

# **Agenda**

## **Sacramento Suburban Water District Regular Board Meeting**

3701 Marconi Avenue, Suite 100  
Sacramento, California 95821

June 18, 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 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

### **Call to Order**

### **Pledge of Allegiance**

### **Roll Call**

### **Announcements**

### **Public Comment**

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

### **Consent Items**

The Board will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any Board member, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

1. Minutes of the May 21, 2018 Regular Board Meeting  
*Recommendation: Approve subject minutes.*

2. Minutes of the May 30, 2018 Special Board Meeting  
*Recommendation: Approve subject minutes.*
3. Minutes of the June 4, 2018 Special Board Meeting  
*Recommendation: Approve subject minutes.*
4. Budget Policy (PL – Fin 012)  
*Recommendation: Approve subject policy.*
5. Workplace Violence Policy (PL – HR 013)  
*Recommendation: Approve subject policy.*

**Items for Discussion and/or Action**

6. Review of Board Committee and Liaison Assignments  
*Receive written staff report and President will consider shifting committee and liaison assignments in light of Director McPherson's appointment.*
7. Regional Water Meter Replacement Program  
*Recommendation: Approve the Memorandum of Understanding for District participation in the program.*
8. 2019 Budget Preparation Timeline  
*Receive written staff report and direct staff as appropriate.*
9. Short Term Water Transfer Pilot Project – Sacramento County  
*Receive written staff report and direct staff as appropriate.*

**General Manager's Report**

10. General Manager's Report
  - a. Grant of Easement and Right of Way at 3536 Watt Avenue
  - b. 2018A Bond Closing
  - c. Long Term Warren Act Contract Update
  - d. McClellan Business Park Successor Agreement Update
  - e. Hydrant Use Policy/Regulation
  - f. Discrimination Complaint - Brenda Davis

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

11. a. Regional Water Authority (Director Wichert)  
No report.  
  
Regional Water Authority Executive Committee (General Manager York)  
Agenda from the May 23, 2018 Meeting.
- b. Sacramento Groundwater Authority (Director Thomas)  
Agenda from the June 14, 2018 Meeting.
- c. Water Caucus Meeting (General Manager York)  
No report.
- d. Water Forum Successor Effort (General Manager York)  
Agenda from the June 14, 2018 Meeting.
- e. Other Reports

**Committee Reports**

12. a. Facilities and Operations Committee (Director Jones)  
Draft Minutes from the May 30, 2018 Meeting.
- b. Finance and Audit Committee (Director Thomas)  
Draft Minutes from the May 22, 2018 Meeting.

**Information Items**

13. Fixed Network Meter Reading Update
14. General Elections Process and Dates
15. Legislative and Regulatory Update
16. Upcoming Water Industry Events
17. Antelope Transmission Pipeline – Forensic Analysis Report
18. Upcoming Policy Review
  - a. Employment Rules & Procedures Policy (PL – HR 001)
  - b. Driver Record and Insurance Review Policy (PL – HR 006)

- c. Employee Recruitment, Hiring and Promotion Policy (PL – HR 009)
- d. Sustainability Policy (PL – Adm 005)

**Department/Staff Reports**

- 19. Financial Report
  - a. Financial Statements – May 2018
  - b. Cash Expenditures – May 2018
  - c. Credit Card Expenditures – May 2018
  - d. District Reserve Balances – May 2018
  - e. Information Required by Bond Agreement
- 20. 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
- 21. Engineering Report
  - a. Major Capital Improvement Projects
  - b. Other

**Miscellaneous Correspondence and General Information**

- 22. Correspondence received by the District



**Director’s Comments/Staff Statements and Requests**

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

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

- 23. 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.
- 24. Conference with legal counsel--existing litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(1); *Sacramento Suburban Water District v. United States*, United States Court of Federal Claims case no. 1:17-cv-00860-RHH, and *Sacramento Suburban Water District v. United States, et al.*, United States District Court for the Eastern District of California, case no. 2:17-cv-01353-TLN-AC.
- 25. Public employee performance evaluation involving the General Manager under Government Code section 54954.5(e) and 54957.

**Adjournment**

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**Upcoming Meetings**

- Tuesday, July 10, 2018 at 2:00 p.m., Finance and Audit Committee Meeting
- Monday, July 16, 2018 at 5:45 p.m., Financing Corporation Meeting
- Monday, July 16, 2018 at 6:00 p.m., Regular Board Meeting

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I certify that the foregoing agenda for the June 18, 2018 meeting of the Sacramento Suburban Water District Board of Directors was posted by June 14, 2018 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

# ITEM 1

## Minutes

### Sacramento Suburban Water District **Regular Board Meeting** Monday, May 21, 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, Kevin Thomas and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Dana Dean, Matt Underwood, Jim Arenz, David Morrow, Annette O’Leary, Shawn Chaney, Kyle Jividen, Hannah Dunrud, Todd Artrip, Joe Crocket, Hector Segoviano, Lynne Yost and Michelle Hirt.

Public Present: William Eubanks, Todd Sax, Jim DeHart, Marti Ikehara, Avery Wiseman, Rafael Polanco, Jay Boatwright, Shelly Artrip, Frederick Gayle, Arlis Schild and several members of Neil Schild’s family.

#### **Announcements**

General Manager Dan York (GM York) announced:

- A 2x2 Ad Hoc Committee meeting was scheduled for Wednesday, May 23, 2018;
- There are 8 interested candidates for the vacant Division 2 Director position;
- The Directors were awarded with a Creek Week 2018 Platinum Sponsor Appreciation Award and mugs that were distributed at the dais, and;
- There was no need for a Closed Session at the conclusion of the meeting, as no new information had been provided.

#### **Public Comment**

Frederick Gayle (Mr. Gayle) inquired if the Sacramento Metropolitan Fire District paid for their water use.

GM York expressed the fire district is a customer of the District, and they are billed accordingly.

Mr. Gayle noted he would like to see billing records.

GM York noted that the only exclusion from billing with the fire district would be water use from fire hydrants utilized for firefighting purposes, as the District does not charge for health and safety use.

Director Wichert requested for staff to research if there was language in a current policy regarding fire hydrant exemptions.

**Consent Items**

1. **Minutes of the April 23, 2018 Special Board Meeting**
2. **Director Sexual Harassment Prevention Training Policy (PL – BOD 005)**
3. **Discrimination and Harassment Prevention Policy (PL – HR 012)**
4. **Information Technology/Disaster Recovery Policy (PL – IT 004)**

William Eubanks (Mr. Eubanks) expressed he had a difficult time establishing an online account.

GM York expressed he would have staff look into that issue for him.

Director Wichert moved to approve the Consent Items; Director Thomas seconded. The motion passed by unanimous vote.

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

**Items for Discussion and/or Action**

5. **Resolution No. 18-08 A Resolution of the Board of Directors of the Sacramento Suburban Water District in Recognition of Neil W. Schild**

GM York presented the staff report.

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

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

President Locke presented the Resolution to Neil Schild’s family.

The Directors, GM York and Dan Bills (Mr. Bills) each expressed their sentiments for Neil Schild.

6. **Board Vacancy Status**

GM York presented the staff report noting that a meeting was scheduled for May 30, 2018.

Mr. Eubanks withdrew his comment.

Director Wichert expressed each candidate should be invited to the meeting on May 30<sup>th</sup> and be given a period of time to present why they believe they should be chosen and what would make them a good Director. He noted they could present what their interest was in being a District Board Member, their commitment level, what their experience was and why they should be selected.

Director Jones echoed Director Wichert adding that the Directors could select a few candidates from the first meeting, and hold a second interview.

Director Thomas suggested to give them each 15 minutes; 10 minutes of statement and 5 minutes of interaction.

GM York inquired if the Board would like a scoring matrix.

The Board declined.

President Locke directed staff to schedule 15 minute interviews for the May 30, 2018 meeting. The candidates will be given 10 minutes to present their qualifications and 5 minutes for questions and answers.

Director Jones noted if a candidate could not make the May 30<sup>th</sup> meeting, that they could submit something in writing that staff could read at the meeting.

President Locke noted a candidate could also call in if needed.

President Locke expressed there would be a follow up closed session meeting after the May 30, 2018 meeting to deliberate, then a final meeting to announce who they selected.

President Locke explained Item 8 would be presented before Item 7, as there were hourly staff in the audience for Item 8.

8. **American Water Works Association Competitions Presentation**

Matt Underwood (Mr. Underwood) presented the staff report and PowerPoint Presentation.

Mr. Eubanks inquired if there was a monetary award from the District for those staff members that participated in the competition.

Mr. Underwood noted jackets were provided to those who participated, but no monetary award.

7. **Antelope Transmission Pipeline Recharge and Disinfection Process**

Mr. Underwood presented the staff report and PowerPoint Presentation.

Director Wichert inquired what steps were being taken to prevent any future occurrences.

Mr. Underwood noted staff was taking all necessary precautions within their control, noting that they were also moving forward with a corrosion control program.

Director Wichert inquired about some additional details with the process.

Mr. Eubanks inquired about the status of the forensic analysis report.

Dana Dean (Mr. Dean) noted the report was final and could be provided at any time.

Director Wichert expressed the report was not as revealing as he had hoped, noting that the report led you to believe that the environment was the cause for the failure to the bolts. He further recommended that staff contact the forensic analysis company to request a recommendation from them.

Staff noted the report would be provided at the June 2018 regular Board meeting.

9. **Series 2018A Revenue Refunding Bond Sale Results**

Mr. Bills presented the staff report and PowerPoint presentation noting the bond sale went better than expected and that closing is scheduled to occur on May 30, 2018.

**General Manager's Report**

10. **General Manager's Report**

GM York presented the staff report.

*a. Assistant General Manager Recruitment*

A written report was provided.

*b. Long Term Warren Act Contract Update*

A written report was provided.

*c. 2018 Water Transfer Program*

A written report was provided.

*d. McClellan Business Park Successor Agreement Update*

A written report was provided.

- e. *Succession Planning and Organization Chart Review*  
A written report was provided.
- f. *Grant of Easement and Right of Way at 3636 Edison Avenue*  
A written report was provided.

Director Wichert expressed he believed that any transfers to the City of Sacramento should be charged at the rate that they charge the District for water.

GM York noted the transfers were to be repaid drop-for-drop.

Director Wichert inquired if they were going to be lowering their rates and expressed concern that the District does not recover its full cost of delivery if we accept repayment at a drop-for-drop rate.

GM York expressed they were currently reviewing their costs and that staff has been working with them on establishing lower wholesale rates.

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

- 11. a. Regional Water Authority (Director Wichert)  
The agenda from the May 3, 2018 Meeting was provided.  
  
Regional Water Authority Executive Committee (General Manager York)  
The agenda from the April 25, 2018 Meeting was provided.
- b. Sacramento Groundwater Authority (Director Thomas)  
The agenda from the April 12, 2018 Meeting was provided.
- c. Water Caucus Meeting (General Manager York)  
No report.
- d. Water Forum Successor Effort (General Manager York)  
The agenda from the April 12, 2018 Meeting was provided.
- e. Other Reports

Director Thomas provided oral reports regarding his meeting with the General Manager on April 20, 2018; the ACWA Conference that he attended May 8 – 10, 2018; and his meeting with the General Manager on May 15, 2018.

President Locke provided oral reports on the meetings he had with the General Manager on January 2, 2018, January 4, 2018, January 17, 2018, January 23, 2018, February 7, 2018 and February 22, 2018. He provided an oral report on the meeting he had with Director Hanneman from SJWD on January 13, 2018; and the ACWA Webinar on February 21, 2018.

Director Jones provided oral reports on the creek week event that he attended on April 14, 2018; the Del Paso Manor Water District Board Meeting that he attended on May 3, 2018; and the ACWA Conference that he attended May 8 – 10, 2018.

Director Wichert provided an oral report on the meeting that he had with the General Manager on May 14, 2018.

### **Committee Reports**

12. a. Facilities and Operations Committee (Director Jones)  
No report.
- b. Finance and Audit Committee (Director Thomas)  
No report.

### **Information Items**

13. **Biannual Groundwater Elevations Report**  
A written report was provided.
14. **Legislative and Regulatory Update**  
A written report was provided.
15. **ACWA/JPIA Liability, Property and Workers' Compensation Risk Assessment**  
A written report was provided.  
  
GM York noted that Scott Wood with ACWA/JPIA passed away.
16. **Upcoming Water Industry Events**  
A written report was provided.
17. **CEQA Exemptions for Miscellaneous Water Facility Projects**  
A written report was provided.
18. **Upcoming Policy Review**  
A written report was provided.
  - a. Budget Policy (PL – Fin 012)  
A written report was provided, Director comments are due by June 4, 2018.
  - b. Workplace Violence Policy (PL – HR 013)  
A written report was provided, Director comments are due by June 4, 2018.

## Department/Staff Reports

### 19. **Financial Report**

A written report was provided.

*a. Financial Statements – April 2018*

A written report was provided.

*b. Cash Expenditures – April 2018*

A written report was provided.

*c. Credit Card Expenditures – April 2018*

A written report was provided.

*d. District Reserve Balances – April 2018*

A written report was provided.

*e. Information Required by Bond Agreement*

A written report was provided.

### 20. **District Activity Report**

A written report was provided.

President Locke noted he would like to see higher numbers from the preventive maintenance program.

*a. Water Operations and Exceptions Report*

A written report was provided.

*b. Water Quality Report*

A written report was provided.

*c. Water Conservation and Regional Water Efficiency Program Report*

A written report was provided.

*d. Customer Service Report*

A written report was provided.

*e. 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.

Director Jones inquired if there was a paving partnership with Sacramento County for the Edison Meadows project.

Mr. Dean expressed staff was working with them on the topic of paving.

**Miscellaneous Correspondence and General Information**

22. Miscellaneous correspondence received by the District was provided.

**Director's Comments/Staff Statements and Requests**

Director Wichert requested for an update on current litigations.

GM York noted it would be added to the June 2018 Agenda.

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

The Board did not convene in closed session regarding the following:

23. 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.

**Adjournment**

President Locke adjourned the meeting at 7:55 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

# ITEM 2

## Minutes

Sacramento Suburban Water District  
**Special Board Meeting**  
Wednesday, May 30, 2018

### Call to Order

President Locke called the meeting to order at 4:00 p.m.

### Pledge of Allegiance

President Locke led the Pledge of Allegiance.

### Roll Call

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

Directors Absent: None.

Staff Present: General Manager Dan York, Heather Hernandez-Fort and Amy Bullock.

Public Present: William Eubanks, Ashkan Bashiri, Jay Boatwright, Kathleen McPherson, Laura Livingston, Marti Ikehara, Paul Olmstead, Rafael Polanco, Madeline Henry and Todd Sax.

### Consent Items

- 1. Resolution No. 18-09 Rescinding Resolution No. 18-06 and Calling for the November 6, 2018 District Election in Divisions 2, 3, 4 and 5**

Director Thomas moved to approve Item 1; Director Wichert seconded. The motion passed by unanimous vote.

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

### Board Vacancy

- 2. The Board will interview Candidates for Appointment as Director for Division 2**  
General Manager Dan York (GM York) presented the staff report.

William Eubanks (Mr. Eubanks) requested to comment.

GM York expressed by the advice of legal counsel, the interviews were only to be conducted by the Board with no public comment.

Mr. Eubanks withdrew his comment.

Jay Boatwright presented why he believed he should be chosen as the Director.

Marti Ikehara presented why she believed she should be chosen as the Director.

Raphael Polanco presented why he believed he should be chosen as the Director.

Kathleen McPherson presented why she believed she should be chosen as the Director.

Laura Livingston presented why she believed she should be chosen as the Director.

Todd Sax presented why he believed he should be chosen as the Director.

Ashkan Bashiri presented why he believed he should be chosen as the Director.

Paul Olmstead presented why he believed he should be chosen as the Director.

3. **The Board may consider appointing the new Director for Division 2**

GM York presented the staff report.

President Locke suggested the Directors choose their top three candidates.

Director Wichert expressed he wished to think on it for a couple days and requested to hold a follow up closed session meeting to deliberate among the Board.

President Locke was unsure if a closed session meeting was allowed.

GM York noted he would double check the procedure and notify the Board President.

The Board agreed to hold another Special Board Meeting on June 4, 2018 at 4:00 p.m. and invited each candidate to attend.

President Locke requested for each Director to have their top three candidate selections at the meeting.

Mr. Polanco expressed he would not be available to attend the June 4, 2018 meeting, but that staff could contact him if necessary.

The Board thanked the candidates for their interest.

**Swearing in Newly Elected Director**

A new Division 2 Director was not appointed.

## **Items for Discussion and/or Action**

### **4. Review of Securing Water Supplies, Reliability and Efficiencies with San Juan Water District**

GM York presented the staff report.

President Locke expressed he was interested in discussing the goals with the Board. He further expressed the discussion didn't need to automatically be about a merger, but rather it could be more of a discussion about securing the water rights for the region. He noted that it would be helpful to increase the District's cooperation with other local districts to help to ensure that none of the regions water rights would be lost due to the lack of ability to put the water to beneficial use.

Director Thomas and Director Jones agreed with President Locke.

Director Jones added they can also explore the option of written agreements between the District and San Juan Water District (SJWD).

Mr. Eubanks offered his suggested solution of SJWD requesting a change of place of use from the Bureau of Reclamation which could open more opportunities for the District.

Director Wichert explained if it was a possibility, that it might be a good idea to look into.

Director Thomas expressed he would submit his comments on the board report to staff.

President Locke requested for Directors to submit any comments they had on the board report to staff.

Director Wichert expressed he was not in favor of any discussions with SJWD to be about a political statement.

President Locke requested to bring the item back to the next meeting.

### **Adjournment**

President Locke adjourned the meeting at 5:59 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

**Minutes**

Sacramento Suburban Water District  
**Special Board Meeting**  
Monday, June 4, 2018

**Call to Order**

President Locke called the meeting to order at 4:00 p.m.

**Pledge of Allegiance**

President Locke led the Pledge of Allegiance.

**Roll Call**

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

Directors Absent: None.

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

Public Present: William Eubanks, Jay Boatwright, Marti Ikehara, Madeline Henry, Paul Olmstead, Kathleen McPherson and Todd Sax.

**Board Vacancy****1. Consider Appointing New Director for Division 2**

General Manager Dan York (GM York) presented the staff report.

President Locke thanked the candidates for their interest in the vacant position and requested for each Director to announce their top three candidates, in no particular order, so that they could be tallied.

Director Jones expressed his top three candidates were Kathleen McPherson, Todd Sax and Ashkan Bashiri.

Director Thomas expressed his top three candidates were Marti Ikehara, Paul Olmstead and Kathleen McPherson.

Director Wichert expressed his top three candidates were Kathleen McPherson, Laura Livingston and Jay Boatwright.

President Locke expressed his top three candidates were Jay Boatwright, Kathleen McPherson and Paul Olmstead.

President Locked noted each Director selected Kathleen McPherson as a top three candidate.

President Locke moved to appoint Kathleen McPherson; Director Wichert seconded. The motion passed by unanimous vote. Kathleen McPherson was appointed as Director for Division 2.

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

**Swearing in Newly Elected Director**

Secretary Dan York administered the Oath of Office to Kathleen McPherson.

Director McPherson joined the Board at the dais.

**Items for Discussion and/or Action**

**2. Review of Securing Water Supplies, Reliability and Efficiencies with San Juan Water District**

GM York presented the staff report.

President Locke expressed the item was to reinstate discussions with SJWD which he believed was an ongoing process.

GM York reminded the Board there was not a budget for the item and that the Board might want to consider adding something for the 2019 budget if discussions continue.

William Eubanks (Mr. Eubanks) requested clarification on the item objective.

Director Jones expressed the Board was discussing their options regarding SJWD and reviewing the development of a Phase 2B.

President Locke expressed they planned for any future meetings to be open to the public and that he would like for them to rotate between SJWD and the District office.

Director Wichert expressed he was concerned that a 2x2 meeting would disenfranchise both Boards and that he was not in favor of that. He further expressed he believed that a resolution was needed to establish a 2x2 meeting.

GM York expressed he didn't recall a resolution being needed to establish a 2x2 committee, as the Board President has the authority to appoint committees, but that he would double check with legal counsel. He further noted if a resolution was required, that staff would bring one to the next regular Board meeting.

President Locke noted in the past, it was challenging to schedule a meeting with all members of both Boards, further noting there was some groundwork and other conversations that could take place in an Ad-Hoc meeting setting before both Boards held a full meeting.

President Locke clarified a Director could attend an Ad-Hoc meeting, however they could not participate in the meeting.

Director Wichert further expressed his opinion that he believed both full Boards should be included in any future meetings.

Director Thomas noted it was a sub-committee and he did not have any issues with it.

President Locke and Director Jones agreed with Director Thomas.

Director McPherson asked clarifying questions regarding the 2x2 committee.

GM York and President Locke clarified the purpose of the 2x2 committee and provided some additional background details including some anticipated benefits of a merger.

Mr. Eubanks offered his suggested solution of SJWD requesting a change of place of use from the Bureau of Reclamation, which could open more opportunities for the District.

Director Wichert noted some of the anticipated benefits of a merger from the previous research, including more economical use of SJWD's treatment facility leading to potentially higher rates for the District.

Director Wichert further expressed he believed that there was an overarching goal with the merger which he believed was to minimize the number of water purveyors to accumulate water districts under a common political entity as a way of reducing government. He further noted his opinion was the goal of a merger should be based on economic terms and not a political objective.

