

Agenda

Sacramento Suburban Water District Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, February 26, 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

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.

Election of District Officers

1. Appointment of District Officers – Secretary and Treasurer

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 January 22, 2018 Regular Board Meeting
Recommendation: Approve subject minutes.
3. Minutes of the February 14, 2018 Special Board Meeting
Recommendation: Approve subject minutes.
4. Reasonable Accommodations and Interactive Process Policy (PL – HR 014)
Recommendation: Adopt subject policy.
5. Proposed Revisions to Debt Management Policy (PL – Fin 011)
Recommendation: Adopt subject policy.
6. Main Replacement Program – Master Service Contract for Service Lines
Recommendation: Approve Master Service Agreement
7. 2018 Water Transfer Program
Recommendation: Approve 2018 Water Transfer Program

Items for Discussion and/or Action

8. Potential Refunding Opportunity – 2009B Certificate of Participation (COP)
Recommendation: Approve refunding 2009B COP
9. April Regular Board Meeting Date
Recommendation: Approve canceling April Board meeting and set Special Board Meeting.
10. Resolution No. 18-02 Approving a Temporary Short Term Warren Act Contract For a Period of Up to Five Years (2018 - 2023) Between the Sacramento Suburban Water District and the United States Bureau of Reclamation
Recommendation: Approve subject resolution.

Department/Staff Reports

11. General Manager's Report
 - a. McClellan Business Park Successor Agreement Update
 - b. Cal WaterFix
 - c. Assistant General Manager Recruitment
 - d. Rob Roscoe Retirement Event Update

12. Financial Report
 - a. DRAFT - Financial Statements – January 2018
 - b. Cash Expenditures – January 2018
 - c. Credit Card Expenditures – January 2018
 - d. DRAFT - District Reserve Balances – January 2018
 - e. DRAFT - Information Required by Bond Agreement
13. District Activity Report
 - a. Water Operations and Exceptions Report
 - b. Water Quality Report
 - c. Water Conservation and Regional Water Efficiency Program Report
 - d. Customer Service Report
 - e. Community Outreach Report
14. Engineering Report
 - a. Major Capital Improvement Projects
 - b. Other

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

15. a. Regional Water Authority (Director Wichert)
No report.

Regional Water Authority Executive Committee (General Manager York)
Agenda for the January 24, 2018 and February 21, 2018 Meetings.
- b. Sacramento Groundwater Authority (Director Schild)
Agenda for the February 8, 2018 Meeting.
- c. Water Caucus Meeting (General Manager York)
No report.

- d. Water Forum Successor Effort (General Manager York)
Agenda for the February 8, 2018 Meeting.
- e. Other Reports

Committee Reports

- 16. a. Facilities and Operations Committee (Director Jones)
Draft Minutes from the February 12, 2018 Meeting.
- b. Finance and Audit Committee (Director Schild)
Draft Minutes from the February 7, 2018

Information Items

- 17. Meter Reading Systems Update Report
- 18. Permanent Water Use Prohibitions
- 19. Legislative and Regulatory Update
- 20. Upcoming Water Industry Events

Miscellaneous Correspondence and General Information

- 21. 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)

- 22. 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.
- 23. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957.

Adjournment

Upcoming Meetings

Tuesday, March 6, 2018 at 3:00 p.m., Facilities and Operations Committee Meeting
Monday, March 19, 2018 at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the February 26, 2017 meeting of the Sacramento Suburban Water District Board of Directors was posted by February 22, 2017 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 1

Date: February 14, 2018

Subject: Appointment of District Officers – Secretary and Treasurer

Staff Contact: Dan York, General Manager

Recommended Board Action:

Board President to conduct selection of Secretary and Treasurer 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 Office's to serve for the coming year.

Director Locke was selected to serve as the Board President for the 2018 term and Director Schild was selected as Vice President.

There are two remaining offices that need to be filled, which were not filled at the previous two meetings. Those offices are Secretary and Treasurer. In the past, the Secretary of the Board has been the General Manager and the Treasurer of the Board has been the Finance Director.

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.)

ITEM 2

Minutes

Sacramento Suburban Water District

Regular Board Meeting

Monday, January 22, 2018

Call to Order

President Locke called the meeting to order at 6:00 p.m.

Pledge of Allegiance

President Locke led the Pledge of Allegiance.

Roll Call

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

Directors Absent: None.

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

Public Present: William Eubanks, Avery Wiseman, Jim DeHart, Ken Payne, Keith Durkin and Marty Hanneman.

Oath of Office

President Locke administered the oath of office to General Manager Dan York (GM York).

Election of District Officers

1. **Election of District Officer – Vice President**

President Locke introduced the Item.

Director Wichert nominated Director Schild as Vice President.

Director Jones nominated himself as Vice President.

Director Schild seconded the nomination for himself as Vice President.

President Locke seconded Director Jones nomination for Vice President.

Director Thomas requested for both nominee's to express why they would like to be the Vice President.

Director Schild expressed that he's served on the Finance and Audit Committee, as well as the Facilities and Operations Committee for a number of years. He further expressed that he represents the District at a number of functions and that he has been on the

Board for 13 years, explaining that he has a lot of experience in the water industry business. He expressed that he believed that he could do an adequate job at being the Vice President.

Director Jones expressed that he too believed that he had a lot of experience, not just as a Director, but also as an employee. He expressed that he had extensive knowledge on how the District runs and that he had been to almost every Board meeting over the last 13 years.

Director Thomas expressed that he was going to support Director Schild, but that he would support Director Jones if he decided to run again for Vice President next year.

William Eubanks (Mr. Eubanks) expressed his support for Director Jones. He stated that he had concerns with Director Schild being the Vice President as he believed Director Schild had a contempt for voting, and that Director Schild was very disruptive and had poor and unprofessional behavior. He further expressed that Director Jones demonstrated that he is very professional and conducts himself in the way that he believed an elected official should. He ended by expressing his support for Director Jones as Vice President.

Director Thomas thanked Mr. Eubanks and again conveyed his support for Director Schild.

The Board voted to nominate Director Schild as Vice President. The motion passed by a 3/2 vote.

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

Announcements

GM York announced:

- **Reminder** of the RWA Making Safe, Clean, Affordable and Accessible Water a Reality symposium coming up on March 15, 2018 with Daryl Steinberg. RSVP’S are due by March 9th.
- Former General Manager Rob Roscoe would be receiving another award from ASCE – Region 9 Lifetime Achievement which represents all of California. Award to be given March 23rd in San Francisco.
- Cap-to-Cap trip, which two Directors and the General Manager are planning to attend, was scheduled for the third Monday of the Month of April, therefore, the April Board Meeting would be on the next Agenda to reschedule.

Public Comment

Mr. Eubanks commented that the return envelope that is sent in with the billing statement has a bad odor and doesn't stay sealed when the glue was activated. He further commented that the brown color is not very appealing. He requested that the District send out better return envelopes.

Annette O'Leary (Ms. O'Leary) expressed that the District was saving money by using 100% recycled paper for the envelopes.

Mr. Eubanks inquired what the price difference was.

Ms. O'Leary expressed that she would provide that information to him.

Mr. Eubanks further expressed his displeasure with the former General Manager's contract, conveying his disapproval with the terms and conditions regarding the ability to build vacation hours with no limit.

Mr. Eubanks further inquired about security auditing on the IT functions.

Dan Bills (Mr. Bills) explained how the District has performed auditing on IT functions.

Marty Hanneman, the President of the Board of Directors for San Juan Water District, introduced himself to the Board. He expressed that he was interested in future opportunities of working together with the District.

Ken Payne, Chairman with the Auburn Dam Council, introduced himself to the Board. He informed the Board of their attempts at a new JPA to try to finish the Auburn Dam. He provided the Board with a draft agreement, a concept paper listing the public benefits of the project and a letter from the Army Corp of Engineers which provided information on the chances of Sacramento flooding. He expressed that he was hopeful to speak to the Board with further details about the JPIA. He expressed that their meetings were on the first Friday of each month at 7:00 a.m. at the Black Bear Diner off Madison and Sunrise.

Mr. Payne expressed he would email the third document as he didn't have one with him.

The Board requested for staff to provide the documents to them by email.

Consent Items

2. **Minutes of the December 15, 2017 Special Board Meeting**
3. **Minutes of the December 18, 2017 Regular Board Meeting**
4. **Employee Standards of Conduct and Discipline Policy (PL - HR 011)**

Director Schild moved the Consent Items; Director Wichert seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

5. Committee and Liaison Appointments for 2018

GM York presented the staff report.

President Locke began by removing the Ad Hoc Process Committee, the Ad Hoc Selection Committee and the Ad Hoc Compensation Committee.

He continued with combining both the Government Affairs Committee and the Water Quality Committee into the Facilities and Operations Committee.

Director Schild expressed the he appreciated the Water Quality Committee. He suggested to combine the Government Affairs Committee with the Water Quality Committee.

Director Jones expressed that the Water Quality report could be converted to a General Managers report item on the agenda.

President Locke decided to put the Water Quality into a report form for the Board and if the Board felt that they wanted more information, they could reevaluate it at a later time.

GM York commented that the Water Quality Committee report could be included in the Operations Activity report.

He further stated to move the Government Affairs information in the legislative report that already exists on the agenda.

President Locke stated to remove all Ad Hoc Committee's.

President Locke assigned the following Directors to each Committee:

Facilities and Operations Committee Dave Jones, Chair
..... Bob Wichert
..... Staff Contact: Dan York

Finance and Audit Committee..... Neil Schild, Chair
..... Kevin Thomas
..... Staff Contact: Dan Bills

ACWA/JPIA..... Director: Neil Schild
..... Staff Position: Dan York

ACWA General Election Voting Delegate	Neil Schild
ACWA Groundwater Committee	Dave Jones
.....	Neil Schild
.....	Kevin Thomas
.....	Craig Locke
.....	Dan York
.....	Robert Roscoe
ACWA Water Quality Committee	Bob Wichert
.....	Dave Jones
ACWA Energy Committee	Kevin Thomas
ACWA Communications Committee.....	Kevin Thomas
ACWA Legal Affairs Committee.....	Ryan Bezerra
California Special Districts Association.....	Kevin Thomas
.....	Dave Jones
CSDA Transparency and Formation Expert Feedback Teams.....	Kevin Thomas
CSDA Fiscal and Education Committees	Dave Jones
LAFCo Special District Advisory Committee	None
Regional Water Authority	Bob Wichert
.....	Dan York
Regional Water Authority Executive Committee	Staff Rep: Dan York
Sacramento Groundwater Authority	Neil Schild, Board Rep.
.....	Dan York, Staff Rep.
.....	Kevin Thomas, Alternate
.....	Bob Wichert, Alternate
.....	Craig Locke, Alternate
.....	Dave Jones, Alternate
Sacramento Water Forum Successor Effort	Staff Rep: Dan York
.....	Kevin Thomas
.....	Craig Locke, Alternate
.....	Neil Schild, Alternate
.....	Bob Wichert, Alternate
.....	Dave Jones, Alternate

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

Mr. Bills presented the staff report.

Director Thomas moved to approve the item, Director Schild seconded.

Director Wichert requested to remove the Assistant General Manager's line item on the resolution, as the position was currently vacant.

Director Thomas amended his motion to include Director Wichert's suggestion.

The motion passed by unanimous vote.

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

7. **Robert Roscoe Retirement Event**

GM York presented the staff report.

Mr. Eubanks expressed his disapproval with the staff recommendation.

Josh Horowitz confirmed that it was a temporary appropriation of funds that would be paid back, which was the intention of the policy, therefore he stated, it was appropriate.

GM York expressed that if an employee attended the event that their ticket would be paid by the Employee Morale Fund.

Director Wichert moved the staff recommendation.

Mr. Bills suggested for Director Wichert to add to his motion for staff to bring back an update to this report, Director Wichert agreed with that suggestion.

Director Thomas seconded the motion. The motion passed by unanimous vote.

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

Information Items

8. **Antelope Transmission Pipeline Leak**

A written report was provided, Matt Underwood (Mr. Underwood) provided a brief summary of the staff report.

Director Wichert inquired if there were additional valves in the District that were known to be inoperable.

Mr. Underwood clarified that all valves in the District have been tested as part of the preventative maintenance program and are in working order.

Director Wichert inquired why the bolts failed.

Mr. Underwood expressed that staff believed that the steel well casing riser was in contact with the bolts causing the failure.

Director Wichert requested to see the bolts.

Mr. Underwood expressed that he would locate them for his review.

9. **2017 Annual Environmental Compliance Activity Report**

A written report was provided.

10. **Garden on Eden Update**

A written report was provided.

11. **Preventive Maintenance Annual Report**

A written report was provided.

12. **Financial Markets Quarterly Report**

A written report was provided.

13. **Year-to-Date Interest Expense Quarterly Report**

A written report was provided.

14. **2017 Budget Reallocations**

A written report was provided.

Director Wichert inquired about the corrosion control.

GM York expressed that the project would be completed by 2019.

15. **Human Resources Quarterly Report**

A written report was provided.

16. **Legislative and Regulatory Update**

A written report was provided.

17. **RWA and ACWA Comment Letters to SWRCB**

A written report was provided.

18. **ACWA Committee Appointments for the 2018-19 Term**

A written report was provided.

19. **Upcoming Water Industry Events**
A written report was provided.
20. **District Activity Report**
A written report was provided.
 - a. *Water Operations and Exceptions Report*
A written report was provided.
 - b. *Water Conservation and Regional Water Efficiency Program Report*
A written report was provided.
 - c. *Customer Service Report*
A written report was provided.
 - d. *Community Outreach Report*
A written report was provided.
21. **Engineering Report**
A written report was provided.
 - a. *Major Capital Improvement Projects*
A written report was provided.
 - b. *Other*
A written report was provided.
22. **General Manager's Report**
A written report was provided. GM York provided a brief summary of the report.
 - a. *Long Term Warren Act Contract Update*
A written report was provided.
 - b. *Chromium 6 Court Complaint Update*
A written report was provided.
 - c. *McClellan Business Park Successor Agreement Update*
A written report was provided.
 - d. *Assistant General Manager Recruitment*
A written report was provided.
23. **Financial Report**
A written report was provided. Mr. Bills provided a brief summary of the report.

- a. *Draft Financial Statements – December 2017*
A written report was provided.
- b. *Investments Outstanding and Activity Quarterly Report*
A written report was provided.
- c. *Draft Cash Expenditures – December 2017*
A written report was provided.
- d. *Draft Credit Card Expenditures – December 2017*
A written report was provided.
- e. *Directors Compensation and Expense Accounting Quarterly Report*
A written report was provided.
- f. *Market Report Yields*
A written report was provided.
- g. *Draft District Reserve Balances – December 2017*
A written report was provided.
- h. *Information Required by Bond Agreement*
A written report was provided.

24. **Upcoming Policy Review**

A written report was provided.

- a. *Reasonable Accommodations and Interactive Process Policy (PL – HR 014)*
A written report was provided, Director comments are due by February 12, 2018.

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)
The draft Minutes of the December 18, 2017 Meeting were 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)

- 26. a. Regional Water Authority (Director Wichert)
The agenda for the January 11, 2018 Meeting was provided.

Directors' Schild and Jones provided oral reports of the 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)
The agenda for the January 10, 2018 Meeting.
- d. Water Forum Successor Effort (General Manager Dan York)
No report.
- e. Other Reports
President Locke provided an oral report about his meeting with the Assistant General Manager on October 20, 2017.

Directors Schild and Jones reported on the SGA Meeting they attended on December 14, 2017.

Miscellaneous Correspondence and General Information

- 27. **Correspondence received by the District**
None.

Director's Comments/Staff Statements and Requests

None.

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

The Board convened in closed session at 7:21 p.m. to discuss the following:

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.

Return to Open Session

The Board convened in open session at 8:33 p.m. There was no reportable action.

Adjournment

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

Dan York
General Manager/Secretary
Sacramento Suburban Water District

ITEM 3

Minutes

Sacramento Suburban Water District Special Board Meeting – Closed Session Wednesday, February 14, 2018

Call to Order

President Locke called the meeting to order at 4:01 p.m.

Pledge of Allegiance

President Locke led the Pledge of Allegiance.

Roll Call

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

Directors Absent: None.

Staff Present: General Manager Dan York, Rob Roscoe and Heather Hernandez-Fort.

Public Present: Andy Fecko, Jim Peifer and Ryan Bezerra.

Announcements

None.

Public Comment

None.

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

The Board convened in closed session at 4:02 p.m. to discuss the following:

1. Conference with legal counsel – potential litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving the State Water Resources Control Board’s proceedings related to the California Water Fix and the Bay-Delta Water Quality Control Plan Update.
2. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957.

Return to Open Session

The Board convened in open session at 5:16 p.m. There was no reportable action.

Adjournment

President Locke adjourned the meeting at 5:17 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 4

Date: February 12, 2018

Subject: Reasonable Accommodations and Interactive Process Policy (PL – HR 014)

Staff Contact: Lynne Yost, Human Resources Coordinator

Recommended Board Action:

Approve the updated Reasonable Accommodation and Interactive Process Policy (PL – HR 014).

Discussion:

Included with this report is a redline version of the Reasonable Accommodation and Interactive Process Policy (PL – HR 014) for the Board’s consideration.

The policy was submitted to the Board last month as an information item after a review by legal counsel, who recommended the change shown in Section 200.00 to clarify that an applicant or employee may initiate a request for an accommodation. Otherwise, legal counsel confirmed the existing policy is consistent with current law and requires no additional changes. Comments from Directors were requested by February 12th.

This policy was originally adopted by the Board in April 2014 and last revised in March 2016.

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

Reasonable Accommodation and Interactive Process Policy

Adopted: April 21, 2014

Revised: March 21, 2016; February XX, 2018**100.00 Purpose of the Policy**

The purpose of this policy is to confirm the District's commitment to comply with state and federal laws to insure equal employment opportunities for qualified individuals with a disability by making reasonable accommodations for known physical or mental limitations of applicants or employees unless undue hardship on the employer would result.

200.00 Policy

An interactive good faith communication process between the District and a disabled applicant or employee is required to select appropriate reasonable accommodation(s), if any exist. This is a timely individual process where management and the individual discuss the request and possible effective reasonable accommodation(s) that would be required in order for the employee or applicant to perform the essential functions of the position.

An applicant or employee who wishes to request requires an accommodation should ~~can~~ initiate the interactive process by contacting the District's Human Resources Coordinator. The District will engage in an interactive process with the employee or applicant to identify possible accommodations, if any, that will help him/her perform the job. Both the District and the applicant or employee must actively participate in the interactive process in good faith. If the applicant or employee refuses to participate in the process, the District is not obligated to continue it.

