; Sections 102, 104, 105, 275, 350, and 10617, Water Code; Light v. State Water Resources Control Board (2014) 226 Cal.App.4th 1463.

PUBLIC WORKSHOP

A public workshop has been scheduled for this proposed action. State Water Board staff will hold a public workshop to provide the public an opportunity to discuss the permanent prohibition of certain wasteful water use practices. Any written or oral comments will be received, added to the record, and considered by the Board. A quorum of Board members may be present; however, no Board action will be taken. The public workshop will follow the Board meeting on:

Tuesday, November 21, 2017
Joe Serna Jr. – CalEPA Headquarters Bldg.
Coastal Hearing Room
1001 I Street, Second Floor
Sacramento, CA 95814

FELIX MARLOS, CHAIR | EILEEN SOBIECH, EXECUTIVE DIRECTOR

Please consult the agenda for the meeting, which will be available at least 10 days before **November 21, 2017**, to determine the exact day and time this item will be considered. A public hearing has not been scheduled. Any interested person can submit a written request for a hearing to be held. The written request for a hearing must be submitted at least 15 days prior to the close of the written public comment period.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the State Water Board. Written comments must be received no later than **12:00 noon on Tuesday, December 26, 2017**. The State Water Board will only consider comments received by that time.

Please send comment letters to Ms. Jeanine Townsend, Clerk to the Board, by email at commentletters@waterboards.ca.gov, (916) 341-5620 (fax), or by mail or hand delivery addressed to:

Jeanine Townsend, Clerk to the Board
State Water Resources Control Board
P.O. Box 100, Sacramento, CA 95812-2000 (by mail)
1001 I Street, 24th Floor, Sacramento, CA 95814 (by hand delivery)

Please also indicate in the subject line, "**Comment Letter – Prohibiting Wasteful Water Use Practices.**" Hand and special deliveries should also be addressed to Ms. Townsend at the address above. Couriers delivering comments must check in with lobby security and have them contact Ms. Townsend. Due to the limitations of the email system, emails larger than 15 megabytes are rejected and cannot be delivered or received by the State Water Board. We request that comments larger than 15 megabytes be submitted under separate emails.

To be added to the mailing list for this rulemaking and to receive notification of updates of this rulemaking, you may subscribe to the listserv for "**Water Conservation Regulations**" by going to http://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.shtml (look under "General Interests", select "Water Conservation Regulations").

WEBCAST INFORMATION

Video and audio broadcasts of the public workshop will be available via the internet and can be accessed at: <https://video.calepa.ca.gov/>.

PARKING AND ACCESSIBILITY

For directions to the Joe Serna, Jr. (CalEPA) Building and public parking information, please refer to the map on the State Water Board website: <http://www.calepa.ca.gov/headquarters-sacramento/location/>.

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

The CalEPA Building is accessible to persons with disabilities. To request these special accommodations or language needs, please contact 916 341-5254 as soon as possible, but no later than 10 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alterno u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a 916 341-5254 lo más pronto posible, pero no menos de 10 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

FUTURE NOTICE

The State Water Board public workshop will be at the times and places noted above. Any change in the date, time, and place of the public workshop will be noticed on the webpage: http://www.waterboards.ca.gov/water_issues/programs/conservation_portal/index.shtml

CALIFORNIA ENVIRONMENTAL QUALITY ACT

This is to advise that the State Water Board is proposing to adopt the **Wasteful Water Use Regulation**. Pursuant to CEQA Guidelines section 15063, the State Water Board prepared an Initial Study to provide a preliminary analysis of the proposed action to determine whether a Negative Declaration or Environmental Impact Report should be prepared. The proposed regulation will have a less than significant impact on the environment. Because there is no substantial evidence that the project or any of its aspects may cause a significant effect on the environment, the Board prepared a Negative Declaration. The draft Initial Study/Negative Declaration is available for review at the CalEPA library, located at 1001 I Street, Sacramento, CA 95814, and on the Water Board's website (www.waterboards.ca.gov/water_issues/programs/conservation_portal/regulation.shtml).

INFORMATIVE DIGEST/ POLICY STATEMENT OVERVIEW

a) Summary of existing laws and regulations

The proposed regulation would establish in California Code of Regulations, title 23, division 3, a new chapter, chapter 3.5, on Conservation and the Prevention of Waste and Unreasonable Use, and within this chapter a new article, article 2, on Water Conservation. This article is proposed to permanently prohibit certain wasteful water uses. Currently, those wasteful water uses are prohibited under an emergency regulation that is set to expire November 25, 2017.

References: Article X, Section 2, California Constitution; Sections 4080, 4100, 4110, 4150, 4185, and 4735, Civil Code; Section 8627.7, Government Code; Sections 102, 104, 105, 275, 350, and 10617, Water Code; *Light v. State Water Resources Control Board* (2014) 226 Cal.App.4th 1463.

Specifically, the proposed regulation 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.

The Prohibitions (i.e., Californians shall not...)

- Apply water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures.
- Use a hose that dispenses water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use.
- Apply potable water directly to driveways and sidewalks.
- Use potable water in an ornamental fountain or other decorative water feature, except where the water is part of a recirculating system.
- Apply water to irrigate turf and ornamental landscapes during and within 48 hours after measurable rainfall of at least one-tenth of one inch of rain.
- Serve drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased.
- Irrigate 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.

Penalties for Particular Entities:

- Any homeowners' association, community service organization, or any similar entity violating section 4735 of the Civil Code is an infraction punishable by a fine up to \$500/day for each day the violation occurs.
- Any city, county, or city and county violating section 8627.7 of the Government Code is an infraction punishable by a fine up to \$500/day for each day the violation occurs.

The Requirement for Hotels and Motels:

- 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.

b) Comparable Federal Laws and Regulation

The State Water Board has determined that there are no comparable federal laws or regulations related to the proposed regulation on prohibiting certain wasteful water use practices.

c) Policy Overview, Objectives and Benefits of the Proposed Regulatory Action

Article 10 of the California Constitution, section 2, states:

that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.

The State Water Board has determined that the proposed regulation will safeguard urban water supplies, minimize the potential for waste and unreasonable use of water, and realize the directives of Executive Orders B-37-16 and B-40-17. Each of the specific prohibitions on water uses and other end user requirements are necessary to promote water conservation to maintain adequate supplies, which cannot be done if water is being used in a wasteful or unreasonable manner. Between June 2014 and April 2017, the emergency regulations catalyzed water use reductions conserving over 3.5 million acre-feet. Should the proposed regulation be adopted, continued water savings would be achieved.

In general, water conservation has many benefits, including conserving water for source-watershed stream flows; conserving energy, as nearly 20 percent of California's electricity use is embedded in moving and consuming water; generating additional economic activity, such as investments in drought-tolerant landscaping; increased water quality in receiving waters due to lower runoff volume; increased awareness and a shared sense of responsibility among urban water users; reduced potential for severe economic disruption due to future water shortages; and more equitable management of water supplies.

Though the potential overall water saving from the proposed regulation are likely to be relatively minor, the water savings associated with the proposed regulation would nonetheless realize or promote a number of the aforementioned benefits. Each of these benefits is discussed below. The proposed regulation would not by itself necessarily achieve a significant level or amount of these benefits, relative to a comprehensive suite of conservation actions like water pricing changes or mandatory supply reductions; but, by prohibiting some of the more wasteful and discretionary water use practices, it can reasonably be expected to have a positive impact on each of the areas described below.