President Locke expressed he believed there were economic benefits to a consolidation, and further stated he was most interested in securing the water rights for the region.

Director Thomas expressed he was in favor of looking at it again to get answers.

Mr. Eubanks provided his opinion.

President Locke noted the State Water Resources Control Board was looking to consolidate water districts.

Director Thomas moved to approve the staff recommendation; President Locke seconded. The motion passed by a 4/1 vote.

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

**Adjournment**

President Locke adjourned the meeting at 4:30 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District



## Agenda Item: 4

**Date:** June 8, 2018

**Subject:** Budget Policy (PL - Fin 012)

**Staff Contact:** Daniel A. Bills, Finance Director

**Recommended Board Action:**

Adopt the attached updated Budget Policy (PL – Fin 012).

**Discussion:**

Included with this report is the updated Budget Policy (PL - Fin 012) for Board adoption. The Budget Policy was last reviewed in August 2017. Staff is recommending minor edits to improve clarity and avoid redundancy with other policies. This policy was brought before the Board at the May 2018 regular Board meeting for review and comments. No Comments were received by the deadline of June 4, 2018.

**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

**Budget Policy**

Adopted: September 15, 2014

Revised: ~~July 20, 2015; August 21, 2017~~ Approved with changes on: June 18, 2018**100.00 Purpose of the Policy**

The District's annual budget, as approved by the Board, will serve as the basis for operating the District. The budget includes a number of specifically identified projects, their attendant costs, as well as projected costs for operations and maintenance activities.

**200.00 Policy**

The District's Strategic Plan will serve as a guide in the development of the District's annual Budget. The District will establish and maintain separate operations & maintenance (O&M), operating capital, capital improvement and debt service budgets (collectively – District Budget) in order to provide for proper fund management, financial planning and long-term solvency of the District.

On a combined basis, the Budget will comprise or include the following:

- A. Self-Supporting – The District will be self-supporting, such that current revenues fully fund current expenses and any fund balance or debt service coverage requirements.
- B. Prioritization – In concert with the adopted District's Strategic Plan, Asset Management Plans, Urban Water Management Plan and all other District planning documents and as recommended by staff, the Board will prioritize projects and expenditures within the constraint of expected revenues.
- C. Capital Accounts – Capital revenues from rates, grants, loans and other financing mechanisms will be accounted for separately in capital accounts, such that funds dedicated for capital purposes are expended only for capital purposes.
- D. Adequate Funding to Preserve System Assets – ~~The t~~Total operating expenditures will be funded at a level that will preserve the intended life and functional requirements of the District's water system.
- E. Evaluation and Monitoring of Costs – Costs will be evaluated and monitored through monthly and annual reporting to ensure that the District is operated in a cost effective and economically prudent manner.
- F. Maintenance of Sufficient Reserves – The District will maintain sufficient reserves in accordance with the District's Reserve Policy (PL Fin 004.).
- G. Positive Annual Net Income - The District will strive to achieve positive annual net income (total revenue less O&M expenditures, debt service and capital projects funded from rates) greater than or equal to zero ~~net income~~ on a cash basis.

- H. Bond/COP Rate Covenant Requirements – The District will budget such that it will exceed the Rate Covenant obligations of its indebtedness, which is a minimum of 115% of the District’s annual debt service costs.
- I. Strive for Rate Stability - Rate stability reinforces the concept that costs are being managed and controlled. Rates should be stable in their ability to generate sufficient revenues, ~~but also in the customer’s perception of the rate changes from year to year.~~
1. Needed rate adjustments will attempt to minimize impacts to customers by phasing-in or transitioning large rate adjustments over time where possible.
  2. Where possible and deemed appropriate, excess fund balances will be used to offset rate increases with any remaining balances being used for approved capital purposes. The use of fund balances (reserves) will not compromise the ~~financial p~~Reserve Policy ~~regarding on~~ ~~establishing and maintaining~~ minimum targeted reserves levels or adequate funding on a long-term self-sustaining basis.
  3. Annual rate reviews will consider a five-year projected period in an attempt to stabilize and minimize rates over time.
  4. A comprehensive rate study will be conducted by an outside party as determined by the Board in order to assess the fairness of the rates to the District’s ratepayers and to verify that necessary revenue is available for the District’s operating and capital needs.
  5. ~~It shall be the policy of the District to set rates at the lowest responsible water rate.~~

**300.00 Budget Presentation**

The budget will be comprised as follows:

1. Key Assumptions – To include expected water production and source.
2. Revenue Projections – To include projected net income.
3. Projected debt service coverage ratio.
4. Reserve Balance Projections.
5. Trend and/or Comparative Information

The four budgets will include the following:

1. Operations and Maintenance Budget (O&M):

- a. Incorporates all District O&M expenses, including:
- b. Expected Other Post Employment Benefit costs and funding to be separately identified and approved.
- c. Annual labor budget and its components per the Employee Compensation Policy (PL – HR 002) section 300.00
- d. Segregated by department and function.

2. Operating Capital Budget (OCB):

- a. Will include all Information Technology capital projects, vehicle and fleet capital costs, capitalizable office furniture, and capitalizable costs for operations. Capitalizable costs in the OCB Budget are distinguished from those in the Capital Improvement Program Budget based, generally, on the shorter

expected life of the asset and the asset is not part of the general water delivery system.

3. Capital Improvement Program Budget (CIP):

- a. Will be based primarily on the District's Asset Replacement Management Plans and/or the Water System Master Plan.

4. Debt Service Budget:

- a. Will be based on contractual obligations for all principal and fixed-rate interest obligations. Adjustable-rate interest obligations will be forecast based on best available market data at budget preparation time.

District Reserves:

1. The District's Reserve Policy (PL – Fin 004) will be reviewed annually commensurate with the budget preparation and adoption process.

**400.00 Authority**

The General Manager will have authority to reallocate specific budgeted amounts within a particular budget (O&M, OCB or CIP) during the year with subsequent reporting to the Board. Amounts to be transferred between budgets (e.g., O&M to CIP) will be approved by the Board prior to the transfer. 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 budget-to-actual expenditures during the year and review of this Policy.

**500.00 Policy Review**

This Policy will be reviewed at least biennially.



## Agenda Item: 5

**Date:** June 4, 2018

**Subject:** Workplace Violence Policy (PL – HR 013)

**Staff Contact:** Lynne Yost, Human Resources Coordinator

### **Recommended Board Action:**

Approve the updated Workplace Violence Policy (PL – HR 013).

### **Discussion:**

Included with this report is the updated Workplace Violence Policy (PL – HR 013) for the Board's consideration. This policy was submitted to the Board last month as an information item with recommended changes to simplify and align the policy with the updated ACWA/JPIA model policy written and/or approved by their legal counsel in September 2016, just two months after the District's policy was last revised. District legal counsel reviewed the draft policy to insure that all language required at the policy level remained intact and provided additional recommended changes that are included in the attached redline version.

Comments from Directors were requested by June 4th; none were received.

This policy was originally adopted by the Board in July 2003 and last revised in July 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 confirms the District's commitment to providing a safe and violence-free workplace for all employees and customers.

## Sacramento Suburban Water District

**Workplace Violence Policy**

Adopted: July 21, 2003

Revised:~~Approved with changes on: September 17, 2007; August 16, 2010; June 18, 2012; June 16, 2014; July 18, 2016; June 18XX, 2018~~

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**100.00 Purpose of the Policy**

The purpose of this policy is to confirm the District's commitment to providing a safe and violence-free workplace since the safety and security of employees and customers are very important~~of the utmost importance~~ to the District. Threats, threatening behavior, acts of violence, or any related conduct that interferes with a director's, officer's, employee's or consultant's work performance or security, a customer's or visitor's safety, or the District's operations will not be tolerated.

**100.10 Definitions**

Workplace violence includes, but is not limited to, the following:

1. Fighting, hitting, striking, pushing or other physical contact of any kind;
2. Threats of any kind, including threats made via telephone, fax, electronic or conventional mail, or any other communication medium, regardless of whether made on site or off-site;
3. Threatening, physically aggressive, or violent behavior, such as intimidation or attempts to instill fear in others;
4. Other behavior that suggests a propensity towards violence, including belligerent speech, excessive arguing or swearing, sabotage, or threats to sabotage District property, or a demonstrated pattern of refusal to follow District policies and procedures;
5. Defacing District property or causing physical damage to the facilities; and
6. Carrying, displaying, threatening to use or using weapons or firearms of any kind.

Workplace violence is prohibited whether it might occur on District premises, in District parking lots, or while conducting District business. All workplace violence that occurs off District premises but is directed at District employees or the public while conducting business for the District is a violation of this policy.

~~Off-site workplace violence includes but is not limited to threats made via telephone, fax, electronic or conventional mail, or any other communication medium.~~

**200.00 Policy**

The District strictly prohibits directors, employees, officers, consultants, contractors, vendors, customers, visitors or anyone else on District premises or engaging in a District-related activity off District premises from behaving in a violent or threatening manner. Any person who makes threats, exhibits threatening behavior, or engages in violent acts on District property may be removed from the premises pending the outcome of an investigation. Threats, threatening behavior, or other acts of violence off District property, but directed at District employees or the public while conducting District business, is a violation of this policy.

To insure the District maintains a workplace that is safe and free of violence for all employees and customers, the District prohibits the possession or use of dangerous weapons on District property. A license to carry the weapon on District property does not supersede this policy. District property is defined as all District owned or leased buildings and surrounding areas such as sidewalks, walkways, driveways and parking lots under District ownership or control. This policy also applies to all vehicles that come onto District property.

As part of this policy, the District seeks to prevent workplace violence before it begins and reserves the right to address behavior that suggests a propensity toward violence before any violent behavior occurs. The District believes that prevention of workplace violence begins with recognition of potential early warning signs and has established training programs to address situations that may present the possibility of violence.

### **300.00 Authority and Remedies**

Employees are responsible for immediately notifying the General Manager, Assistant General Manager, or any other manager of any threats they have witnessed, received or have been told that another person witnessed or received. Employees should also immediately report any behavior they have witnessed which they regard as threatening or violent when that behavior is job related or might be carried out on District property or in connection with employment. If any employee is the victim, observes or becomes aware of any conduct that constitutes workplace violence or that s/he believes may constitute workplace violence, whether such conduct occurs on or around the District premises or otherwise occurs off premises in connection with District business, s/he should immediately notify the General Manager or any management-level District employee that is immediately available.

Any employee should also notify the General Manager if any restraining order is in effect either protecting or restraining the employee, or if an employee is in any way involved in or connected to a potentially violent non-work-related situation that could result in workplace violence. Any employee that receives a protective or restraining order that lists District premises as a protected area also is required to provide a copy of the order to the General Manager.

All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly by the General Manager or his/her designee. If warranted, a written report of any investigation and/or immediate discipline or other corrective action will be prepared concerning the incident or conduct involving workplace violence, and such A report involving a District employee will become a part of that employee's personnel file and may be used in any further proceedings involving the employee to the extent permitted by law. In appropriate circumstances, the District will inform the reporting individual and any actual or alleged perpetrator of the results of the investigation. To the extent possible, the District will maintain the confidentiality of the reporting employee and of the investigation. The District may, however, need to disclose results in appropriate circumstances; for example, in order to protect individual safety. The District will not tolerate retaliation against any employee who reports actual or suspected workplace violence.

Violations of this policy will lead to disciplinary action that may include termination of employment, arrest and prosecution. In addition, if the source of such inappropriate behavior is a member of the public, the response may also include barring that person from District property, termination of business relationships with the person, and/or preferring charges or seeking a restraining order against the person.~~Any director, employee, officer, contractor, consultant or vendor determined by the District to be responsible for workplace violence will be subject to appropriate disciplinary action according to the nature and severity of the offense and any prior record of discipline. The range of disciplinary actions for employees includes verbal or written reprimand, censure, suspension without pay, demotion or termination from employment; for members of the public, contractors, consultants and vendors, the range of actions includes barring the person(s) from District property and termination of business relationships. In appropriate cases, the District also reserves the right to seek a civil restraining order or press criminal charges that may lead to the arrest and prosecution of any employee, officer, director, consultant, contractor, vendor or customer who is behaving in violation of this policy, or any visitor either on District premises or engaging in a District-related activity off District premises who is behaving in violation of this policy.~~

~~The District reserves the right to immediately remove from, or restrain from entering, District premises any person who engages in any actual or alleged conduct constituting workplace violence under this policy pending the outcome of an investigation. Under certain circumstances, the District may forego disciplinary action against an employee on the condition that the employee voluntarily takes a medical leave of absence to obtain appropriate treatment and counseling for any condition connected to the employee engaging in workplace violence.~~

#### **400.00 Policy Review**

This Policy shall be reviewed at least biennially.

## Agenda Item: 6

**Date:** June 7, 2018

**Subject:** Review of Board Committee and Liaison Assignments

**Staff Contact:** Dan York, General Manager

**Recommended Board Action:**

Board President to consider shifting committee and liaison assignments in light of Director McPherson's appointment.

**Discussion:**

Per Board Policy PL – BOD 002 “Rules for Proceedings of the Board of Directors,” the Board President appoints Directors to various committees. Typically, there is an annual review of committee assignments in December, when, in election years, the newly elected Directors are seated. At the December 2017 and January 2018 regular Board meetings, Board President Locke appointed the Committee and Liaison Assignments for 2018.

Due to the untimely passing of Director Schild, the Board President appointed replacements to fill Director Schild's Committee and Liaison Assignments at the April 23, 2018, Special Board Meeting.

At the June 4, 2018, Special Board Meeting, Kathleen McPherson was appointed as the replacement Director for Division 2. In light of Director McPherson's appointment, the President will consider shifting committee and liaison assignments as necessary.

Included with this report is the most recent list of the 2018 Committee and Liaison Assignments. The positions highlighted in yellow are the positions that were filled due to the vacancy at the April 23, 2018, Special Board Meeting, attached to this report as Exhibit 1.

Note that some assignments are necessary to establish the District's voting representation with outside entities, while others are to assign liaison interests for the purpose of establishing compensable attendance per District Policy PL – BOD 003 “Directors' Compensation and Expense Reimbursement Policy.”

**Fiscal Impact:**

No change from the 2018 adopted budget.

**Strategic Plan Alignment:**

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

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



## Sacramento Suburban Water District 2018 Committee and Liaison Assignments

### Committees (date of last appointment)

Facilities and Operations Committee (01/22/18) ..... Dave Jones, Chair  
 (Standing: no regularly assigned meeting time) ..... Bob Wichert  
 ..... Staff Contact: Dan York

Finance and Audit Committee (01/22/18) ..... Kevin Thomas, Chair  
 (Standing: no regularly assigned meeting time) ..... Dave Jones  
 ..... Staff Contact: Dan Bills

### Liaison Assignments (date of last appointment)

ACWA/JPIA (01/22/18) ..... Director Position: Vacant  
 ..... Staff Position: Dan York

ACWA General Election Voting Delegate (01/22/18) ..... Craig Locke

ACWA Groundwater Committee (01/22/18)..... Dave Jones  
 ..... Kevin Thomas  
 ..... Craig Locke  
 ..... Dan York  
 ..... Robert Roscoe

ACWA Water Quality Committee (01/22/18)..... Bob Wichert  
 ..... Dave Jones

ACWA Energy Committee (01/22/18) ..... Kevin Thomas

ACWA Communications Committee (01/22/18) ..... Kevin Thomas

ACWA Legal Affairs Committee (01/22/18) ..... Ryan Bezerra

California Special Districts Association (01/22/18) ..... Kevin Thomas  
 ..... Dave Jones

CSDA Transparency and Formation Expert Feedback Teams (01/22/18) ..... Kevin Thomas

CSDA Fiscal and Education Committees (01/22/18) ..... Dave Jones

LAFCo Special District Advisory Committee (01/22/18) ..... None

Regional Water Authority (01/22/18)..... Bob Wichert  
 ..... Dan York

Regional Water Authority Executive Committee (01/22/18) ..... Staff Rep: Dan York

Sacramento Groundwater Authority (01/22/18) ..... Kevin Thomas, Board Rep.  
..... Dan York, Staff Rep.  
..... Bob Wichert, Alternate  
..... Craig Locke, Alternate  
..... Dave Jones, Alternate

Sacramento Water Forum Successor Effort (01/22/18) ..... Staff Rep: Dan York  
..... Kevin Thomas  
..... Craig Locke, Alternate  
..... Bob Wichert, Alternate  
..... Dave Jones, Alternate



## Agenda Item: 7

**Date:** June 4, 2018

**Subject:** Regional Water Meter Replacement Program

**Staff Contact:** Matt Underwood, Operations Manager

### **Recommended Board Action:**

Approve a Memorandum of Understanding (MOU) for the formation of a Regional Water Meter Replacement Program; and authorize the General Manager to sign on behalf of the District.

**Note:** This report was presented to the Facilities and Operations Committee at their May 30, 2018, meeting. The Committee recommended this item be placed on the agenda of the June 18, 2018, regular Board meeting with a recommendation of approval.

### **Background**

Due to aging infrastructure, the District and other water providers in the area are examining how best to replace customer water meters. Staff of several local water agencies, who are also members of the Regional Water Authority (RWA), have determined that this process may present an opportunity for regional collaboration. In particular, a regional approach presents potential opportunities for economies of scale to reduce procurement and on-going operations and maintenance costs. A regional approach may also increase effectiveness in mutual aid and emergency situations if all staff are familiar with neighboring agencies' meter and related infrastructure. Moreover, a regional approach may present grant or other funding opportunities. Despite the benefits of a regional approach, staff recognizes the potential difficulties for meter program integration over the short term, especially that individual agencies may be looking to replace meters at different times, and may have made prior meter technology and vendor commitments. Therefore, the Consortium approach as proposed has a long-term time horizon, and is aimed at long-term program integration either fully or on a selected-basis.

### **Discussion:**

To explore this possibility, the General Managers of the Carmichael Water District (CWD), Citrus Heights Water District (CHWD), Fair Oaks Water District (FOWD), Orange Vale Water Company (OVWC), Sacramento Suburban Water District (SSWD), San Juan Water District (SJWD) and the Executive Director of RWA recommend that these agencies execute the accompanying MOU. The MOU has been reviewed and approved by District legal counsel. This MOU provides a flexible framework for agencies to participate in the Regional Water Meter Replacement Program (Program). The focus of the MOU (see Exhibit 1) is an initial advanced planning study (Study) that will examine numerous parts of the Program, including: 1) an inventory and assessment of the current meter fleet; 2) an evaluation of potential replacement meter technology options and specifications; 3) a summary and assessment of current meter testing programs and options for optimizing performance; 4) an evaluation of potential meter replacement procurement programs and funding models; and 5) a public outreach program for the meter replacement process tailored for each participating agency.

Specifically, the MOU allows Consortium agencies to participate in the Study in three different levels of participation: (a) L1 Party where the agency participates in the Study by providing input and suggestions, but is not required to pay a share of consultant and related costs, (b) L2 Party where the agency shares in a portion of the cost of the Study, but otherwise participates as an L1 Party in the balance of the Study, and (c) L3 Party where the agency participates in the Study fully, including sharing all consultant and related costs. At this point, CHWD and SJWD anticipate participating as L3 Parties, and CWD, FOWD, OVWC, RWA and SSWD will participate as L1 Parties. To date, CHWD, CWD, FOWD, OVWD and SJWD Board's have approved the MOU. The City of Sacramento, Sacramento County Water Agency, City of Folsom, and Golden State Water Company have also expressed interest in participating, and have begun attending meetings.

Costs of the Study will be shared between the L3 Parties based on their proportional share of total metered water customers for the L3 Parties. All formal decisions will be made by consensus of these parties. CHWD will contract directly with any consultants for the Study and will be reimbursed by SJWD for its share of the costs. If any L1 Party wishes to become an L2 or L3 Party, it may do so under procedures outlined in the MOU.

While the initial focus of the MOU is on the Advanced Planning Study, it will also allow the parties to collectively accomplish other parts of the Program. To add a Program component to the MOU, any party may notify the other parties. At that point, interested parties can opt-in and specify their level of participation (L1, L2 or L3 Party).

There are two working groups that have been formed to implement this Program: 1) ***Administrative Group***—this group is comprised of the General Managers of all the participating Agencies, including the Executive Director of RWA. This group is responsible for governance and management issues of the Meter Replacement Consortium; 2) ***Technical Group***—this group is comprised of Meter Program staff, and will be working together to implement various portions of the Meter Replacement Partnership, including overseeing the completion of an Advanced Planning Study for the replacement of meters and the Study's implementation.

**Fiscal Impact:**

There is no fiscal impact with this approval of the MOU. Costs associated with participating in the Program will be identified at the time that each project or activity that has a cost is brought forward for Board consideration.

**Strategic Plan Alignment:**

Facility 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 incorporating resource sustainability and lifecycle cost analysis into the framework.

Leadership - 5.D. Provide leadership within the community in a positive manner for the mutual benefit of the area (service groups, adjacent water purveyors, county/city/local government).

When mutually beneficial, partnering with neighboring agencies to improve purchasing power can reduce both capital and operating costs benefitting both the District and its ratepayers.

**MEMORANDUM OF UNDERSTANDING  
REGARDING WATER METER REPLACEMENT PROGRAM**

THIS MEMORANDUM OF UNDERSTANDING (“**MOU**”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2018 by and between the Carmichael Water District (“**CWD**”), Citrus Heights Water District (“**CHWD**”), Fair Oaks Water District (“**FOWD**”), Orange Vale Water Company (“**OVWC**”), Regional Water Authority (“**RWA**”), Sacramento Suburban Water District (“**SSWD**”), and San Juan Water District (“**SJWD**”) (individually a “**Party**” and collectively the “**Parties**”).