The District will initiate an interactive process when: 1) an applicant or employee with a known disability requests a reasonable accommodation; 2) the District becomes aware of the need for an accommodation through a third party or by observation; or 3) the District becomes aware of the possible need for an accommodation because an employee has a disability and has exhausted leave under the Workers' Compensation Act, the California Family Rights Act (CFRA), the Family Medical Leave Act (FMLA), and/or other federal, state or employer leave provisions, as applicable.

Whether the applicant, employee or District initiates the interactive process, the following is a non-exclusive list of management considerations when reviewing a request for accommodation:

- a. Confirm the essential functions of the job.
- b. Determine how the disability limits performance of the essential functions.
- c. Identify accommodation options that overcome limitations and determine the reasonableness of the proposed accommodation(s).
- d. Select the most appropriate reasonable accommodation(s), if any exist.

If an accommodation request is made by an applicant, employee or the District, the District will initiate the interactive process and confer with the individual applicant or employee until the interactive process is complete. The process will be deemed complete when the District and the applicant or employee agree on and implement a reasonable accommodation, the District determines there are no reasonable accommodations that would permit the applicant or employee to perform the essential functions of the job, or the applicant or employee fails to engage in the interactive process.

300.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 5

Date: February 13, 2018

Subject: Proposed Revisions to Debt Management Policy (PL – Fin 011)

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

As recommended by the Finance and Audit Committee, adopt the attached updated policy – Debt Management Policy (PL – Fin 011).

Discussion:

In concert with the refunding opportunity, staff is asking the Board to consider approving an updated District Debt Management Policy (PL - Fin 011). Since last adopted, the California Debt and Investment Advisory Commission of the State Treasurer’s Department has issued new requirements for public agencies issuing debt. These requirements have resulted in the District adding a new section to the Policy, section 500.00, on Internal Controls. See attached.

Fiscal Impact:

None.

Strategic Plan Alignment:

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

This policy benefits District customers by setting forth comprehensive guidelines for the financing of capital expenditures.

Sacramento Suburban Water District

Debt Management Policy

Adopted: September 15, 2014; November 21, 2016; February XX, 2018

100.00 Purpose of the Policy

This policy sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of this policy that – 1) the District obtain financing when necessary, 2) the process for identifying the timing and amount of debt or other financing be as efficient as possible, 3) the most favorable interest rate and issuance costs be obtained, and 4) when appropriate, future financial flexibility be maintained.

200.00 Policy

The issuance of long-term debt is a valuable funding resource for the District. Used appropriately and prudently, long-term debt can minimize the District's water system charges and rates over time.

To minimize dependency on debt financing for capital projects, annual renewal and replacement capital projects will be adequately funded from rates. Funding levels for capital investments will be sufficient to meet capital improvement projections needed as outlined in the current Asset Management Plans and/or Water System Master Plan. Long-term debt will be considered only for large capital improvement projects or greater than normal capital plans. The District will be managed to at least meet, and potentially exceed, the minimum and target Debt Service Coverage (DSC) requirements as imposed by bond covenants. The District will not issue long-term debt to support operating costs.

- A. Use of Long-Term Debt As a Funding Mechanism – Use of long-term debt will be minimized. The District may consider the use of long-term debt financing when it appears that a capital project, or other expenditures as deemed appropriate by the Board, is of such a magnitude that it will negatively impact the District's rates in the short-term. The benefit of long-term debt financing is that it will spread the costs of the capital asset over a longer period of time and will, therefore, approximate the useful life of the asset, and over time, charge those customers that benefit from that asset more equitably.
- B. Types of Long-Term Debt – The District will strive to utilize the type of debt that has the lowest costs, while not imposing any burdensome covenants or reporting requirements.
- C. Legal Covenants – The District will manage the water District to meet all bond covenants associated with the long-term debt. Bond covenants are legal obligations of the District.
- D. Debt Service Coverage Covenants – Long-term debt issuances typically contain legal covenants regarding DSC. A DSC ratio is an important financial measure of

the District's ability to repay the outstanding debt obligation, and is reviewed for adequacy by banks and rating agencies. Generically, the DSC ratio is the District's net operating income divided by the total annual debt service payment. For financial planning purposes, the targeted annual DSC ratio will be greater than or equal to 1.85 on all outstanding debt that carries such a covenant.

- E. Reporting Standards – The District will fully adhere to all applicable Government Accounting Standards Board (GASB) requirements and recognized best practices for the accounting treatment and disclosure of debt obligation transactions in its audited financial statements and other relevant publications.
- F. Revenue-Bonded Debt Capacity – The issuances of debt are supported by the revenues of the District. The ability of the District to fund and support revenue bonded debt will financially establish a debt level and capacity for revenue-bonded debt.

300.00 Conditions for Debt Issuance

When debt issuance is determined necessary, the District will assess the market conditions and timing for debt issuance to include issuing debt – 1) in times of favorable market conditions, 2) when Bond ratings would qualify District issuances to be investment grade, and 3) when revenues are sufficient to adequately cover expected debt service and issuance costs.

Bond credit enhancements will be considered when necessary for market acceptance and when costs are favorable to the District.

400.00 Conditions for Debt Refinancing

Debt refinancing (refunding) is an important debt management tool for the District. There are three key concepts that must be taken into consideration when evaluating a debt for refunding:

1. Financial and Policy Objectives
2. Financial Savings/Results of Financing
3. Bond Structure and Escrow Efficiency

Financial and Policy Objectives – The District may undertake a refinancing for a number of financial and/or policy objectives, including to achieve debt service savings, eliminate restrictive debt/legal covenants, restructure the stream of debt service payments, or to achieve other policy objectives. Although in most circumstances the District may undertake a refunding to obtain economic savings, it may refund an issue to restructure its debt portfolio in order to obtain budgetary/cash flow relief or to address exposure to other costs/liabilities and to extend the maturity.

Financial Savings/Results of Financing - The financial framework regarding the evaluation of refunding opportunities is to be developed and evaluated by the District Treasurer, typically to include the efforts of outside financial advisors. It is important to note that federal tax law typically permits an issuer to conduct one advance refunding over the life of a bond issue². As such, the District must take greater care (i.e., require a higher savings threshold) when evaluating an advance refunding opportunity.

In certain circumstances, lower savings thresholds may be justified. For example, when an advance refunding is being conducted primarily for policy reasons (other than economic savings), interest rates are at historically low levels or the time remaining to maturity is limited, and as such, future opportunities to achieve greater savings are not likely to occur.

Bond Structure and Escrow Efficiency¹ – The District’s debt management practices should anticipate the potential for future refundings. When debt is issued, careful attention should be paid to the bond structure to address features that may affect flexibility in the future. To that end, upon debt issuance the District shall consider: optional redemption provisions, bond coupon characteristics giving up call rights for certain maturities in exchange for a lower interest rate on the bonds, call provisions that permit the redemption of bonds in any order of maturity or on any date, call provisions that permit the issuer to call bonds at the earliest date without incurring a significant interest-rate penalty, and coupons on callable bonds priced as close to par as possible at the time of original issue.

¹ Escrow Efficiency - The lower the cost of the escrow the more efficient the escrow. Also, in order to be efficient, escrow securities need to mature or pay interest when debt service payments of the refunded escrow are due.

² Current vs. Advance Refunding - There are two types of refundings, as defined by Federal Tax laws; a current refunding in which a refunding takes place (i.e., refunding bonds are sold) within 90 days of the optional call date, and an advance refunding in which refunding bonds are sold more than 90 days prior to the first call date. federal tax law typically permits an issuer to conduct one advance refunding over the life of a bond issue.

500.00 Internal Controls

To ensure that proceeds of any debt issued in accordance with its governing documents and this Policy no disbursements shall be made without the approval of the General Manager or Assistant General Manager and Finance Director. For CIP projects, the draw request shall be provided to the Finance Director for budget approval by the project engineer with the consent of the District’s inspector. Draw request approval shall only be provided when the General Manager or Assistant General Manager is in receipt of the Finance Director’s budgetary approval and an appropriate certification from the construction project manager with supporting invoices from suppliers and/or contractors evidencing appropriate expenses in connection with the project.

In the case of an issue of bonds, the proceeds of which will be used by a governmental entity other than the District, the District may rely upon a certification by such other governmental entity that it has adopted the policies described in SB 1029.

600.00 Interest Rate Swaps

The incurring or carrying of variable-rate debt obligations by the District involves a variety of interest rate payments and other risks that interest rate swaps are available to offset, hedge, or reduce. It is the policy of the District to utilize such interest rate swaps to better manage its debt portfolio. The District will consider executing an interest rate swap transaction if it expects the swap transaction will result in any of the following:

- A. Reduce exposure to changes in interest rates on a financial transaction;
- B. Result in a significantly lower net cost of borrowing with respect to the District's debt consistent with an established target; or
- C. Manage variable interest rate exposure consistent with prudent debt practices and guidelines as approved by the Board.

Savings Target

Interest rate swaps will require a significant financial benefit or savings versus traditional fixed-rate debt. For an interest rate swap intended to produce the effect of a synthetic fixed rate transaction, the swap transaction must generate 5% or greater net present value savings compared to standard fixed-rate bonds which have the same optional redemption features.

Restrictions

The District will not enter into any swap transaction

- a) for speculative purposes.
- b) if the swap presents an extraordinary risk to the District's liquidity to terminate the agreement due to unforeseen events.
- c) if there is insufficient price transparency to allow for fair market valuation.

Provider Requirements

The transaction provider will have a credit rating of AA (or equivalent) or better from at least two nationally recognized credit rating agencies (at the time of agreement execution). The transaction provider will have a demonstrated record of successfully executing derivative transactions and have a minimum capitalization of \$2 billion.

Use of Independent Advisor

The District will use a professional advisor or designated swap representative ("Swap Advisor") to assist in the assessment, structuring, and pricing of proposed or existing interest rate swaps. The Swap Advisor will be a firm which:

- i. is a Municipal Advisor registered with the Securities and Exchange Commission;
- ii. has sufficient knowledge to evaluate the swap transaction and risks;
- iii. is not subject to a statutory disqualification;
- iv. is independent of the swap dealer or major swap participant;
- v. undertakes a duty to act in the best interests of the District;
- vi. provides appropriate and timely disclosures to the District; and

vii. evaluates fair pricing and the appropriateness of the swap.

| **7500.00 Authority**

The General Manager and District Treasurer are responsible for adherence to this policy and regular reporting of the District's financial status. Board oversight will be accomplished through regular reporting of financial status and review of this Policy.

| **8600.00 Policy Review**

This Policy will be reviewed at least biennially.



Agenda Item: 6

Date: February 15, 2018

Subject: Main Replacement Program - Master Service Contract for Service Lines

Staff Contact: David Espinoza, Senior Engineer

Recommended Board Action:

Approve the award of a multi-year Master Service Contract (MSC) to Flowline Contractors, Inc. (Flowline), subject to legal counsel review; and authorize the General Manager to execute any subsequent task orders on behalf of the District.

Note: This report was presented to the Facilities and Operations Committee at their February 12, 2018, meeting. The Committee recommended this item be made a Consent Item on the agenda of the February 26, 2018, Regular Board meeting.

Background:

The most recent MSC for water service line installation of the Distribution Main Replacement Program has expired. The MSC has proven to be successful for the District in the past. It allows for better long range planning and design for the Distribution Main Replacement Program. The MSC approach has shown savings of 10 to 15%, or more, when compared to conventional competitive bidding. The MSC is intended to be responsible for the bulk of the main replacement related work for the next 3 to 5 years. There will be a competitively-bid main extension or replacement project on occasion to: 1) ensure the District is provided competitive pricing when the MSC project prices are negotiated annually; and 2) to complete work beyond Flowline's availability.

Discussion:

The first project under the MSC will be the Edison Meadows Water Main Replacement Project. This project includes the installation of approximately 23,000 feet of 6-, 8- and 12-inch mains, and 350 services, for both commercial and residential properties. The work includes pipe and meter installations on residential and commercial properties and work in minor and major roadways. Also included in the project are fire hydrant installations and fire service connections.

The contractor for the main line installation portion of the project is Doug Veerkamp General Engineering (Veerkamp). At the regular Board meeting of July 17, 2017, the Board approved and directed staff to extend the contract with Veerkamp (under the MSC for main line installation) to complete the Edison Meadows Main Replacement Project. Staff will be procuring bids for the next main line installation Master Service Contract later this year for the next 3 to 5 year Master Service Contract for the main line installation program.

To continue the MSC program, staff, with the assistance of the District's consulting engineer, Domenichelli and Associates (D&A), prepared and placed out for bid a 3 to 5 year MSC for service line installations. Bid documents were provided to a select list of 7 local, high caliber and experienced utility contractors: Veerkamp, Florez Paving, Flowline, Lund Construction (Lund), Marques Piping, Navajo Pipelines and Rawles Engineering. Navajo Pipelines did not show interest and failed to attend the mandatory pre-bid meeting. Veerkamp and Marques Piping did not provide comment nor provide a bid. Lund is a union contractor and does not self-perform the directional boring for new water services; because there are no competitive union subcontractors available to perform the boring, no bid was submitted by Lund.

Bids:

Bids were due and opened on January 30, 2018, at 2:00 pm, with results shown below:

Service Line Installation Master Service Contract (Engineer's Estimate = \$1.90 million)

<u>Contractor</u>	<u>Bid Amount</u>
Flowline Contractors	\$1,771,340.00*
Florez Paving	\$2,316,000.00
Rawles Engineering	\$2,466,280.00**

* Note that a \$100.00 difference was noted when adding up the unit prices in Flowline's bid which resulted in a total bid of \$1,771,440.00.

** Note that a \$50.00 difference was noted when adding up the unit prices in Rawles Engineering's bid which resulted in a total bid of \$2,466,330.00.

Staff and D&A carefully reviewed the three bids that were received and recommend that the MSC for service line installation be awarded to Flowline as the lowest responsible and responsive bidder. Staff and D&A further recommend that Florez Paving (ranked number two), and Rawles Engineering (ranked number three), be considered for possible future negotiations should the District not be able to negotiate future contracts with Flowline (the number one ranked firm).

Fiscal Impact:

Approximately \$11 million is included in the District's approved Calendar Year 2018 Capital Improvement Program budget for main replacement projects.

Strategic Plan Alignment:

Water Supply – 1.B. Provide for the long-term water supply needs of the customers through prudent planning that will ensure capacity to serve system demands.

Water Supply – 1.D. Manage the District's water supplies to ensure their quality and quantity.

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

The main replacement projects align with these goals through the planned replacement of worn out water mains and service lines that will improve water system reliability. These projects will also contribute and increase the system's capacity as well as facilitate the District's compliance with State requirements to meter all services by 2025.



Agenda Item: 7

Date: February 20, 2018

Subject: 2018 Water Transfer Program

Staff Contact: Dan York, General Manager

Recommended Board Action:

Receive staff report regarding potential water transfers with State Water Project Contractors and water agencies in the Region. Direct the General Manager to request authority from the Board of Directors at the February 26, 2018 regular Board meeting to execute and sign all agreements necessary to implement the Temporary Water Transfer Program for 2018, subject to approval by District legal counsel of any non-substantive changes to such agreements, at a minimum of \$200 per acre-foot.

Note: This item was presented to the February 12, 2018 Facilities and Operations Committee (F&O Committee). The F&O Committee recommended this item be presented to the full Board as a Consent Item with a recommendation of approval.

Discussion:

At the December 21, 2017 State Water Contractor (SWC) Board meeting, the SWC Directors approved an action to establish a SWC Dry Year Transfer Program (DYTP) to potentially obtain supplemental water supplies in 2018. The SWC began soliciting interest from potential sellers. District staff contacted SWC and requested to be placed on the SWC sellers list in their 2018 DYTP. The SWC has provided the 2018 DYTP water purchase price. Current water purchase price for each acre-foot (af) of transfer supplies is \$250 per af. Although unknown until further negotiations occur, counter offers may be in the range of \$300-\$500 per af. Once the Terms and Conditions are finalized, additional information will be provided regarding litigation cost coverage, depletion losses, etc.

District staff has also been contacted by the following agencies to partner in potential water transfers:

- Placer County Water Agency (PCWA)
- San Juan Water District (SJWD)
- Carmichael Water District (CWD)
- County of Sacramento (County)
- City of Sacramento (City)

In addition, District staff met with SJWD, Fair Oaks Water District (FOWD), Citrus Heights Water District (CHWD) and CWD to determine interest in a regional water transfer. There was an overall consensus to continue discussions in order to determine if a successful regional water transfer could be accomplished.

The following is a brief overview of potential transfers:

1. PCWA to conduct releases from their reservoirs in 2018. They have identified at least one buyer.
2. City to conduct a groundwater substitution transfer of Area D Surface Water.
3. City to exchange surface water diversions for District groundwater.
4. SJWD in a regional collaborate water transfer which includes participation with CHWD and FOWD.
5. County Council approved a 2018 Pilot Water Transfer. The County identified CWD and SSWD as partners in a pilot transfer.
6. SSWD to conduct a groundwater substitution transfer in North Service Area and/or South Service Area.

District staff will update the Board on the status of the 2018 Water Transfer Program as it evolves.

Fiscal Impact:

The gross revenue potentially received from water transfers is unknown at this time.

Strategic Plan Alignment:

Finance (C) – Combine sound and efficient business procedures with regular and simple reporting, ensuring proper handling and reporting of all District financial processes.

Leadership – 5.C. Participate in regional water management partnerships.

The District's ratepayers will benefit from a water transfer as it will generate additional revenues that can be used by the District for water system maintenance, replacements and upgrades or other purposes without any impacts on service.



Agenda Item: 8

Date: February 13, 2018

Subject: Potential Refunding Opportunity – 2009B Certificate of Participation (COP)

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

As recommended by the Finance and Audit Committee:

1. Direct staff to work with the firms noted below in preparing the documentation and analysis necessary for the Board to consider refunding the District's Series 2009B COP with a new 10 year fixed rate financing (Series 2018A), in an approximate par amount of \$19.8 million, including estimated closing costs of \$0.275 million, and releasing \$3.5 million in debt service reserves currently held in trust. Bring results to the March Board meeting.
2. Approve the services of the following firms – Citigroup Global Markets Inc. as Underwriter and Investment Banker; Stradling Yocca Carlson & Rauth, A Professional Corporation as Bond Counsel; Bartkiewicz, Kronick, & Shanahan, A Professional Corporation as General Counsel; Fieldman, Rolapp & Associates as Financial Advisor, and MUFG Union Bank, N.A. as Trustee; and where appropriate such other firms necessary to complete a potential 2009B COP refunding.