Protecting watersheds

Water efficiency can help stretch water supplies and contribute to the protection of aquatic environments. Water efficiency can preserve stream flows by preventing or delaying the need to build additional infrastructure and conserve (and even restore) flows in already-exploited watersheds. In *Water Efficiency for In-stream Flow: Making the Link in Practice*, the Alliance for Water Efficiency (AWE) describes how municipal water efficiency programs contribute to a more natural flow regime in California's Russian River. To create better habitat conditions for Coho salmon and steelhead in the summer and Chinook salmon in the fall, local water agencies invested in a number of water conservation strategies, including public education campaigns, cash-for-grass incentives, and rainwater catchment and greywater system rebates (AWE 2011).

Other documented examples of how urban water conservation has helped protect in-stream flows include, in California, the work of the Sacramento Water Forum to conserve American River flows (SWF 2017), and, outside of CA, the work of metropolitan Seattle agencies to conserve Cedar and Deschutes River flows (AWE 2011). These examples demonstrate that water conservation can directly protect watersheds by reducing consumption and dedicating those savings to in-streams flows.

Conserving energy

The proposed regulation would reduce GHG emissions by reducing the amount of energy needed to make water available for urban uses. A considerable amount of energy is embedded in California's water infrastructure. Over 19% of California's energy is used to supply, treat, and consume water and then to collect and treat wastewater (CEC 2006). Of that, about 40% is consumed by the water sector itself—primarily for supply and conveyance but also for water distribution, water treatment, and wastewater collection and treatment; the remaining 60 percent is attributable to the electricity used by customers as water is consumed—primarily for heating and pumping (Park and Croyle 2012). The energy intensity of a particular quantity of water depends on a number of factors, most importantly how (e.g., indoors or outdoors) and where (e.g., San Francisco or Los Angeles) it's consumed.

The corollary is that the energy savings associated with conserving any given quantity of water will similarly depend on where and how it's used. Water conservation in Southern California will generally yield more energy savings from pumping and treating water than conservation efforts in Northern California, where water requires less energy to travel. It is also true that indoor water use generally offers the greatest energy savings because indoor uses require wastewater collection, treatment, and discharge. Furthermore, indoor use of hot water is particularly energy intensive due to the energy required for hot water heaters. Energy savings associated with conserving water outdoors would only be associated with reduced supply, conveyance, treatment and distribution (Elkind 2011). The proposed regulation would primarily result in reduced outdoor use, and any related energy savings and reductions in GHG emissions would come from the prohibition of some of the more wasteful outdoor water use practices.

Approximately 7.2% of the state's overall electricity use is embedded in the supply, conveyance, treatment and distribution of water (Park and Croyle 2012). When water is conserved outdoors, the energy inputs embedded in those processes are avoided — and those avoided energy inputs vary considerably depending on where the water comes from and where it goes.

To better understand the geographically variable energy intensities of water in California, the California Public Utilities Commission (CPUC) developed the Water-Energy calculator; it computes average outdoor energy intensities for each of California's hydrologic regions (CPUC 2017). Using those outdoor water use intensity values, the UC Davis Center for Water-Energy efficiency calculated the energy savings associated with the volume of water conserved during a few months of the declared drought emergency. The electricity savings from statewide water conservation totaled 460 GWh, the equivalent of taking about 50,000 cars off the road for a year (UC Davis 2017).

Generating additional economic activity

Several of the wasteful water uses prohibited by the proposed regulation (e.g., the prohibitions affecting runoff) may result in the more efficient irrigation of urban landscapes. Reducing outdoor water waste could generate additional economic activity, such as investments in water efficient landscaping. Substantial expenditures to use water more efficiently outdoors may benefit the landscaping sector, perhaps by helping to catalyze a new, drought oriented sub-sector of the landscaping services sector, as well as, over time, likely reducing prices for this type of amenity. Furthermore, reducing the amount of water used for landscaping may direct those savings to other economically beneficial uses (Moss et al. 2015). It is not expected that the proposed regulation will have a significant impact on shifting landscapes to more drought tolerant plantings, but landscape companies may see increased calls for irrigation system upgrades, or changed landscape topographies, to avoid runoff as prohibited by the proposed regulation.

Improved water quality

Dry-weather discharges contain pollutants that compromise aquatic ecosystems. Dry-weather urban runoff can be a source of pesticides, nutrients, bacteria and metals. For arid and semi-arid streams dominated by urban runoff and effluent, pollutants conveyed during the dry-season can represent a substantial portion of total annual loading. Recent studies have shown that dry-weather loading of nutrients, pesticides, and other constituents can be a significant contributor of pollutants to receiving waters (Pitton et al. 2016, Stein and Ackerman 2007, Stein and Tiefenthaler 2005, McPherson et al. 2002, 2005). For example, dry-weather flows contribute more than 50 percent of the annual pollutant loads of some metals in Los Angeles basin watersheds (Stein and Ackerman 2007). A five-year study of eight California sites found that the majority (76 percent) of annual microbial loading occurred during the dry season (Reano et al. 2015).

Few studies have examined how reduced outdoor water use affects the water quality of runoff. However, an Orange County residential runoff reduction study found that increased outdoor water efficiency reduced the amount of runoff (by 50 percent at one site) while the concentration of pollutants such as nutrients, organophosphate pesticides, trace elements and bacteria remained the same (IRWD 2004). In essence, the IRWD study suggests that, with the reduction of dry weather runoff, pollutant loading may decrease. The proposed regulation may benefit water quality by reducing the amount of runoff and, by extension, total pollutant loading in the dry-season.

Increased conservation awareness

The proposed regulation would define ten water use practices as wasteful and unreasonable per Article X, section 2 of the California constitution, potentially compelling those urban water agencies that have not already prohibited the aforementioned practices to now do so. Depending on the degree of local education and enforcement, urban water users may place an even greater value on this vital resource and adjust their behavior accordingly. Numerous studies have shown that defining injunctive norms (i.e., norms that govern how a person should behave) can catalyze even greater conservation rates (Steg et al. 2014). By defining the addressed water use practices as wasteful and unreasonable, the proposed regulation assigns judgment. Coupled with the descriptive normative messaging typically employed in water conservation campaigns (e.g., notices comparing one household's use to other homes in the neighborhood), a strong injunctive message (e.g., watering driveways is wasteful) may instill an even greater conservation ethic.

Reduced potential for severe economic disruption

Wasteful and unreasonable uses of water threaten the California economy, now more than ever. Looking ahead, the co-occurring warm and dry conditions that gave rise to the recent drought are not “exceptional” but rather very probable (Diffenbaugh et al. 2015). Eliminating waste and unreasonable use of water safeguards California’s economy, ensuring our most vulnerable sectors are more resilient to projected climate change impacts. Permanently prohibiting some of the most wasteful and discretionary water use practices, and increasing the visibility of water conservation and efficiency can reduce the potential for economic disruption in multiple sectors, particularly the agricultural and electricity sectors.

Agriculture: The 2012-2016 drought reduced the amount of surface water available to farmers, like all other sectors. Despite offsetting much of the surface water reductions with increased groundwater pumping, the drought impacted California’s agricultural sector. Table 1 summarizes the results of the 2014-2016 economic impact reports the UC Davis Center for Watershed Sciences generated for the California Department of Food and Agriculture.