R E C I T A L S

A. The Parties are in the process of determining how best to replace aging water meters within their respective service areas. This process will likely involve issuing a request for proposals for consultant meter replacement planning services, the preparation of a water meter replacement planning study, the selection of a replacement water meter-type, the development and implementation of a replacement water meter procurement program, and related activities (“**Program**”).

B. CHWD is currently developing a request for proposals (“**RFP**”) for the Program planning study (“**Planning Study**”). The Planning Study is anticipated to include various components, including, but not limited to, an inventory and assessment of meter models currently in use, an evaluation of potential replacement meter technology options and specifications, a summary and assessment of current meter testing programs and options for optimizing performance, an evaluation of potential replacement meter procurement programs and financing models, and a public outreach program for the meter replacement process. The Planning Study is further expected to evaluate the costs and benefits of a single-agency or regional approaches to all applicable portions of the Planning Study. Any component and/or discrete portion of the Planning Study is referred to in this MOU as a “**Component**.”

C. The other Parties wish to collectively participate in this Planning Study (in various capacities and participation levels). The collective sharing of planning costs will result in cost savings by individual agencies and may result in aggregate cost savings due to economies of scale. Moreover, the development of a collaborative regional meter procurement program as part of or due to the Planning Study may result in future operational and maintenance savings and mutual aid service enhancements.

D. The Parties desire to enter into this MOU to outline their respective participation in the Planning Study and to establish a process for potential participation in other aspects of the Program.

T E R M S

NOW, THEREFORE, the Parties in consideration of the mutual promises set forth in this MOU, agree as follows:

## Exhibit 1

1. Purpose of Memorandum of Understanding. The purpose of this MOU is for the Parties to outline their respective levels of participation in the Planning Study and establish a process for potential participation in other aspects of the Program.

2. Participation of the Parties. Each Party shall participate in one of the following three levels of participation:

2.1 L1 Participation. Parties may participate in the development of the Planning Study by attending all planning meetings and sessions coordinated by the L2 and L3 Parties (as defined below), reviewing drafts of the RFP and Planning Study and providing comments and input in the scope and substance of the RFP and Planning Study. Parties participating at this level shall not be required to contribute any funds towards the cost of the Planning Study or the Program. However, L1 Parties may provide input and comments concerning the development of the RFP, selection of consultant for the Planning Study and the development, review and approval of the Planning Study for consideration by the L3 Parties, or L2 and L3 Parties if applicable. The L3 Parties, or L2 and L3 Parties if applicable, may accept, modify, reject or disregard the comments and input of the L1 Parties in their sole discretion. Any Party participating in the Planning Study as set forth in this subsection shall be referred to as an “**L1 Party.**” Subject to the provisions of Subsection 2.4, CWD, FOWD, OVWC, RWA, and SSWD will participate as L1 Parties.

2.2 L2 Participation. Parties may participate in the Planning Study by sharing the costs of any Component or Components of the Planning Study as set forth in this subsection. Any Party participating in the Planning Study as set forth in this subsection shall be referred to as an “**L2 Party.**” L2 Parties shall be responsible for the costs of the applicable Components as set forth in amendment to this MOU executed by all affected L2 Parties and all L3 Parties. Unless otherwise set forth in the amendment, the L2 Party shall be responsible for: (1) a buy-in fee representing the value received by the L2 Party through its participation in the Planning Study as a L1 Party, excluding the Component which shall be determined by the L3 Parties upon execution of the first Consultant Agreement, and (2) the L2 Party’s proportional share of the cost of the Component using the methodology identified in Exhibit A. Such L2 Parties shall participate in the decision-making for that Component(s) of the Planning Study in the same manner as an L3 Party. L2 Parties may participate in the balance of the Planning Study in the same manner as an L1 Party. Although no Party is participating as a L2 Party presently, this option is set forth in this MOU to accommodate any L1 Party that may decide in the future to increase its participation in the Planning Study or to participate as an L2 Party in any Program Project.

2.3 L3 Participation. Parties may participate in the Planning Study by sharing the costs and the decision-making for the entire Planning Study. Any Party participating in the Planning Study as set forth in this subsection shall be referred to as an “**L3 Party.**” L3 Parties shall collaboratively schedule and attend planning meetings and sessions for the development of the RFP and Planning Study, review and evaluate responses to the RFP, determine the selected consultant(s) for the Planning Study, negotiate the Consultant Agreement (as defined below), provide comments and inputs on the development of the Planning Study and approve the final Planning Study. Except as provided in Section 3, all decisions regarding the RFP and Planning Study shall be made by consensus of all L3 Parties and any participating L2 Parties. In the event of a disagreement between the applicable Parties, the affected Parties shall meet in good faith to resolve the disagreement. If no resolution is reached, a majority vote of the affected Parties on the

## Exhibit 1

proposed resolution of the area of disagreement shall control unless there is a tie vote. If there is a tie vote, then the dispute resolution provision in Subsection 2.5 below shall govern. Subject to the provisions of any amendment to this MOU outlining the scope of participation of an L2 Party, L3 Parties shall be responsible for all consultant costs incurred for the Planning Study as set forth in Exhibit A, attached to this MOU and incorporated by this reference. Subject to the provisions of Subsection 2.4, CHWD and SJWD shall participate as L3 Parties.

2.4 Changing Participation Levels. L1 Parties may become L2 Parties upon the execution of an amendment to this MOU signed and approved by all existing L2 and L3 Parties. The amendment shall identify the new L2 Party's responsibility for Planning Study costs, including any costs incurred by the affected L2 and L3 Parties prior to the date of the amendment. L1 and L2 Parties may become L3 Parties upon the execution of an amendment to this MOU signed and approved by all L3 Parties. The amendment shall identify such Party's responsibility for Planning Study costs, including, if agreed to by such Parties, any costs incurred by the L3 Parties prior to the date of the amendment subject to any L2 Party's credit for costs incurred as an L2 Party. L2 and L3 Parties may become an L1 Party at any time prior to the award of the first Consultant Agreement (as defined below) with written notice to the other parties of this Agreement. On such election, the remaining L2 and L3 Parties shall re-allocate the costs of the Planning Study as provided for in Exhibit A. L2 and L3 Parties may become an L1 Party after the award of a Consultant Agreement for the Planning Study only in a written amendment to this MOU approved and signed by all other L2 and L3 Parties. Such amendment shall identify how costs of the Planning Study (those incurred to date and future costs) will be allocated between the Parties.

2.5 Dispute Resolution. If the L3 Parties disagree on a specific issue and a tie vote ensues on a decision on that issue under Subsection 2.3, the L3 Parties shall meet and confer and negotiate in good faith to resolve the issue. If the Parties are unable to resolve the specific issue in dispute after good faith negotiations, they shall either agree to: (1) appoint a panel composed of representatives of the other, non-disputing Parties to hear the disputed issue and render a decision in favor of one side or the other; or (2) engage an outside mediator to attempt to resolve the disputed issue. The L3 Parties may proceed with all other aspects of the Planning Study or Program Project not affected by the dispute. Nothing in this Subsection 2.5, however, prohibits any Party to the dispute from exercising its option to reduce its participation in this MOU to L2 or L1 Party status in accordance with Subsection 2.4.

### 3. Selection of Consultant and Approval of Planning Study.

3.1 Selection of Planning Study Consultant. Subject to the provisions of Section 2, CHWD shall issue the RFP and award any agreement with consultant(s) for the Planning Study (each a "**Consultant Agreement**"). CHWD shall follow and comply with the laws and regulations applicable to a California irrigation district when doing so. The Planning Study shall be overseen and administered by L2 and L3 Parties as provided in Section 2 of this Agreement.

3.2 Approval of Planning Study. Subject to the provisions of Section 2, each L2 and L3 Party shall approve the Planning Study. The approval shall be by the method preferred by that Party and shall be documented in a writing distributed to all other Parties.

## Exhibit 1

4. Cost Sharing Procedure. CHWD shall pay all costs incurred under the Consultant Agreement(s). CHWD shall then provide all affected L2 and L3 Parties with invoices with sufficient supporting information based on their respective share of the costs. Affected L2 and L3 Parties shall reimburse CHWD for such costs within forty-five (45) days of the date of the invoice.

5. Further Program Activities. Upon completion of the Planning Study, the Parties may wish to collectively accomplish other Program activities (each a “**Program Project**”). Any Party wishing to propose a Program Project may do so with written notice to the other Parties that outlines the scope of the Program Project. Parties wishing to participate in the Program Project shall indicate their desire to do so in writing and whether they wish to participate in the same manner as an L1 Party, L2 Party (if the Program Project may be divided into a discrete component) or L3 Party and such parties shall be deemed L1, L2 or L3 Parties for purposes of the Program Project. Therefore, unless otherwise agreed to by such Parties in an amendment to this MOU, the methodology for sharing Program Project costs, allocation of decision-making authority, award of any consultant and similar agreements, and payment of and reimbursement for invoices shall be the same for the Program Project as set forth in Section 2 and 3 and Exhibit A. Parties may modify their level of participation in the Program Project in the same manner as set forth in Section 2.4.

6. Mutual Indemnification. To the maximum extent allowed by law, each Party hereby agrees to indemnify, defend, assume all liability for and hold harmless the other Parties and their officers, employees, agents and representatives from all actions, claims, suits, penalties, obligations, liabilities, damages to property, costs and expenses (including without limitation any fines, penalties, judgments, actual litigation expenses and attorneys’ fees), and/or personal injuries or death to any persons (collectively, “**Claims**”), arising out of or in any way connected to the negligence or willful misconduct of that Party, its officers, agents or employees in connection with or arising from any of the activities under this MOU.

7. No Waiver. The waiver by any Party of any breach or violation of any requirement of this MOU shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this MOU.

8. Notices. Any notice or other communication (“Notice”) which any Party may desire to give to the other Parties under this MOU must be in writing and may be given by any commercially acceptable means, including via first class certified mail, personal delivery or overnight courier, to the Party to whom the Notice is directed at the address of the Party as set forth below, or at any other address as that Party may later designate by Notice. Any Notice shall be deemed received immediately if delivered by hand, on the third day from the date it is postmarked if delivered by first-class mail, certified and postage prepaid, return receipt requested, and on the next business day if sent via nationally recognized overnight courier.

CWD: Carmichael Water District  
7837 Fair Oaks Blvd  
Carmichael, CA 95608



Exhibit 1

CHWD: Citrus Heights Water District  
6230 Sylvan Road  
Citrus Heights, CA 95610 (physical)  
  
P.O. Box 286  
Citrus Heights, CA 95611 (mailing)

FOWD: Fair Oaks Water District  
10326 Fair Oaks Blvd.  
Fair Oaks, CA 95628

OVWC: Orange Vale Water Company  
9031 Central Avenue  
Orangevale, CA 95662 (physical)  
  
P.O. Box 620800  
Orangevale, CA 95662 (mailing)

RWA: Regional Water Authority  
5620 Birdcage Street, Ste. 180  
Citrus Heights, CA 95610

SSWD: Sacramento Suburban Water District  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821

SJWD: San Juan Water District  
9935 Auburn Folsom Rd.  
Granite Bay, CA 95746 (physical)  
  
P.O. Box 2157  
Granite Bay CA 95746 (mailing)

9. Interpretation; Venue.

9.1 Interpretation. The headings used herein are for reference only. The terms of the MOU are set out in the text under the headings.

9.2 Venue. This MOU is made in Sacramento County, California. The venue for any legal action in state court filed by any Party to this MOU for the purpose of interpreting or enforcing any provision of this MOU shall be in the Superior Court of California, County of Sacramento.

10. Third-Party Beneficiaries. Nothing contained in this MOU shall be construed to create any rights in third parties and the Parties do not intend to create such rights.

## Exhibit 1

11. Severability. If any provision of this MOU, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this MOU.

12. Amendment of MOU. This MOU may be amended at any time by mutual agreement of the Parties. Unless approval of an amendment is within the authority of less than all Parties as provided in Section 2, any amendment shall be in writing and signed by all Parties. Notwithstanding the foregoing, any public agency or mutual water company located in Placer or Sacramento County not a signatory to this MOU may become an L1 Party upon the execution of a writing indicating its assent to be bound by the terms and conditions of this MOU applicable to L1 Parties. The form of such writing shall be developed by CHWD after consultation with all other Parties. In addition, any L1 Party may withdraw from this MOU with written notice to the other Parties.

13. Entirety of Contract. This MOU constitutes the entire agreement between the Parties relating to the subject of this MOU and supersedes all previous agreements, promises, representations, understandings and negotiations, whether written or oral, among the Parties with respect to the subject matter hereof.

[SIGNATURE PAGE FOLLOWS]

Exhibit 1

IN WITNESS WHEREOF, this MOU was executed by the parties hereto as of the date first above written.

CARMICHAEL WATER DISTRICT

SAN JUAN WATER DISTRICT

By: \_\_\_\_\_  
General Manager

By: \_\_\_\_\_  
General Manager

CITRUS HEIGHTS WATER DISTRICT

By: \_\_\_\_\_  
General Manager

FAIR OAKS WATER DISTRICT

By: \_\_\_\_\_  
General Manager

ORANGE VALE WATER COMPANY

By: \_\_\_\_\_  
General Manager

REGIONAL WATER AUTHORITY

By: \_\_\_\_\_  
Executive Director

SACRAMENTO SUBURBAN WATER DISTRICT

By: \_\_\_\_\_  
General Manager

EXHIBIT A

**COST ALLOCATION METHODOLOGY**

The costs of the Planning Study shall be allocated between the current L3 Parties based on their proportional share of metered customers or customers that are required to be metered (whether or not they actually are metered). The number of customer accounts and share of costs is set forth below:

	<u># of Meter Connections</u>	<u>% of Total</u>
<b>CHWD</b>	19,937	65.2%
<b>SJWD</b>	10,636	34.7%
<b>TOTAL</b>	30,573	100%

Any Party wishing to participate as an L2 or L3 Party may do so pursuant to the provisions of Section 2.4. In the event that an L2 Party is added to the MOU under Section 2.2, the methodology above shall be utilized when determining the L2 Party's responsibility for the cost of the Component provided that the number of metered customers or customers that are required to be metered (whether or not they actually are metered) shall be used when calculating the L2 Party and the other L3 Parties' responsibility for the cost of the Component.

Any buy-in fees paid by L2 Parties shall be applied to the total amount owed by the L3 Parties with the buy-in prorated among the L3 Parties in the same manner as costs are allocated as set forth above. If the buy-in fees exceed the amount owed for the completion of the Planning Study or any Program Activity, the balance shall be refunded to the L3 Parties prorated among the L3 Parties in the same manner as costs are allocated as set forth above.



## Agenda Item: 8

**Date:** June 8, 2018

**Subject:** 2019 Budget Preparation Timeline

**Staff Contact:** Daniel A. Bills, Finance Director

### **Recommended Board Action:**

Attached for the Board’s review is a proposed schedule for developing and adopting the 2019 budget. Staff seeks approval of the proposed schedule as set forth in the attached document or as amended.

### **Discussion:**

Each year at the inception of the annual budget process, staff prepares a schedule of the needed budget preparation tasks and meetings with corresponding due dates. Over the past several years the Board has sought adoption of the coming year’s budget in November in non-election years and October in election years. The proposed budget preparation schedule for the 2019 budget presumes adoption in October 2018. This schedule also provides flexibility to ensure an adopted budget is in place before year-end.

### **Strategic Plan Alignment:**

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

A budget process benefits District customers as it is a device which forms the basis of organization and control of its financial resources. It also aids in making advance decisions regarding the efficient use of rate payers funds.

## 2019 Proposed Budget Preparation Schedule

Below is the proposed schedule for preparation of the 2019 budget. The necessary preparation tasks and their corresponding due dates are detailed below. Please note the schedule presumes Budget adoption in October, which the Board has traditionally preferred in election years.

<u>Meeting</u>	<u>Purpose</u>	<u>Due</u>	<u>Date</u>	<u>Time</u>
<b>Board Meeting</b>	Approve Schedule	Monday	June 18	6:00 pm
Kick-Off Meeting	Marconi Staff Training	Monday	July 9	Noon
Kick-Off Meeting	Walnut Staff Training	Tuesday	July 10	Noon
<b>Finance Committee</b>	Review Assumptions	Tuesday	July 10	2:00 pm
1st Draft Due	Send to Finance Dept	Friday	August 3	COB
GM/AGM/FD/FA	Review 1 <sup>st</sup> Draft	Friday	August 17	1:30 pm
Budget Preparers	Informed of Changes	Monday	August 20	Noon
<b>Board Meeting</b>	Status Report	Monday	August 20	6:00 pm
2 <sup>nd</sup> Draft Due	Send to Finance Dept	Friday	August 24	COB
Ex Comm Review	Review 2 <sup>nd</sup> Draft	Wednesday	August 29	10:00 am
Budget Preparers	Informed of Changes	Friday	August 31	COB
<b>Board Workshop</b>	Budget Presentation	Monday	September 10	6:00 pm
<b>Board Meeting</b>	Budget Update	Monday	September 17	6:00 pm
Ex Comm Review	Review Final Draft	Wednesday	September 26	11:00 am
<b>Board Meeting</b>	Approve Final Budget	Monday	October 15	6:00 pm
Budget Preparers	Final Budgets Provided	Tuesday	October 26	COB

AGM – Assistant General Manager

COB – Close of business

FD – Finance Director

FA – Finance Analyst

(Note: the budget is comprised of the Operations and Maintenance Budget (O&M), Operating Capital Budget (OCB), and the Capital Improvement Program Budget (CIP)).



## Agenda Item: 9

**Date:** June 7, 2018

**Subject:** Short Term Water Transfer Pilot Project – Sacramento County

**Staff Contact:** Dan York, General Manager

### **Recommended Board Action:**

Authorize the General Manager to execute all existing and sign all yet to be completed agreements necessary to implement the Water Transfer Pilot Test with Sacramento County, subject to approval by District legal counsel of any non-substantive changes to such agreements.

Note: This item was presented at the May 30, 2018 Facilities and Operations Committee (F&O Committee). The F&O Committee recommended this item be presented to the full Board as an Action Item for further discussion.

### **Discussion:**

Sacramento County Water Agency (SCWA) hired a consultant in 2017 to analyze SCWA's water portfolio and explore opportunities to optimize their supplies now and into the future. The consultant discovered multiple opportunities that might benefit SCWA, including a few water transfer opportunities to evaluate further. SCWA has SMUD or Fazio Central Valley Project water that is sufficient to meet SCWA's customer's demands in their Arden Park service area. However, in order to provide their water to the Arden Park customers, it needs to be transferred through Carmichael Water District (CWD) and Sacramento Suburban Water District (District) service areas. CWD can divert SCWA's CVP Project Supply water at CWD's diversion facility on the American River. CWD would treat the water at CWD's treatment plant and convey the water to the District. The District would convey the water through its water system to the SCWA intertie. Exhibit 1 is attached to this report indicating location of interties. SCWA will take delivery of the water and serve its customers in the Arden service area. SCWA would forego delivering groundwater to its Arden service area customers.

SCWA will need to add a diversion point for the CVP Project Supply. SCWA's Interim Renewal contract and long-term renewal contract state that SCWA may divert CVP Project Supply water at "any additional point of delivery that is mutually agreed to in writing by the Contracting Officer and Contractor." The CVP Project Supply place of use includes SCWA's Arden Park service area. However, SCWA's SMUD and CVP contract place of use only includes Zone 40 and the Zone 40 Expansion Area. The contracts do provide that the service area may be changed upon consultation with Reclamation.

SCWA has obtained approval from their County Supervisors to move forward and engage discussions with Reclamation. SCWA will engage Reclamation through an in-person meeting to outline the criteria to establish a successful delivery of CVP Project Supply water to SCWA's

Arden Park service area. It is anticipated that the transfer would be approximately 1,000 acre feet over a 4-6 month period.

SCWA-CWD-SSWD Water Use Positives:

1. SCWA could demonstrate the ability to divert and deliver its CVP Project Supply water to its Arden Park service area.
2. The transaction would test the provisions in SCWA's contracts to add point(s) of diversion and place(s) of use that are part of SCWA's service area.
3. SCWA could expand its use under its CVP Project supplies in order to demonstrate beneficial use of the water asset.
4. SCWA use of the water may boost the water supply available under its CVP contracts in dry years when the M&I Shortage Policy is activated.
5. Allow SCWA to account for unused groundwater that it would otherwise use to serve the Arden service area.
6. Demonstrate the opportunity to bank groundwater under the Regional Water Authority's efforts to create a Federally recognized regional groundwater bank and banking system.
7. Allow an additional volume of CVP Project Supply to be incorporated into the M&I Shortage Policy calculations in the event of diminished CVP allocations in a dry year.
8. The expansion of use could occur whether or not the CVP system is constrained in 2018.
9. The transaction costs in the transfer pilot test, including Reclamation staff costs, would be paid by SCWA. SCWA would pay the wheeling water costs charged by CWD and SSWD. SSWD is in the process of developing wheeling rates prior to the potential 2019 water transfer.
10. The Central California Area Office may be reserved in executing a 2018 contract change because of the implications of allowing CVP Project Supply to be used in SCWA's service area beyond those currently allowed in the contract.
11. January 2019 – June 2019 is an estimate of the transfer opportunity.

**Fiscal Impact:**

None. SCWA would cover the transaction costs. SSWD will potentially receive funds for wheeling SCWA's SMUD CVP Water Supply to its Arden Park service area.