Discussion:

Due to the current market rate environment, there is an opportunity to advance refund the 2009B COPs and produce an average annual cash flow savings of approximately \$400,000 per fiscal year through 2028 (except for the initial period which will be approximately seven months of the District's fiscal year and the final fiscal year). Such savings are achieved through a combination of refinancing to lower rates (true interest cost of roughly 3.22%), achieved through a combination of shorter maturities and current market conditions, and releasing \$3.5 million of existing debt reserves that are currently outstanding to pay down existing debt. (Debt issuance costs are expected to be roughly \$275,000. Presently, \$22.1 million of the original \$36.2 million is outstanding.) Offsetting these savings is the loss of the ability to refund at a tax-exempt rate anytime in the future. If the District were to wait until 2019, it could execute a current refunding and refinance at a tax-exempt rate, however there is the risk market rates could raise over the next 19 months and the potential savings available in this market environment could be lost. (Note: tax-exempt rates would need to rise more than 196 basis points by November 2019 in order to offset the savings of issuing at a taxable rate now.)

In order to consider a refunding opportunity as financially viable, certain metrics are typically used by the financial community that serve as a minimum threshold. One metric is called "Escrow Efficiency." This metric suggests an economic advantage may be present if the Escrow Efficiency is greater than 70%. The Escrow Efficiency for this proposed transaction is approximately 74%.

Potential Refunding Opportunity – 2009B Certificate of Participation (COP)

February 13, 2018

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The other metric is the Net Present Value or NPV. For this metric an economic advantage may exist if the NPV exceeds 3%. The NPV for this proposed transaction is approximately 5.3%. Thus, there is a refunding case to be made.

The preliminary results of the Financing Team are attached and will be presented in the following order:

1. Staff presentation – Transaction overview (Exhibit 1).
2. Citigroup's analysis of the 2009B COP refunding opportunity (Exhibit 2).
3. Fieldman, Rolapp and Associates analysis of the 2009B COP refunding opportunity (Exhibit 3).



EXHIBIT 1
Proposed 2009B COP Refunding

Board Meeting

February 26, 2018

2009B COP REFINANCING OPPORTUNITY

Savings Opportunity:

- By Refinancing Now, District Saves Between \$268K to \$410k/Year Through Maturity in 2028.

Cost Savings Sources:

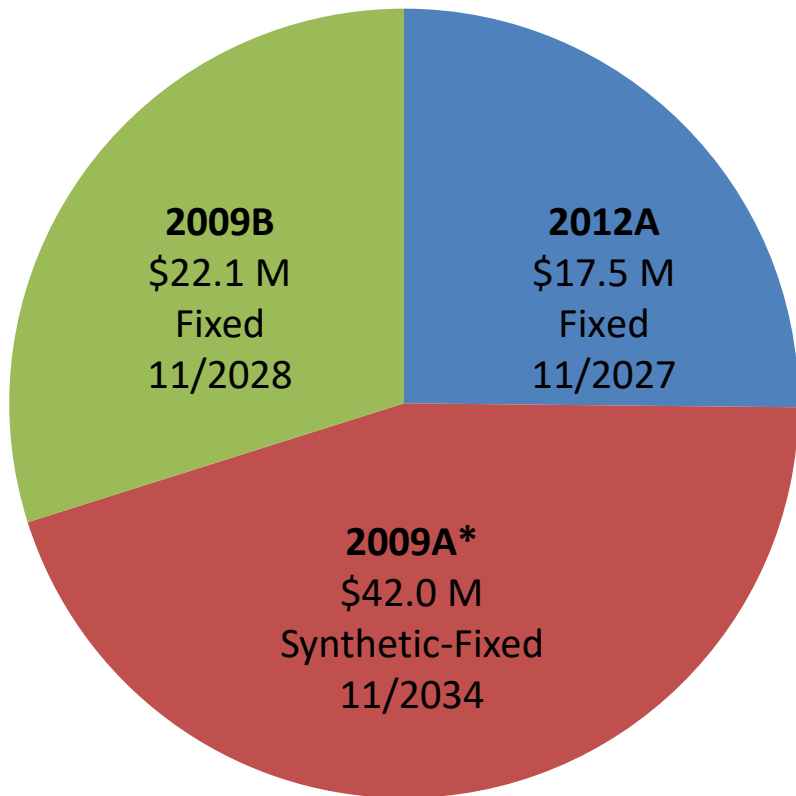
- Pay Down Principal With \$3.5 Million from DSRF
- Each Series Issued at Shorter Maturities
- Lower Interest Rate Environment in 2018 Compared to 2009
- District Credit Rating Has Improved Since 2009

Risks and Options:

- Due to 10 Year No-Call Provision, Will Need to Issue at Taxable Rate. Going Forward, Will Always Need to Issue Taxable
- Alternative: Wait Until November 2019 to Issue Tax-Exempt

DISTRICT DEBT TODAY

Total Debt - \$81.6 M



* Interest Rate Swap

- Notional: \$33.3 M
- Termination: 11/2034
- Market Value: **\$6.3 M**
- **LOC Terms:**
 - Expires 06/30/23
 - Fee 45/48 bps/annum

2009B COP TERMS

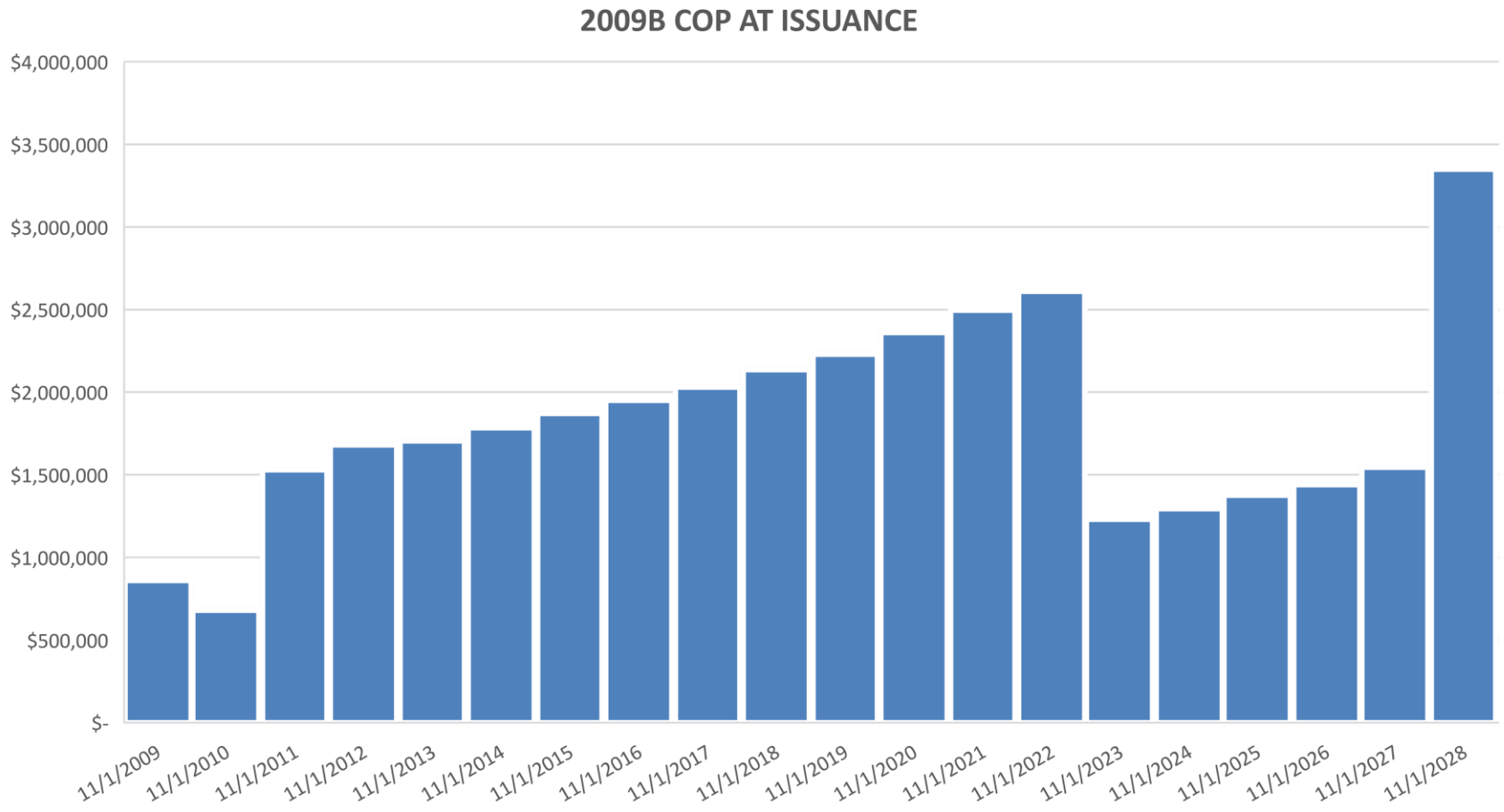
At Issuance:

- June 2009
- Par: \$36.2 Million
- Maturity: November 2028
- Fixed Rate:
 - True Interest Rate: 4.48%
 - Average Coupon Rate: 5.00%
- Reserve Fund: \$3.5 Million (Held in Trust)
- Issuance Cost: \$420 Thousand
- No Call Provision: 10 Years

Current Terms:

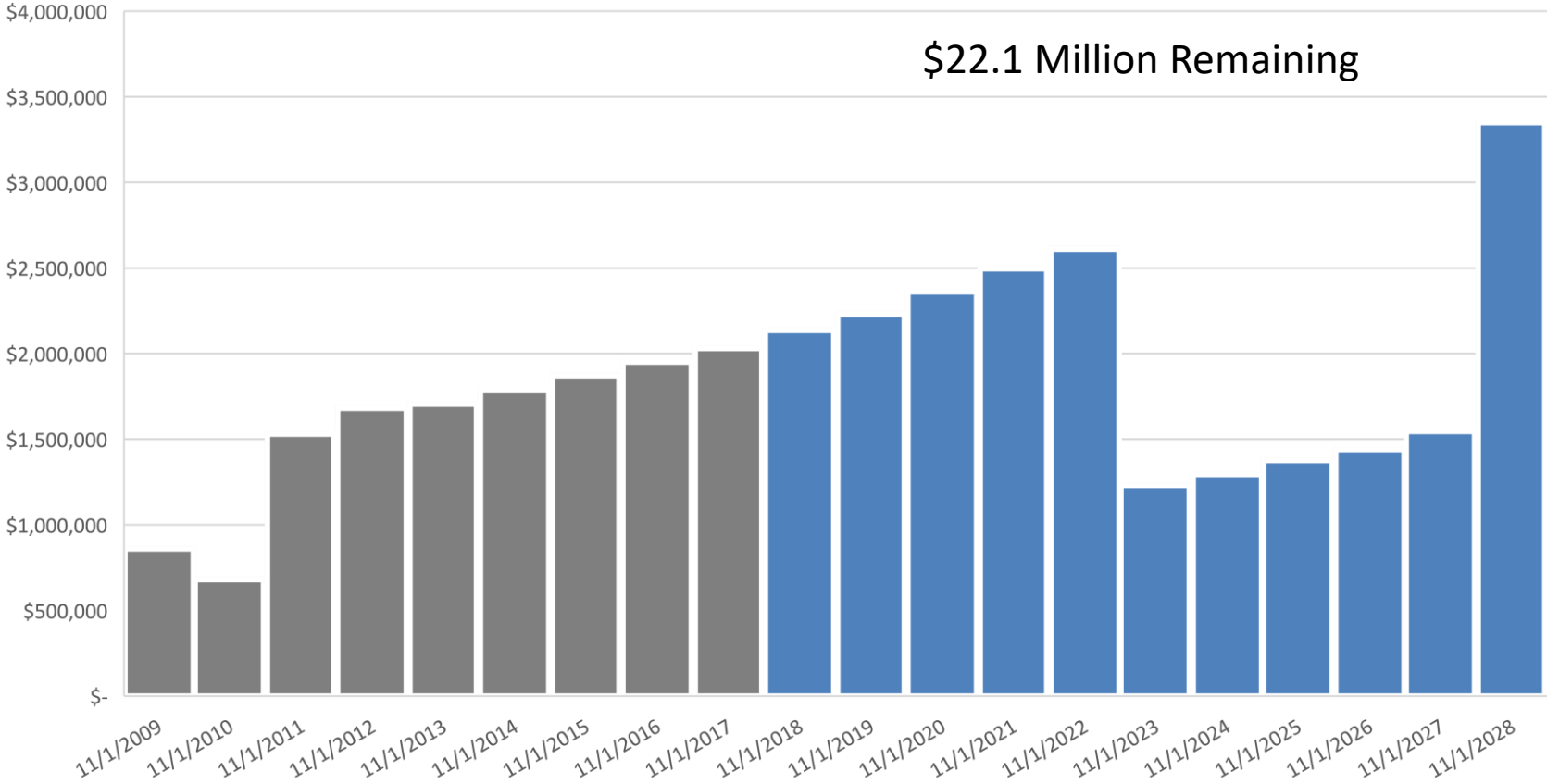
- Par: \$22.1 Million
- Maturity: November 2028
- Average Coupon Rate: 5.26%
- Reserve Fund: \$3.5 Million (Held in Trust)
- No Call Provision: 10 Years or November 2019