As shown in Table 1, groundwater pumping largely offset the impacts to California’s agricultural sector. However, the shortages nonetheless resulted in substantial costs (due to idled land, lost revenue, increased pumping, etc.), peaking in 2015 with an estimated loss of \$2.7 billion and 21,000 jobs (Howitt et al., 2015). Unaccounted for in the UC Davis assessment is the cost of massive and unsustainable groundwater pumping.

	2014	2015	2016
Surface water reduction	6.6 MAF*	8.7 MAF	2.6 MAF
Groundwater pumping	5.1 MAF	6.0 MAF	1.9 MAF
Net shortage	1.5 MAF	2.7 MAF	0.7 MAF
Total economic cost	\$2.2 billion	\$2.7 billion	\$603 million
Total job losses	17,000	21,000	4,700

Table 1: Summary of agricultural impacts of the California drought (2014-2016)

While continued groundwater overdraft temporarily benefits farmers, in the long run it too is costly, requiring farmers and surrounding communities to dig deeper wells, find alternative sources of water and repair infrastructure damaged by subsidence (Cooley et al. 2015).

Electricity: The Pacific Institute examined the effects of drought on California’s hydroelectricity generation. In an average year, hydropower provides 18 percent of the state’s electricity needs; during the drought, it averaged 10.5 percent. Through September 2016, hydroelectricity production dropped by 66,000 GWh. The replacement sources of energy were both more expensive and more polluting, costing ratepayers \$2.45 billion and increasing power plant emissions by 10 percent (Gleick 2017).

Economic disruption summary: Using water reasonably and efficiently safeguards California’s economy by protecting our most vulnerable sectors, particularly the agricultural and electricity sectors. Impacts to these sectors could ripple throughout the economy, as was the case in Australia during the millennium drought. At its peak, the “Big Dry” was estimated to have reduced Australia’s GDP by 1.6 percent. A 1.6 percent hit to California GDP would reduce state output by more than \$30 billion (Moss et al. 2015). Making conservation a California way of life reduces the potential for such severe economic disruption.

More Equitable Management of Water Supplies

A 2017 Pacific Institute report analyzed the impact of the 2012-2016 on California's most vulnerable communities. The report found that disadvantaged communities were gravely affected. Supply shortages and rising costs affected people's access to safe, affordable water in their homes. Additionally, declines in salmon populations, exacerbated by the drought, prevented some California Native American tribes from obtaining fish that are an essential part of their diet and an integral part of their spiritual and cultural traditions. Inequitable access to water in California existed before the drought began in 2012, but lack of water made the outcome of these inequities more severe (Feinstein et al., 2017). Making conservation a California way of life reduces the potential that future droughts will as severely impact disadvantaged communities.

d) An Evaluation of Inconsistency or Incompatibility with Existing State Regulations

The State Water Board evaluated whether the proposed regulation is inconsistent or incompatible with existing regulations. The proposed regulation is not inconsistent or incompatible with existing state regulations.

Absent the proposed regulation, there is no permanent statewide prohibition on specific water uses to promote conservation and no general regulatory identification of urban water uses that are considered a waste or unreasonable use. (Compare Cal. Code Regs., tit. 23, § 862.) The State Water Board's May 2015 emergency regulation constituted the first statewide directive to urban water users to undertake specific actions to respond to the drought emergency. The State Water Board extended and amended the regulation since May 2015 to respond to updated conditions as appropriate. Consequently, the proposed regulation is consistent and compatible with existing emergency regulations on this subject.

The 2014-2015 drought related actions and response activities culminated in Executive Orders (EO) B-37-16 in May 2016 and B-40-17 in April 2017. The EOs built on the temporary emergency conservation regulations and tasked State agencies with establishing a long-term framework for water conservation and drought planning. The actions directed in the EOs are organized around four primary objectives: (1) using water more wisely, (2) eliminating water waste, (3) strengthening local drought resilience, and (4) improving agricultural water use efficiency and drought planning.

To eliminate water waste, the State Water Board has been tasked with permanently prohibiting practices that waste water, such as: Hosing off sidewalks, driveways and other hardscapes; Washing automobiles with hoses not equipped with a shut-off nozzle; Using non-recirculated water in a fountain or other decorative water feature; Watering lawns in a manner that causes runoff, or within 48 hours after measureable precipitation; and Irrigating ornamental turf on public street medians.

While the severity of the drought has lessened in California after winter rains and snow, significant impacts remain. For the fifth consecutive year, dry conditions persist in areas of the state, with limited drinking water supplies in some communities, diminished water for agricultural production and environmental habitat, and severely depleted groundwater basins. Furthermore, California droughts will be more frequent and persistent, as warmer winter temperatures driven by climate change reduce water held in the Sierra Nevada snowpack and result in drier soil conditions.

Recognizing these new conditions, permanent regulations are needed to use water more wisely and efficiently, and prepare for more frequent, persistent periods of limited supply in all communities and for all water uses, including fish, wildlife, and their habitat needs. The proposed regulation is consistent and compatible with Executive Orders B-37-16 in May 2016 and B-40-17 in April 2017.

Additionally, homeowners' associations for common interest developments currently are statutorily barred from prohibiting low-water use landscaping or artificial turf and from fining residents who reduce their outdoor irrigation during drought emergencies, as are cities, counties, or cities and counties. (Civ. Code, § 4735; see also *id.*, §§ 4080, 4100, 4110, 4150, and 4185; Gov. Code, § 8627.7.) The Governor's April 25, 2014 Executive Order similarly declared "any provision of the governing document, architectural or landscaping guidelines, or policies of a common interest development ... void and unenforceable to the extent it has the effect of prohibiting compliance with the water-saving measures contained in this directive, or any conservation measure adopted by a public agency or private water company...." (Proclamation of a Continued State of Emergency, April 25, 2014, Ordering ¶ 4.) The proposed regulation neither differs from nor conflicts with an existing comparable federal statute or regulation.

MANDATED BY FEDERAL LAW OR REGULATIONS (Gov. Code, §§ 11346.2, subd.

(c)) The proposed regulatory action is not identical to previously adopted or amended federal regulations.

LOCAL MANDATE

This proposal does not impose a mandate on local agencies or school districts, or a mandate which requires reimbursement pursuant to part 7 (commencing with section 17500) of division 4 of the Government Code.

NON-MAJOR REGULATION: RESULTS OF THE ECONOMIC IMPACT ANALYSIS

The Impacts

By prohibiting wasteful water use practices, the proposed regulation will conserve water. Water conservation has many benefits (see, Benefits section *l.c. supra*), but it also has consequences. Declining water sales translate to declining utility revenues, complicating efforts to continue conservation programs while covering the costs of water treatment and delivery as well as infrastructure repair and replacement (AWE 2014). To recuperate the revenue lost as customers conserve, utilities must adjust rates. The State Water Board estimates that the proposed regulation would result in annual statewide savings of 12,489 AF. Assuming these savings would be distributed in proportion to the population served by urban water suppliers, individual urban water suppliers would incur minor utility net revenue losses.