CYPRESS AVE

MANZANITA AVE

Exhibit 1



SSWD 18" MAIN

18"

SSWD 18" INTERTIE VALVE

SSWD  
CWD

SSWD BLOW OFF

CWD METER

CWD BLOW OFF

CWD 18" INTERTIE VALVE

CWD 18" MAIN

**INTERTIE INFORMATION**

Intertie Information	SSWD	CWD
Size of Intertie	18-in	18-in
Metered	NO	YES
Type of Meter	N/A	MAG
Meter Direction	N/A	TO SSWD
Meter in SCADA	N/A	YES
2017 System Pressure Range	40 - 60 PSI	65 PSI
Fluoridation	NO	NO

**LEGEND**

SSWD Main	
SSWD Valve	
SCWA Main	
SCWA Valve	

WATER SUPPLY  
ASSET MANAGEMENT  
&  
OPERATIONS ENGINEERING

FACILITY \_\_\_\_\_  
FILE NO. \_\_\_\_\_  
DRAWING FILE \_\_\_\_\_  
DRAWN \_\_\_\_\_  
DESIGNED \_\_\_\_\_  
CHECKED \_\_\_\_\_  
SHEET DATE  
APRIL 21 2018

REVISIONS				
ZONE	REV.	DESCRIPTION	BY	DATE



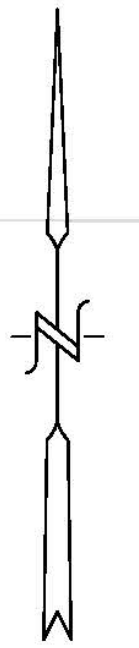
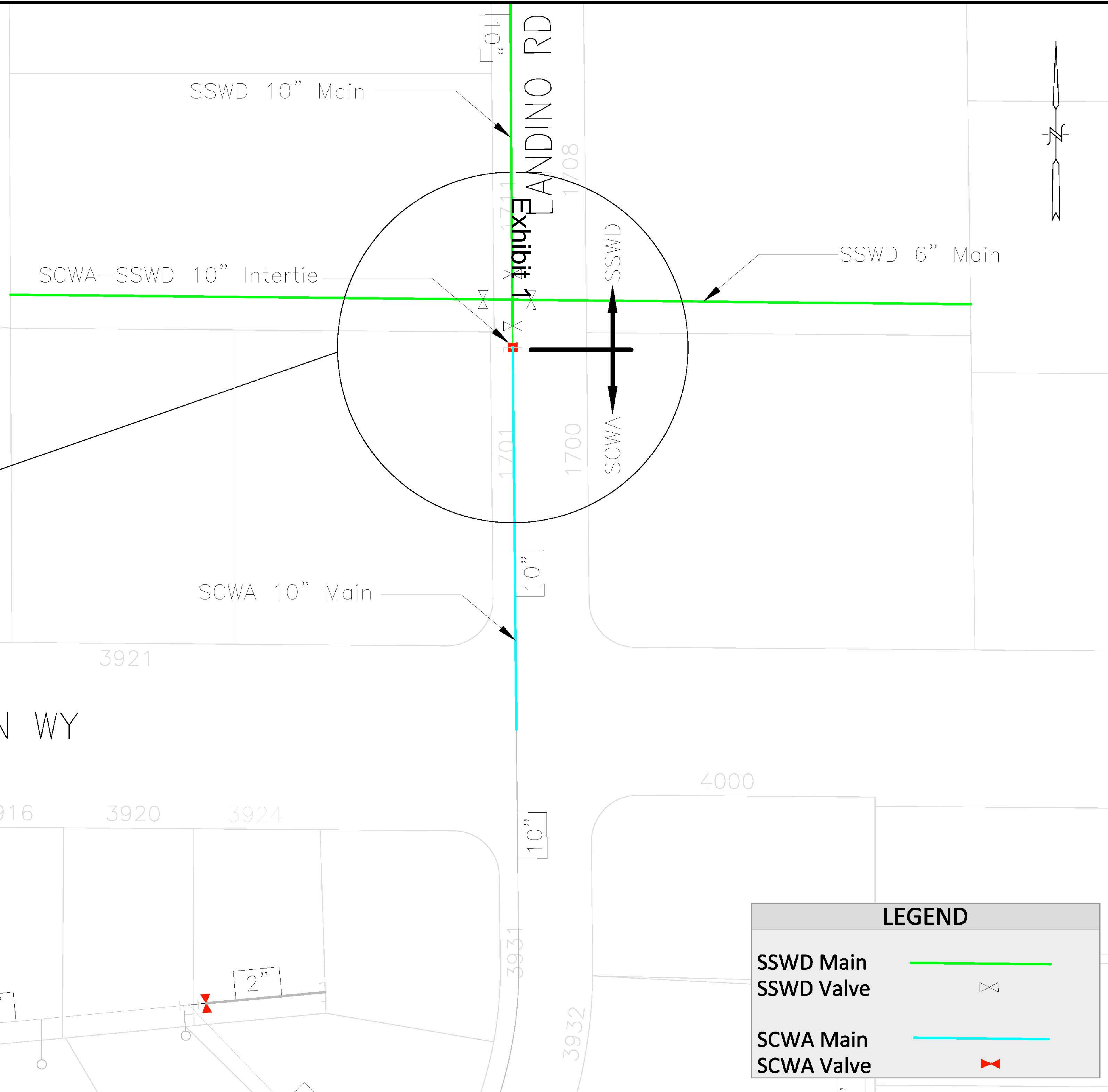
CWD INTERTIES  
**CWD - SSWD INTERTIE**  
**CYPRESS AVE & MANZANITA AVE**

SCALE  
HOR: \_\_\_\_\_  
VER: \_\_\_\_\_  
DRAWING  
**G-1**



ARDEN OAKS LN (PVT)

INTERTIE INFORMATION		
Intertie Information	SSWD	SCWA
Size of Intertie	10-in	10-in
Metered	YES	NO
Type of Meter	PROPELLER	N/A
Meter Direction	TO SCWA	N/A
Meter in SCADA	NO	NO
2017 System Pressure Range	40 - 60 PSI	43 -73 PSI
Fluoridation	YES	YES



LEGEND	
SSWD Main	
SSWD Valve	
SCWA Main	
SCWA Valve	

**WATER SUPPLY  
ASSET MANAGEMENT  
&  
OPERATIONS ENGINEERING**

FACILITY: LADINO-EL RICON  
 FILE NO.: \_\_\_\_\_  
 DRAWING FILE: \_\_\_\_\_  
 DRAWN: \_\_\_\_\_  
 DESIGNED: \_\_\_\_\_  
 CHECKED: \_\_\_\_\_  
 SHEET DATE: APRIL 2018

REVISIONS				
ZONE	REV.	DESCRIPTION	BY	DATE



SCWA INTERTIES  
**SCWA - SSWD INTERTIE  
LADINO RD & ARDEN WAY**

SCALE: \_\_\_\_\_  
 HOR: \_\_\_\_\_  
 VER: \_\_\_\_\_  
 DRAWING: **G-2**



## Agenda Item: 10

**Date:** June 11, 2018

**Subject:** General Manager's Report

**Staff Contact:** Dan York, General Manager

**a. Grant of Easement and Right of Way at 3536 Watt Avenue**

Pursuant to Resolution 16-21, the General Manager has accepted a Grant of Easement and Right of Way for the below listed property for the purposes of operation and maintenance of new distribution main pipeline and related appurtenances:

- 3536 Watt Avenue, Sacramento, California

The General Manager has also filed a Quitclaim Deed with the Sacramento County Recorder's Office for relinquishment of an existing Easement and Right of Way within the above property. The relinquishment resulted from a change in location of the new pipeline on the parcel, thereby eliminating the need for the original easement and creating the need for the new one.

**b. 2018A Bond Closing**

The 2018A Bond sale is now complete, with closing occurring on May 30, 2018. The 2009B Bond has been defeased with proceeds placed in trust until the first call date of November 1, 2019. In addition to the refunding, saving customers roughly \$1.4 million in interest over the next nine years, variable rates have dropped from 1.65% to 0.83% over the past 6 weeks, saving customers an additional \$340,000 per annum.

**c. Long Term Warren Act Contract Update**

The District's draft Long-Term Warren Act Contract (LTWAC) and draft Environmental Assessment (EA) is now out for public comment. The Bureau of Reclamation placed the documents for public comment on June 8, 2018. The draft LTWAC is out for a 60-day comment period and the draft EA is out for a 30-day public comment period. It is anticipated that the LTWAC will be ready for signatures in August 2018.

**d. McClellan Business Park Successor Agreement Update**

As previously reported, a draft Successor Agreement was delivered to County of Sacramento (County) and McClellan Business Park (MBP) for their review and comments the week of October 9, 2017. As reported at the November 18, 2017 regular Board meeting, the District received a draft redline Successor Agreement from MBP on November 14, 2017. There was a substantial amount of edits/strikeouts suggested by MBP. Due to the amount of suggested edits/strikeouts, District legal counsel generated a "Principles of Agreement" related to the Successor Agreement to provide to MBP.

District staff and legal counsel met with MBP staff and legal counsel on May 14, 2018. Based on the very thorough discussions related to the Principles of Agreement, MBP staff and legal counsel agreed to re-address the Successor Agreement and provide comments. On June 4, 2018, the District received a draft Successor Agreement from MBP. District staff and legal counsel are in the process of reviewing and commenting on the draft Successor Agreement. The next scheduled meeting between the District and MBP is June 18, 2018. If the review process is not completed by that date, the next scheduled meeting is July 2, 2018. When the final draft is agreed upon by both parties, it will be presented to the Facilities and Operations Committee prior to it being presented to the full Board.

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

**e. Hydrant Use Policy/Regulation**

At the May 21, 2018 regular Board meeting the question was raised as to whether the District has a policy/regulation addressing charges for water used by local fire agencies for the purpose of fighting fires. A review of the District's current policies and regulations found no direct references to such charges or an explanation for why none exist. Staff will continue to look into the issue and report any findings to the Board at the July 16, 2018 meeting.

**f. Discrimination Complaint – Brenda Davis**

In January 2018, Brenda Davis filed a Discrimination Complaint with Department of Fair Employment and Housing (DFEH). In February 2018, a Response to Complaint was submitted to DFEH. Staff contacted legal counsel and was reminded that DFEH typically takes several months to issue any response, even when they close the case and issue the right to sue notice. No news is typically good news because it probably means they may not be taking any formal investigatory action. In addition, DFEH will most likely not provide any information because they likely will not disclose as to the status of the review and investigation, if any. Staff will update the Board as information is received.

**REGIONAL WATER AUTHORITY  
EXECUTIVE COMMITTEE AGENDA**

May 23, 2018; 8:30 a.m.  
5620 Birdcage Street, Suite 110  
Citrus Heights, CA 95610  
(916) 967-7692

**AGENDA**

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

1. **CALL TO ORDER AND ROLL CALL**
2. **PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.
3. **CONSENT CALENDAR**  
Minutes of the April 25, 2018 Executive Committee meeting  
**Action: Approve Consent Calendar item**
4. **CHAIR TO APPOINT 2018 EXECUTIVE DIRECTOR EVALUATION COMMITTEE**  
**Action: Chair to Appoint Ad Hoc 2018 Executive Director Review Committee**
5. **DESIGNATE REMAINING SALARY BUDGET**  
Information Presentation: John Woodling, Executive Director  
**Action: Recommend Board Designate Remaining Salary Budget of Approximately \$24,600 into FY 2019**
6. **SUBCOMMITTEE UPDATES**  
Information Presentation: Conference and Membership Subcommittees and Discussion
7. **EXECUTIVE DIRECTOR'S REPORT**
8. **DIRECTOR'S COMMENTS**

**ADJOURNMENT****Upcoming meetings:**

**Upcoming Executive Committee Meetings** – June 27, 2018 and July 25, 2018 at 8:30 a.m. at the RWA office



**Next RWA Board of Directors' Meeting** – Thursday, July 12, 2018, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610

# ITEM 11. b.

## SACRAMENTO GROUNDWATER AUTHORITY REGULAR MEETING OF THE BOARD OF DIRECTORS

**Thursday, June 14, 2018; 9:00 a.m.**

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

### Agenda

The Board will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on this agenda, but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

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

#### 1. CALL TO ORDER AND ROLL CALL

2. **PUBLIC COMMENT:** Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.

#### 3. CONSENT CALENDAR

Minutes of April 12, 2018 meeting

**Action: Approve April 12, 2018 meeting minutes**

#### 4. PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Information Presentation: Nancy Marrier, Finance and Administrative Services Officer

**Action: Authorize the Executive Director to enter into a five-year contract with Gilbert Associates to provide for professional auditing services with a contract provision requiring annual approval by the SGA Board. The contract should include a not-to-exceed amount of \$26,900 for the FY 2018 audit.**

#### 5. GROUNDWATER MANAGEMENT PROGRAM UPDATE

Information Update: Rob Swartz, Manager of Technical Services

#### 6. EXECUTIVE DIRECTOR'S REPORT

#### 7. DIRECTORS' COMMENTS

## **ADJOURNMENT**

**Next SGA Board of Director's Meeting** – August 9, 2018, 9:00 a.m., RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights.



**WATER FORUM SUCCESSOR EFFORT**

Thursday, June 14, 2018

5:30 PM – 7:30 PM

**WATER FORUM**

1330 21<sup>st</sup> Street, Ste. 103

Sacramento, CA 95811

Agenda

5:30 DINNER

5:45 INTRODUCTIONS

6:00 DISCLOSURES/ REPORT BACKS / ANNOUNCEMENTS

6:15 ACTIVITY Build Your Own Redd – Kat Perkins & Cassie Miller

6:30 PRESENTATION 2017 Redds Survey Results  
- Kat Perkins, Water Forum

6:45 PRESENTATION Preliminary look at Morphological changes in the LAR  
- Chris Hammersmark, cbec engineering

7:15 UPDATES River and Water Supply Conditions – Tom Gohring  
Habitat Management – Lilly Allen  
Groundwater Facilitation – John Lowrie

7:30 ADJOURN

**Water Forum office:** located on the corner of 21<sup>st</sup> and N streets in midtown Sacramento.

# ITEM 12. a.

## Minutes

Sacramento Suburban Water District  
**Facilities and Operations Committee**  
Wednesday, May 30, 2018

### Call to Order

Chair Jones called the meeting to order at 2:01 p.m.

### Pledge of Allegiance

Chair Jones led the Pledge of Allegiance.

### Roll Call

Directors Present: Dave Jones and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Amy Bullock, Matt Underwood, David Morrow, Todd Artrip, Mitchell McCarthy, David Espinosa, Dan Bills and Jim Arenz.

**Public Present:** William Eubanks and Ryan Gunstream.

### Announcements

None.

### Public Comment

None.

### Consent Items

#### 1. Minutes of the March 6, 2018 Facilities and Operations Committee Meeting

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

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

### Items for Discussion and Action

#### 2. Regional Water Meter Replacement Program

Matt Underwood (Mr. Underwood) presented the staff report and went through a PowerPoint presentation.

General Manager Dan York (GM York) stated that at the last Regional Water Authority Board meeting other agencies and water purveyors are now interested in participating in the program. With other newly interested parties the number has gone from 80,000 to half a million potential connections.

Chair Jones inquired what the main purpose of the program is.

Mr. Underwood stated that at this stage the main purpose is to find out what opportunities are available.

Chair Jones stated for the record that Director Wichert is present for the meeting at 2:10 p.m.

Chair Jones noted that it is very important that the program be successful and is concerned about who is doing what to ensure that staff is successful in the program.

Mr. Underwood stated that there will be a number of groups formed including an assignment of a chair to the committee or formed group(s).

Chair Jones inquired about the calibration of the meters.

Mr. Underwood stated that there are people at all different levels with different processes of testing and calibrating their meters.

GM York stated that the administrative group is composed of General Managers who are attending other District board meetings showing support of the program.

Director Wichert inquired how many signatures are already in.

Mr. Underwood stated that he is not sure exactly how many signatures, but he's aware that Citrus Heights Water District, Orange Vale Water District, San Juan Water District, Fair Oaks Water District and Carmichael Water District have already signed on.

GM York stated that Sacramento Suburban Water District is one of the last local districts to sign on as the next scheduled Board meeting date is in June.

Director Wichert stated that he reviewed the program offline and thinks it's a great program and further expressed that this is definitely a program the District should be involved in, especially since there is no fiscal impact at this time.

Mr. Underwood confirmed that at this stage there is no fiscal impact.

Director Jones stated that he sees a really good program coming out of this model for potential future sharing projects.

Mr. Underwood stated that there will be grant funding available.

Director Wichert recommended that this item be moved to consent item on the next month's regular Board meeting. Chair Jones seconded the motion.

### **3. Fixed Network Meter Reading Issues**

Mr. Underwood presented the staff report.

GM York stated that legal may need to get involved due to the contract with Delta Engineering and KP Electronics. The issue is that KP Electronics committed to install collectors, however there was no limit stated in the contract.

Chair Jones inquired what the cost of a collector is and the expected lifespan.

Mr. Underwood stated that approximately three new collectors would be \$80,000 and \$115,000 for five new collectors. The warranty is two years on new collectors.

Director Wichert stated that the cell phone systems don't require collectors.

Mr. Underwood confirmed that cell phone systems don't require collectors and that is another option the District is considering for the future.

Director Wichert inquired what type of batteries are used.

Mr. Underwood stated that the batteries are a lithium ion battery, however the type of battery is not the issue.

Director Jones inquired if Mr. Underwood had an idea or timeline of when the issue will be resolved.

Mr. Underwood stated that hopefully the issue will be resolved by the end of this year if not, then by the end of the year staff will have an idea of which direction to head.

Mr. Underwood stated that this item will be on next month's regular Board meeting agenda as an information item.

#### **4. Maintaining a Sufficient, Reliable Water Supply**

Jim Arenz presented the staff report and went through a PowerPoint presentation.

Director Wichert inquired how much the stainless steel casing costs.

Mr. Arenz stated that stainless steel casing runs about \$50,000 to \$80,000. If you do the math, paying the money upfront to get the stainless steel casing that does not degrade for approximately 70-75 years or longer is a big benefit and saves money long term.

Chair Jones inquired how many well sites are on a half of acre or more.

Mr. Arenz stated that he is unsure how many of the District's well sites are about a half an acre or more, however, he is hoping that the new sites be close to the transmission mains.

Director Wichert inquired about when the last time the District had a well that failed.

Mr. Arenz stated that Well 44 failed which was about 15 years ago.

Director Wichert inquired about what the other agencies in the area expect out of their wells in terms of age.

Mr. Arenz stated that everyone uses a 50 year standard.

GM York stated that another critical avenue is to start doing some land acquisitions.

GM York stated that the County of Sacramento just purchased a residential property in the Arden Oaks area that had a house on it. The County demolished the house and drilled the well right in the middle of the residential property.

Chair Jones inquired if the District anticipates one or two wells a year for the next 50 years.

Mr. Arenz stated that the priority is the North Service Area and anticipate 12-15 wells over the next 15 years.

Public comment from William Eubanks (Mr. Eubanks) stated that if the District had to put higher producing wells close to large transmission mains for the purpose of treatment sites then the District will be bankrupt in no time. The District should be working on three or more property accusations tied up and confirmed at a given time to ensure that if or when you need the new wells you have the adequate sites for them.

Dan Bills (Mr. Bills) commented that if the District does not stagger the replacement of wells, then it all could come to a head at once. The District can't wait for failure to act. The District is much better served financially without having to go into debt or borrow money to do a ratable implementation of new wells than waiting for failure of a well. A cluster analysis would be wise to do to get an idea of how to proceed.

Director Wichert inquired if the District has ever done a cluster analysis. He stated he would like to see that data either at the next Facilities and Operations Committee meeting.

GM York confirmed that staff will work on the cluster analysis and provide it to the Committee as soon as possible.

##### **5. Short Term Water Transfer Pilot Project – Sacramento County**

GM York presented the staff report.

GM York stated that the Pilot Transfer with the County of 1,000 AF would occur between January and July of 2019.

Chair Jones inquired if there is a flow meter at Cypress.

GM York stated that there is no flow meter at Cypress but there are plans for Carmichael Water District to install a flow meter at the intertie.

Director Wichert stated that the item should go to the regular Board meeting as an Action Item.

**Adjournment**

Chair Jones adjourned the meeting at 3:15 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

DRAFT

**Minutes**

Sacramento Suburban Water District  
**Finance and Audit Committee Meeting**

Tuesday, May 22, 2018

**Call to Order**

Chair Thomas called the meeting to order at 11:30 a.m.

**Pledge of Allegiance**

Chair Thomas led the Pledge of Allegiance.

**Roll Call**

Directors Present: Kevin Thomas and Dave Jones.

Directors Absent: None.

Staff Present: General Manager Dan York, Finance Director Dan Bills, Heather Hernandez-Fort, Robin Geiger, Dana Dean and Lynn Pham.

Public Present: William Eubanks.

**Announcements**

None.

**Public Comment**

None.

**Items for Discussion and Action**

**1. 2018 Water Rate Study Request for Proposals (RFP)**

Dan Bills (Mr. Bills) presented the staff report.

Mr. Bills provided an edited version of the staff report based on comments received from Director Jones.

Chair Thomas inquired about the Study including low-income pricing options.

General Manager Dan York (GM York) expressed that years ago legal counsel advised staff that the District was prohibited from providing low-income discounts, therefore staff did not proceed with any additional research on the topic.