SERIES 2009B COP AT ISSUANCE

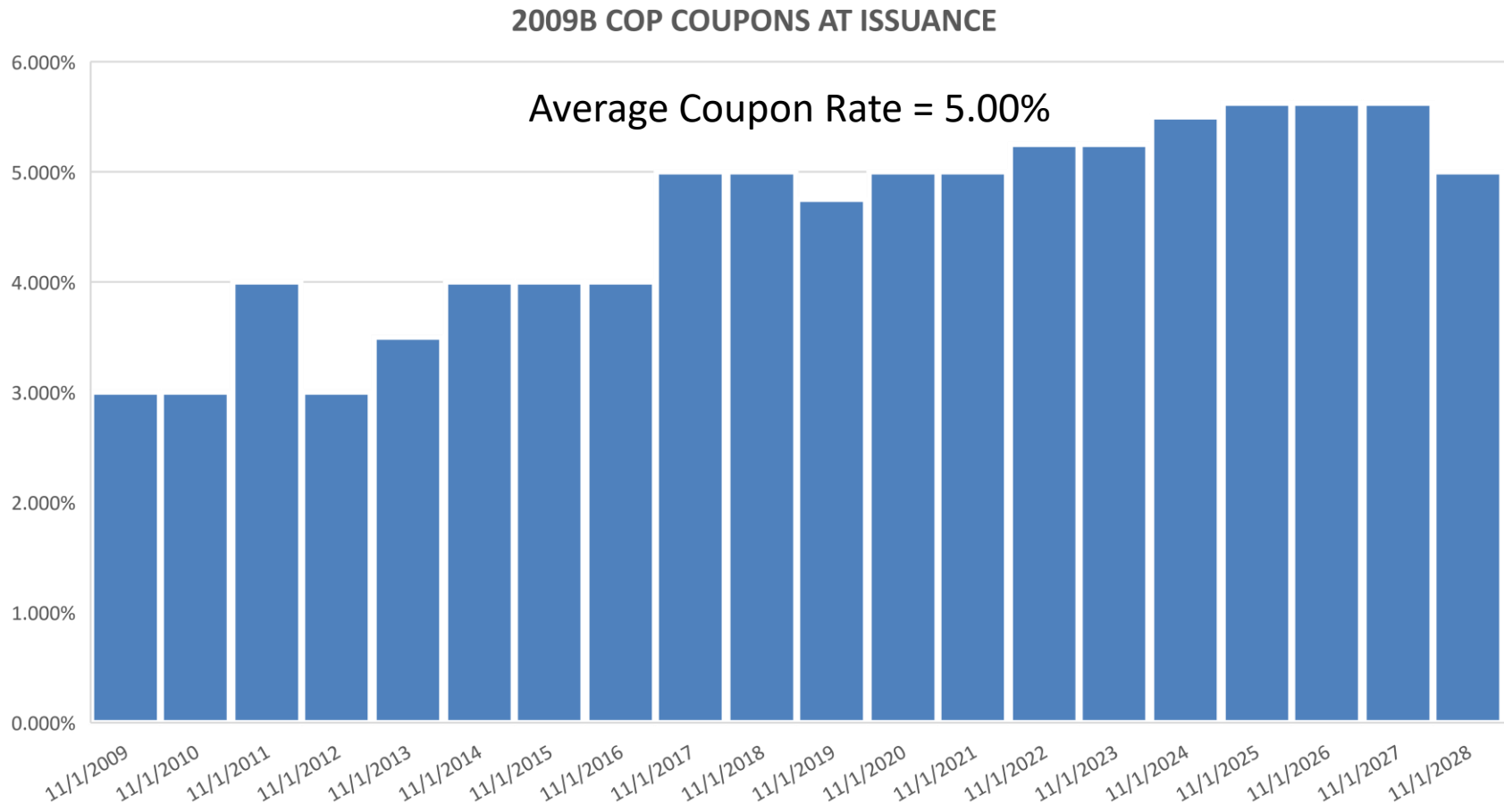


SERIES 2009B COP TODAY

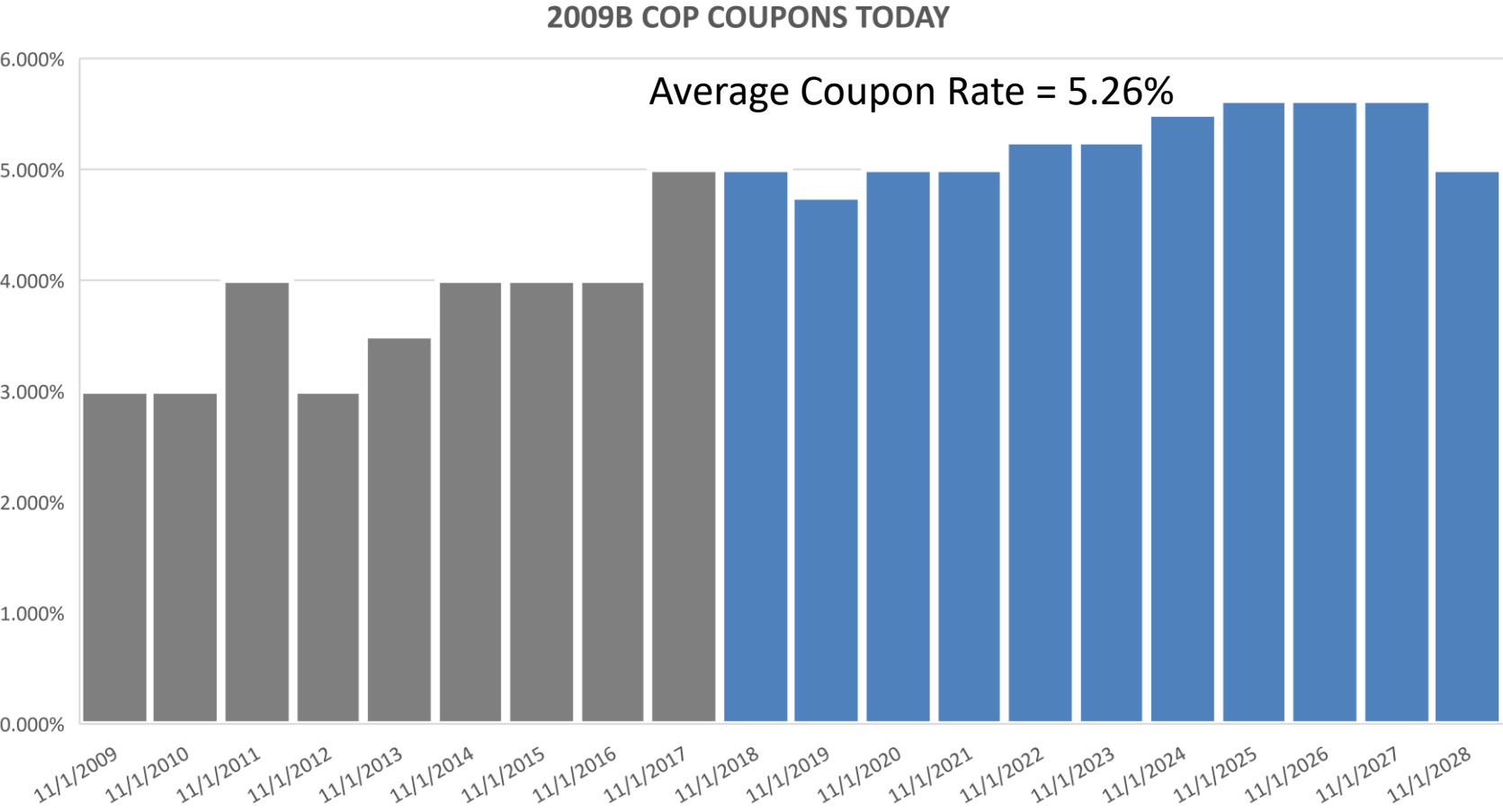
2009B COP TODAY



SERIES 2009B COUPONS AT ISSUANCE

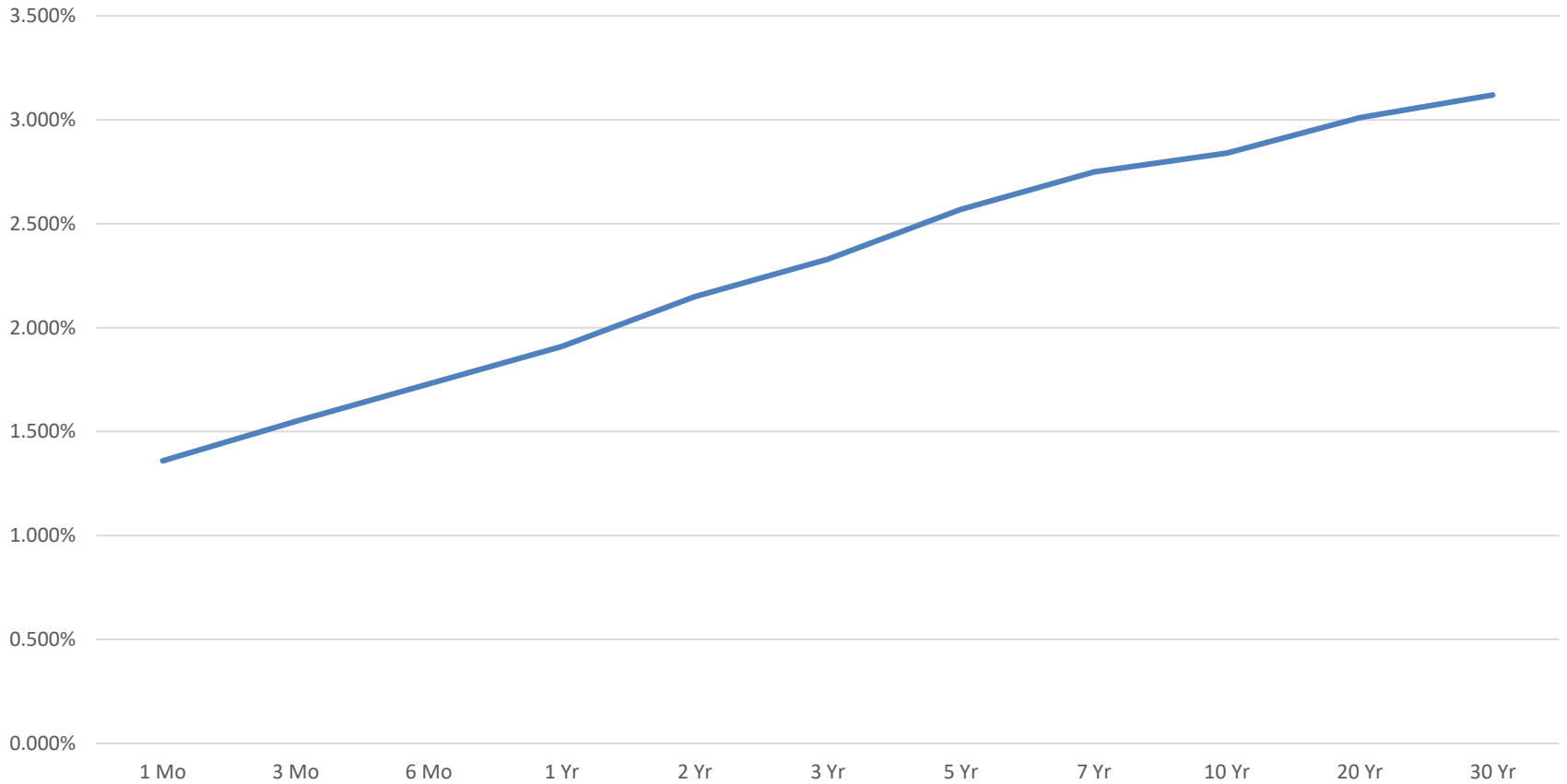


SERIES 2009B COP TODAY



TREASURY YIELD CURVE

Treasury Yield Curve *



* As of February 7, 2018

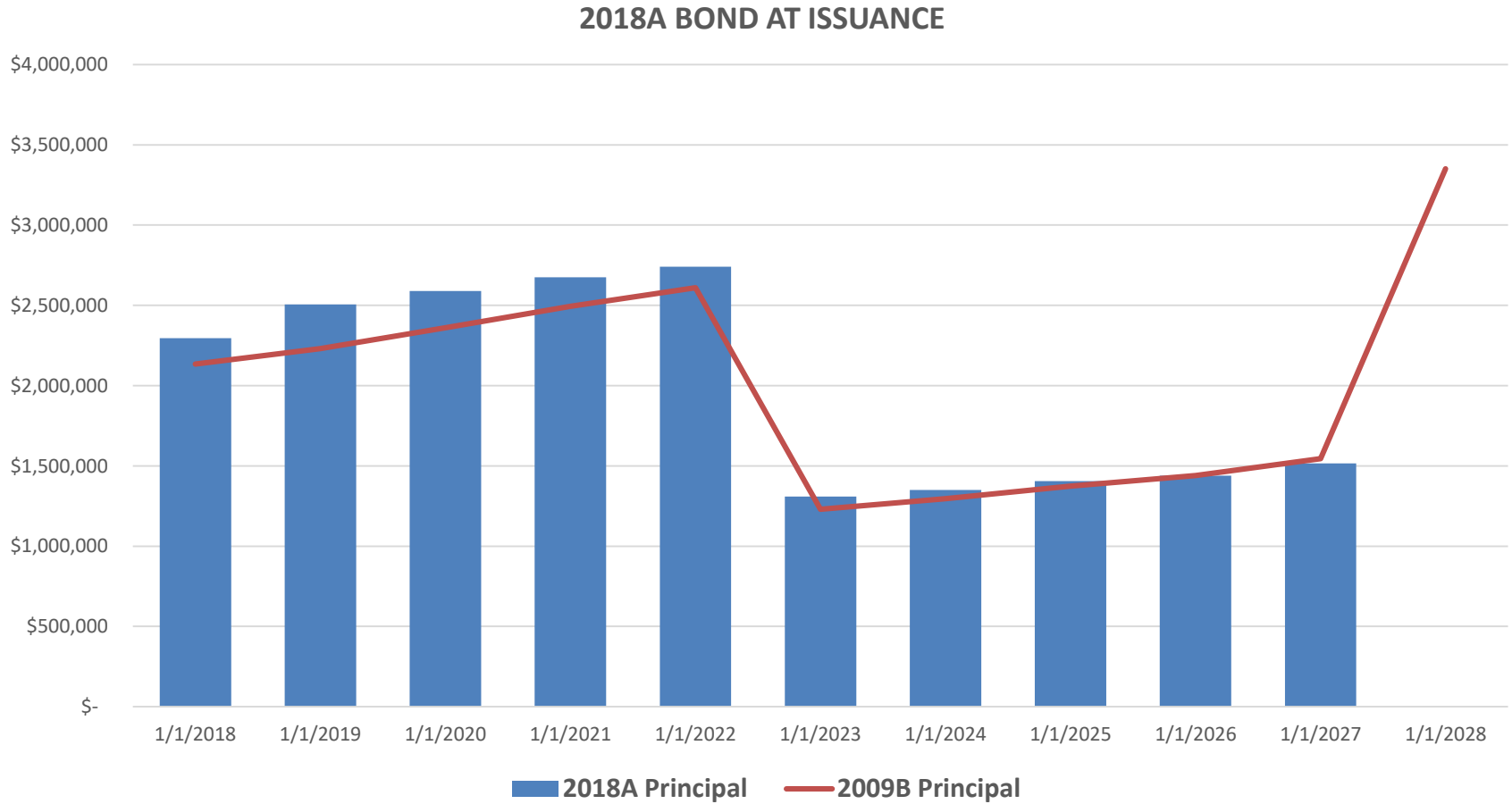
Yield Curves are typically upward sloping over time due to investors requiring higher rates of return for the longer maturities.

PROPOSED 2018A BOND TERMS

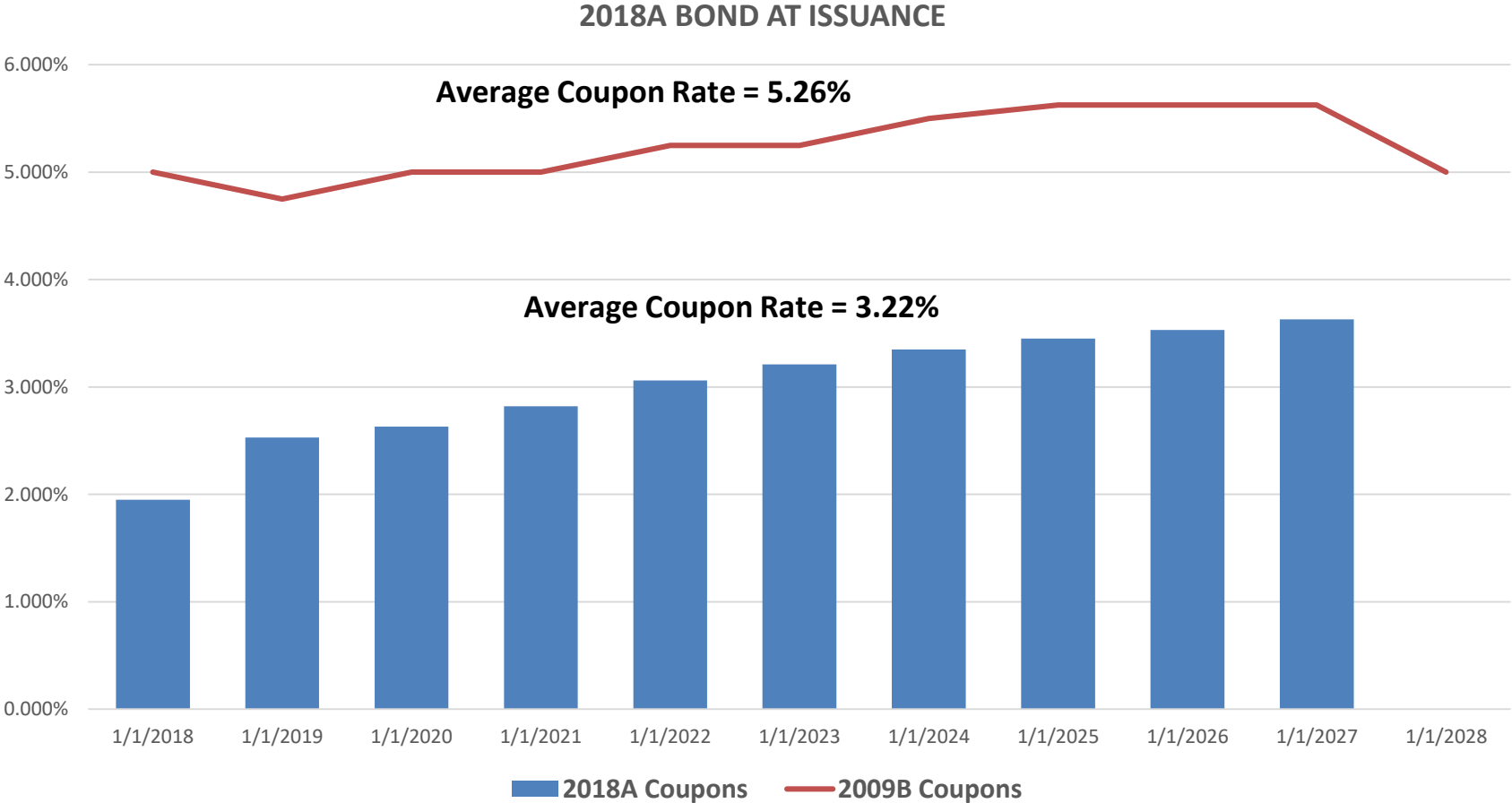
Proposed Refinancing Terms (Estimated):

- Close: May 15, 2018
- Par: \$19.8 Million
- Maturity: November 2027
- Fixed Rate:
 - True Interest Rate: 3.32%
 - Average Coupon Rate: 3.22%
- Reserve Fund: None
- Issuance Cost: \$275 Thousand

SERIES 2018A BOND AT ISSUANCE



SERIES 2018A COUPONS AT ISSUANCE



RECOMMENDATION

- As recommended by the Finance and Audit Committee:
 - Consider approving refunding the District's Series 2009B COP with a new 10 year fixed rate financing (Series 2018A), in an approximate par amount of \$19.8 million, including estimated closing costs of \$0.275 million, and releasing \$3.5 million in debt service reserves currently held in trust.
 - Approve the services of the following firms – Citigroup Global Markets Inc. as Underwriter and Investment Banker; Stradling Yocca Carlson & Rauth, A Professional Corporation as Bond Counsel; Bartkiewicz, Kronick, & Shanahan, A Professional Corporation as General Counsel; Fieldman, Rolapp & Associates as Financial Advisor, and MUFG Union Bank, N.A. as Trustee; and where appropriate such other firms necessary to complete a potential 2009B COP refunding.

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(Proposed Refunding of Callable Maturities of Series 2009B COPs)
>> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
Market Rates and Assumptions as of January 30, 2018
PRELIMINARY / SUBJECT TO CHANGE

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SOURCES AND USES OF FUNDS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
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Sources:

Bond Proceeds:	
Par Amount	19,825,000.00
Other Sources of Funds:	
Incremental DSRF Release	3,517,500.00
	23,342,500.00

Uses:

Refunding Escrow Deposits:	
Cash Deposit	0.29
SLGS Purchases	23,068,541.00
	23,068,541.29
Delivery Date Expenses:	
Cost of Issuance	180,000.00
Underwriter's Discount	89,212.50
	269,212.50
Other Uses of Funds:	
Additional Proceeds	4,746.21
	23,342,500.00

Note: Scale assumes market rates with an additional 15 basis point cushion to accommodate for potential volatility.

BOND SUMMARY STATISTICS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
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Dated Date	05/15/2018
Delivery Date	05/15/2018
Last Maturity	11/01/2027
Arbitrage Yield	3.204051%
True Interest Cost (TIC)	3.319604%
Net Interest Cost (NIC)	3.322504%
All-In TIC	3.555287%
Average Coupon	3.218102%
Average Life (years)	4.310
Duration of Issue (years)	3.963
Par Amount	19,825,000.00
Bond Proceeds	19,825,000.00
Total Interest	2,749,917.72
Net Interest	2,839,130.22
Total Debt Service	22,574,917.72
Maximum Annual Debt Service	3,075,854.00
Average Annual Debt Service	2,386,074.69
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	4.500000
Total Underwriter's Discount	4.500000
Bid Price	99.550000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	19,825,000.00	100.000	3.218%	4.310	7,705.50
	19,825,000.00			4.310	7,705.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	19,825,000.00	19,825,000.00	19,825,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-89,212.50	-89,212.50	
- Cost of Issuance Expense		-180,000.00	
- Other Amounts			
Target Value	19,735,787.50	19,555,787.50	19,825,000.00
Target Date	05/15/2018	05/15/2018	05/15/2018
Yield	3.319604%	3.555287%	3.204051%

BOND PRICING

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
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Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	11/01/2018	2,295,000	1.950%	1.950%	100.000
	11/01/2019	2,505,000	2.530%	2.530%	100.000
	11/01/2020	2,590,000	2.630%	2.630%	100.000
	11/01/2021	2,675,000	2.820%	2.820%	100.000
	11/01/2022	2,740,000	3.060%	3.060%	100.000
	11/01/2023	1,310,000	3.210%	3.210%	100.000
	11/01/2024	1,350,000	3.350%	3.350%	100.000
	11/01/2025	1,405,000	3.450%	3.450%	100.000
	11/01/2026	1,440,000	3.530%	3.530%	100.000
	11/01/2027	1,515,000	3.630%	3.630%	100.000
		19,825,000			

Dated Date	05/15/2018	
Delivery Date	05/15/2018	
First Coupon	11/01/2018	
Par Amount	19,825,000.00	
Original Issue Discount		
Production	19,825,000.00	100.000000%
Underwriter's Discount	-89,212.50	-0.450000%
Purchase Price	19,735,787.50	99.550000%
Accrued Interest		
Net Proceeds	19,735,787.50	

Note: Scale assumes market rates with an additional 15 basis point cushion to accommodate for potential volatility.

SUMMARY OF REFUNDING RESULTS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Dated Date	05/15/2018
Delivery Date	05/15/2018
Arbitrage yield	3.204051%
Escrow yield	1.936686%
Value of Negative Arbitrage	381,641.90
Bond Par Amount	19,825,000.00
True Interest Cost	3.319604%
Net Interest Cost	3.322504%
Average Coupon	3.218102%
Average Life	4.310
Par amount of refunded bonds	22,065,000.00
Average coupon of refunded bonds	5.264824%
Average life of refunded bonds	5.326
PV of prior debt to 05/15/2018 @ 3.204051%	24,248,655.00
Net PV Savings	1,284,814.30
Percentage savings of refunded bonds	5.822861%
Percentage savings of refunding bonds	6.480778%

Note: Assumes the prior DSRF is released into the Series 2018A Bonds. Assumes foregone interest earnings at 2.00%.