There are two primary reasons why the proposed regulation is unlikely to lead to major statewide costs. First, through existing permits and policies, many of the state's urban areas already address the most wasteful of the to-be-prohibited practices (*i.e.*, those practices pertaining to outdoor use). Secondly, the proposed regulation is unlikely to catalyze substantial water savings, as only prohibiting wasteful uses has been shown to conserve relatively little compared to other conservation strategies.

Type-of-use-restrictions (*i.e.*, prohibitions), without accompanying changes in pricing, achieve modest reductions (Dixon and Moore 1996, Olmstead and Stavins 2009, Mini 2015, Manago and Hogue 2017). For example, when the Los Angeles Department of Water and Power (LADWP) instituted mandatory outdoor water restrictions in 2008, the rate of outdoor water use

declined 6 percent compared to an averaged 2001-2007 baseline; when LADWP additionally raised rates, the rate of outdoor use declined by an average of 35 percent between 2009 and 2014 (Manago and Hogue 2017).

Water demand tends to decrease as prices increase. Rates can be strategically used to influence demand, particularly outdoor residential demand, which is more elastic (i.e., more responsive to changes in price) than residential indoor demand (Epsey and Shaw 1997, Dalhusien 2003, Olmstead 2007, Baerenklau et al 2013). The proposed regulation would only prohibit certain wasteful water use practices. Because it would not also require water agencies to change rates in a manner to incentivize the mandated conservation practices, the analysis assumes the prohibitions themselves will not lead to significant savings.

The State Water Board assumes that the proposed regulation would result in savings commensurate with the savings attributable to the prohibitions under the emergency conservation regulations. We estimate that 1 percent of the June 2014 to April 2017 savings (12,498 acre-feet per year (AF/yr) are due to the prohibitions. See Table 2.

<i>Hydrologic Region</i>	<i>AF Saved from June 2014 to April 2017</i>	<i>AF Saved due to prohibitions</i>	<i>Annual AF Savings due to prohibitions</i>
	A	B	C
Central Coast	131,150	1,312	463
Colorado River	115,850	1,158	409
North Coast	27,905	279	98
North Lahontan	8,504	85	30
Sacramento River	509,086	5,091	1,795
San Francisco Bay	582,310	5,823	2,054
San Joaquin River	238,309	2,383	840
South Coast	1,538,675	15,387	5,426
South Lahontan	84,976	850	300
Tulare Lake	304,592	3,046	1,074
Total	3,541,357	35,414	12,489

Table 2: Statewide Water Conservation by hydrologic region (June 2014-April 2017)

To estimate the water savings, the Board used its Urban Water Supplier Reporting database. In July 2014, the State Water Board first adopted drought emergency conservation regulations. Among other actions, the emergency regulations required urban water suppliers to submit to the Board monthly reports including information about current and 2013 (baseline) monthly production volumes. Comparing current production data to the baseline enables the Board to track water savings over time.

The State Water Board has calculated cumulative water savings and monthly water savings every month since this type of water use reporting became required. The Board's monthly calculation indicates how much water suppliers have conserved since the emergency regulations were first adopted in June 2014. Column A of Table 2 shows how much water Californians saved in each hydrologic region between June 2014 and April 2017 (a 2.8-year period). For reasons described in subsequent paragraphs, the State Water Board attributes

1% of those savings to prohibitions against wasteful water uses.¹ Column B shows the cumulative savings due to the prohibitions (A*1%); column C, the annually averaged savings over the 2.8-year period.

The total reported savings from 2014-2017 (i.e., the 3.5 million AF) reflect not only the prohibitions (required by the emergency conservation regulations) but also the 2014 drought proclamation and the 2015 mandate. The 2014 proclamation called on Californians to voluntarily conserve water, with a goal of reducing statewide urban water use by 20 percent. Between April 2014 and April 2015, statewide conservation efforts reached 9 percent, based on water use data reported to the Board. With drought conditions worsening in 2015, on April 2, 2015, Governor Brown issued Executive Order B-29-15, mandating, among other things, that the State Water Board adopt regulations that would lead to Californians reducing statewide potable urban water use by 25 percent. When the Governor's mandate went into effect, Californians responded immediately, reducing water use by 23.9 percent between June 2015 and June 2016. The State Water Board assumes the voluntary goal and the mandatory reductions resulted in most of the total water savings, and that the prohibitions alone resulted in a much smaller portion.

The total reported savings additionally reflect the impact of pre-existing policies. California became the first state to adopt a water use efficiency target with the passage of SB X7-7 in 2009. SB X7-7 mandated the state achieve a 20 percent reduction in urban per capita use by 2020. The reduction goal is also known as "20x2020." SB X7-7 directed water suppliers to develop individual targets for water use based on a historic per capita baseline. The savings observed between June 2014 and April 2017 additionally reflect the past and on-going work of water agencies to reduce urban water use 20 percent against that baseline by 2020.

The State Water Board also considered the role of Urban Water Management Plans (UWMPs, or Plans) in spurring water savings. The Urban Water Management Planning Act requires urban water suppliers to prepare and adopt a Plan, and to update it at least once every five years. The Plans provide a framework for long term water planning and must contain information about: water deliveries and uses; water supply sources; demand management measures; and water shortage contingency planning. The contingency analysis must include information about "mandatory prohibitions against specific water use practices..." (DWR 2016).

Within the UWMPs, mandatory prohibitions vary depending on what stage of water shortage has been declared. Typically, suppliers will include between three and five stages in a water shortage contingency analysis, with each subsequent stage reflecting decreasing water supplies (DWR 2016). Stages are defined at the urban supplier's discretion: they can be defined quantitatively (e.g., Stage 1 represents a 10% supply reduction) or qualitatively (e.g., a stage 1 represents a "mild water shortage"). The higher the stage, the more stringent the prohibitions will be. See Table 3 for a hypothetical example.

During the recent and unprecedented California drought, urban water suppliers invoked water shortage contingency plan stages (WSCP) requiring significant conservation measures (as reported in the Urban Water Supplier Reporting database). For many utilities, later-stage prohibitions are considerably more restrictive than those required by the proposed regulation,

¹ Along with the reporting requirements, the June 2014 emergency conservation regulations also prohibited certain wasteful and unreasonable uses of water (the same uses that would be prohibited by the proposed regulation).

suggesting that any savings due to the prohibitions required via the emergency conservation regulations would be small relative to those required via later-stage WSCPs.

Stage		Example Prohibitions
0	Normal	Application of potable water to outdoor landscapes that causes runoff.
1	Moderate	Hosing of hardscape surfaces, except for health and safety needs.
2	Significant	Outdoor watering more than 3 days per week.
3	Severe	Outdoor watering more than 2 days per week.
4	Critical	Outdoor irrigation.

Table 3: Hypothetical example of the various stages of water shortage contingency plans.

Finally, the State Water Board based its assumption that 1 percent of the total reported savings can be attributed to the prohibitions on an examination of changes to outdoor winter water use. The Board examined outdoor winter water use because, according to the results of an analysis the Board completed (see Sample of UWMPs sub-section in the 399 supplement), only 16 of the 40 randomly sampled UWMPs included the prohibition restricting irrigation during and within 48 hours after measurable rainfall (the fifth prohibition in Table 4). Looking at the relatively uncommon no-irrigating-when-it's-raining prohibition provided an opportunity to distinguish the influence of the state-mandated prohibitions from those attributable to locally-driven drought responses and policy choices.