Mr. Bills expressed that staff could inquire if customers would like to pay into a voluntary subsidy fund, however, those funds would be very challenging to manage.

Director Jones suggested to gather data on how many customers in the District were low-income for future purposes.

Mr. Bills expressed that he could check with the Regional Water Authority and SACOG to find out the results of their low income study.

Mr. Bills reviewed the RFP and explained the Study's projected timeline.

The Committee recommended for staff to proceed with distributing the RFP with Director Jones' edits included.

2. **2018 Employee Compensation Study Request for Proposals (RFP)**

Mr. Bills presented the staff report.

Mr. Bills provided an edited version of the staff report based on comments received from Director Jones.

William Eubanks (Mr. Eubanks) commented on the Cost of Living Adjustment (COLA) in Sacramento, noting that it was continually increasing.

Mr. Bills reviewed the RFP.

Director Jones suggested to include other surrounding water purveyors in the Study where staff had left the District to work for.

The Committee recommended for staff to proceed with distributing the RFP with Director Jones' edits included.

**Adjournment**

Chair Thomas adjourned the meeting at 12:05 p.m.

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Dan York  
General Manager/Secretary  
Sacramento Suburban Water District





## Agenda Item: 13

**Date:** June 4, 2018

**Subject:** Fixed Network Meter Reading Update

**Staff Contact:** Matt Underwood, Operations Manager

As reported at the October and November 2017 regular Board meetings, and at the February and May 2018 Facilities and Operations Committee meetings, the District’s Advanced Metering Infrastructure (AMI) fixed network meter reading system is experiencing significant problems.

As last reported in February 2018, Mueller Systems had identified nine (9) of the District’s 27 collectors as having equipment issues which are contributing to communication problems between the collectors and the endpoints. In addition, Mueller Systems identified several areas with inadequate coverage that will require the installation of additional collectors. In February 2018, Mueller Systems submitted a quote to the District that would cover the cost of repairs to nine collectors, routine maintenance on four collectors, and the installation of three additional collectors.

Staff agrees the District owns the existing equipment and is responsible for the costs associated with any maintenance and/or repair work that is required to maintain system performance. In March 2018, staff issued a purchase order to cover the cost of the repairs on nine collectors, as well as routine maintenance on four collectors. Staff had anticipated the repair work would be completed in April 2018; however, the work had been delayed and began the week of May 14, 2018.

After the maintenance and repairs have been completed, Mueller Systems expects to see a measurable increase in system performance. At that time, they will perform another propagation study to determine the areas with insufficient coverage and the necessity of additional collectors.

In regards to the quote including equipment and installation costs to deploy three additional collectors, staff have been actively pursuing a resolution to the issue with Mueller Systems.

Staff continues to be diligent while exploring other AMI options. If the decision is made to pursue a replacement AMI system, staff is prepared to move forward with recommending an alternative system. However, that transition will likely take multiple years. During that transition, it is critical that the District maintains the best performance possible from its existing network.

Staff will provide updates to the Board as conditions unfold.



## Agenda Item: 14

**Date:** June 7, 2018

**Subject:** General Election Process and Dates

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

The nomination period for Divisions 2, 3, 4 and 5 for the November 6, 2018 election is July 16, 2018 through August 10, 2018. Candidates must be registered voters and reside within the District boundaries in the division from which elected. A division map is enclosed as Exhibit 1 and online at <http://www.sswd.org/about-sswd/board-of-directors/board-of-director-division-map>.

Sacramento Suburban Water District (SSWD) Board meetings are regularly held on the third Monday of each month, excluding holidays, at 6:00 p.m. at the Administrative Office at 3701 Marconi Avenue, Suite 100, Sacramento.

Each Board member serves a four-year term, with the exception of the Board Member of Division 2. Division 2's normal election is in 2020, however, due to the untimely passing of the Director in Division 2 in April 2018, the Board chose to appoint a person to fill the vacancy.

Kathleen McPherson was appointed Director of Division 2 at the Special Board Meeting on June 4, 2018.

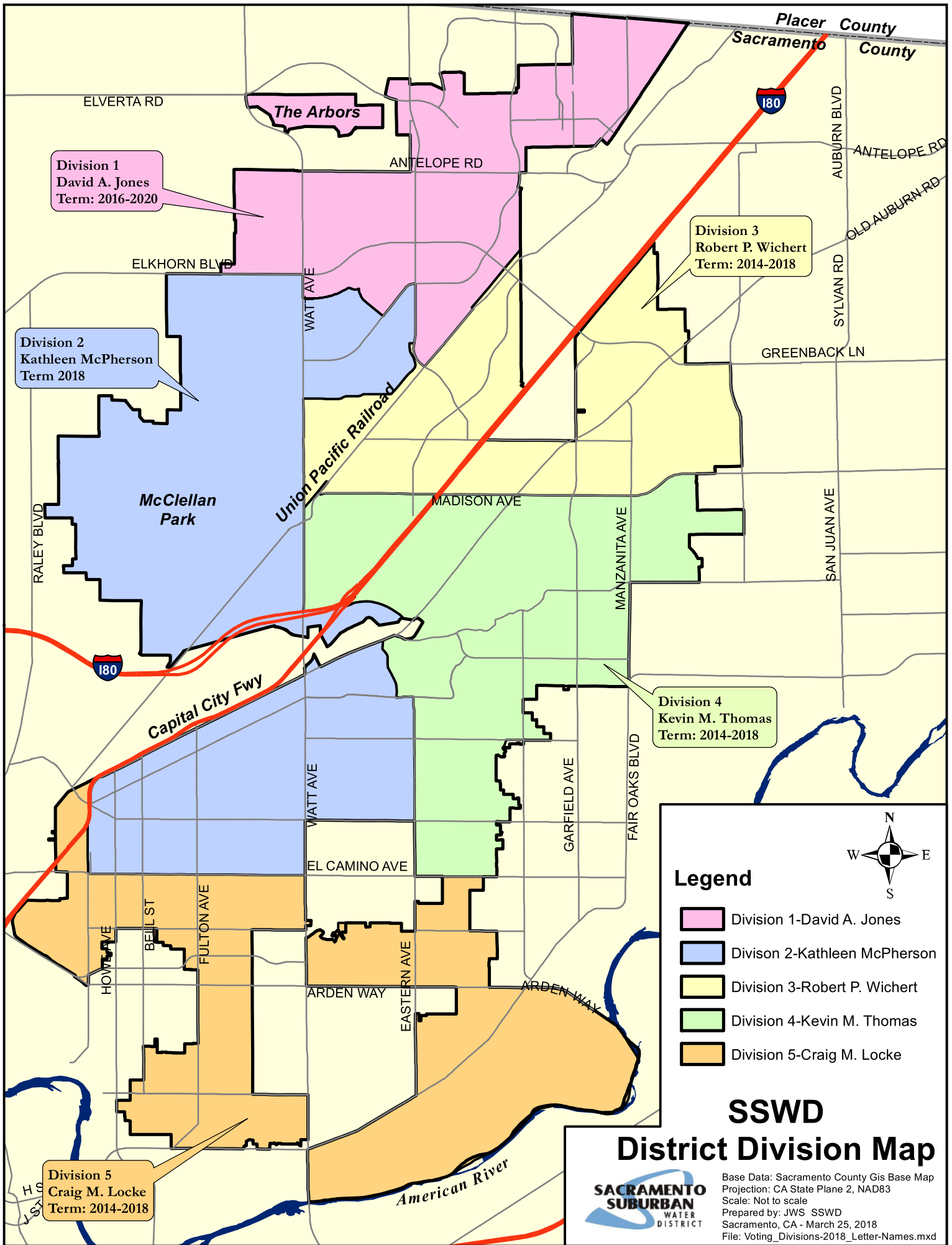
Director McPherson will hold office until the next general District election, which is the November 6, 2018 election.

If Director McPherson would like to continue serving on the Board, then she must file for candidacy and be elected to the Division 2 seat in the November 2018 election.

In addition, because Seat 2's term ends in 2020, that Seat would be up for election again in 2020. If the person elected at the November 6, 2018 election wishes to continue serving, he or she would need to run again in the November 2020 elections, although the successful candidate then would be elected "on-cycle" and serve the normal four-year term.

To file for an official declaration of candidacy for the SSWD Board, you must go to the Sacramento County Voter Registration and Elections Office located at 7000 65<sup>th</sup> Street, Suite A, Sacramento, CA 95823-2315, call 916.875.6451 or 800.762.8019, or visit [elections.saccounty.net](http://elections.saccounty.net).

The elections for new members to the Board of Directors will take place on Tuesday, November 6, 2018.



Division 1  
David A. Jones  
Term: 2016-2020

Division 2  
Kathleen McPherson  
Term 2018

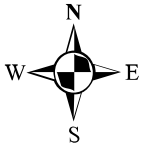
Division 3  
Robert P. Wichert  
Term: 2014-2018

Division 4  
Kevin M. Thomas  
Term: 2014-2018

Division 5  
Craig M. Locke  
Term: 2014-2018

**Legend**

- Division 1-David A. Jones
- Division 2-Kathleen McPherson
- Division 3-Robert P. Wichert
- Division 4-Kevin M. Thomas
- Division 5-Craig M. Locke



**SSWD  
District Division Map**



Base Data: Sacramento County Gis Base Map  
 Projection: CA State Plane 2, NAD83  
 Scale: Not to scale  
 Prepared by: JWS SSWD  
 Sacramento, CA - March 25, 2018  
 File: Voting\_Divisions-2018\_Letter-Names.mxd



## Agenda Item: 15

**Date:** June 5, 2018

**Subject:** Legislative and Regulatory Update

**Staff Contact:** Greg Bundesen, Water Conservation Supervisor

### **RWA Government Affairs Committee**

As the 2018 Legislative session advances, the Regional Water Authority (RWA) will continue to update the bill list being monitored by the Lobbyist Subscription Program (Program). As the Program begins to adopt positions and prioritizes bills, staff will inform the Board of the priority bill's status.

### **May 2018 Updates**

The California Legislature passed water management bills AB 1668 and SB 606. AB 1668 requires the State Water Resources Control Board to adopt long-term standards for the efficient use of water by June 30, 2022 and SB 606 updates the Urban Water Management Planning Act. Both bills were signed by the Governor and chaptered by the Office of Administrative Law. Staff will prepare a report and a presentation regarding AB 1668 and SB 606 for the July regular Board meeting.

SB 623, Water Quality: Safe and Affordable Drinking Water Fund has been added to the Governor's proposed budget as a trailer bill. SB 623 would impose a "water tax" on rate payers based on service connection size though the actual bill remains with the Assembly Rules Committee. According to the office of Assemblyman Kevin Kiley, 6<sup>th</sup> Assembly District, the Assembly has approved the proposal, but the Senate has not as they have proposed using existing funding sources (i.e. the General Fund). The two houses will need to negotiate in budget conference over the next month to work out their differences. The Association of California Water Agencies has created an Oppose-Unless-Amended Coalition (Coalition) in an effort to stop the imposition of a water tax on California water rate payers. The Coalition submitted a letter of opposition to the Office of the Governor, as well as many other offices expressing why 180 public water agencies, water associations and business organizations oppose Assembly Budget Subcommittee No. 3 action to advance the drinking water tax budget trailer bill (see Exhibit 1). The RWA has also submitted a letter regarding their supported opposition to SB 623 (see Exhibit 2).

**Updates Regarding Previously Reported Legislation**

<b>Bill Number</b>	<b>Name</b>	<b>House Location</b>	<b>Date</b>	<b>Status</b>	<b>Comments</b>	<b>RWA Opinion</b>
<b>SB 606</b>	Water Management Planning	Office of the Governor	5/23/18	Chaptered	Rule setting process TBD	Oppose Unless Amended
<b>SB 623</b>	Water Quality: Safe and Affordable Drinking Water Fund	Assembly	9/1/17	In Committee Process. Rules	Added to the budget trailer bill process.	Oppose Unless Amended
<b>SB 998</b>	Discontinuation of Residential Water Service: Urban and Community Water Systems	Assembly	5/29/18	Chaptered	Rule setting process TBD	Oppose Unless Amended
<b>AB 1668</b>	Water Management Planning	Office of the Governor	5/22/18	Enrolled	Presented to the Governor.	Oppose Unless Amended
<b>AB 2370</b>	Lead Exposure: Child Day Care Facilities: Family Day Care Homes	Assembly	5/29/18	In floor process. Third reading.		Watch
<b>AB 3206</b>	Water Conservation: Water Meters: Accuracy and Performance Standards	Assembly	5/30/18.	Passed. Ordered to Senate.	Senate has until 8/31/2018 to vote.	Oppose Unless Amended

# WE CAN SOLVE IT WITHOUT A **DRINKING WATER TAX**



**TO:** Honorable Senate and Assembly Conferees of the Budget Conference Committee  
**FROM:** Over 180 Public Water Agencies, Water Associations, and Business Organizations  
**DATE:** May 25, 2018  
**RE:** **Opposition to Statewide Drinking Water Tax / Support for Senate Action**

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The Oppose-Unless-Amended coalition of over 180 public water agencies, water associations, and business organizations listed below urges the Budget Conference Committee to **approve the Senate Budget Subcommittee No. 2 action** to fund drinking water needs with the General Fund and Proposition 2 dollars and better define the scope of the funding need. The Coalition continues to advance long-term funding solutions. For more information, please see Attachment A.

**The Coalition opposes the Assembly Budget Subcommittee No. 3 action to advance the drinking water tax budget trailer bill** for the following reasons:

- 1) **It is not sound policy to tax something that is essential to life;**
- 2) **State law sets forth a policy of a human right to water for human consumption that is safe, clean, affordable and accessible. Adding a tax on water works against keeping water affordable for all Californians;**
- 3) **It is inefficient to turn thousands of local water agencies into taxation entities for the state and require them to collect the tax and send it to Sacramento;**
- 4) **No policy committee has heard the proposed tax on drinking water; and**
- 5) **A survey conducted in February 2018 shows 73% of likely voters oppose a drinking water tax.**

If you have any questions, please contact Cindy Tuck or Wendy Ridderbusch of the Association of California Water Agencies at (916) 441-4545, [cindy@acwa.com](mailto:cindy@acwa.com) or [wendyr@acwa.com](mailto:wendyr@acwa.com).

Enclosure

cc: The Honorable Governor Edmund G. Brown Jr.  
The Honorable William W. Monning  
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor  
Mr. Kip Lipper, Senior Policy Advisor, Senate President pro Tem Toni Atkins' Policy Office  
Ms. Marie Liu, Policy Consultant, Assembly Speaker Anthony Rendon's Policy Office  
Ms. Joanne Roy, Consultant, Senate Budget Subcommittee No. 2  
Ms. Susan Chan, Consultant, Assembly Budget Subcommittee No. 3  
Ms. Rocel Bettencourt, Budget Consultant, Senate Republican Caucus  
Mr. Calvin Rusch, Consultant, Assembly Republican Caucus

**OPPOSE-UNLESS-AMENDED COALITION ORGANIZATION LIST**

Alameda County Water District	City of Garden Grove	Fair Oaks Water District
Alhambra Chamber of Commerce	City of Glendale Water and Power	Fallbrook Public Utility District
Amador Water Agency	City of Newport Beach	Folsom Chamber of Commerce
Anderson-Cottonwood Irrigation District	City of Oceanside	Foothill Municipal Water District
Antelope Valley – East Kern Water Agency	City of Redding	The Gateway Chambers Alliance
Association of California Water Agencies	City of Rialto/Rialto Utility Authority	Georgetown Divide Public Utility District
Bella Vista Water District	City of Roseville	Glendora Chamber of Commerce
BizFed Los Angeles County	City of San Diego	Glenn-Colusa Irrigation District
Brawley Chamber of Commerce	City of Santa Rosa	Greater Coachella Valley Chamber of Commerce
Brooktrails Township	City of Shasta Lake	Hawthorne Chamber of Commerce
Community Services District	City of Thousand Oaks	Helix Water District
Browns Valley Irrigation District	Claremont Chamber of Commerce	Hidden Valley Lake Community Services District
Calaveras County Water District	Coachella Valley Water District	Hollywood Chamber of Commerce
CalDesal	Coastside County Water District	Humboldt Bay Municipal Water District
California Cleaners Association	Contra Costa Water District	Humboldt Community Services District
California Craft Beer Association	Crescenta Valley Water District	Idyllwild Water District
California Municipal Utilities Association	Crestline-Lake Arrowhead Water Agency	Indian Wells Valley Water District
California Special Districts Association	Cucamonga Valley Water District	Indio Water Authority
Calleguas Municipal Water District	Del Paso Manor Water District	Irvine Ranch Water District
Camrosa Water District	Desert Water Agency	Kern County Water Agency
Carlsbad Municipal Water District	Downtown San Diego Partnership	Kinneloa Irrigation District
Carmichael Water District	Dublin San Ramon Services District	Kirkwood Meadows Public Utility District
Casitas Municipal Water District	East Orange County Water District	Lake Tahoe South Shore Chamber of Commerce
Central Basin Municipal Water District	East Valley Water District	La Verne Chamber of Commerce
Centerville Community Services District	Eastern Municipal Water District	Laguna Beach County Water District
Ceres Chamber of Commerce	El Dorado County Chamber Alliance	Lake Hemet Municipal Water District
Cerritos Regional Chamber of Commerce	El Dorado Hills Chamber of Commerce	Las Virgenes Municipal Water District
Citrus Heights Water District	El Dorado Irrigation District	Long Beach Water Department
City of Beverly Hills	El Monte/South El Monte Chamber of Commerce	Malaga County Water District
City of Corona Department of Water and Power	El Toro Water District	Mammoth Community Water District
City of Fairfield	Elk Grove Water District	
	Elk Grove Chamber of Commerce	
	Elsinore Valley Municipal Water District	

Mariana Ranchos County Water District  
McKinleyville Community Services District  
Mendocino County Russian River Flood Control & Water Conservation Improvement District  
Merced Irrigation District  
Mesa Water District  
Mid-Peninsula Water District  
Millview County Water District  
Mission Springs Water District  
Mojave Water Agency  
Monte Vista Water District  
Municipal Water District of Orange County  
Nevada Irrigation District  
North Marin Water District  
North Tahoe Public Utility District  
Northern California Water Association  
Olivenhain Municipal Water District  
Orange County Water District  
Orchard Dale Water District  
Otay Water District  
Padre Dam Municipal Water District  
Palm Ranch Irrigation District  
Palmdale Water District  
Paradise Irrigation District  
Pasadena Water and Power  
Pico Water District  
Placer County Water Agency  
Pleasanton Chamber of Commerce  
Quartz Hill Water District  
Rainbow Municipal Water District  
Rancho California Water District  
Rancho Cordova Chamber of Commerce  
Rancho Cucamonga Chamber of Commerce

Redondo Beach Chamber of Commerce  
Regional Water Authority  
Redwood Valley County Water District  
Richvale Irrigation District  
Rincon del Diablo Municipal Water District  
Rio Alto Water District  
Rio Linda Elverta Community Water District  
Roseville Area Chamber of Commerce  
Rowland Water District  
Sacramento Metro Chamber  
Sacramento Suburban Water District  
San Diego County Water Authority  
San Diego Regional Chamber of Commerce  
San Dieguito Water District  
San Gabriel County Water District  
San Gabriel Valley Economic Partnership  
San Gabriel Valley Municipal Water District  
San Juan Water District  
Santa Clarita Valley Chamber of Commerce  
Santa Clarita Valley Water Agency  
Santa Fe Irrigation District  
Santa Margarita Water District  
Santa Ynez River Water Conservation District  
Improvement District No. 1  
Scotts Valley Water District  
Shasta Community Services District  
South Coast Water District  
South Tahoe Public Utility District  
Southern California Water Committee  
Stockton East Water District  
Sweetwater Authority

Tahoe City Public Utility District  
Templeton Community Services District  
Textile Rental Service Association  
Three Valleys Municipal Water District  
Torrance Area Chamber of Commerce  
Tulare Irrigation District  
Tuolumne Utilities District  
Twain Harte Community Services District  
United Chamber Advocacy Network  
United Water Conservation District  
Upper Russian River Water Agency  
Upper San Gabriel Valley Municipal Water District  
Vallecitos Water District  
Valley Center Municipal Water District  
Valley of the Moon Water District  
Ventura County Economic Development Association  
Victor Valley Chamber of Commerce  
Vista Irrigation District  
Walnut Valley Water District  
Westlands Water District  
Western Canal Water District  
Western Municipal Water District  
Yolo County Flood Control Water Conservation District  
Yorba Linda Water District  
Yuba County Water Agency  
Zone 7 Water Agency



# Funding Alternatives to the Proposed Tax on Drinking Water

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## Introduction

The Association of California Water Agencies (ACWA)-led “Oppose-Unless-Amended” coalition agrees on the intent of SB 623 (Monning) and the Administration’s budget trailer bill, which would establish a fund to assist those who do not have access to safe drinking water. The proposed tax on drinking water, however, is not the right solution. The following are credible funding alternatives to the proposed tax on drinking water and a tool to help improve safe drinking water.