SAVINGS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 05/15/2018 @ 3.2040511%
12/31/2018	2,705,500.00	32,439.17	2,673,060.83	2,561,107.22	111,953.61	110,324.66
12/31/2019	3,264,250.00	70,350.00	3,193,900.00	3,037,347.50	156,552.50	152,747.80
12/31/2020	3,288,325.00	70,350.00	3,217,975.00	3,058,971.00	159,004.00	149,920.68
12/31/2021	3,305,325.00	70,350.00	3,234,975.00	3,075,854.00	159,121.00	144,977.03
12/31/2022	3,295,575.00	70,350.00	3,225,225.00	3,065,419.00	159,806.00	140,692.82
12/31/2023	1,778,550.00	70,350.00	1,708,200.00	1,551,575.00	156,625.00	133,258.82
12/31/2024	1,778,975.00	70,350.00	1,708,625.00	1,549,524.00	159,101.00	130,958.98
12/31/2025	1,787,750.00	70,350.00	1,717,400.00	1,559,299.00	158,101.00	125,908.55
12/31/2026	1,775,406.26	70,350.00	1,705,056.26	1,545,826.50	159,229.76	122,655.14
12/31/2027	1,799,406.26	70,350.00	1,729,056.26	1,569,994.50	159,061.76	118,514.42
12/31/2028	3,517,500.00	3,587,850.00	-70,350.00		-70,350.00	-49,890.80
	28,296,562.52	4,253,439.17	24,043,123.35	22,574,917.72	1,468,205.63	1,280,068.09

Savings Summary

PV of savings from cash flow	1,280,068.09
Plus: Refunding funds on hand	4,746.21
Net PV Savings	1,284,814.30

Note: Assumes the prior DSRF is released into the Series 2018A Bonds. Assumes foregone interest earnings at 2.00%.

BOND DEBT SERVICE

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2018	2,295,000	1.950%	266,107.22	2,561,107.22
12/31/2019	2,505,000	2.530%	532,347.50	3,037,347.50
12/31/2020	2,590,000	2.630%	468,971.00	3,058,971.00
12/31/2021	2,675,000	2.820%	400,854.00	3,075,854.00
12/31/2022	2,740,000	3.060%	325,419.00	3,065,419.00
12/31/2023	1,310,000	3.210%	241,575.00	1,551,575.00
12/31/2024	1,350,000	3.350%	199,524.00	1,549,524.00
12/31/2025	1,405,000	3.450%	154,299.00	1,559,299.00
12/31/2026	1,440,000	3.530%	105,826.50	1,545,826.50
12/31/2027	1,515,000	3.630%	54,994.50	1,569,994.50
	19,825,000		2,749,917.72	22,574,917.72

SUMMARY OF BONDS REFUNDED

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Refunding Revenue Certificates of Participation, 2009B, 2009B:					
SERIAL	11/01/2018	5.000%	2,135,000.00		
	11/01/2019	4.750%	2,230,000.00		
	11/01/2020	5.000%	2,360,000.00	11/01/2019	100.000
	11/01/2021	5.000%	2,495,000.00	11/01/2019	100.000
	11/01/2022	5.250%	2,610,000.00	11/01/2019	100.000
	11/01/2023	5.250%	1,230,000.00	11/01/2019	100.000
	11/01/2024	5.500%	1,295,000.00	11/01/2019	100.000
	11/01/2025	5.625%	1,375,000.00	11/01/2019	100.000
	11/01/2026	5.625%	1,440,000.00	11/01/2019	100.000
	11/01/2027	5.625%	1,545,000.00	11/01/2019	100.000
	11/01/2028	5.000%	3,350,000.00	11/01/2019	100.000
			22,065,000.00		

ESCROW REQUIREMENTS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Period Ending	Principal	Interest	Principal Redeemed	Total
11/01/2018	2,135,000.00	570,500.00		2,705,500.00
05/01/2019		517,125.00		517,125.00
11/01/2019	2,230,000.00	517,125.00	17,700,000.00	20,447,125.00
	4,365,000.00	1,604,750.00	17,700,000.00	23,669,750.00

ESCROW DESCRIPTIONS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate	Total Cost
May 15, 2018:							
SLGS	Certificate	11/01/2018	11/01/2018	2,504,541	1.590%	1.590%	2,504,541.00
SLGS	Certificate	05/01/2019	05/01/2019	314,310	1.780%	1.780%	314,310.00
SLGS	Note	11/01/2019	11/01/2018	20,249,690	1.950%	1.950%	20,249,690.00
				23,068,541			23,068,541.00

SLGS Summary

SLGS Rates File	29JAN18
Total Certificates of Indebtedness	2,818,851.00
Total Notes	20,249,690.00
	<hr/>
Total original SLGS	23,068,541.00

ESCROW COST

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	11/01/2018	2,504,541	1.590%	2,504,541.00
SLGS	05/01/2019	314,310	1.780%	314,310.00
SLGS	11/01/2019	20,249,690	1.950%	20,249,690.00
		23,068,541		23,068,541.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
05/15/2018	23,068,541	0.29	23,068,541.29	1.936686%
	23,068,541	0.29	23,068,541.29	

ESCROW CASH FLOW

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Date	Principal	Interest	Net Escrow Receipts	Present Value to 05/15/2018 @ 1.9366861%
11/01/2018	2,504,541.00	200,959.62	2,705,500.62	2,681,562.52
05/01/2019	314,310.00	202,814.61	517,124.61	507,633.49
11/01/2019	20,249,690.00	197,434.48	20,447,124.48	19,879,344.99
	23,068,541.00	601,208.71	23,669,749.71	23,068,541.00

Escrow Cost Summary

Purchase date	05/15/2018
Purchase cost of securities	23,068,541.00
Target for yield calculation	23,068,541.00

ESCROW SUFFICIENCY

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
Taxable Refunding Revenue Bonds, Series 2018A
(Proposed Refunding of Callable Maturities of Series 2009B COPs)
>> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
Market Rates and Assumptions as of January 30, 2018
PRELIMINARY / SUBJECT TO CHANGE

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
05/15/2018		0.29	0.29	0.29
11/01/2018	2,705,500.00	2,705,500.62	0.62	0.91
05/01/2019	517,125.00	517,124.61	-0.39	0.52
11/01/2019	20,447,125.00	20,447,124.48	-0.52	
	23,669,750.00	23,669,750.00	0.00	

ESCROW STATISTICS

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 23,068,541.29	1.321	3,047.23	1.936686%	1.936686%	22,686,899.37	381,641.90	0.02
23,068,541.29		3,047.23			22,686,899.37	381,641.90	0.02

Delivery date 05/15/2018
 Arbitrage yield 3.204051%
 Composite Modified Duration 1.321

PRIOR BOND DEBT SERVICE

SACRAMENTO SUBURBAN WATER DISTRICT ('SSWD')
 Taxable Refunding Revenue Bonds, Series 2018A
 (Proposed Refunding of Callable Maturities of Series 2009B COPs)
 >> REFUNDING OF ALL BONDS + FULL PRIOR RESERVE RELEASE; 2027 FINAL MATURITY <<
 Market Rates and Assumptions as of January 30, 2018
 PRELIMINARY / SUBJECT TO CHANGE

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2018	2,135,000	5.000%	570,500.00	2,705,500.00
12/31/2019	2,230,000	4.750%	1,034,250.00	3,264,250.00
12/31/2020	2,360,000	5.000%	928,325.00	3,288,325.00
12/31/2021	2,495,000	5.000%	810,325.00	3,305,325.00
12/31/2022	2,610,000	5.250%	685,575.00	3,295,575.00
12/31/2023	1,230,000	5.250%	548,550.00	1,778,550.00
12/31/2024	1,295,000	5.500%	483,975.00	1,778,975.00
12/31/2025	1,375,000	5.625%	412,750.00	1,787,750.00
12/31/2026	1,440,000	5.625%	335,406.26	1,775,406.26
12/31/2027	1,545,000	5.625%	254,406.26	1,799,406.26
12/31/2028	3,350,000	5.000%	167,500.00	3,517,500.00
	22,065,000		6,231,562.52	28,296,562.52

EXHIBIT 3

OVERVIEW OF REFUNDING REVENUE

CERTIFICATES OF PARTICIPATION, SERIES 2009B

POTENTIAL REFUNDING PRESENTATION

January 31, 2018

REFUNDING OF 2009B REFUNDING REVENUE
CERTIFICATES OF PARTICIPATION



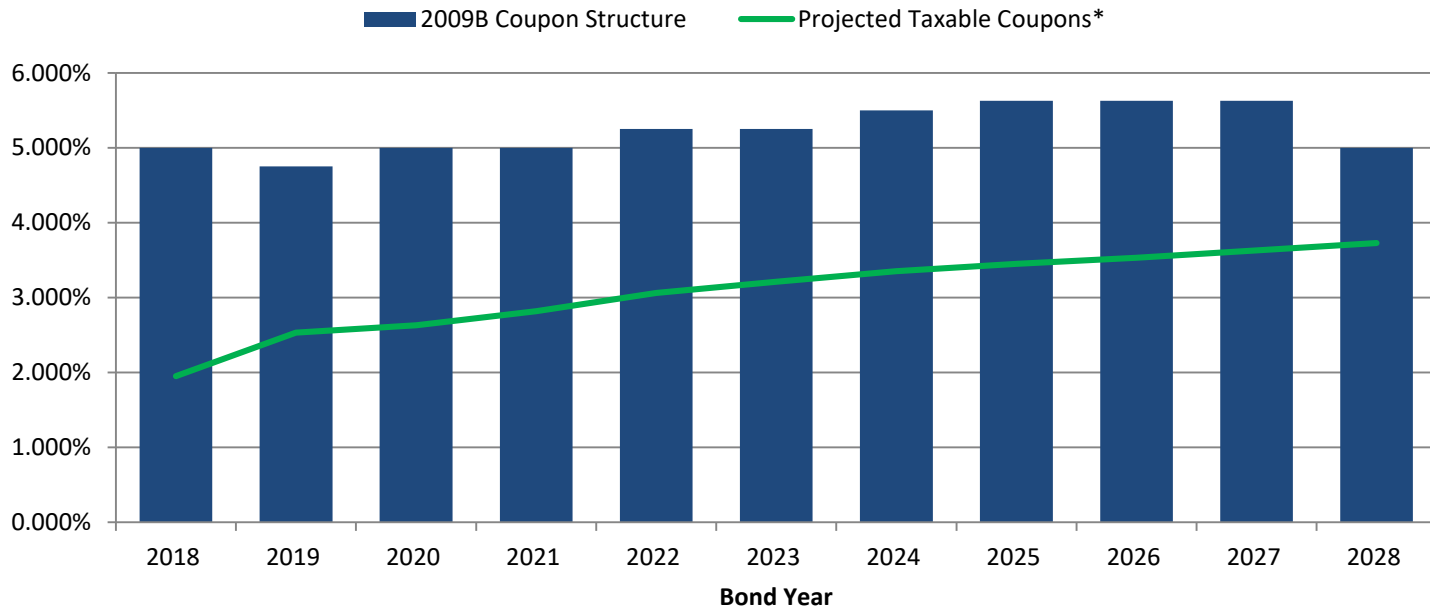
REFUNDING OVERVIEW

≡ 2009B Refunding Revenue Certificates of Participation (“Certificates”)

- ◆ 2009B Certificates issued to refund Series 2004 Adjustable Rate Revenue COPs
 - ✓ Due to federal tax code changes in 2017, the 2009B Certificates cannot be advance refunded on a tax-exempt basis
 - ✓ Taxable refunding bonds offer an opportunity to secure savings in the current market
- ◆ ~\$22 million outstanding
- ◆ Subject to prepayment on November 1, 2019 without premium

REFUNDING OPPORTUNITY

- ◆ Interest rates range from 4.75% to 5.625%
- ◆ Industry standard suggests 3% NPV savings in total and maturity by maturity
- ◆ Industry standard suggests 70% or higher for escrow efficiency
- ✓ Escrow efficiency shows NPV savings as a percentage of total possible NPV savings with no negative arbitrage



**Preliminary, subject to change*

2009B CERTIFICATES REFUNDING SAVINGS*

FY Ending	Existing 2009 Bonds Debt Service ⁽¹⁾	Refunding Debt Service	Annual Savings	Present Value Annual Savings
12/31/2018	2,673,061	2,404,684	268,377	264,310
12/31/2019	3,193,900	2,784,165	409,735	393,642
12/31/2020	3,217,975	2,807,746	410,229	380,895
12/31/2021	3,234,975	2,826,993	407,982	366,060
12/31/2022	3,225,225	2,814,595	410,630	356,008
12/31/2023	1,708,200	1,299,778	408,422	342,137
12/31/2024	1,708,625	1,297,518	411,108	332,944
12/31/2025	1,717,400	1,307,845	409,555	320,648
12/31/2026	1,705,056	1,295,585	409,471	309,889
12/31/2027	1,729,056	1,316,579	412,478	301,737
12/31/2028	(70,350)	3,039,289	(3,109,639)	(2,199,309)
Total Gross Savings				\$848,347
Net Present Value Savings				\$1,173,707
Percentage savings of refunded bonds				5.32%

(1) Prior Debt Service reflects the prior reserve fund earning 2.00% annually

*All figures are preliminary and subject to change. Based on estimated market conditions as of January 30, 2018. Refer to Disclaimer on last page of this presentation.

- Taxable advance refunding will generate ~\$1.2 million (5.3% of refunded amount)* in NPV savings
- Produces annual savings between \$268,000 and \$412,000, excluding final year
- Cost to refund the COPs (negative arbitrage) is ~\$421,000 producing an escrow efficiency of 74%

SENSITIVITY ANALYSIS

- **Waiting until August of 2019 to do a tax-exempt, current refunding reduces the negative arbitrage of the certificates. Assuming tax-exempt rates remain unchanged until August 2019:**
 - ◆ Results in ~12.1% NPV savings and an escrow efficiency of 99% since a current refunding can use tax-exempt interest rates
- **Breakeven analysis shows tax-exempt rates would need to increase by approximately 1.96% to offset the higher savings of waiting until a current refunding**

Refunding Scenario	Refunding Issue Closing Date	Refunding Bond Rate ³	Average Annual Savings ⁵	NPV Savings ²	NPV % Savings ⁴	Interest Rate Cushion ⁶	Refunding Escrow Cost	Escrow Efficiency ¹
Scenario 1 Taxable	5/15/2018	3.34%	\$405,000	\$1,173,707	5.32%	NA	\$421,696	74%
Scenario 2 Tax-exempt	8/2/2019	1.89%	\$628,000	\$2,410,221	12.09%	196 bps	\$26,389	99%

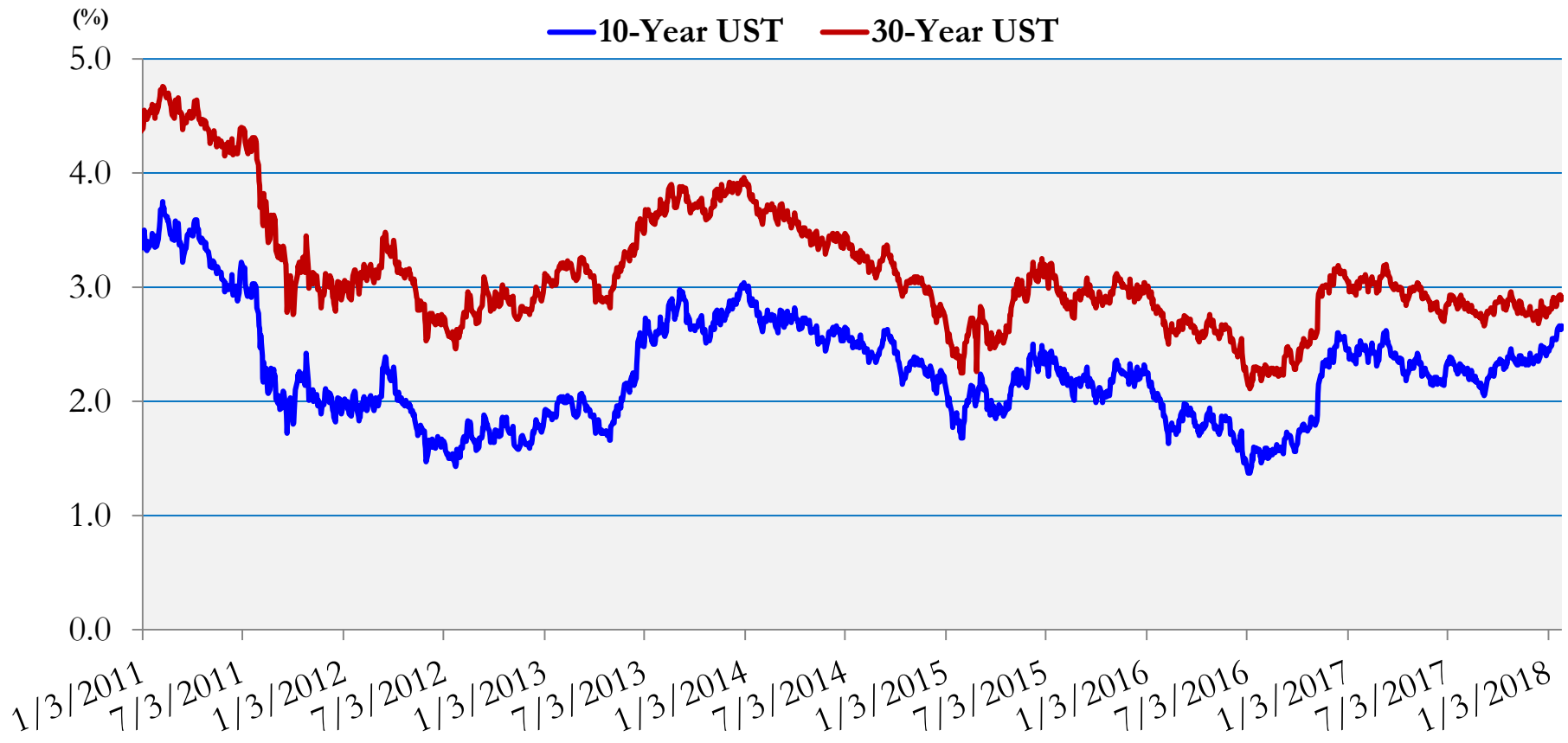
1. Escrow efficiency measures impact of escrow cost (based on SLGS purchase). Shows NPV savings as percentage total possible NPV savings with no escrow cost.
2. NPV Savings in all scenarios are discounted to the same date, May 2018.
3. **Refunding bond arbitrage yield. Rate estimates are based on current market rates / coupon structure as of 1/30/2018.**
4. NPV Savings as a percentage of bonds refunded.
5. Average annual savings account for release of prior reserve fund, earning 2.00% annually. Assumes no funding of a new reserve fund.
6. Amount tax-exempt rates can increase for Scenario 2 to breakeven with prior scenario. E.g. at +1.96% rates, Scenario 2 is equal to Scenario 1 NPV savings.