	The application of water to outdoor landscapes in a manner that causes runoff such that water flows onto adjacent property,.....	The use of a hose that dispenses water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle.	The application of potable water to hardscapes.	The use of potable water in an ornamental fountain unless with a recirculating system	The application of water to irrigate turf and ornamental landscapes during and within 48 hours after measurable rainfall...	The serving of drinking water other than upon request in eating or drinking establishments	The irrigation of turf on public street medians...	Hotels and motels must provide guests with the option of having towels and linens laundered, and prominently display this option.
Prohibition #	1	2	3	4	5	6	7*	8
% of suppliers w/ equivalent prohibitions	95%	98%	98%	88%	40%	80%	18%	65%

Table 4: Percentage of sampled suppliers with Plans including equivalent prohibitions.

*Even fewer suppliers included prohibition 7 (irrigation of turf on public medians...) in Plans. Analyzing its impact would also provide an opportunity to distinguish the influence of the state-mandated prohibitions from those attributable to locally-driven drought responses and policy choices. However, the State Water Board determined estimating its impact would be impossible given data constraints.

To analyze the impact of the fifth prohibition, the State Water Board compared pre-drought winter water use (2013) to winter water use during the drought (2014, 2015, and 2016). The Board first estimated what percentage of the reported winter savings occurred outdoors. The State Water Board based the estimate of what percentage of the water savings occurred outdoors in part on a 2003 Pacific Institute document, Waste Not, Want Not: The Potential for Urban Water Conservation in California.

According to the Pacific Institute estimates, an average of 4 percent of California winter residential water use occurs outdoors. The State Water Board assumed proportionate winter water savings, i.e. that 4 percent of the water conserved during the winter months is due to outdoor water conservation measures. The Board then compared the gallons saved outdoors (Column D in Table 5.) to the 2013 pre-drought winter baseline (Column A), which indicated that winter water savings represented, respectively, 0.36 percent, 0.72 percent, and 0.88 percent of the 2013 winter baselines (Column E).

Winter ¹ year	2013 winter baseline ² (AF)	Winter production (AF)	AF saved	AF saved outdoors	% of 2013 baseline
	A	B	C (A-B)	D (C*4%)	E ($\frac{D}{A} * 100$)
14/15	1.6 million	1.46 million	144 thousand	5.8 thousand	0.36%
15/16	1.58 million	1.29 million	288 thousand	11.5 thousand	0.72%
16/17	1.57 million	1.23 million	347 thousand	13.8 thousand	0.88%

¹Winter is December through March. ² Since reporting began in June 2014, urban water suppliers have refined their 2013 baseline estimates. Hence, the 2013 baseline varies.

Table 5: Winter Water Savings due to the no-irrigating-when-it's-raining prohibition

To distinguish the influence of the state-mandated prohibitions, the State Water Board assumed 1) that prohibitions 1-4, 6 and 8 will result in de minimis new savings, since most urban water suppliers already have equivalent prohibitions in place (See Table 5); 2) the percent of the total estimated savings due to the no-irrigating-when-it's raining prohibition is equal to the percent of outdoor winter savings relative to the 2013 winter baseline; and 3) that, because no-irrigating-when-it's raining is a relatively rare prohibition, its impact is a reasonable proxy for estimating the percent estimated savings due to the prohibitions en masse. To account for additional savings potentially attributable to the other prohibitions, the State Water Board conservatively rounded the 0.65% average (i.e., (0.36% + 0.72% + 0.88%)/3) up to an even 1%.

To summarize, the State Water Board assumes that comparing the 2013 winter water use baseline to outdoor winter water savings during the drought is the best approximation of the effects of the prohibitions en masse for the following reasons:

- The no-irrigating-when-it's raining prohibition will save the most water during the months of December-March, and is a relatively uncommon local prohibition (See Table 4).
- Californians embraced other wintertime outdoor conservation measures, especially during the historic drought. Measures included not irrigating at all during the winter months. Inasmuch, attributing winter-time savings to the no-irrigating-when-it's raining prohibition is likely a conservative over-estimate of the prohibition's impact. Likewise,

our estimate of the total volume save overestimates the impact of the prohibitions in general.

- The impact of the prohibitions is relatively small given the influence of preexisting policies in place during the analyzed period, such as UWMPs, SBX7-7, the 2014 proclamation calling on Californians to voluntarily reduce water use by 20 percent, and the 2015 mandatory water use reductions.

The State Water Board, based on the best available data and studies, conservatively estimated that 1 percent of the cumulative statewide water savings, averaged over a 2.8 year period during the drought, (totaling 12, 489 AF/yr) may be attributable to all of the prohibitions mandated by the drought emergency conservation regulations. The Board assumes that the proposed regulation would result in commensurate annual savings.

The Economic Costs

Having estimated the annual average savings due the prohibitions, the Board analyzed the economic impact of the proposed regulation. The following paragraphs summarize the economic costs. The State Water Board estimates the proposed regulation, over its lifetime, will have statewide economic (not fiscal) direct costs totaling \$15,966,396. Looking at costs over the proposed regulation's "lifetime" requires defining the lifetime. The State Water Board assumed a 20-year lifetime and assigned a yearly discount rate of 0.5 percent. To calculate the present value of the 20-year stream, the State Water Board summed the annual present values, assumed to decline by 0.5 percent per year. Table 6 shows the first five years of the 20-year horizon. The State Water Board estimates that annual costs will become and remain \$0 starting in Year 3.

Costs over a 20-Year Lifetime for BUSINESSES AND INDIVIDUALS					
Real Interest Rate, 20-year, i	0.50%				
First Year of Time Horizon, January 1	2018				
Last Year of Time Horizon, January 1	2038				
Year, Position in the Time Horizon	Year 1	Year 2	Year 3	Year 4	Year 5
Year, Calendar, t	2018	2019	2020	2021	2022
Discount Factor = $1 / (1 + i)^{(t - 2018)}$	1.000	0.995	0.990	0.985	0.980
Economic Direct Cost of Private Suppliers and Customers					
Year, Position in the Time Horizon	Year 1	Year 2	Year 3	Year 4	Year 5
Costs, Economic (not Fiscal) 2015 \$	2,313,022	13,721,641	0	0	0
Present Value, each year	2,313,022	13,652,374	0	0	0
Sum of Present Values (for Direct Economic Costs)	15,966,396				

Table 6: Lifetime economic costs of the proposed regulation

The costs change in the first two years; thereafter, the State Water Board assumes they remain constant, in real terms. The pink highlighted cells in Table 7 show the direct economic costs for Year 1, Year 2 and Year 3. In the first year (Year 1), the Board assumes the following:

- Californians conserve water due to the proposed regulation and these water savings cause water suppliers to lose revenue. Gross revenue loss to **private** suppliers= total supplier revenue losses * 15%, as the Water Board assumes 15% of all urban water suppliers are private.

- The suppliers absorb this loss in the first year; in other words, they do not pass on lost revenue costs to customers in the first year.
- Customers and private suppliers purchase nozzles.
- Urban suppliers pass on nozzle costs to customers as a one-time surcharge.

In the second year (Year 2), the Board assumes the following:

- As a one-time surcharge to customers, the urban suppliers pass on the revenue loss costs they incurred in Year 1.
- By Year 2, urban suppliers will have permanently adjusted fixed service charges so that they do not lose revenue as customers continue to conserve. Using less water, customers would not pay more.