## Funding Alternatives

### 1. Current “Oppose Unless Amended” Coalition Funding Proposal

The first alternative to the proposed drinking water tax is the Safe Drinking Water Funding Package, which is the current funding proposal by the coalition. This funding package is comprised of ongoing federal safe drinking water funds, general obligation bond funds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and SB 623, and a limited amount of state general fund dollars. (Attachment 1)

### 2. Safe and Affordable Drinking Water Trust

The creation of an irrevocable trust is the second alternative. The trust would be held for the sole purpose of providing funding for safe and affordable drinking water. (Attachment 2)

### 3. Lease Revenue Bonds for Safe Drinking Water

The third alternative is lease revenue bonds issued for safe drinking water. (Attachment 3)

### 4. Cap and Trade Allocation for Safe Drinking Water

The fourth alternative is to allocate a percentage of Cap and Trade funding via continuous appropriation for safe drinking water. (Attachment 4)

## Other Tools

### 1. Governance Solution

AB 2050 (Caballero, 2018), the Small System Water Authority Act of 2018, would propose a local solution for consolidation of non-compliant public water systems based on regional governance and administration.

## Funding Alternative #1 to the Proposed Tax on Drinking Water

### Safe Drinking Water Funding Package

<u>Funding Source</u>	<u>Funding Type</u>	<u>Funding Amount</u>
Safe Drinking Water State Revolving Funding (Federal)	Capital	<u>Part of \$81 million<sup>1</sup></u>
General Obligation Bonds	Capital	Proposition 68 <u>\$250 million<sup>2</sup></u>  and/or Water Supply/Quality Bond: <u>\$500 million<sup>3</sup></u>
<b><u>BUDGET TRAILER BILL / SB 623 (Monning)</u></b>		
Nitrate Assessment	Nitrate: • Replacement Water • Point of Use Treatment • Point of Entry Treatment	Approximately <u>\$30 million per year</u>
General Fund	Operation and Maintenance for Public Water Systems	Approximately <u>\$34.44 million per year<sup>4</sup></u>

<sup>1</sup> \$81 million is estimated SDW SRF Total for California for 2018. Part of this would go to capital costs for disadvantaged communities

<sup>2</sup> For both safe drinking water and clean water

<sup>3</sup> For safe drinking water

<sup>4</sup> State Water Board's estimate for annual non-nitrate O&M costs for public water systems

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## Funding Alternative #2 to the Proposed Tax on Drinking Water in the Budget Trailer Bill

### Irrevocable Safe and Affordable Drinking Water Trust

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The establishment of an Irrevocable Safe and Affordable Drinking Water Trust is a viable alternative to a tax on drinking water because it could provide a stable and perpetual source of funding. The Irrevocable Safe and Affordable Drinking Water Trust could provide a targeted amount of revenue each year into perpetuity to fund safe drinking water solutions for disadvantaged communities and low-income residents. For example, the targeted annual funding generated from the trust could be \$50 million per year.

In general, an irrevocable trust is a mechanism into which an entity or person (the grantor) places assets for the benefit of a designated beneficiary. Once the grantor places the assets into an irrevocable trust, the assets cannot be removed. Instead, the trust assets, which comprise the trust's principal, are managed by a trustee who invests the principal and make distributions from the trust for the benefit of the beneficiary. Trustees have fiduciary duties, responsibilities and obligations to trust beneficiaries.

One type of irrevocable trust is a charitable trust. A charitable trust is a trust designed to advance a charitable or governmental purpose. In the case of the Irrevocable Safe and Affordable Drinking Water Trust, the trust would be created as an irrevocable charitable trust designed to advance the governmental purpose of providing a continual source of funding for drinking water solutions for disadvantaged communities and low-income residents which currently do not have access to safe drinking water. The primary purpose of the Irrevocable Safe and Affordable Drinking Water Trust would be to provide a perpetual source of funding of at least \$50 million dollars each year to the Safe and Affordable Drinking Water Fund.

#### **How the Irrevocable Trust Would Work:**

- 1) The Irrevocable Safe and Affordable Drinking Water Trust Fund would be established in the State Treasury and be designated as the fund which would hold the funds placed into the Irrevocable Safe and Affordable Drinking Water Trust.
- 2) To generate \$50 million per year, the one-time sum of \$725 million would be irrevocably transferred in Fiscal Year 2018-19 from the General Fund to the Irrevocable Safe and Affordable Drinking Water Trust Commission (the Commission) for deposit in the Irrevocable Safe and Affordable Drinking Water Trust Fund. This funding would serve as the trust's principal. (The \$725 million amount is based on an assumption of a 6.5 percent annual rate of return.)

- 3) The Commission would serve as the trustee for the trust and would consist of 3 members and would be comprised of the State Treasurer, the Lieutenant Governor and the State Controller.
- 4) The Commission would invest the trust principal. If the net income earned by the trust during the previous fiscal year is less than or equal to \$50 million, the trustee would deposit the entire value of the net income into the Safe and Affordable Drinking Water Fund for the benefit of the trust's beneficiary.
- 5) If the net income earned by the trust during the previous fiscal year was greater than \$50 million, the trustee would deposit \$50 million into the Safe and Affordable Drinking Water Fund and would split the remaining portion of the net income between the Safe and Affordable Drinking Water Fund and the trust principal. Increasing the size of the trust principal would enable the trust to generate more money annually for transfer to the Safe and Affordable Drinking Water Fund.
- 6) The trustee and others would be statutorily restricted from drawing down the trust principal.

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## Funding Alternative #3 to the Proposed Tax on Drinking Water in the Budget Trailer Bill

### Lease Revenue Bonds for Safe Drinking Water

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During the height of the budget crisis in 2008, the Legislature authorized the issuance of Lease Revenue Bonds through AB 900 to pay for a variety of costs related to the building of new prisons. A Lease Revenue Bond (LRB) can be generally described as a loan made to the State that is repaid by revenue generated by the project.

Under AB 900, the state envisioned that the Department of Public Works would design and build the prison and incur the debt, and the Department of Corrections would generate the "revenue" to repay the debt. In the case of AB 900, the "revenue" was a transfer of money between two government agencies, and the money came from the General Fund.

Based on a presentation provided by the Treasurer's office on their website, the issuer of an LRB – in this case the State - covenants to appropriate annual lease payments from the General Fund to meet the lease obligations. In this proposal, there would be a commitment of the new revenue from the agricultural taxes proposed in the bill, and revenue would ultimately be deposited in the General Fund. The financial instrument would be structured as lease revenue bonds or "certificates of participation" ("COPs") that are not subject to constitutional debt limits per a lease exception. Unlike General Obligation bonds, no voter approval of the bond issuance is required. Of course, the disadvantage is that the debt payments compete with other General Fund priorities.

These types of bonds are often used for projects of general community benefit and to indirectly leverage a General Fund revenue stream. These bonds are often used to provide "credit enhancement" for less credit-worthy borrowing for desired "risk sharing." Under the LRB alternative financing concept, the State Water Resources Control Board would ask the Board of Public Works to issue Revenue Bonds up to an amount to be determined. The proceeds from the bonds could be used to fund operation and maintenance costs. Capital projects could be constructed with the use of ongoing federal funds and General Obligation bond funding. The debt for the bonds would be securitized by the ongoing cash flow from the agricultural taxes in the budget trailer bill along with a one-time appropriation of General Fund money into a special account –the ultimate guarantor would be the General Fund. All of the funds would be continuously appropriated to pay off the debt obligations.

By the issuance of the LRBs that would be securitized with the already-proposed agricultural tax revenues, this approach ensures that the money would only be spent for the desired purpose.

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## Funding Alternative #4 to the Proposed Tax on Drinking Water in the Budget Trailer Bill

### Cap-and-Trade Allocation for Safe Drinking Water

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In 2017, the Legislature passed, and Governor Brown signed into law, AB 398 (Garcia) which extended the State's authority to operate a Cap-and-Trade program through 2030. AB 398 passed by a two-thirds vote which was significant in the context of Proposition 26 requirements.

The Cap-and-Trade program generates revenue annually from the sale of allowances to entities which emit greenhouse gas (GHG) emissions and which need the allowances to continue to emit GHG emissions. By reducing the number of allowances issued over time, the State limits the ability of emission sources to continue emitting. The Legislative Analyst's Office (LAO) has estimated that the program will bring in anywhere from \$2 to \$7 billion annually between 2018 and 2030.

The Governor's Proposed Budget for Fiscal Year 2018-19 includes a \$2.8 billion Cap-and-Trade expenditure plan. \$1.3 billion of this amount is "discretionary" spending which is not subject to continuous appropriation. A small portion of this revenue could be appropriated with a majority vote to fund drinking water solutions for disadvantaged communities and low-income residents who do not have access to safe drinking water. Revenue from the program could also be used to supplement or backstop any other alternative proposal.

Providing clean drinking water to disadvantaged communities is consistent with the historic emphasis on using Cap-and-Trade revenue to benefit these communities. It would also help eliminate the need for some of these communities to rely on the transportation of bottled water or shipped water in order to have access to safe drinking water – thereby resulting in a reduction of GHG emissions.

## Exhibit 2

May 15, 2018

Honorable Phil Ting, Chair  
Assembly Budget Committee  
State Capitol, Room 6026  
Sacramento, CA 95814

Honorable Holly Mitchell, Chair  
Senate Budget and Fiscal Review Committee  
State Capitol, Room 5019  
Sacramento, CA 95814

### **Re: Safe and Affordable Drinking Water Act – Budget Trailer Bill: OPPOSE UNLESS AMENDED**

Dear Assemblymember Ting and Senator Mitchell:

The above identified organizations wish to inform you that we are opposed to the Administration's proposed budget trailer bill that would implement the Safe and Affordable Drinking Water Act through a proposed tax on drinking water, **unless it is amended as described below.**

The budget trailer bill would establish a fund to be administered by the State Water Resources Control Board to assist those who do not have access to safe drinking water. We agree with the intent of the bill, and acknowledge the lack of access to safe drinking water in certain disadvantaged communities is a public health issue and a social issue the State needs to address.

In its current form, the budget trailer bill contains multiple forms of proposed funding: 1) tax revenue from fertilizers, confined animal facilities, and milk-producing facilities to address nitrate contamination; and 2) a state-mandated tax on tap water that the budget trailer bill would require local water agencies to assess on their local residential and business ratepayers and send to Sacramento.

### **We are strongly opposed to the drinking water tax component of the budget trailer bill.**

Requiring local water agencies and cities across the state to impose a tax on water for the State of California is not the appropriate response to the problem and ignores other available funding opportunities and resources that may reasonably be available to address the problem. Additionally, state law sets forth a policy of a human right to water for human consumption that is safe, clean, affordable and accessible. It is not sound policy to tax something that is a human right. Adding a tax on water works against keeping water affordable for all Californians – it is a regressive tax program that inequitably affects lower-income Californians. It also negatively affects the cost of doing business in California.

While we acknowledge the importance of ensuring safe drinking water for all Californians, we firmly believe imposing a tax on drinking water is inappropriate and the wrong way to fund this important public purpose. Instead, the state should examine and implement a wide range of credible, implementable options for providing sustainable funding to address drinking water solutions in the state.

**Trust Fund** – One-time surplus budget funds could be used to create an irrevocable endowment or trust fund that would produce a sustainable revenue stream under reasonable interest rate assumptions, and create opportunity to bond against the revenue stream for capital infrastructure, where necessary.

Assemblymember Phil Ting  
Senator Holly Mitchell  
May 15, 2018  
Page 2

**General Obligation Bonds** – Proposition 68 on the June primary election ballot proposes \$175 million for safe drinking water and another water bond measure currently in circulation for the November 2018 general election ballot proposes \$500 million for safe drinking water. These bond measures, coupled with funds from previously-passed bond measures (such as Proposition 1 and Proposition 84) prioritize safe drinking water funding for disadvantaged communities.

**Agricultural Self-Assessment** – The production agricultural assessments proposed in the budget trailer bill can be used for replacement water, including point-of-use and point-of-entry treatment, for nitrate contamination.

**State General Fund** – General Fund funding can address the non-nitrate operation and maintenance (O&M) cost needs at public water systems in disadvantaged communities (with the nitrate contamination component addressed through an agricultural self-assessment).

**Cap-and-Trade Funds** – These funds could be used to help address groundwater contamination which would reduce the need to transport imported water (and create greenhouse gas emissions) over long stretches within the state.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a public health and social issue for which the State General Fund is an appropriate source of funding as part of the above-suggested funding package.

We are very concerned about the precedent nature of a proposed water tax. The adage about the camel's nose getting under the tent applies here. California is rife with programs in search of funding – low-income water rate assistance, implementation of the California Water Plan, forestry health, and watershed protection, to name just a few. So what begins as a modest increase for residential and business ratepayers could grow rapidly as more and more projects force their way into the “tent.” A drinking water tax now will lead to substantial monthly water bill increases for residential, business, and institutional customers over the coming years as more and more programs seek to siphon funds through this tax program.

Add to this, recent polling conducted by the Association of California Water Agencies clearly demonstrates strong negative opinions about a drinking water tax, as **73 percent of voters indicated opposition to a water tax**. According to the polling data, substantial opposition to a proposed tax on drinking water is diverse and widespread among varying demographic groups, geographically, on a bipartisan basis, and even when provided a very favorable argument to justify a water tax.

For these reasons, **we must oppose the Administration's proposed budget trailer bill unless it is amended to remove the drinking water tax on residential and business water ratepayers.**

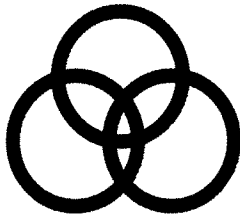


Assemblymember Phil Ting  
Senator Holly Mitchell  
May 15, 2018  
Page 3

cc: Assembly Minority Leader Brian Dahle  
Assemblymember Ken Cooley  
Assemblymember Jim Cooper  
Assemblymember James Gallagher  
Assemblymember Kevin Kiley  
Assemblymember Kevin McCarty  
Senator Richard Pan  
Senator Ted Gaines  
Senator Jim Nielsen

Assembly Speaker Anthony Rendon  
Senate President pro Tempore Toni Atkins  
Assemblymember Richard Bloom, Chair, Assembly Budget Subcommittee No. 3  
Members, Assembly Budget Subcommittee No. 3  
Susan Chan, Consultant, Assembly Budget Subcommittee No. 3  
Barbara Gausewitz, Fiscal Consultant, Assembly Republican Caucus  
Senator Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2  
Members, Senate Budget and Fiscal Review Subcommittee No. 2  
Joanne Roy, Consultant, Senate Budget and Fiscal Review Subcommittee No. 2  
Rocel Bettencourt, Fiscal Consultant, Senate Republican Caucus

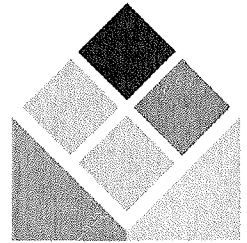
Kim Craig, Deputy Cabinet Secretary, Office of the Governor



Joint Chambers Commission  
El Dorado County,  
El Dorado Hills and  
Shingle Springs/Cameron Park  
Chambers of Commerce

# RWA

**Regional Water Authority**  
BUILDING ALLIANCES IN NORTHERN CALIFORNIA



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Roseville Area  
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**PCWA**

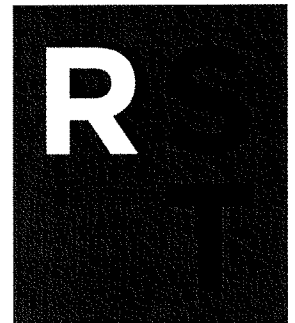


**metrochamber**

SACRAMENTO METROPOLITAN CHAMBER OF COMMERCE

G R E A T E R  
**B R O A D W A Y**  
D I S T R I C T

 **CARMICHAEL**  
WATER DISTRICT



**YUBA CITY**



CITY OF  
**ROSEVILLE**  
CALIFORNIA

  
City of  
**Lincoln**



## Agenda Item: 16

**Date:** June 7, 2018

**Subject:** Upcoming Water Industry Events

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

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

Below is a list of upcoming water industry events:

### Upcoming Events

1. RWA Executive Committee Meeting  
June 27, 2018  
RWA Office  
<http://rwah2o.org/>
2. ACWA Headwaters Tour 2018  
June 28-29  
Rancho Cordova, CA  
<https://www.acwa.com/events/headwaters-tour/>
3. Governance Conference for Elected and Appointed Directors/Trustees - CSDA  
July 8 – 11, 2018  
Napa, CA  
<http://sdla.csdanet/home>
4. RWA Board Meeting  
July 12, 2018  
RWA Office, Sacramento  
<http://rwah2o.org/>

## Upcoming Water Industry Events

June 7, 2018

Page 2 of 2

5. RWA Executive Committee Meeting  
July 25, 2018  
RWA Office  
<http://rwah2o.org/>
6. RWA Executive Committee Meeting  
August 22, 2018  
RWA Office  
<http://rwah2o.org/>
7. CSDA Annual Conference & Exhibitor Showcase  
September 24-27, 2018  
Indian Wells, CA  
<http://conference.csdanet.com/>
8. ACWA 2018 Fall Conference  
November 27-30, 2018  
San Diego, CA  
<https://www.acwa.com/events/2018-fall-conference-exhibition/>

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

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



## Agenda Item: 17

**Date:** June 11, 2018

**Subject:** Antelope Transmission Pipeline – Forensic Analysis Report

**Staff Contact:** Dana Dean, P.E., Engineering Manager

### Discussion:

The Antelope Transmission Pipeline (ATP) is a six-mile, 48” pipeline that conveys water from San Juan Water District to Sacramento Suburban Water District. On December 9, 2017, the ATP was taken out of service and dewatered due to the failure of a 6” gate valve on a blow-off lateral. Examination of the failed valve (failed valve) showed extreme corrosion of the four bolts securing the valve bonnet to the valve body. As a precautionary measure the decision was made to excavate a second 6” blow-off valve (inspection valve) on the ATP with similar use and installation conditions to investigate its physical condition for comparison to the failed valve. Examination of the inspection valve showed it to be in extremely good condition with no visible signs of corrosion on any of the bolts. Both valves were subsequently sent to Anamet, Inc., a materials engineering and laboratory testing contractor, for forensic analysis. Anamet evaluated the bolts from both valves through visual examination, chemical analysis and metallography to determine the cause of failure.

In May 2018, the District received Anamet’s final report of the metallurgical evaluation of the bolts from the two 6” valves submitted for analysis (see Exhibit A). The report identified three conclusions based on the samples submitted and the evidence gathered through their analysis:

1. The failed valve bonnet bolt failed due to general corrosion.
2. The chemical composition of the failed valve bonnet bolt and the inspection valve bonnet bolts were equivalent and met the requirements for American Standard for Testing and Materials (ASTM) A307 carbon steel bolts.
3. The chemical composition of the failed valve coupling bolts and inspection valve coupling bolts met the requirement for ASTM A242, high-strength low-alloy steel bolts.

The report noted that because the bonnet bolts of the failed valve were significantly more corroded than those of the inspection valve, that there must have been a greater moisture content in the soil surrounding the failed valve. With no other leak history in the area reported by District staff, Anamet concluded that the bonnet of the failed valve must have been leaking prior to the final large volume release that led to the failure detection and excavation of the failed valve. Additionally, sulfur was detected in the corrosion product from the failed valve. Sulfur detection in the corrosion product of a buried service is an indicator of microbiological influenced corrosion,

which opens the possibility that that the corrosion of the failed valve bonnet bolts was accelerated by the presence of microbes in the soil.

The actual cause of the valve failure was not determined through this investigation, but the evidence indicates some type of failure in the valve bonnet, either from insufficiently tightened bolts from the factory or improperly seated gasket, may have caused this valve to leak for some time prior to its final catastrophic failure that ultimately led to its detection.

Recent activity performed by District staff to place the ATP back into service showed no water movement through the 6” high-line meter when the ATP was in a static state. Given the sensitivity of the meter used, this indicates that there are no valves or other appurtenances leaking on the ATP at this time.

**Fiscal Impact:**

None.

**Strategic Plan Alignment:**

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

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

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



**Anamet, inc** *Materials Engineering & Laboratory Testing*  
26102 EDEN LANDING ROAD, SUITE 3 • HAYWARD, CALIFORNIA 94545 • (510) 887-8811 • FAX (510) 887-8427

Report No. 5005,5567 Rev. 1

May 2, 2018

## **METALLURGICAL EVALUATION OF BOLTS FROM TWO 6-INCH WATER SUPPLY VALVES REMOVED FROM BURIED SERVICE**

Customer Authorization: PO0008754

Report To: Sacramento Suburban Water District  
Attn: David Morrow, P.E.  
3701 Marconi Ave., Suite 100  
Sacramento, CA 95821

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### **1.0 INTRODUCTION**

Two 6-inch water supply gate valves identified as failed valve 1, inspection valve 2, and associated valve mechanical couplers were submitted by the Sacramento Suburban Water District (SSWD) for metallurgical evaluation. The client reported the following background. Both valves had been buried in soil, with valve 1 at 18-feet below grade. Both valves were installed in 1996, and there was no discernible difference between the service conditions. The 6-inch line that valve 1 was connected to branched from a 48-inch mortar lined and coated main. Valve 1 had been excavated in November 2017, because it was leaking, and valve 2 was excavated to investigate the physical condition of a similar use and service condition valve.

The purpose of this evaluation was to determine the cause of the valve 1 failure and provide information that could be used to help assess the likelihood that other valves in the system could also fail. The samples were evaluated by the following laboratory procedures:

- 1) Visual examination
- 2) Chemical analysis
- 3) Metallography

### **1.1 Results Summary**

Based on the results of this evaluation, a valve 1 bonnet bolt failed by general corrosion. The chemical composition of the valve 1 bonnet bolt and the valve 2 bonnet bolts were equivalent, and all three bonnet bolts analyzed met the chemical composition requirements of ASTM A307 carbon steel.<sup>1</sup> The chemical composition of valve 1 and valve 2 coupling bolts met the chemical composition requirements of ASTM A242, high-strength low-alloy steel.