MUNICIPAL MARKET UPDATE



US TREASURY YIELDS

10-Year and 30-Year U.S. Treasury (January 3, 2011 through January 26, 2018)



Source: U.S. Department of the Treasury

QUESTIONS AND DISCUSSION



DISCLAIMER

The scenarios are being provided for informational purposes only, and do not reflect any specific recommendation regarding a financial transaction. These materials include an assessment of current market conditions, and include Fieldman, Rolapp & Associates, Inc. assumptions about interest rates, execution costs, and other matters related to municipal securities issuance or municipal financial products. These assumptions may change at any time subsequent to the date these materials were provided. The refinancing and refunding scenarios presented herein are not intended to be inclusive of every feasible or suitable refinancing alternative.

Fieldman, Rolapp & Associates, Inc. is an SEC-registered Municipal Advisor, undertaking a fiduciary duty in providing financial advice to public agencies. Compensation contingent on the completion of a financing or project is customary for municipal financial advisors. To the extent that our compensation for a transaction is contingent on successful completion of the transaction, a potential conflict of interest exists as we would have a potential incentive to recommend the completion of a transaction that might not be optimal for the public agency. However, Fieldman, Rolapp & Associates, Inc. undertakes a fiduciary duty in advising public agencies regardless of compensation structure.



Agenda Item: 9

Date: February 14, 2018

Subject: April Regular Board Meeting Date

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve a one-time cancellation of the April regular Board meeting scheduled on the third Monday of April 2018, and set a replacement Special Board meeting for the fourth Monday of April 2018.

Discussion:

The General Manager along with two Directors were approved and have registered to attend the Cap-to-Cap trip for 2018. The date of the Cap-to-Cap trip occurs during the April regular Board Meeting, causing the General Manager and the two Directors to be absent during the April regular Board meeting.

Staff is requesting that the Board approve a one-time cancellation of the April regular Board meeting scheduled on the third Monday of April 2018, and set a replacement Special Board Meeting for the fourth Monday of April 2018.

The April regular Board meeting would return to its regular, third Monday of the month date in 2019.

There would need to be a majority vote of the Board in order to cancel the regular meeting and to set a replacement meeting as a Special Board Meeting.

If approved, staff will notify customers of the canceled meeting via District website, as well as all appropriate postings; and additionally post information regarding the Special Board Meeting.

Strategic Plan Alignment:

Customer Service - 3.A. Operate in an open manner including public information to the Board of Directors.

Changing the District Board meeting day in April 2018 would benefit District customers by ensuring that the General Manager, along with all Directors, have the opportunity to attend the meeting for equal opportunity to participate in the April regular Board meeting.



Agenda Item: 10

Date: February 20, 2018

Subject: Resolution No. 18-02 Approving a Temporary Short Term Warren Act Contract For a Period of Up to Five Years (2018 - 2023) Between the Sacramento Suburban Water District and the United States Bureau of Reclamation

Staff Contact: Robert Roscoe, P.E.

Recommended Board Action:

Adopt Resolution No. 18-02 Approving a Temporary Short Term Warren Act Contract for a Period of Up to Five Years (2018-2023) and provide authority for the Board President to execute 2018-2023 Five-Year Warren Act Contract #18-WC-20-5200 between the Sacramento Suburban Water District and the United States Bureau of Reclamation, pending non-substantive revisions approved by legal counsel.

Background:

In 2012, the District was able to obtain a Short Term Warren Act Contract for up to five years (2012-2017). Prior to 2012, in December each year through formal written request by the District, the United States Bureau of Reclamation (Bureau) prepared a new draft Temporary Short Term Annual Warren Act Contract Agreement for Conveyance of Non-Central Valley Project (CVP) Water for the District's Board's approval and execution. The agreement is a Bureau standard agreement, which the District's predecessor water agency, Northridge, had previously executed since 2000 and, which has been approved by the District's Board since 2002.

The purpose of the contract is for conveying the non-project water in the District contract with Placer County Water Agency (PCWA) originating in PCWA's Middle Fork Project, through Bureau facilities into San Juan Water District's (SJWD) Peterson Treatment Plant near Folsom Reservoir. The non-project water is treated and delivered to the District through the SJWD Cooperative Transmission Pipeline and the District's Antelope Transmission Pipeline. Executing the agreement is required for the District to transport raw water purchased from PCWA through the Bureau facilities at Folsom Reservoir to SJWD.

Since a proposed 25 Year Long-Term Warren Act Contract (LTWAC) has not yet been approved and executed by the Bureau, and the current five-year agreement expires on the last day of February 2018, Reclamation suggested a new Five-Year Warren Act Contract (WAC) until a long-term agreement is finalized and executed.

The execution of a five-year short term agreement allows the continued use of Bureau facilities for transporting surface water through Folsom Reservoir should sufficient water supply exist. For the District to be eligible for water the estimated unimpaired inflows to Folsom Reservoir must be greater than 1,600,000 acre feet.

Discussion:

The Bureau provided the District with a 2018-2023 Five-Year WAC #18-WC-20-5200, attached to this report as Exhibit 1. The Area Manager from the Central California Area Office, Mid-Pacific Region of the Bureau has signed the subject document.

Staff requests approval of the resolution for execution of a 2018-2023 Five-Year WAC for the District. The contract agreements are standard agreements used by the Bureau with minor revisions. The 2018-2023 Five-Year WAC has been substantially improved in terms of provisions that were placed in the 2012-2017 Five-Year WAC that would allow Reclamation and National Marine Fisheries Service (NMFS) the opportunity to consult at any time deemed necessary within that five-year period based on the flow and coldwater pool management concerns. The provisions added to the 2012-2017 contract agreement that could trigger reconsultation are listed below:

- If the preliminary annual Temperature Management Plan to NFMS indicates mean daily water temperatures at Watt Avenue cannot be maintained below or at actual mean daily temperature exceeding 65-degree Fahrenheit.
- If releases of the transfer water should result in Lower American River flow fluctuations above or below the threshold flow of 4,000 cubic feet per second.
- If current Delta conditions that affect green sturgeon change as a result of Reclamation's action and physical construction or permanent modification of habitat for green sturgeon occur with implementation of the Proposed Action (PA).
- Operation outlooks indicate below average Folsom Lake storage conditions by the end of May.
- Historical storage in Folsom Reservoir is at or below average for the months of March-May.
- Snow pack water content in the American River Basin is below the historical average for the month of March.
- Water conditions deviate from 2005 conditions, which is the benchmark used to determine if water temperature conditions are likely to be met.

These conditions are no longer proposed in the new 2018-2023 Five-Year WAC.

On February 16, 2018, the Bureau generated a letter to Ms. Maria Rea, NMFS, informing her that the Bureau has changed its determination from a "May Affect, Not Likely to Adversely Affect" to a "No Effect" with respect to both the District's Five-Year WAC and LTWAC. The

subject letter, attached to this report as Exhibit 2, withdraws the Bureau's Request for Concurrence on the District's Five-Year WAC and LTWAC. The remaining portions of the contract agreements are similar in format, terms, conditions and requirements to previous contract agreements approved by the District. Also, included in the contract agreement is a condition that the Five-Year WAC would terminate should a LTWAC be finalized and completed prior to the end date of the 2018-2023 Five-Year WAC.

Fiscal Impact:

There is an approximate cost of \$1,000.00 for the Bureau's administrative services. The Bureau's total cost of service for conveyance in the agreements varies annually. The rates for the beginning of the existing agreement was \$17.65/acre foot and for the beginning of the new agreement the cost is \$21.26/acre foot. Per the agreements, the District is required to deposit the total amount of the schedule quantity of water (14,500 acre foot) as cost of service for conveyance at signing of the contract. The total estimated cost is within budget.

Strategic Plan Alignment:

Water Supply – 1.C. Continue to implement and support demand management strategies that comply with federal, state and regional programs, support Water Forum Agreement goals and efficiently meet the needs of SSWD customers.

The agreement for available use of surface water provides a primary source for the District in average and wet water years. Use of this water would offset the use of groundwater thus reducing overdraft and promoting conjunctive use goals.

RESOLUTION NO. 18-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO SUBURBAN WATER DISTRICT APPROVING A TEMPORARY SHORT TERM WARREN ACT CONTRACT FOR A PERIOD OF UP TO FIVE YEARS (2018 - 2023) BETWEEN THE SACRAMENTO SUBURBAN WATER DISTRICT AND THE UNITED STATES BUREAU OF RECLAMATION

WHEREAS, the United States Bureau of Reclamation (“Reclamation”) is authorized under the federal Warren Act to convey non-Central Valley Project (“CVP”) water through CVP facilities upon execution of contracts with water suppliers requesting such service;

WHEREAS, Reclamation and the District have negotiated a Temporary Warren Act Contract for up to five years that would apply to non-CVP water conveyed to SSWD in the 2018 through 2023 water years; and

WHEREAS, Reclamation requests that the District’s Board of Directors formally adopts and approves the proposed Temporary Warren Act Contract for up to five years to ensure that the parties comply with applicable federal laws and regulations.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Suburban Water District as follows:

1. The Board hereby adopts and approves a Temporary Warren Act Contract for up to five years, provided that the terms of such agreement are agreeable to the General Manager and consistent with applicable law.
2. The President of the Board of Directors is hereby authorized to execute the Contract and any amendments, subject to the approval of pending non-substantive revisions by District Legal Counsel.
3. The General Manager and his designees are hereby authorized to implement the terms and conditions of the Contract.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 26th day of February 2018, by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Craig 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 26th day of February 2018.

(SEAL)

By: _____
Dan York
General Manager/Secretary
Sacramento Suburban Water District



Exhibit 1

United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Region
Central California Area Office
7794 Folsom Dam Road
Folsom, CA 95630-1799

FEB 21 2018

IN REPLY REFER TO:

CC-404
WTR-4.00

Mr. Dan York
General Manager
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, California 95821-5303

Subject: Short Term Warren Act Contract (Contract) for Conveyance of Non-Project Water,
Sacramento Suburban Water District (District) – Central Valley Project, California

Dear Mr. York:

Please find enclosed four originals of the Contract Number 18-WC-20-5200 for conveyance of Non-Project water to the District through February 28, 2023. If this Contract is acceptable, please have the appropriate officials from the District sign each of the originals and return all four copies to this office for execution. In addition, the Bureau of Reclamation needs four originals of the District's Board resolution authorizing the official to sign the Contract on behalf of the District. Reclamation will provide a signed original Contract to the District after execution.

If you have any questions, please contact Ms. Georgiana Gregory at 916-537-7051 or e-mail ggregory@usbr.gov.

Sincerely,

Drew F. Lessard
Area Manager

Enclosure – 4 copies

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
American River Division, Central Valley Project, California

SHORT TERM CONTRACT BETWEEN THE UNITED STATES
AND
SACRAMENTO SUBURBAN WATER DISTRICT
PROVIDING FOR CONVEYANCE OF NON-PROJECT WATER

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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
American River Division, Central Valley Project, California

SHORT TERM CONTRACT BETWEEN THE UNITED STATES
AND
SACRAMENTO SUBURBAN WATER DISTRICT
PROVIDING FOR CONVEYANCE OF NON-PROJECT WATER

1 THIS CONTRACT, made this _____ day of _____, 20____,
2 pursuant to the Act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or
3 supplementary thereto, including the Act of February 21, 1911 (36 Stat. 925), and Section 305 of
4 the Reclamation States Emergency Drought Relief Act of 1991, enacted March 5, 1992
5 (106 Stat. 59), all collectively hereinafter referred to as the Federal Reclamation laws, between
6 the UNITED STATES OF AMERICA, hereinafter referred to as the United States, represented
7 by the officer executing this Contract, hereinafter referred to as the Contracting Officer, and
8 SACRAMENTO SUBURBAN WATER DISTRICT, hereinafter referred to as the Contractor;

9 WITNESSETH, That:

10 EXPLANATORY RECITALS

11 [1st] WHEREAS, the United States has constructed and is operating the Central
12 Valley Project (Project), California, for diversion, storage, carriage, distribution and beneficial
13 use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation,
14 protection and restoration, generation and distribution of electric energy, salinity control,
15 navigation and other beneficial uses, of waters of the Sacramento River, the American River, the
16 Trinity River, and the San Joaquin River and their tributaries; and

17 [2nd] WHEREAS, the Contractor asserts a right to a Non-Project Water supply
18 for Municipal and Industrial (M&I) purposes through a contractual entitlement with Placer
19 County Water Agency (PCWA) for water supplied from PCWA's Middle Fork Project (MFP)
20 and has requested the United States convey said Non-Project Water through Excess Capacity in
21 the Folsom Reservoir and associated facilities, features of the American River Division, Central
22 Valley Project; and

23 [3rd] WHEREAS, the United States is willing to convey said Non-Project
24 Water to the Contractor through Excess Capacity in said Project Facilities in accordance with the
25 terms and conditions hereinafter stated; and

26 [4th] WHEREAS, the environmental compliance requirements for the execution
27 of this Contract have been met by the Environmental Assessment and Finding of No Significant
28 Impact titled "Sacramento Suburban Water District 5-year Warren Act Contract", Number
29 CCAO 17-08, dated _____ .

30 NOW, THEREFORE, in consideration of the covenants herein contained, the
31 parties agree as follows:

32 DEFINITIONS

33 1. When used herein unless otherwise distinctly expressed, or manifestly
34 incompatible with the intent of the parties as expressed in this Contract, the term:

35 (a) "Calendar Year" shall mean the period January 1 through December 31,
36 both dates inclusive;

37 b) "Contracting Officer" shall mean the Secretary of the Interior's duly
38 authorized representative acting pursuant to this Contract or applicable Reclamation law or
39 regulation;

40 (c) "Contractor's Boundaries" shall mean the geographic area within which
41 the Contractor is authorized to serve Non-Project Water as set forth on Exhibit A, which may be
42 modified in accordance with Article 24, without amendment of this Contract;

43 (d) Omitted;

44 (e) "Excess Capacity" shall mean capacity in the Project Facilities in excess
45 of that needed to meet the Project's authorized purposes, as determined solely by the Contracting
46 Officer, which may be made available to convey and deliver Non-Project Water;

47 (f) Omitted;

48 (g) Omitted;

49 (h) Omitted;

50 (i) "Irrigation Water" shall mean Non-Project Water used to irrigate land
51 primarily for the production of commercial agricultural crops or livestock, and domestic and
52 other uses that are incidental thereto. It does not include uses such as watering golf courses;
53 lawns and ornamental shrubbery used in residential and commercial landscaping, household
54 gardens, parks and other recreational facilities; pasture for animals raised for personal purposes
55 or for nonagricultural commercial purposes; cemeteries; and similar uses (except to the extent
56 that some of these uses may be incidental to uses that are primarily agricultural). It also does not
57 include commercial agricultural uses that do not require irrigation, such as fish farms and
58 livestock production in confined feeding or brooding operations;

59 (j) "Municipal and Industrial (M&I) Water" shall mean Non-Project Water
60 used for municipal, industrial, and miscellaneous purposes not falling under the definition of
61 "Irrigation Water" described in subdivision (i) of this Article 1 or within another category of
62 water use under an applicable Federal authority;

63 (k) “Non-Project Water” shall mean water acquired by or available to the
64 Contractor from the source(s) identified in Exhibit C that has not been appropriated or acquired
65 by the United States;

66 (l) Omitted;

67 (m) “Project” shall mean the Central Valley Project, owned by the United
68 States and managed by the Department of the Interior, Bureau of Reclamation;

69 (n) “Project Facilities” shall mean the Folsom Dam, Reservoir Pumping Plant
70 and associated facilities, constructed as features of the American River Division, Central Valley
71 Project;

72 (o) “Project-Use Power” is that electrical energy, and its associated ancillary
73 service components, required to provide the full electrical service needed to operate and maintain
74 Project Facilities, and to provide electric service for Project purposes and loads in conformance
75 with the Reclamation Project authorization. Project-Use Power is not available to pump
76 Non-Project Water, to operate pumps that were not built as Federal facilities as part of the
77 Project, to pump Project Water outside the authorized service area, or provide for on-farm uses;

78 (p) “Project Water” shall mean all water that is developed, diverted, stored, or
79 delivered by the Secretary in accordance with the statutes authorizing the Project and in
80 accordance with the terms and conditions of water rights acquired pursuant to California law;

81 (q) “Rates” shall mean the amount to be paid to the United States by the
82 Contractor, as set forth in Exhibit B, for the use of Excess Capacity in the Project Facilities made
83 available pursuant to this Contract;

84 (r) “RRA” shall mean the Reclamation Reform Act of October 12, 1982
85 (96 Stat. 1263), as amended;

86 (s) "Secretary" shall mean the Secretary of the Interior, a duly appointed
87 successor, or an authorized representative acting pursuant to any authority of the Secretary and
88 through any agency of the Department of the Interior; and

89 (t) "Year" shall mean the period from and including March 1 of the Calendar
90 Year through the last day of February of the following Calendar Year.

91 TERM OF CONTRACT

92 2. This Contract shall become effective on the date hereinabove written and shall
93 remain in effect through February 28, 2023: Provided, That upon written notice to the
94 Contractor, this Contract may be terminated by the Contracting Officer at an earlier date, if the
95 Contracting Officer determines that the Contractor has not been complying with one or more
96 terms or conditions of this Contract: Provided, further, That if a long-term Warren Act contract
97 is executed during the term of this Contract, the long-term Warren Act contract shall supersede
98 this Contract.

99 INTRODUCTION, CONVEYANCE, AND DELIVERY OF NON-PROJECT WATER

100 3. (a) In each Year when certain criteria are met pursuant to Exhibit C of this
101 Contract, the Contractor may introduce up to 14,500 acre-feet each Year of Non-Project Water
102 from the source(s) identified in Exhibit C into the Project Facilities at Folsom Reservoir. The
103 Contractor shall arrange for the release of up to 14,500 acre-feet of the Non-Project Water from
104 the PCWA MFP reservoirs for conveyance in Project Facilities. An additional 5% of Non-
105 Project Water shall also be released to cover the conveyance losses from the point of release to
106 the point of introduction into Project Facilities. The timing of the release shall be coordinated
107 with Reclamation. The United States shall convey Non-Project Water through Excess Capacity
108 in the Project Facilities from said point(s) of introduction for delivery to the Contractor at San

109 Juan Water District's Sidney N. Peterson Water Treatment Plant or other location(s) mutually
110 agreed to in writing by the Contracting Officer and the Contractor, in accordance with an
111 approved schedule submitted by the Contractor pursuant to subdivision (d) of this Article:
112 Provided, That the quantity of Non-Project Water to be delivered to the Contractor from Project
113 Facilities shall not exceed the quantity of Non-Project Water previously introduced into the
114 Project Facilities by the Contractor at said point(s) of introduction.