The Economic Benefits

The most significant economic benefit of the proposed regulation is its contribution to California's future water security. Robustly estimating the statewide value of this contribution would be wholly speculative based on existing data and studies. This proposed regulation defines specific water uses as wasteful and unreasonable, increasing conservation, which, in turn, increases drought resilience; it also imposes penalties on HOAs and cities when they do not comply with existing law.

In general, the State Water Board perceives several categories of potential benefits, including increased streams flows, decreased energy use, increased activities in drought-based industries, increased water quality, increased awareness about water waste, reduced probability of severe economic disruptions in drought, and more equitable management of water. In addition, the Board expects potential benefits to small businesses such as restaurants (saving water and energy by washing fewer glasses), landscapers (increased demand for irrigation design, installation, and management), and small and large hotels & motels (saving water and energy by washing less linen). These benefits are unlikely to significantly impact the state's economy.

To complete the economic impact analysis, the State Water Board considered two categories of probable benefits, where the Board could base its estimates on available data. Those categories are (1) Variable Cost Savings; and (2) Offset Demand Savings. The Board based these estimates on the water savings due to the prohibitions, i.e. 12,489 AF/yr.

The State Water Board estimates the proposed regulation, over its lifetime, will have statewide economic (not fiscal) benefits totaling \$167,748,630. Looking at benefits over the proposed regulation's "lifetime" requires defining the lifetime. The State Water Board assumed a 20-year lifetime and assigned a yearly discount rate of 0.5 percent. To calculate the present value of the 20-year stream, the Board summed the annual present values, assumed to decline by 0.5 percent per year (e.g., \$8,790,771 in the first year; \$8,747,036 in the second year, etc.). Table 7 shows the first five years of the annual present values, and, in the last and highlighted row, their sum: \$167,748,630. For comparison, Table 7 also shows the first five years of total direct benefits for the 20-year horizon. The Board estimates that annual benefits of \$8,790,771 will be constant in future 2015 dollars starting in Year 1.

To estimate the benefits, the State Water Board assumed the following:

- Private suppliers realize variable cost savings.
Private Supplier variable cost savings= total supplier variable cost savings * 15%.
- Private suppliers realize offset demand savings.
Private Supplier offset demand savings= total supplier offset demand savings * 15%.
- All urban suppliers pass on variable cost and offset demand savings to customers.

See Standard Form 399 and the associated supplement for more detailed information about the sources, assumptions and calculations informing the Board's economic impact assessment.

Direct Benefits over a 20 Year Lifetime for BUSINESSES AND INDIVIDUALS					
Real Interest Rate, 20-year	0.50%				
First Year of Time Horizon, January 1	2018				
Last Year of Time Horizon, December 31	2038				
Year, Position in the Time Horizon	Year 1	Year 2	Year 3	Year 4	Year 5
Year, Calendar, t	2018	2019	2020	2021	2022
Discount Factor = $1 / (1 + i)^{(t - 2018)}$	1.000	0.995	0.990	0.985	0.980
Economic Direct Benefit to Private Suppliers and Customers					
Year, Position in the Time Horizon	Year 1	Year 2	Year 3	Year 4	Year 5
Variable Cost Savings to Private Suppliers	\$431,755	\$431,755	\$431,755	\$431,755	\$431,755
Offset Demand to Private Suppliers	\$709,175	\$709,175	\$709,175	\$709,175	\$709,175
Variable Cost Savings to all Customers (benefits from Private + Public Suppliers)	\$2,894,884	\$2,894,884	\$2,894,884	\$2,894,884	\$2,894,884
Offset Demand Savings to all Customers (benefits from Private + Public Suppliers)	\$4,754,957	\$4,754,957	\$4,754,957	\$4,754,957	\$4,754,957
Total Direct Benefits, Economic (future \$)	\$8,790,771	\$8,790,771	\$8,790,771	\$8,790,771	\$8,790,771
Present Value, each year	\$8,790,771	\$8,747,036	\$8,703,519	\$8,660,217	\$8,617,132
Sum of Present Values for Direct Economic Benefits: \$167,748,630					

Table 7: Lifetime direct, economic benefit of the proposed regulation.

Summary/Results of the Economic Impact Analysis

As a result of the proposed regulation, the State Water Board initially determines no jobs or businesses would be created or eliminated, and that landscaping businesses may expand. The regulation would have no direct benefits on the health and welfare of California residents or worker safety; it would benefit the environment, as described in Section C.

COST OR SAVINGS IMPOSED ON LOCAL AGENCIES OR SCHOOL DISTRICTS

The State Water Board has determined that there is no cost or savings imposed on local agencies or school districts as a result of the proposed regulations, or other nondiscretionary costs or savings imposed on local agencies or school districts, with the exception of urban water agencies. The Board assumes urban water agencies would use reserve funds to temporarily cover the cost of reduced water sales within the first year of the regulation's implementation. Urban water utilities would recover those lost revenue costs the following year. The one-time costs associated with purchasing automatic shutoff nozzles would also be recovered from customers the year incurred. Similarly, any savings urban water agencies realize would eventually be passed onto customers.

BUSINESS REPORTING REQUIREMENT

The proposed regulation would not require any reporting requirements of businesses.

BUSINESS IMPACT/ SMALL BUSINESS

The State Water Board has determined that the proposed regulation does not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. Nor will the proposed regulatory action adversely affect small businesses in California. Government Code section 11342.610 excludes water utilities from the definition of small business.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSONS OR BUSINESSES

The State Water Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed regulations, with the exception of a small fraction of California households that would purchase a nozzle with an automatic shutoff component and those urban water suppliers that are defined as businesses, i.e., investor-owned or privately-owned mutual water companies. Over a twenty-year time horizon, the highest one-time annual cost to a household would be \$1.12. Over the same time period, the highest one-time annual cost to a private water supplier would be \$33,756. These costs likely overestimate the economic impact of the regulation for reasons described in the 399 supplement.

EFFECT ON HOUSING COSTS

The State Water Board has determined that the proposed regulatory action will have no effect on housing costs.

COST OR SAVINGS TO STATE AGENCIES

The State Water Board has determined that there is no savings to state agencies as a result of the proposed regulation. Implementation of the proposed updated emergency regulation will result in no additional workload for the State Water Board. It is anticipated that any additional costs will be absorbed within the State Water Board's existing request that has been fulfilled to hire programmatic and enforcement staff that will perform any additional tasks within their job descriptions.

COST OR SAVINGS IN FEDERAL FUNDING TO THE STATE

The State Water Board has determined that there is no cost or savings in federal funding to the state as a result of the proposed regulations.

ALTERNATIVES

The State Water Board must determine that no reasonable alternative it considered or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law. Interested persons may present statements or arguments with respect to alternatives to the proposed regulation during the written comment period or at a hearing, if a hearing is requested, on this matter.