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<sup>1</sup> ASTM A307-14, Standard Specification for Carbon Steel Bolts, Studs, and Threaded Rod 60 000 PSI Tensile Strength.

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## 2.0 EVALUATION

### 2.1 Visual Examination

The subject failed valve 1 is shown as-received in Figure 1 through Figure 5. Remnants of only one bonnet bolt was present in the bonnet flange. Little remained of the bolt head and only a small corroded stub protruded from the mating bonnet flanges. Adherent corrosion product was present around one of the empty bonnet bolt holes, and small patches of soil were adhered to the outside surface of the valve and coupling. One intact coupling between the valve and water line was fastened to the valve with six coupling T-bolts, labeled in the laboratory 1A through 6A as indicated in Figure 1. The opposite coupling was not submitted, but one of the T-bolts was present, labeled 1B in the laboratory. Coupling bolts were encrusted with corrosion product and soil.

A polymer coating on valve 1 was predominantly intact, with only a few small areas of coating damage, mostly around the edges of the bonnet flanges. The bonnet and elastomer coated valve gate were removed from the valve. Inside the valve, the polymer coating was intact. Coating damage was present on the mating surfaces of the bonnet flanges. Coating damage was symmetric on the two flanges, and some locations had erosion morphology. Metal loss near the bonnet flange edges also had smooth surfaces indicative of erosion. Approximately half of the bonnet gasket remained between the flanges. The tapered shape of the damaged edges of the gasket indicated erosion. The erosion morphologies were consistent with leaking water which erodes polymers and, mixed with surrounding soil, can erode metal. Metal erosion initiated on the soil-side edge of the flange, and continued as the eroded surface receded under the bonnet.

Valve 2, removed for inspection, is shown as-received in Figure 6. All of the four hex head bonnet bolts were intact and snug with hex nuts. Two intact couplings were attached to the valve, and all coupling T-nuts were snug with hex nuts. Corrosion product was present on the valve 2 bonnet and coupling bolts, but corrosion was not as extensive as on the bolts of the failed valve 1. Bolt identifications assigned in the laboratory are indicated in Figure 6.

The valve 1 bonnet bolt and coupling bolts 1A, 6A, and 1B were selected for analysis. Photographs of the bolts are shown in Figure 7 and Figure 8. The coupling bolts and nuts are shown after cleaning with a wire brush and immersion in an Alcononx® solution, with ultrasonic agitation. The nut end of the bonnet bolt had a conical morphology suggestive of ductile overload failure.<sup>2</sup> However, as presented in Section 2.3 Metallography, no microstructural evidence of ductile overload was detected. A photograph of one of the valve 1 bonnet bolts not submitted is shown in the Appendix. The bolt shown in the Appendix had relatively uniform wasting from corrosion that was consistent with the metal loss presented by the bonnet bolt analyzed in this work. Extensive metal loss from corrosion affected the valve 1 coupling bolts 1A and 6A. The coupling nuts were also corroded. The valve 1 coupling bolt 1B was less severely corroded.

Valve 2 bonnet bolts 2 and 4, and coupling bolts 1B and 6A were selected for analysis. Photographs of the bolts after cleaning with a wire brush and immersion in an Alcononx® solution with ultrasonic agitation, are shown in Figure 9 and Figure 10. All the bolts were in good condition, although the hex heads of the bonnet bolts were more corroded than the shanks. The

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<sup>2</sup> Ductile failure involves significant plastic deformation, typified, for example, by cone and cup fracture morphology of cylindrical tensile specimens. Overload failure is generated by loads that exceed the ultimate strength of the material.





coupling nuts were stamped A242, which refers to ASTM A242, Standard Specification for High-Strength Low-Alloy Structural Steel.

## 2.2 Chemical Analysis

Quantitative chemical analysis was performed by spark optical emission spectroscopy and LECO combustion for carbon and sulfur on the bolts selected for analysis.<sup>3</sup> Results for the bonnet bolts are listed in Table 1 along with the chemical composition requirements of ASTM A307 carbon steel.<sup>4</sup> No material specification was indicated by the client. However, the chemical composition of all three bonnet bolts met the chemical composition requirements of the A307 standard.

Results for the coupling bolts are listed in Table 2 along with the chemical composition requirements of ASTM A242.<sup>5</sup> Although no material specification was provided by the client, the valve 2 coupling bolt nuts were stamped A242 and all the coupling bolts met the chemical composition requirements of the A242 standard. The main difference between the coupling bolts and the bonnet bolts was the copper concentration, but the chromium and nickel concentrations in the coupling bolts were also greater than in the bonnet bolts. The high-strength low-alloy steel composition described in A242 is typically intended for atmospheric corrosion resistance, but data has shown a modest reduction in corrosion rates compared to other steels in a range of environments.<sup>6</sup>

Chemical analysis was performed by energy dispersive X-ray spectroscopy<sup>7</sup> (EDS) on the corroded end of the valve 1 bonnet bolt. Specimens of corrosion product and soil collected from valve 1 were also analyzed by EDS. Representative EDS spectra are shown in Figure 11 and Figure 12. Detection of iron (Fe), manganese (Mn) and oxygen is expected from bolt corrosion product. Silicon (Si), magnesium (Mg) aluminum (Al) and calcium (Ca) are likely from the soil. Sulfur (S) is often detected when sulfate reducing bacteria are active, and is an indicator of biological activity. Microbes that can influence corrosion are ubiquitous in soils.

## 2.3 Metallography

Longitudinal sections of the valve 1 bonnet bolt, valve 2 bonnet bolt 4, valve 1 coupling bolt 6A, and valve 2 coupling bolt 1B were prepared for metallography. Photographs of the prepared sections and representative micrographs are shown in Figure 13 through Figure 21. Although the shape of the valve 1 bonnet bolt nut end was consistent with ductile overload fracture, examination of the microstructure revealed no indications of microvoids that are inherent in ductile overload fracture. For example, micrographs shown in Figure 14 reveal only small nonmetallic inclusions in the conical end of the section. Had ductile overload created the conical tip, these inclusions

<sup>3</sup> LECO combustion combines a subject specimen with oxygen at high temperature, and quantifies the combustion product, CO<sub>2</sub> and/or SO<sub>2</sub>, to determine the concentration of C and/or S that was present in the subject specimen.

<sup>4</sup> ASTM A307-14, Standard Specification for Carbon Steel Bolts, Studs, and Threaded Rod 60 000 PSI Tensile Strength.

<sup>5</sup> ASTM

<sup>6</sup> Principles and Prevention of Corrosion, Second Edition, Denny A. Prentice Hall, p. 402, 1996.

<sup>7</sup> The EDS analysis method used here detects the presence of elements from boron (B) to uranium (U), atomic numbers from 5 to 92 in the periodic table. EDS data alone are, however, insufficient to differentiate chemical compounds such as oxides, hydroxides, or carbonates or to characterize organic materials that consist of carbon (C), hydrogen (H), and nitrogen (N) only.





would have been enlarged into microvoids. Therefore, the shape of the bolt end was caused by corrosion.

The polished sections were etched with 2% nital, which reveals ferrite as light and pearlite as dark. Comparison of the etched specimens indicated they all had microstructures typical of carbon and low-alloy steels. Nothing about the microstructures indicated that the valve 1 bonnet bolts would be more susceptible to corrosion than the valve 2 bonnet bolts.

### 3.0 DISCUSSION

The corrosion rate of carbon and high-strength low-alloy steels buried in soil is primarily controlled by the levels of moisture and oxygen. The client reported that there was no clear difference between the soil conditions where valve 1 and valve 2 were in service. However, the valve 1 bonnet and coupling bolts were significantly more corroded than the valve 2 coupling and bonnet bolts. Therefore, it is likely that a water leak maintained a greater amount of moisture around valve 1 than around valve 2. Because the valve 1 bonnet bolts failed by corrosion and no other leaks were reported by the client, it is likely that the valve 1 bonnet was leaking prior to the large volume release that led to failure detection and excavation. If there was not a leak that maintained soil moisture above normal levels, and there was no other driving force for corrosion, then there must have been a significant difference between the environments of valve 1 and valve 2 that was not recognized.

The valve 1 bonnet bolts corroded more than the valve 1 coupling bolts. Chemical analysis indicated that the bonnet bolts were carbon steel. Chemical analysis indicated the coupling bolts met the chemical composition requirements of ASTM A242 high-strength low-alloy steel, which is typically intended for atmospheric corrosion resistance. A modest reduction in corrosion rates of high-strength low-alloy steels compared to carbon steels is expected in a range of environments. Therefore, it is not surprising that the coupling bolt corrosion was less extensive than the bonnet bolt corrosion.

Sulfur was detected in corrosion product from valve 1. Because detection of sulfur in corrosion product from buried service is an indicator of microbiologically influenced corrosion, it is possible that corrosion of the valve 1 bonnet bolts and coupling bolts was accelerated by the presence of microbes in the soil.

The end of the valve 1 coupling bolt had a conical shape that suggested the possibility of ductile overload fracture. However, metallography revealed no evidence of ductile overload. Therefore, the conical shape of the end of the bolt was caused by corrosion.



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#### 4.0 CONCLUSIONS<sup>8</sup>

The following conclusions are based upon the submitted samples and the evidence gathered:

1. The valve 1 bonnet bolt failed by general corrosion.
2. The chemical composition of the valve 1 bonnet bolt and the valve 2 bonnet bolts 2 and 4 were equivalent, and met the chemical composition requirements for ASTM A307 carbon steel.
3. The chemical composition of valve 1 coupling bolts 1A, 6A, and 1B and valve 2 coupling bolts 1B, and 6A, met the chemical composition requirements of ASTM A242, high-strength low-alloy steel.

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Prepared by:

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Sam McFadden, Ph. D.  
Associate Director of Laboratories

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Reviewed by:

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Ken Pytlewski, P.E.  
Director of Engineering and Laboratories

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<sup>8</sup> The conclusions in this report are based upon the available information and evidence provided by the client and gathered by Anamet, within the scope of work authorized by the client, and they are hereby presented by Anamet to a reasonable degree of engineering and scientific certainty. Anamet reserves the right to amend or supplement its conclusions or opinions presented in this report should additional data or information become available, or further work be approved by the client.



**Table 1**  
**Results of Quantitative Chemical Analysis of**  
**Bonnet Bolts from valves 1 and 2 Compared to the Chemical Composition Requirements of**  
**ASTM A307 Carbon Steel**

Element	Valve 1 Bonnet Bolt (wt%)	Valve 2 Bonnet Bolt 2 (wt%)	Valve 2 Bonnet Bolt 4 (wt%)	Requirements for ASTM A307 Carbon Steel	
				min	max
Aluminum (Al)	≤0.01	≤0.005	≤0.005	Information	
Carbon <sup>A</sup> (C)	0.12	0.12	0.12	-. -	0.33
Chromium (Cr)	0.09	0.05	0.05	Information	
Copper (Cu)	0.13	0.16	0.16	Information	
Iron (Fe)	Major Constituent				
Manganese (Mn)	0.53	0.49	0.49	-. -	1.25
Molybdenum (Mo)	0.01	0.01	0.01	Information	
Nickel (Ni)	0.06	0.07	0.07	Information	
Phosphorus (P)	0.018	0.012	0.012	-. -	0.04
Silicon (Si)	0.17	0.13	0.13	Information	
Sulfur <sup>A</sup> (S)	0.019	0.020	0.019	-. -	0.051
Titanium (Ti)	<0.005	<0.005	<0.005	Information	
Vanadium (V)	<0.005	<0.005	<0.005	Information	

<sup>A</sup> Carbon and sulfur concentrations determined by LECO combustion. The concentrations of all other elements determined by spark optical emission spectroscopy.

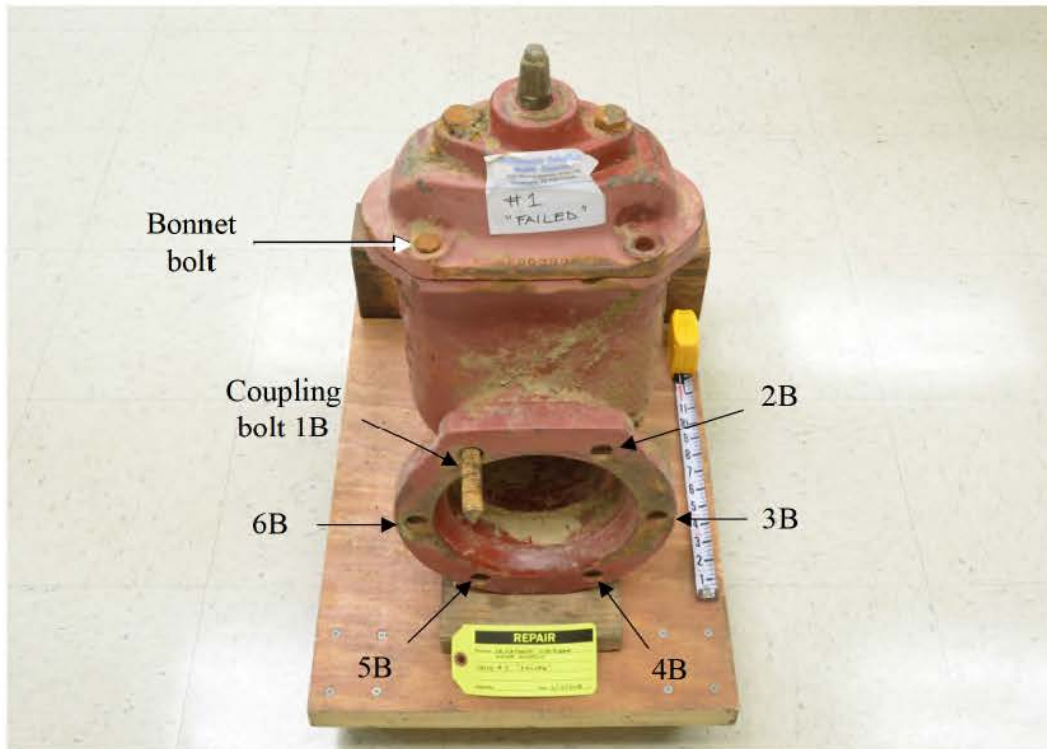




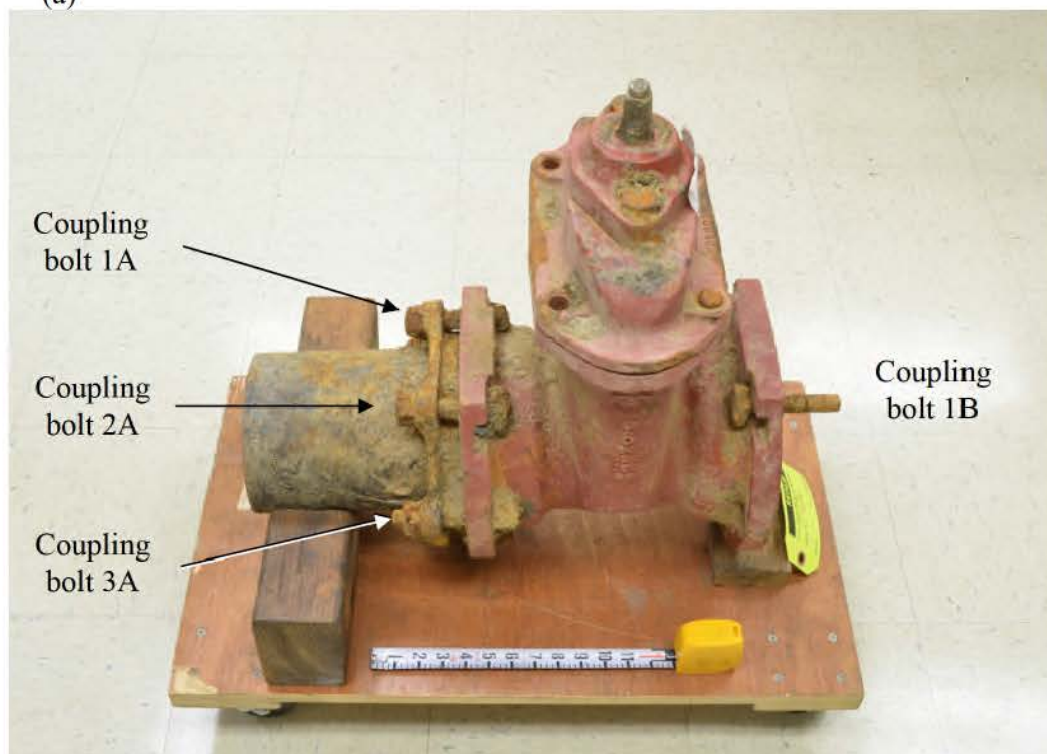
**Table 2**  
**Results of Quantitative Chemical Analysis of**  
**Coupling Bolts from Valves 1 and 2**  
**Compared to the Chemical Composition Requirements of**  
**ASTM A242 High-Strength Low-Alloy Structural Steel**

Element	Valve 1 Coupling Bolt 1A (wt%)	Valve 1 Coupling Bolt 6A (wt%)	Valve 1 Coupling Bolt 1B (wt%)	Valve 2 Coupling Bolt 1B (wt%)	Valve 2 Coupling Bolt 6A (wt%)	Requirements for ASTM A242 High-Strength Low-Alloy Steel (wt%)	
						min	max
Aluminum (Al)	≤0.005	≤0.005	<0.005	≤0.005	≤0.005	Information	
Carbon <sup>A</sup> (C)	0.12	0.076	0.076	0.12	0.12	--	0.15
Chromium (Cr)	0.44	0.65	0.066	0.57	0.56	Information	
Copper (Cu)	0.35	0.35	0.035	0.31	0.30	0.20	--
Iron (Fe)	Major Constituent						
Manganese (Mn)	0.76	0.56	0.56	0.78	0.78	--	1.00
Molybdenum (Mo)	0.03	0.01	0.01	0.03	0.04	Information	
Nickel (Ni)	0.42	0.31	0.31	0.37	0.37	Information	
Phosphorus (P)	0.007	0.008	0.008	0.008	0.008	--	0.15
Silicon (Si)	0.22	0.24	0.24	0.20	0.20	Information	
Sulfur <sup>A</sup> (S)	0.035	0.023	0.023	0.029	0.029	--	0.05
Titanium (Ti)	<0.005	<0.005	<0.005	<0.005	<0.005	Information	
Vanadium (V)	0.03	<0.005	<0.005	0.03	0.03	Information	

<sup>A</sup> Carbon and sulfur concentrations determined by LECO combustion. The concentrations of all other elements determined by spark optical emission spectroscopy.



(a)



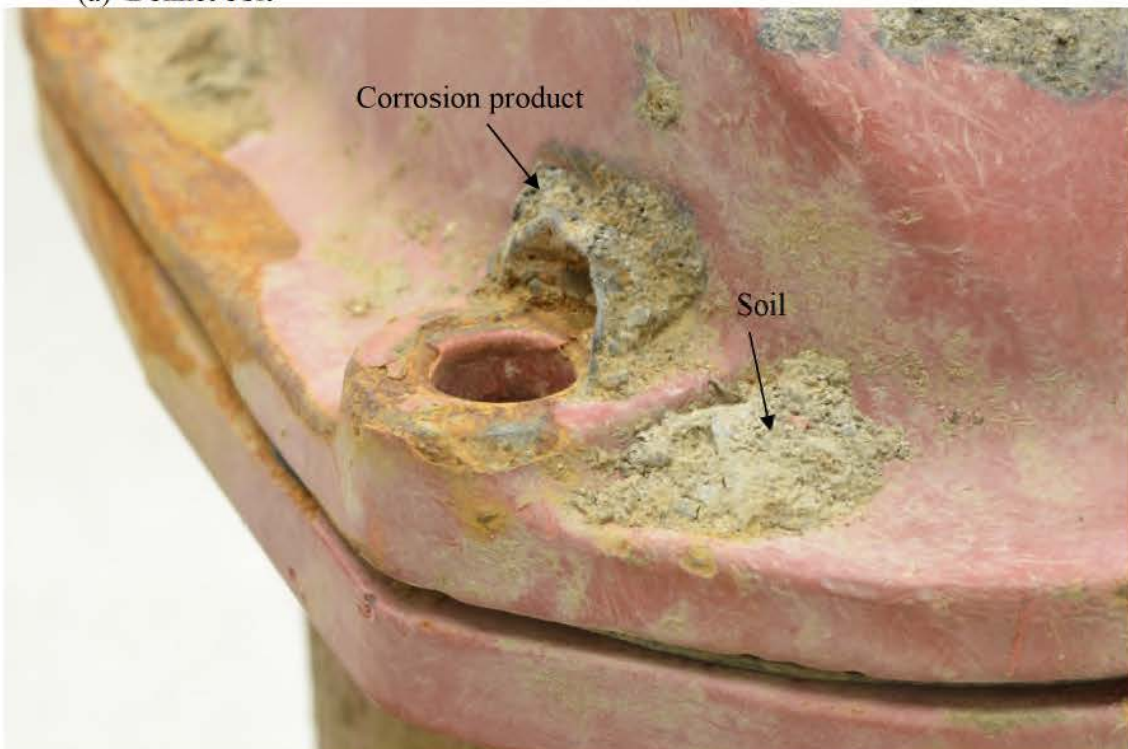
(b)

Figure 1 Photographs of the failed subject, valve 1. In (b) coupling bolts 4A, 5A, and 6A are not visible. The coupling bolt numbers were assigned clockwise, facing the valve from the coupling side, as indicated in (a).