115 (a.1) In the event the quantity of water delivered to the Contractor exceeds the
116 quantity of Non-Project water authorized pursuant to subdivision (a) of this Article, the
117 Contractor shall immediately take all reasonable actions to make available a like amount of water
118 into the Project Facilities for use by the United States for Project purposes. The provisions of this
119 subdivision are not exclusive and shall not prohibit the United States from exercising any other
120 remedy under existing law, including the early termination of this Contract pursuant to Article 2
121 of this Contract.

122 (b) Exhibit C may be modified or replaced by mutual agreement of the
123 Contractor and the Contracting Officer to reflect changes to the source(s) of Non-Project water
124 without amendment of this Contract: Provided, however, That no such modification or
125 replacement shall be approved by the Contracting Officer absent the completion of all
126 appropriate environmental documentation, including but not limited to documents prepared
127 pursuant to the National Environmental Policy Act of 1969 (NEPA) and the Endangered Species
128 Act of 1973 (ESA), as amended.

129 (c) All Non-Project Water conveyed and delivered to the Contractor pursuant
130 to this Contract shall be used for M&I purposes.

131 (d) Prior to the introduction of Non-Project Water into the Project Facilities,
132 the Contractor shall submit a schedule to the Contracting Officer showing the quantities of Non-
133 Project Water to be introduced into the Project Facilities, and the desired time or times for
134 delivery of said Non-Project Water: Provided, That the Contractor is not required to initially
135 schedule delivery of the maximum quantity of Non-Project Water for which the Contractor
136 desires conveyance during the term of this Contract. The initial schedule and any revision(s)
137 thereof shall be in a form acceptable to the Contracting Officer and shall be submitted at such
138 times and in such manner as determined by the Contracting Officer. The Contractor shall not
139 introduce Non-Project Water into the Project Facilities unless and until the schedule and any
140 revision(s) thereof have been approved by the Contracting Officer.

141 (e) All Non-Project Water remaining in the Project Facilities after 30 days
142 from the date of introduction or upon expiration or termination of this Contract shall be deemed
143 to be unused water donated to the United States for Project purposes. Further, all Non-Project
144 Water made available for delivery to the Contractor from the Project Facilities and not accepted
145 by the Contractor shall be deemed to be unused water donated to the United States for Project
146 purposes.

147 (f) Unless otherwise agreed to in writing by the Contracting Officer, the Non-
148 Project Water shall be introduced into and delivered to the Contractor through existing Project
149 Facilities. If temporary inflow or delivery facilities are required to effectuate the introduction of
150 Non-Project Water into the Project Facilities or the delivery of the Non-Project Water to the
151 Contractor from the Project Facilities, the Contractor shall, at its own cost and expense, obtain all
152 appropriate environmental documents, necessary rights-of-way for such facilities, including the
153 appropriate right of-use agreement(s) or other authorizations issued by the United States for any

154 such facilities located on right-of-way for existing Project Facilities. The Contractor, at its own
155 cost and expense, shall be responsible for providing, installing, operating, maintaining, repairing,
156 replacing, and removing said inflow and delivery facilities. The Contractor hereby grants to the
157 Contracting Officer access, for the purpose of this Contract, to all temporary inflow and delivery
158 facilities installed by the Contractor.

159 (g) The introduction, conveyance, and delivery of Non-Project Water pursuant
160 to this Contract will not be supported with Project-Use Power. If electrical power is required to
161 convey or pump the Non-Project Water into, through or from the Project Facilities, the
162 Contractor shall: (i) be responsible for the acquisition and payment of all electrical power and
163 associated transmission service charges, and provide a copy of a power contract and copies of
164 payment documents to the Contracting Officer as evidence that such electrical power has been
165 contracted and paid for prior to the introduction, conveyance, and delivery of any Non-Project
166 Water ; and/or (ii) prior to the introduction, conveyance, and delivery of any Non-Project Water,
167 enter into a letter of agreement with the United States that provides for the payment of all actual
168 energy costs and fees incurred in the introduction, conveyance and delivery of the Non-Project
169 Water.

170 (h) The Contractor shall have no rights to any benefits from increased power
171 generation that may result from the conveyance of the Non-Project Water through Excess
172 Capacity in the Project Facilities authorized pursuant to this Contract.

173 (i) The introduction of Non-Project Water into the Project Facilities by the
174 Contractor shall be conditioned upon compliance by the Contractor with the environmental
175 measures described in the environmental documentation prepared in connection with the

176 execution of this Contract and with the terms of the applicable operations procedures approved
177 by the Contracting Officer.

178 MEASUREMENT OF NON-PROJECT WATER

179 4. (a) All Non Project Water shall be measured and recorded at the point(s) of
180 release from PCWA's MFP reservoirs and point(s) of delivery established pursuant to Article 3
181 herein with measurement devices acceptable to the Contracting Officer and the methods used to
182 make such measurements shall be in accordance with sound engineering practices.

183 (b) Unless otherwise agreed to in writing by the Contracting Officer, the Non-
184 Project Water shall be measured with existing measurement devices on the Project Facilities and
185 the Contractor will not have responsibility for the measurement devices.

186 (c) The Contractor shall maintain accurate records of the quantity of Non-
187 Project Water, expressed in acre-feet, released from PCWA's MFP reservoirs and delivered from
188 Project Facilities at said authorized point(s) of release and delivery and shall provide such
189 records to the Contracting Officer at such times and in such manner as determined by the
190 Contracting Officer.

191 (1) The Contractor shall provide to the Contracting Officer a monthly
192 operational report demonstrating PCWA operated its upstream reservoirs in such a manner as to
193 make sufficient Non-Project Water available in Folsom Reservoir to provide for the outgoing
194 delivery to the Contractor pursuant to PCWA's direct diversion and rediversion rights under
195 Water Rights Permit Numbers 13856 and 13858. The Contracting Officer shall use these reports
196 to support the availability of the Non-Project Water at Folsom Reservoir and to cover the
197 Contractor's scheduled deliveries after deduction of the conveyance losses in Article 3(a).

198 (d) Upon the request of either party to this Contract, the Contracting Officer
199 shall investigate the accuracy of all measurements of Non-Project Water required by this
200 Contract. If the investigation discloses errors in the recorded measurements, such errors shall be
201 promptly corrected. If the investigation discloses that measurement devices are defective or
202 inoperative, the Contracting Officer shall take any necessary actions to ensure that the
203 responsible party makes the appropriate adjustments, repairs, or replacements to the
204 measurement devices. In the event the Contractor, as the responsible party, neglects or fails to
205 make such adjustments, repairs, or replacements to the measurement devices within a reasonable
206 time and to the reasonable satisfaction of the Contracting Officer, the Contracting Officer may
207 cause such adjustments, repairs, or replacements to be made and the costs thereof shall be
208 charged to the Contractor and the Contractor shall pay said charges to the United States
209 immediately upon receipt of a detailed billing. For any period of time during which accurate
210 measurements of the Non-Project Water have not been made, the Contracting Officer shall
211 consult with the Contractor prior to making a determination of the quantity of Non-Project Water
212 introduced, conveyed and delivered for that period of time and such determination by the
213 Contracting Officer shall be final and binding on the Contractor.

214 OPERATION AND MAINTENANCE BY OPERATING NON-FEDERAL ENTITY

215 5. Omitted

216 PAYMENTS AND ADJUSTMENTS

217 6. (a) Each Year that the Contractor submits a schedule, or any revision(s)
218 thereof pursuant to subdivision (d) of Article 3 of this Contract, the Contractor shall make an
219 advance payment to the United States equal to the total amount payable pursuant to the
220 applicable Rates shown on Exhibit B for each acre-foot of Non-Project Water to be introduced

221 into the Project Facilities. However, the initial schedule and payment shall be submitted no later
222 than June 1 of each Year Non-Project Water is scheduled. The Rates are subject to annual
223 adjustment pursuant to the then-current ratesetting policy for the Project to cover all costs
224 incurred from the conveyance of Non-Project Water. At the beginning of each Year, the
225 Contracting Officer shall provide the Contractor with the Rates to be in effect for the upcoming
226 Year, and such notification shall revise Exhibit B without amending this Contract. Non-Project
227 Water shall not be introduced in to Project Facilities by the Contractor prior to such payment
228 being received the United States. Final adjustment between the advance payments for the Non-
229 Project Water scheduled and payment for the quantities of Non-Project Water conveyed during
230 each Year pursuant to this Contract shall be made as soon as practicable but no later than April
231 30th of the following Year.

232 (b) Omitted

233 (c) The amount of any overpayment by the Contractor by reason of the
234 quantity of Non-Project Water introduced into the Project Facilities and conveyed pursuant to
235 this Contract, as conclusively determined by the Contracting Officer, having been less than the
236 quantity which the Contractor otherwise under the provisions of this Contract would have been
237 required to pay for, shall be applied first to any accrued indebtedness arising out of this Contract
238 then due and owing to the United States by the Contractor. Any amount of such overpayment
239 then remaining shall be refunded to the Contractor: Provided, however, that no refund shall be
240 made by the United States to the Contractor for any quantity of Non-Project Water deemed to be
241 unused water donated to the United States for Project purposes pursuant to subdivision (e) of
242 Article 3 of this Contract.

243 (d) All payments made by the Contractor pursuant to subdivision (a) of this
244 Article 6 shall be covered into the Reclamation Fund pursuant to Section 3 of the Act of
245 February 21, 1911 (36 Stat. 925).

246 (e) The payment of the Rates set forth in this Article 6 for the use of Excess
247 Capacity are exclusive of any additional charges that the Contractor may assess its water users.
248 In accordance with the Act of February 21, 1911 (36 Stat. 925), the Contractor may not impose
249 on its water users any charge for the use of Excess Capacity that exceeds the total amount paid to
250 the United States: Provided, That the Contractor may also charge its water users such additional
251 amounts as are necessary to cover the Contractor's reasonable administrative costs in contracting
252 with the United States for the use of Excess Capacity in the Project Facilities.

253 MEDIUM FOR TRANSMITTING PAYMENTS

254 7. (a) All payments from the Contractor to the United States under this Contract
255 shall be by the medium requested by the United States on or before the date payment is due. The
256 required method of payment may include checks, wire transfers, or other types of payment
257 specified by the United States.

258
259 (b) Upon execution of the Contract, the Contractor shall furnish the
260 Contracting Officer with the Contractor's taxpayer's identification number (TIN). The purpose
261 for requiring the Contractor's TIN is for collecting and reporting any delinquent amounts arising
262 out of the Contractor's relationship with the United States.

263 EXCESS CAPACITY

264
265 8. (a) The availability of Excess Capacity shall be determined solely by the
266 Contracting Officer. Nothing contained in this Contract shall limit or preclude the United States
267 from utilizing available capacity in the Project Facilities for the storage and conveyance of
268 Project Water pursuant to Federal law, Reclamation law or policy, and existing contract(s); or for
269 using Excess Capacity in the Project Facilities for the storage and conveyance of any other
270 supplies of Non-Project Water.

271 (b) The Contracting Officer shall not be obligated to convey Non-Project
272 Water during periods of maintenance or for other operating requirements.

273 (c) If at any time the Contracting Officer determines that there will not be
274 Excess Capacity in the Project Facilities sufficient to allow the Non-Project Water to be
275 introduced into, conveyed, and delivered in accordance with an approved schedule submitted by
276 the Contractor, the Contracting Officer shall so notify the Contractor in writing. Within 24 hours
277 of said notice, the Contractor shall revise its schedule accordingly.

278 (d) No provision of this Contract shall be construed in any way as a basis for
279 the Contractor to establish a priority to or a permanent right to the use of Excess Capacity in the
280 Project Facilities nor to set a precedent to obligate the United States to enter into contracts with
281 any other entities or individuals for the conveyance or storage of Non-Project Water.

282 ACREAGE LIMITATION PROVISIONS

283 9. Omitted

284 RECEIPT AND DISTRIBUTION OF NON-PROJECT WATER SALE, TRANSFER, OR
285 EXCHANGE OF NON-PROJECT WATER

286 10. (a) The parties hereto acknowledge that this Contract does not grant any
287 permission or entitlement to the Contractor to extract and/or divert Non-Project Water from the
288 source(s) described on Exhibit C or to change the nature or place of use of its rights to said Non-
289 Project Water in any way. It is the responsibility of the Contractor to comply with all applicable
290 Federal, State, and local laws, rules and regulations, including, but not limited to, State water law
291 in relation to the Non-Project Water. It is expressly understood by the parties that the United
292 States is only providing conveyance capacity for the Non-Project Water and does not claim any
293 interest in the acquisition or use of the Non-Project Water beyond the terms specifically set forth
294 in this Contract.

295
296 (b) The Contracting Officer makes no representations as to the accuracy of the
297 description or of the validity of the Contractor's rights to the Non-Project Water described in
298 Exhibit C.

299 (c) No sale, transfer, or exchange of Non-Project Water conveyed under this
300 Contract may take place without the prior written approval of the Contracting Officer.

301 WATER CONSERVATION

302 11. (a) Prior to the delivery of water provided from or conveyed through federally
303 constructed or federally financed facilities pursuant to this Contract, the Contractor shall provide
304 the Contracting Officer a water conservation plan consistent with the plans required by
305 subsection 210(b) of the Reclamation Reform Act of 1982 and 43 C.F.R. 427.1 (Water
306 Conservation Rules and Regulations).

307
308 (b) In accordance with WTR 01-01, of Reclamation's Manual Directives and
309 Standards, the Contractor has a State water conservation plan that fulfills the intent of Article
310 11(a) above of the Contract and is therefore exempt from preparing a water conservation plan.

311 UNITED STATES NOT LIABLE

312 12. (a) The United States, its officers, agents and employees, shall not be
313 responsible for the control, care, or distribution of the Non-Project Water before it is introduced
314 into or after it is delivered from the Project Facilities. It is specifically understood by the parties
315 hereto that the United States is only providing conveyance capacity for the Non-Project Water
316 and does not claim any interest in the Non-Project Water beyond the terms specifically set forth
317 in this Contract.

318 (b) The Contractor shall indemnify and hold harmless the United States, its
319 officers, agents and employees, from any loss or damage and from any liability on account of
320 personal injury, death, or property damage, or claims for personal injury, death, or property
321 damage, of any nature whatsoever arising out of any actions or omissions of the Contractor, its

322 directors, officers, agents, contractors, and employees, under this Contract, including the manner
323 or method in which the Non-Project Water identified on Exhibit C is introduced into and
324 delivered from the Project Facilities. The Contractor further releases the United States, its
325 officers, agents and employees, from every claim for injury to persons, death, or property
326 damage, direct or indirect, resulting from the Contracting Officer's determination of the quantity
327 of Excess Capacity available in the Project Facilities for conveyance of the Contractor's Non-
328 Project Water, the determination that the Non-Project Water introduced into Project Facilities
329 must be terminated, and the elimination from Exhibit C of any source(s) of Non-Project Water.
330 Nothing contained in this Article shall be construed as an assumption of liability by the
331 Contractor with respect to such matters.

332 OPINIONS AND DETERMINATIONS

333 13. (a) Where the terms of this Contract provide for actions to be based upon the
334 opinion or determination of either party to this Contract, said terms shall not be construed as
335 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
336 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly
337 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,
338 or unreasonable opinion or determination. Each opinion or determination by either party shall be
339 provided in a timely manner. Nothing in subdivision (a) of this Article 13 is intended to or shall
340 affect or alter the standard of judicial review applicable under Federal law to any opinion or
341 determination implementing a specific provision of Federal law embodied in statute or
342 regulation.

343 (b) The Contracting Officer shall have the right to make determinations
344 necessary to administer this Contract that are consistent with the provisions of this Contract, the

345 laws of the United States and the State of California, and the rules and regulations promulgated
346 by the Secretary. Such determinations shall be made in consultation with the Contractor to the
347 extent reasonably practicable.

348 PROTECTION OF WATER AND AIR QUALITY

349 14. (a) Project Facilities used to make available and deliver Non-Project Water to
350 the Contractor shall be operated and maintained in the most practical manner to maintain the
351 quality of the Non-Project Water at the highest level possible as determined by the Contracting
352 Officer: Provided, That the United States does not warrant the quality of the Non-Project Water
353 delivered to the Contractor and is under no obligation to furnish or construct water treatment
354 facilities to maintain or improve the quality of the Non-Project Water delivered to the
355 Contractor.

356
357 (b) The Contractor shall comply with all applicable water and air pollution
358 laws and regulations of the United States and the State of California; and shall obtain all required
359 permits or licenses from the appropriate Federal, State, or local authorities necessary for the
360 delivery of Non-Project Water by the Contractor; and shall be responsible for compliance with
361 all Federal, State, and local water quality standards applicable to surface and subsurface drainage
362 and/or discharges generated through the use of Project Facilities or Contractor facilities or Non-
363 Project Water provided by the Contractor within the Contractor's Boundaries.

364
365 (c) This Article 14 shall not affect or alter any legal obligations of the
366 Secretary to provide drainage or other discharge services.

367 (d) The Non-Project Water introduced into the Project Facilities shall be of
368 such quality, as solely determined by the Contracting Officer, as to not degrade the quality of
369 the Project water nor negatively impact any Project operations. If it is so determined by the
370 Contracting Officer that the quality of the Non-Project Water from any source(s) identified in
371 Exhibit C will degrade the quality of Project water or its presence in Reclamation facilities will
372 negatively impact Project operations , the Contractor shall, upon receipt of a written notice from
373 the Contracting Officer, arrange for the immediate termination of the introduction of Non-Project
374 Water from such sources(s) into the Project Facilities, and Exhibit C shall be modified to delete
375 such sources(s) of Non-Project Water.

376

377 (e) The Contracting Officer reserves the right to require additional analyses to
378 ensure the Non-Project Water meets the Bureau of Reclamation's water quality acceptance
379 criteria.

380 CHARGES FOR DELINQUENT PAYMENTS

381 15. (a) The Contractor shall be subject to interest, administrative, and penalty
382 charges on delinquent payments. If a payment is not received by the due date, the Contractor
383 shall pay an interest charge on the delinquent payment for each day the payment is delinquent
384 beyond the due date. If a payment becomes 60 days delinquent, in addition to the interest
385 charge, the Contractor shall pay an administrative charge to cover additional costs of billing and
386 processing the delinquent payment. If a payment is delinquent 90 days or more, in addition to
387 the interest and administrative charges, the Contractor shall pay a penalty charge for each day the
388 payment is delinquent beyond the due date, based on the remaining balance of the payment due
389 at the rate of 6 percent per year. The Contractor shall also pay any fees incurred for debt
390 collection services associated with a delinquent payment.

391 (b) The interest charge rate shall be the greater of either the rate prescribed
392 quarterly in the Federal Register by the Department of the Treasury for application to overdue
393 payments or the interest rate of 0.5 percent per month. The interest charge rate will be
394 determined as of the due date and remain fixed for the duration of the delinquent period.