AVAILABILITY OF INITIAL STATEMENT OF REASONS, TEXT OF PROPOSED REGULATION, AND THE RULEMAKING FILE

The State Water Board has prepared an Initial Statement of Reasons for the proposed action. The statement includes the specific purpose for the regulation proposed for adoption and the rationale for the State Water Board's determination that adoption is reasonably necessary to carry out the purpose for which the regulation is proposed. All the information upon which the proposed regulation is based is contained in the rulemaking file. The Initial Statement of Reasons, the express terms of the proposed regulation, and the rulemaking file are available from the contact person listed below or at the website listed below. Those documents contain the all references cited herein.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments received, the State Water Board may adopt the proposed regulation substantially as described in this notice. If the State Water Board makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least fifteen (15) days before the State Water Board adopts the regulations as modified. A copy of any modified regulations may be obtained by contacting Ms. Charlotte Ely, the primary contact person identified below. The State Water Board will accept written comments on the modified regulations, if any, for fifteen (15) days after the date on which they are made available.

AVAILABILITY OF FINAL STATEMENT OF REASONS

Upon its completion, a copy of the Final Statement of Reasons (FSOR) may be obtained by contacting either of the persons listed below. A copy may also be accessed on the State Water Board website identified below.

CONTACT PERSONS

Requests of copies of the text of the proposed regulation, the statement of reasons, or other information upon which the rulemaking is based, or other inquiries should be addressed to the following:

Name:	Charlotte Ely
Address:	State Water Resources Control Board Office of Research, Planning and Performance 1001 "I" Street Sacramento, CA 95814 Telephone No.: (916) 319-8564
E-mail address:	Charlotte.Ely@waterboards.ca.gov

The backup contact person is:

Name: Kathy Frevert
Address: State Water Resources Control Board
Office of Research, Planning and Performance
1001 "I" Street
Sacramento, CA 95814
Telephone No.: (916) 322-5273
E-mail address: Kathy.Frevert@waterboards.ca.gov

The documents relating to this proposed action may also be found on the State Water Board's website at the following address:
www.waterboards.ca.gov/water_issues/programs/conservation_portal/index.shtml

November 2, 2017

Date



Jeanine Townsend,
Clerk to the Board

Exhibit 2

Regional Water Authority
Building Alliances in Northern California

5620 Birdcage Street
Suite 180
Citrus Heights, CA 95610

Tel: (916) 967-7692
Fax: (916) 967-7322
www.rwah2o.org



VLA EMAIL: commentletters@waterboards.ca.gov

December 21, 2017

Jim Peifer, Chair
Marcus Yasutake, Vice
Chair

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

Members

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

RE: Regional Water Authority's Comments regarding the Draft Permanent Prohibitions Against Wasteful and Unreasonable Water Uses

Dear Ms. Townsend:

The Regional Water Authority (RWA) appreciates this opportunity to provide comments on the State Water Resources Control Board's (SWRCB) draft Permanent Prohibitions Against Wasteful and Unreasonable Water Uses dated November 1, 2017 (Draft Regulation). RWA is a joint powers authority that represents 21 water suppliers in the greater Sacramento region. Collectively, RWA's members provide reliable water supplies to approximately two million residents and thousands of businesses.

RWA and Sacramento region water suppliers have demonstrated a long-term commitment to achieving lasting improvements in water use efficiency. These efforts include the administration of a wide variety of incentive and rebate programs for water efficient plumbing fixtures and appliances, outdoor irrigation and landscaping changes, as well as substantial investments in public outreach and informational campaigns during all water year types. Many water providers in the Sacramento region have also adopted ordinances and implemented actions consistent with the Draft Regulation as an element of locally-driven, comprehensive approaches to advancing water use efficiency. As a result of these sustained efforts, per capita water use in the Sacramento region has steadily declined over time and local water providers are on target to meet and exceed existing requirements in State law to reduce urban water use by 20 percent by 2020.

Associates

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

Consistent with the direction of Executive Order B-37-16, the SWRCB's Draft Prohibitions are applicable to the actions and practices of all California residents, businesses, institutions and government agencies. RWA supports the Draft Prohibition's goals of increasing water use efficiency and reinforcing all Californians' awareness of the need to prevent the waste and unreasonable use of water. Specifically, RWA is supportive of practices and actions consistent with the Draft Regulation's provisions that would:

- 1) Prohibit the application of water to landscapes in a manner that causes unproductive runoff;
- 2) Prohibit the use of a hose without a shutoff nozzle when washing a motor vehicle;

- 3) Prohibit the use of water in ornamental fountains without a recirculating pump;
- 4) Prohibit the service of drinking water absent a request; and,
- 5) Require that the operators or hotels and motels provide guests with the option not to have linens laundered daily.

In the interest of ensuring that the final prohibitions are crafted in a manner that accounts for important implementation issues, RWA encourages the SWRCB to refine the language of several elements of the Draft Regulation as follows:

- 1) Clarifying language should be added to the draft prohibition on the application of water directly to driveways and sidewalks to exempt “cleaning or maintenance that cannot be readily accomplished by another method.” While we support the exemption for cleaning necessary to maintain health and safety currently included in proposed §963(b)(2)(A), this provision should be modified to also recognize an exemption for the efficient use of water to clean and maintain paved areas in cases where there are no other readily-available effective methods to address conditions that may not pose a health or safety risk but which impact a meaningful community interest, such the efficient use of water to ameliorate extreme griminess or maintain other aesthetic values.
- 2) The draft prohibition on outdoor irrigation during and within 48 hours after measurable rainfall of at least one-tenth of one inch of rain should be modified to account for the actions taken by responsible Californians that are consistent with the spirit and intent of the prohibition, which we understand to be the prevention of unnecessary irrigation when precipitation levels are sufficient to maintain plant health. Based on a review of commercially-available smart irrigation controllers, many existing models are triggered at or above one-eighth of one inch of rain. Under the draft prohibition, the correct use of these smart controllers could result in a prohibited use of water. Similarly, the draft prohibition’s uniform statewide standard for “measurable rainfall” may not provide adequate levels of water to maintain plant and tree health without additional irrigation given unique local conditions. The draft prohibition proposed in §963(b)(1)(E) should be modified to allow the entities and individuals responsible for implementation of the final prohibition to determine the level of rainfall that constitutes “measurable” based on local conditions.
- 3) The draft prohibition on the irrigation of turf on public street medians and publicly owned or maintained landscape areas between the street and sidewalk should be modified to only apply to the irrigation of turf on new or retrofitted landscape areas. The draft prohibition proposed in §963(b)(1)(G) should also be modified to provide that the irrigation of turf in existing landscape areas is prohibited unless:
 - a) Recycled water is used;
 - b) The area is used for a community or neighborhood function, including, but not limited to assembly, community events, access/egress from parked vehicles, etc.;
 - c) It is not cost effective to retrofit the area relative to the amount of water saved; or,
 - d) The area is on private property or is maintained by the owner of adjacent private property.

Finally, as the SWRCB considers whether and how these and the other draft prohibitions should be made permanent, it is critical to note that the prohibitions would apply to specified “practices” and

“actions” for all Californians.¹ The violation of any final prohibition by an individual or entity should not be interpreted as the waste and unreasonable use of water by a water supplier which serves them. Additionally, while many water providers in the Sacramento region have already adopted ordinances and implemented actions consistent with the Draft Prohibitions as an element of locally-driven, comprehensive approaches to advancing water use efficiency, RWA would oppose any requirements that would shift sole responsibility for implementation of any final SWRCB prohibitions to local water suppliers.

We appreciate your consideration of these comments regarding the Draft Regulation. If you or your staff have any questions, please contact me at (916) 967-7692 or jwoodling@rwah2o.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Woodling', with a large, stylized initial 'J'.