395 (c) When a partial payment on a delinquent account is received, the amount
396 received shall be applied first to the penalty charges, second to the administrative charges, third
397 to the accrued interest, and finally to the overdue payment.

400 EQUAL EMPLOYMENT OPPORTUNITY

401 16. During the performance of this Contract, the Contractor agrees as follows:

402 (a) The Contractor will not discriminate against any employee or applicant for
403 employment because of race, color, religion, sex, disability, or national origin. The Contractor
404 will take affirmative action to ensure that applicants are employed, and that employees are
405 treated during employment, without regard to their race, color, religion, sex, disability, or
406 national origin. Such action shall include, but not be limited to the following: employment,
407 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination;
408 rates of pay or other forms of compensation; and selection for training, including apprenticeship.
409 The Contractor agrees to post in conspicuous places, available to employees and applicants for
410 employment, notices to be provided by the Contracting Officer setting forth the provisions of this
411 nondiscrimination clause.

412 (b) The Contractor will, in all solicitations or advertisements for employees
413 placed by or on behalf of the Contractor, state that all qualified applicants will receive

414 consideration for employment without regard to race, color, religion, sex, disability, or national
415 origin.

416 (c) The Contractor will send to each labor union or representative of workers
417 with which it has a collective bargaining agreement or other contract or understanding, a notice,
418 to be provided by the Contracting Officer, advising the labor union or workers' representative of
419 the Contractor's commitments under Section 202 of Executive Order 11246 of September 24,
420 1965 (EO 11246), and shall post copies of the notice in conspicuous places available to
421 employees and applicants for employment.

422 (d) The Contractor will comply with all provisions of EO 11246, and of the
423 rules, regulations, and relevant orders of the Secretary of Labor.

424 (e) The Contractor will furnish all information and reports required by EO
425 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto,
426 and will permit access to his books, records, and accounts by the Contracting Agency and the
427 Secretary of Labor for purposes of investigation to ascertain compliance with such rules,
428 regulations, and orders.

429 (f) In the event of the Contractor's noncompliance with the nondiscrimination
430 clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be
431 canceled, terminated or suspended in whole or in part and the Contractor may be declared
432 ineligible for further Government contracts in accordance with procedures authorized in EO
433 11246, and such other sanctions may be imposed and remedies invoked as provided in EO 11246
434 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

435 (g) The Contractor will include the provisions of paragraphs (a) through (g) in
436 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
437 Secretary of Labor issued pursuant to Section 204 of EO 11246, so that such provisions will be
438 binding upon each subcontractor or vendor. The Contractor will take such action with respect to
439 any subcontract or purchase order as may be directed by the Secretary of Labor as a means of
440 enforcing such provisions, including sanctions for noncompliance: Provided, however, That in
441 the event the Contractor becomes involved in, or is threatened with, litigation with a
442 subcontractor or vendor as a result of such direction, the Contractor may request the United
443 States to enter into such litigation to protect the interests of the United States.

444 CERTIFICATION OF NONSEGREGATED FACILITIES

445 17. The Contractor hereby certifies that it does not maintain or provide for its
446 employees any segregated facilities at any of its establishments and that it does not permit its
447 employees to perform their services at any location under its control where segregated facilities
448 are maintained. It certifies further that it will not maintain or provide for its employees any
449 segregated facilities at any of its establishments and that it will not permit its employees to
450 perform their services at any location under its control where segregated facilities are
451 maintained. The Contractor agrees that a breach of this certification is a violation of the Equal
452 Employment Opportunity clause in this Contract. As used in this certification, the term

453 “segregated facilities” means any waiting rooms, work areas, rest rooms and wash rooms,
454 restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas,
455 parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing
456 facilities provided for employees which are segregated by explicit directive or are in fact
457 segregated on the basis of race, creed, color, or national origin, because of habit, local custom,
458 disability, or otherwise. The Contractor further agrees that (except where it has obtained
459 identical certifications from proposed subcontractors for specific time periods) it will obtain
460 identical certifications from proposed subcontractors prior to the award of subcontracts
461 exceeding \$10,000 which are not exempt from the provisions of the Equal Employment
462 Opportunity clause; that it will retain such certifications in its files; and that it will forward the
463 following notice to such proposed subcontractors (except where the proposed subcontractors
464 have submitted identical certifications for specific time periods):

465 NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR
466 CERTIFICATIONS OF NONSEGREGATED FACILITIES

467 A Certification of Nonsegregated Facilities must be submitted prior to the award
468 of a subcontract exceeding \$10,000 which is not exempt from the provisions of
469 the Equal Employment Opportunity clause. The certification may be submitted
470 either for each subcontract or for all subcontracts during a period (i.e., quarterly,
471 semiannually, or annually). Note: The penalty for making false statements in
472 offers is prescribed in 18 U.S.C. 1001.

473 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

474 18. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
475 (Pub. L. 88-352; 42 U.S.C. § 2000d), the Rehabilitation Act of 1973 (Pub. L. 93-112, Title V, as
476 amended; 29 U.S.C. § 791, et seq.), the Age Discrimination Act of 1975 (Pub. L. 94-135,
477 Title III; 42 U.S.C. § 6101, et seq.), [Title II of the Americans with Disabilities Act of 1990
478 (Pub. L. 101-336; 42 U.S.C. § 12131, et seq.),] and any other applicable civil rights laws, and
479 with the applicable implementing regulations and any guidelines imposed by the U.S.
480 Department of the Interior and/or Bureau of Reclamation.

481 (b) These statutes prohibit any person in the United States from being
482 excluded from participation in, being denied the benefits of, or being otherwise subjected to
483 discrimination under any program or activity receiving financial assistance from the Bureau of
484 Reclamation on the grounds of race, color, national origin, disability, or age. By executing this
485 contract, the Contractor agrees to immediately take any measures necessary to implement this
486 obligation, including permitting officials of the United States to inspect premises, programs, and
487 documents.

488 (c) The Contractor makes this agreement in consideration of and for the
489 purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other
490 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
491 Reclamation, including installment payments after such date on account of arrangements for
492 Federal financial assistance which were approved before such date. The Contractor recognizes

493 and agrees that such Federal assistance will be extended in reliance on the representations and
494 agreements made in this Article and that the United States reserves the right to seek judicial
495 enforcement thereof.

496 (d) Complaints of discrimination against the Contractor shall be investigated
497 by the Contracting Officer's Office of Civil Rights.

498 GENERAL OBLIGATION – BENEFITS CONDITIONED UPON PAYMENT

499 19. (a) The obligation of the Contractor to pay the United States as provided in
500 this Contract is a general obligation of the Contractor notwithstanding the manner in which the
501 obligation may be distributed among the Contractor's water users and notwithstanding the
502 default of individual water users in their obligation to the Contractor.

503 (b) The payment of charges becoming due pursuant to this Contract is a
504 condition precedent to receiving benefits under this Contract. The United States shall not make
505 Non-Project Water available to the Contractor through Project Facilities during any period in
506 which the Contractor is in arrears in the advance payment of Rates and charges due the United
507 States. The Contractor shall not deliver Non-Project Water under the terms and conditions of
508 this Contract for lands or parties that are in arrears in the advance payment of rates and charges
509 as levied or established by the Contractor.

510 BOOKS, RECORDS, AND REPORTS

511 20. (a) The Contractor shall establish and maintain accounts and other books and
512 records pertaining to administration of the terms and conditions of this contract, including the
513 Contractor's financial transactions; water supply data; Project operation, maintenance, and
514 replacement logs; Project land and rights-of-way use agreements; the water users' land-use (crop
515 census), land-ownership, land-leasing, and water-use data; and other matters that the Contracting
516 Officer may require. Reports shall be furnished to the Contracting Officer in such form and on
517 such date or dates as the Contracting Officer may require. Subject to applicable Federal laws
518 and regulations, each party to this contract shall have the right during office hours to examine
519 and make copies of the other party's books and records relating to matters covered by this
520 contract.

521 (b) Nothing in this Article 20 shall be construed to limit or constrain the
522 ability of the Bureau of Reclamation to conduct contract compliance reviews of this Contract in
523 accordance with Reclamation Manual Directives and Standards PEC 05-08, last revised
524 November 20, 2014, as may be further revised, amended, modified, or superseded.

525

526 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

527 21. The expenditure or advance of any money or the performance of any obligation of
528 the United States under this contract shall be contingent upon appropriation or allotment of
529 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
530 obligations under this contract. No liability shall accrue to the United States in case funds are
531 not appropriated or allotted.

532 ASSIGNMENT LIMITED – SUCCESSORS AND ASSIGNS OBLIGATED

533 22. The provisions of this Contract shall apply to and bind the successors and assigns
534 of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein
535 by either party shall be valid until approved in writing by the other party.

536 OFFICIALS NOT TO BENEFIT

537 23. No Member of or Delegate to the Congress, Resident Commissioner, or official of
538 the Contractor shall benefit from this Contract other than as a water user or landowner in the
539 same manner as other water users or landowners.

540 CHANGES IN CONTRACTORS ORGANIZATION

541 24. While this Contract is in effect, no change may be made in the Contractor's
542 organization, by inclusion or exclusion of lands or by any other changes which may affect the
543 respective rights, obligations, privileges, and duties of either the United States or the Contractor
544 under this Contract including, but not limited to, dissolution, consolidation, or merger, except
545 upon the Contracting Officer's written consent.

546 NOTICES

547 25. Any notice, demand, or request authorized or required by this Contract shall be
548 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
549 delivered to Bureau of Reclamation, Central California Area Office, 7794 Folsom Dam Rd.,
550 Folsom CA 95630-1799, and on behalf of the United States, when mailed, postage prepaid, or
551 delivered to the President of the Board of Directors, Sacramento Suburban Water District, 3701
552 Marconi Ave. Suite 100, Sacramento CA 95821-5303. The designation of the addressee or the
553 address may be changed by notice given in the same manner as provided in this Article for other
554 notices.

555 INCORPORATION OF EXHIBITS

556 26. Exhibits A through C are attached hereto and incorporated herein by reference.
557

558

CONTRACT DRAFTING CONSIDERATIONS

559

27. This Contract has been negotiated and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains. The double-spaced articles of this Contract have been drafted, negotiated, and reviewed by the parties, and no one party shall be considered to have drafted the stated articles.

560

561

562

563

564

565

IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year first above written.

566

UNITED STATES OF AMERICA

567

By: _____

568

Area Manager

569

Central California Area Office

570

Mid-Pacific Region

571

Bureau of Reclamation

572

SACRAMENTO SUBURBAN WATER DISTRICT

573

(SEAL)

574

By: _____

575

President of the Board of Directors

576

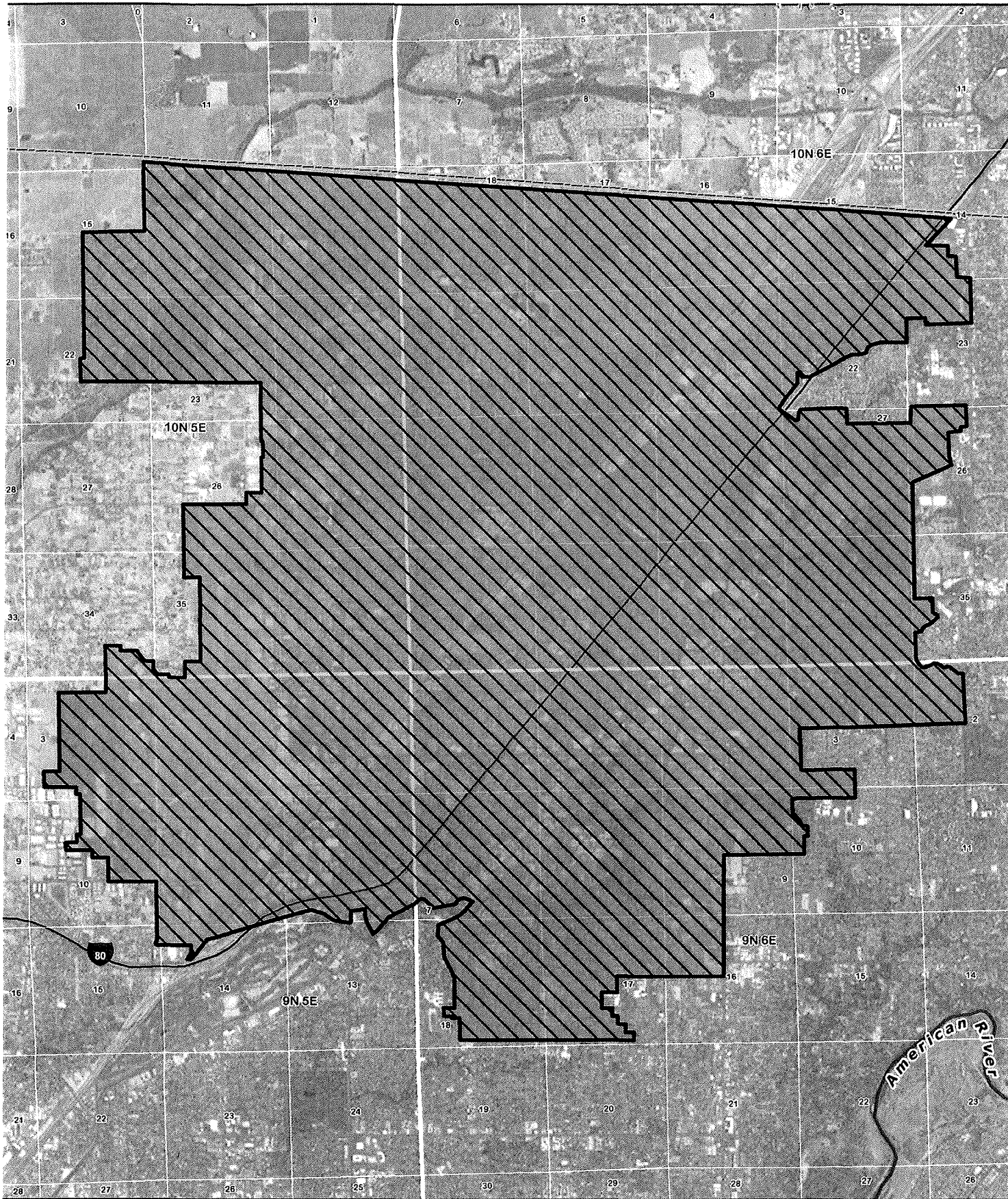
Attest:



577

By: _____

578

Secretary of the Board of Directors



-  District Boundary
-  Contractor's Service Area

Sacramento Suburban Water District

RECLAMATION
Managing Water in the West

Contract No. 18-WC-20-5200

EXHIBIT A

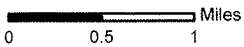


EXHIBIT B
SACRAMENTO SUBURBAN WATER DISTRICT
WARREN ACT CONTRACT CONVEYANCE RATES
WATER YEAR 2018
(Per Acre-Foot)

Cost Component	M&I Cost of Service ¹
Water Marketing	\$6.70
Conveyance O&M ²	\$14.24
Conveyance O&M Sub-Total	\$20.94
Other Cost	\$0.14
Conveyance Construction ²	\$0.18
Conveyance Construction Sub-Total	\$0.32
TOTAL Water Marketing and Conveyance:	\$21.26

¹ The M&I Cost of Service Rate is applicable to Non-Project Water delivered for municipal and industrial purposes. See definition of "Municipal and Industrial Water" in subdivision (j) of Article 1 of this Contract.

² The Folsom Reservoir is used to convey water to the District; therefore, the storage rate is used for conveyance purposes.

Additional details of the rate components are available on the Internet at www.usbr.gov/mp/cvpwaterrates/ratebooks/index.html

EXHIBIT C

SOURCE(S) OF CONTRACTOR'S NON-PROJECT WATER SACRAMENTO SUBURBAN WATER DISTRICT

The source of the Contractor's Non-Project Water supply is the Middle Fork American River Project Water under Placer County Water Agency's (PCWA) Permits 13856 and 13858, made available to the Contractor in accordance with the agreement between the Contractor's predecessor in interest, Northridge Water District, and PCWA entitled, "Agreement Between Placer County Water Agency and Northridge Water District For a Water Supply For Groundwater Stabilization" (Agreement), dated June 1, 2000, and as amended on October 2, 2008 and June 2, 2016. Pursuant to the Agreement, Non-Project Water shall be delivered to the Contractor only: a) if the projected March to November unimpaired inflow to the Folsom Reservoir for each Year is greater than 1,600,000 acre-feet; or b) notwithstanding a) above, in December, January, or February following the March through November period of each Year when the unimpaired inflow was less than 1,600,000 acre-feet, when and after water is being released from Folsom Reservoir for flood protection. Water provided pursuant to this Contract is further limited to the quantities and at the times as provided in the Agreement.

Exhibit 2



United States Department of the Interior

BUREAU OF RECLAMATION
Mid-Pacific Region
Central California Area Office
7794 Folsom Dam Road
Folsom, CA 95630-1799

IN REPLY REFER TO:

CC-400
ENV-6.00

FEB 16 2018

Ms. Maria Rea
Sacramento Area Supervisor
National Marine Fisheries Service
650 Capitol Mall, Suite 5-100
Sacramento, California 95814-4706

Subject: Withdrawal of Request for Concurrence on a “May Affect, Not Likely to Adversely Affect” Determination—5-year and Long-Term Warren Act Contracts Between the Bureau of Reclamation and Sacramento Suburban Water District (SSWD)

Dear Ms. Rea:

Reclamation revisited the analysis and modeling information presented in the Long-Term Warren Act Contract (LTWAC) Biological Assessment and its underlying assumptions regarding Reclamation’s operation of Folsom Dam and Reservoir, and resulting effects to downstream flows and temperatures. Any changes from receiving additional non-project water under SSWD’s Warren Act Contracts into Folsom Lake and storing this water during wet water years would fall within the range of normal wet year operations. Therefore, there would be no effects to the baseline flows, temperatures, and water quality in the lower American River relative to baseline conditions and no effects to listed and special status species and their designated critical habitat, in the river downstream of Nimbus Dam.

This letter is to inform you that Reclamation has changed its determination to a “No Effect” determination and has withdrawn our request for concurrence on a “May Affect, Not Likely to Adversely Affect” determination with respect to the 5-year and LTWACs. This letter withdraws our October 31, 2017 “Request for Concurrence” letter concerning the 5 year Warren Act contract and our December 12, 2017 “Request for Concurrence” letter concerning the LTWAC for SSWD.

If you have any questions, please contact Ms. Bonnie Van Pelt, Natural Resources Specialist, at 916-537-7062 or e-mail bvanpelt@usbr.gov.

Sincerely,

Drew F. Lessard
Area Manager

cc: Mr. Garwin Yip
National Oceanic and Atmospheric
Administration Fisheries, West Coast Region
650 Capitol Mall, Suite 5-100
Sacramento, California 95814-4706