John Woodling
Executive Director

cc: Mr. Max Gomberg, Office of Research, Planning and Performance, SWRCB
Ms. Charlotte Ely, Office of Research, Planning and Performance, SWRCB
Ms. Kathy Frevert, Office of Research, Planning and Performance, SWRCB

¹ Draft Prohibitions §963, §963(b)(1).



Exhibit 3

*Bringing
Water
Together*

VIA EMAIL: commentletters@waterboards.ca.gov

December 21, 2017

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

Subject: "Comment Letter – Prohibiting Wasteful Water Use Practices"

Dear Ms. Townsend:

The Association of California Water Agencies (ACWA) appreciates this opportunity to provide comments on the State Water Resources Control Board's (State Water Board) proposed draft regulation to permanently prohibit certain "wasteful water uses." The proposal is intended, in part, to replace similar prohibitions that were part of the emergency drought response regulation which recently expired on November 25, 2017.

ACWA represents approximately 440 public water agencies responsible for delivery of over 90% of the water used for residential, commercial and agricultural purposes in California. ACWA's member water agencies have institutionalized water conservation practices and promoted the wise use of California's water resources long before the recent drought, during the drought, and have continued to do so since the drought was declared to be over last spring. As the State Water Board itself knows, most of California's urban water suppliers have already locally prohibited many of the "wasteful water uses" which were included in the emergency drought response regulation and are now proposed for permanent statewide prohibition. Therefore, as the State Water Board's own analysis suggests, potential additional annual water savings associated with the State Water Board proposed prohibitions would be essentially inconsequential (a "drop in the bucket" as characterized by the staff), and action on a statewide basis could therefore be considered unnecessary from a practical perspective.

Although many of the proposed prohibitions make sense in principle and are already locally well-implemented and generally supported by Californians, urban water suppliers have concerns about some of the more prescriptive details of the staff proposal. We recommend that some of the proposed prohibitions be amended and others dropped, as described below and in other water agency comment letters being submitted separately.

In addition, and as explained further below, ACWA shares a more general concern with many urban water agencies statewide about the State Water Board's intention to use its general authority to prevent "waste and unreasonable use" as a means to categorically prohibit certain water use practices without consideration of specific water use circumstances as required by law. Instead, we support reframing the State Water Board's action as requiring water users to

eliminate inefficient water use practices and maximize the beneficial use of water through increased water conservation.

Proposed Prohibitions

Proposed Prohibitions that ACWA Supports

ACWA supports the following proposed prohibitions based on the principle of beneficial use, where water users are expected to manage their application of water to achieve the intended use without purposeless “waste”:

- **Runoff from outdoor landscapes “...in a manner that causes runoff such that water flows onto adjacent property, non-irrigated areas, private and public walkways, roadways, parking lots, or structures.”**
- **Uncontrolled flow from “...a hose that dispenses water to wash a motor vehicle, except where the hose is fitted with a shut-off nozzle or device attached to it that causes it to cease dispensing water immediately when not in use.”**
- **“Use potable water in an ornamental fountain or other decorative water feature, except where the water is part of a recirculating system.”**
- **“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.”**

Proposed Prohibitions that ACWA Supports with Amendments

ACWA supports the following proposed prohibitions with the amendments indicated in *italic* and ~~strikeout~~, (or functionally equivalent amendments as proposed by others), based on the need to preserve local discretion to administer the measures to address local conditions:

- **“Apply potable water directly to driveways and sidewalks” *...unless necessary to address a health and safety need.*** This amendment provides needed local flexibility to make necessary management decisions and eliminates a too prescriptive constraint posed by the term “immediate” in the staff proposal.
- **“Apply water to irrigate turf and ornamental landscapes during and within 48 hours after measurable rainfall ~~of at least one-tenth of one inch of rain~~”.** This amendment restores needed local flexibility to balance highly localized and variable rainfall patterns, site-specific landscape irrigation needs, and the technical limitations of rain sensors and irrigation controllers. This amendment is also in keeping with the wording of the previous emergency drought prohibition, which was effectively administered by local water suppliers.

Proposed Prohibitions that ACWA Opposes

ACWA opposes the following proposed prohibitions as being unnecessarily burdensome or too prescriptive. We believe that the effectiveness and details associated with these provisions are best left to the judgment of local water suppliers, based on local needs and conditions:

- **“Serve drinking water other than upon request in eating or drinking establishments, including but not limited to restaurants, hotels, cafes, cafeterias, bars, or other public places where food or drink are served and/or purchased.”** This is widely considered to be an effective emergency drought public education messaging tool, but it should be deployed as determined by local water suppliers in the appropriate local water supply context to retain its effectiveness.
- **“Irrigate 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.”** Irrigation of turf with potable or recycled water in any landscape context in California is not now, nor should it be considered *per se* a “wasteful” use of water. Although the recently expired emergency regulation included such a prohibition as a temporary emergency response to the drought, as directed by Executive Order B-37-16 this prohibition was limited to irrigation of turf on medians with potable water. The current staff proposal prohibits all irrigation of turf (including use of recycled water) and extends it from only medians to landscaping on adjacent parkways (so-called “verges”) within public rights of way. Such a retroactive prohibition on a permanent basis statewide is unreasonable, and (as shown in the State Water Board’s own analysis) would not result in enough water savings to justify the high cost of this unfunded state mandate. Landscaping and maintenance decisions associated with medians and adjacent parkways are subject to widely varying local considerations and expectations statewide. Local entities must already comply with the Model Water Efficient Landscape Ordinance (MWELO), or their equally effective local landscape ordinances, with regard to new landscapes and irrigation standards. As recognized by the staff proposal, local entities should exercise final judgment for determining “community or neighborhood function” of turf in specific circumstances. But, as described in many other comment letters from water agencies statewide, the specific cost implications and site-specific considerations associated with landscaping and irrigation of medians and parkways (including use of recycled water and irrigation methods to keep trees alive) renders imposition of a general statewide prohibition of this type highly burdensome and too prescriptive.

Opposition to Use of the “Waste and Unreasonable Use” as the Legal and Policy Basis for Action

ACWA agrees with the legal and policy arguments presented by the comment letter submitted by San Francisco Public Utilities Commission (SFPUC) in opposition to the State Water Board’s



proposed use of its authority to prevent waste and unreasonable use to enact the proposed prohibitions. We are aware that similar arguments are made in comment letters submitted by several other water agencies and entities. We agree with SFPUC that use of the proposal to declare certain water uses and practices *per se* “wasteful and unreasonable” by regulation “is contrary to law, inequitable to water right holders affected by the regulation, and contrary to the current state policy of encouraging water conservation without affecting water rights”.

ACWA urges the State Water Board to reframe this proposal as requiring water users to eliminate inefficient water use practices and maximize the beneficial use of water through increased water conservation, as proposed in SFPUC’s letter.

Thank you for your consideration of these comments. I am available to discuss them by email or phone at daveb@acwa.com or (916) 441-4545.

Sincerely,

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

David Bolland
Director of State Regulatory Relations

cc: Michael Lauffer, Chief Counsel, State Water Resources Control Board
Eric Oppenheimer, Chief Deputy Director, State Water Resources Control Board
Max Gomberg, Climate and Conservation Program Manager, State Water Resources Control Board