(a) Bonnet bolt



(b) Empty bonnet bolt hole

Figure 2 Valve 1 bonnet bolt and empty bonnet bolt hole.



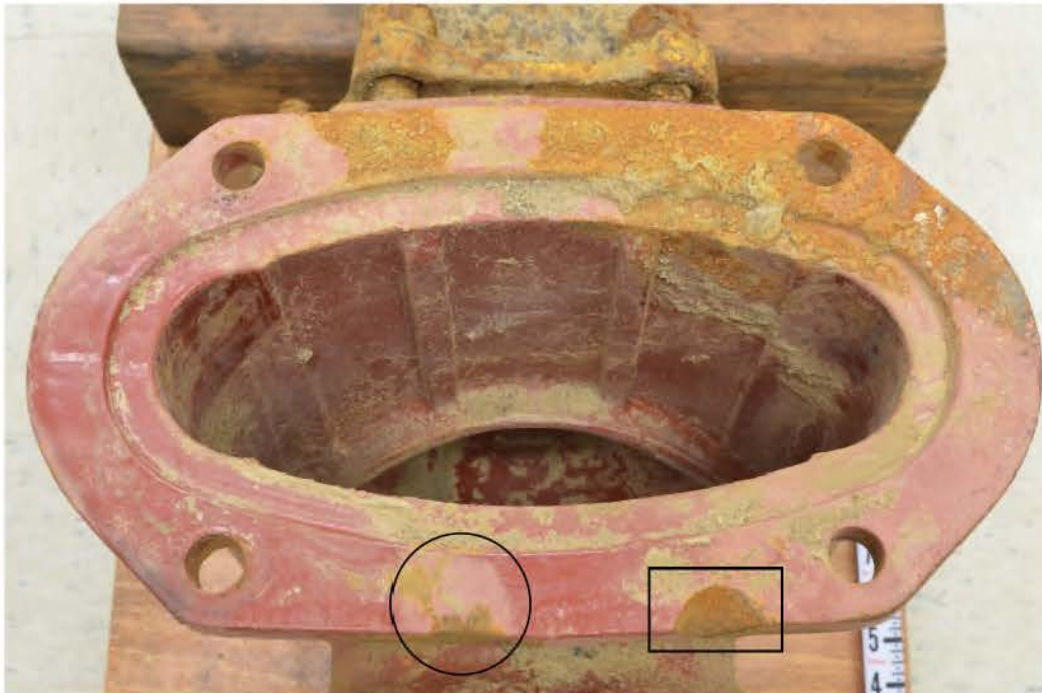
(a) Valve 1 coupling bolt 1A



(b) Valve 1 coupling bolt 6A

Figure 3 Photographs of valve 1 coupling bolts 1A and 6A encrusted in corrosion product and soil.





(a) Bonnet and gate removed from valve



(b) Bonnet and gate

Figure 4 Photographs of the failed subject, valve 1. Matching erosion patterns in polymer coating are circled. Coating damage and metal loss in boxed regions was consistent with erosion. Rust on flanges indicates missing coating.

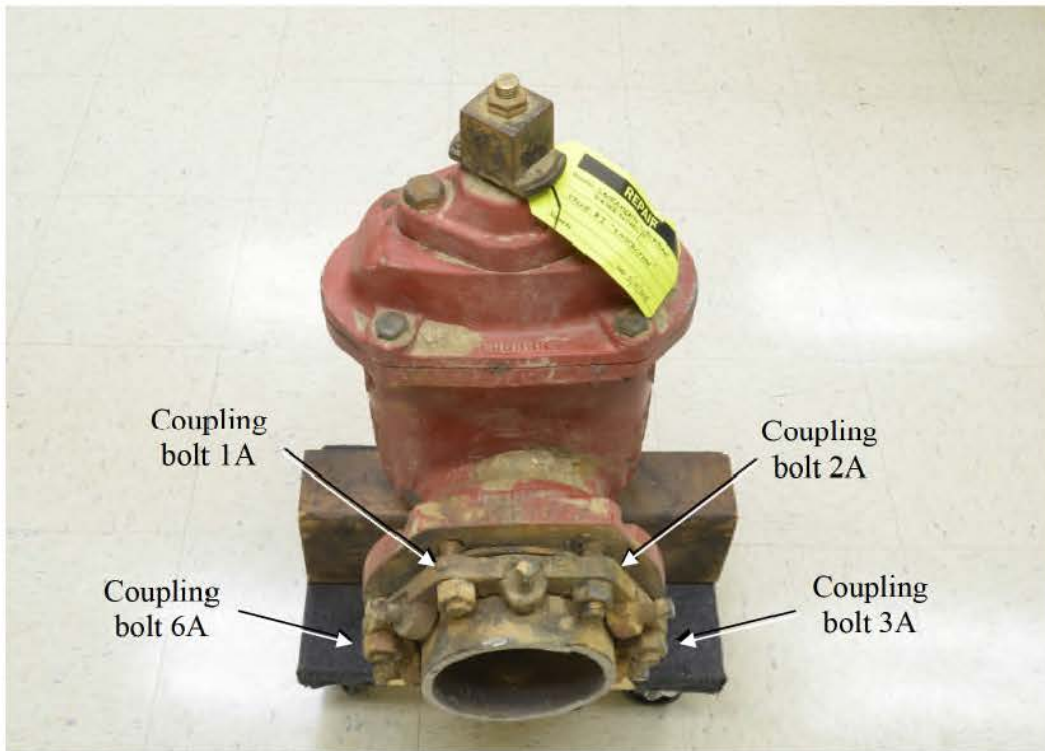


(a)

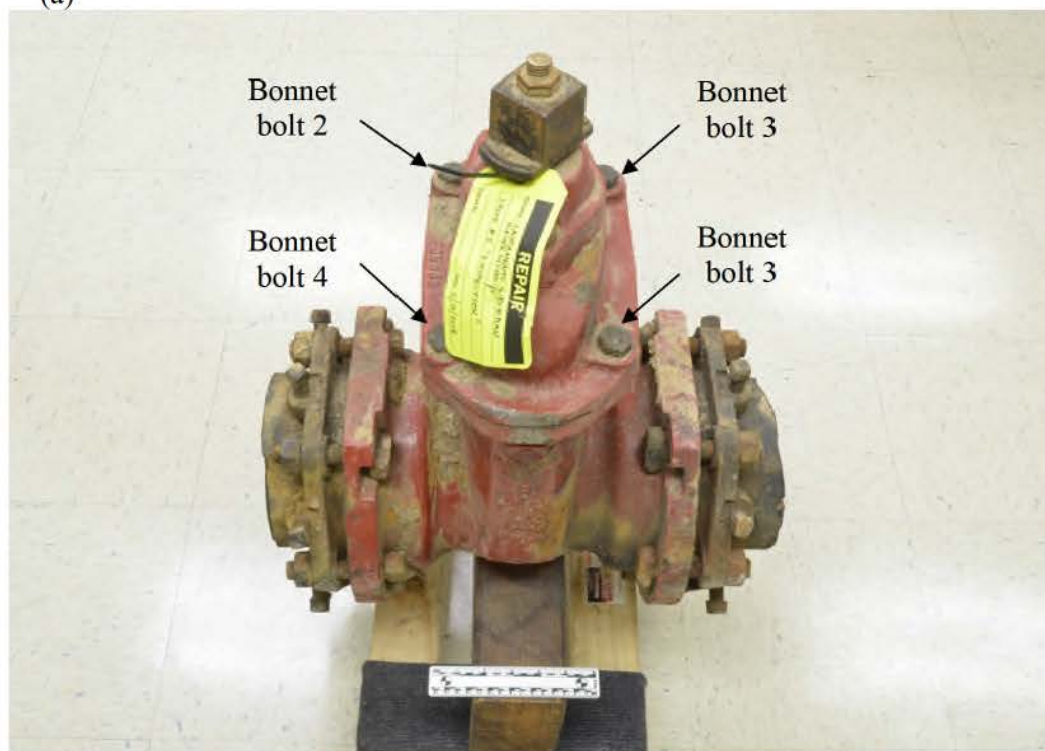


(b)

Figure 5 Photographs of the bonnet gasket remnants.



(a)



(b)

Figure 6 Photographs of the example valve 2. In (a), coupling bolts 4B and 5B are not visible. The coupling bolt numbers were assigned clockwise, facing the valve from the coupling side, as indicated in (a).





(a) Valve 1 bonnet bolt as-received.



(b) Valve 1 coupling bolt 1A after cleaning

Figure 7 Photographs of valve 1 bonnet bolt and coupling bolt 1A.



(a) Valve 1 coupling bolt 6A



(b) Valve 1 coupling bolt 1B after cleaning

Figure 8 Photographs of valve 1 coupling bolts 6A and 1B.



(a) Valve 2 bonnet bolt 2 after cleaning



(b) Valve 2 bonnet bolt 4 after cleaning

Figure 9 Photographs of valve 2 bonnet bolts 2 and 4



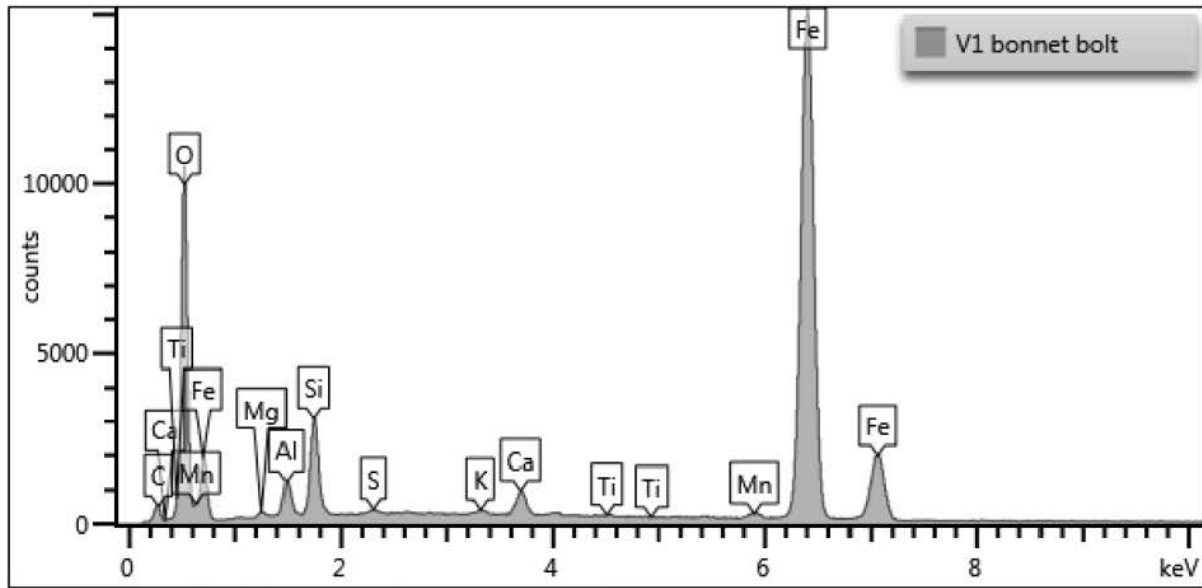
(a) Valve 2 coupling bolt 1B



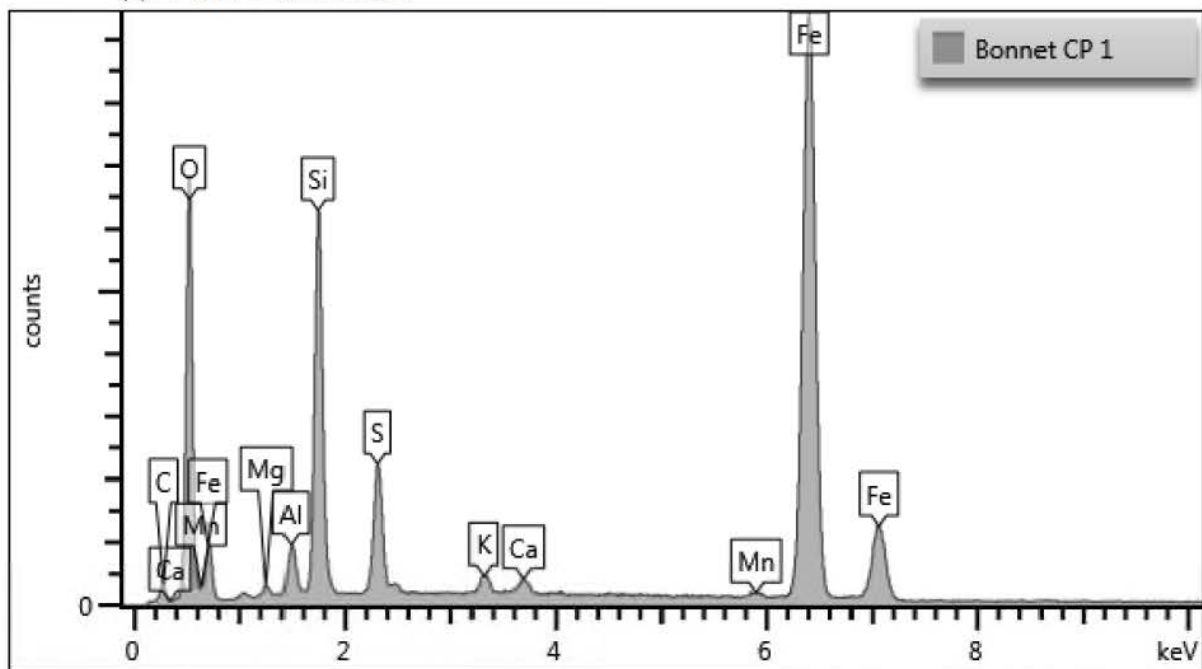
(b) Valve 2 coupling bolt 6A

Figure 10 Photographs of valve 2 coupling bolts 1B and 6A after cleaning. The nuts were stamped A242.





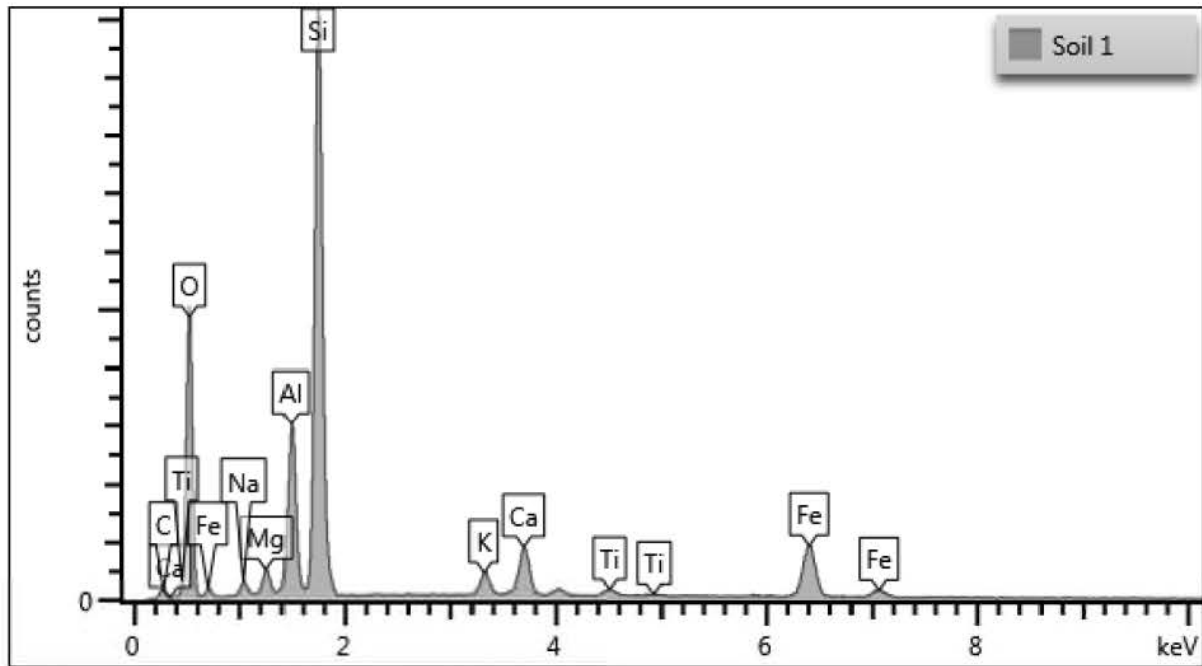
(a) Valve 1 bonnet bolt



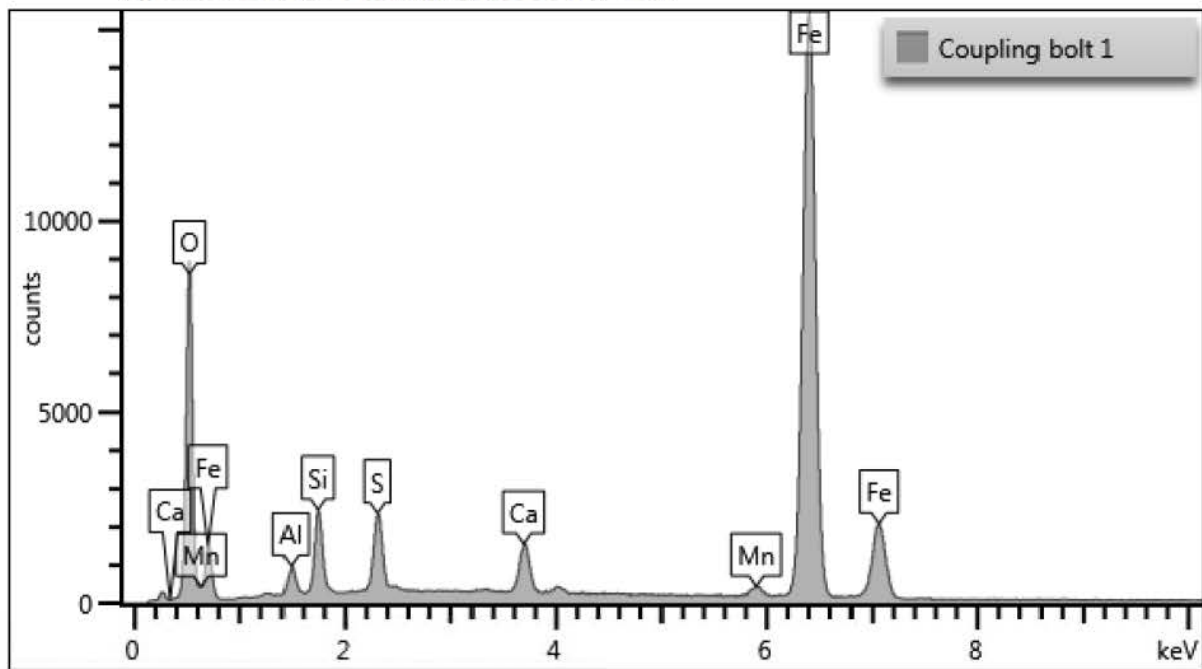
(b) Corrosion product on valve 1 bonnet

Figure 11 Representative EDS spectra from the conical end of the Valve 1 bonnet bolt and corrosion product around a valve 1 bonnet bolt hole indicated in Figure 2b.





(a) Soil on valve 1 indicated in in Figure 2b.

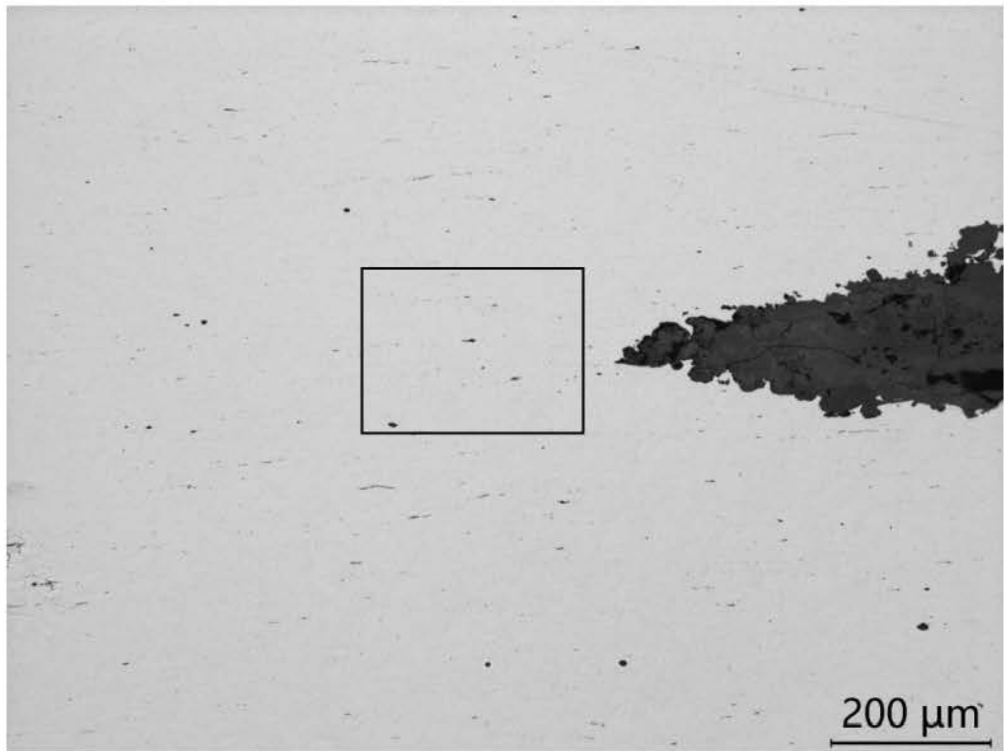


(b) Valve 1 coupling bolt 1A corrosion product

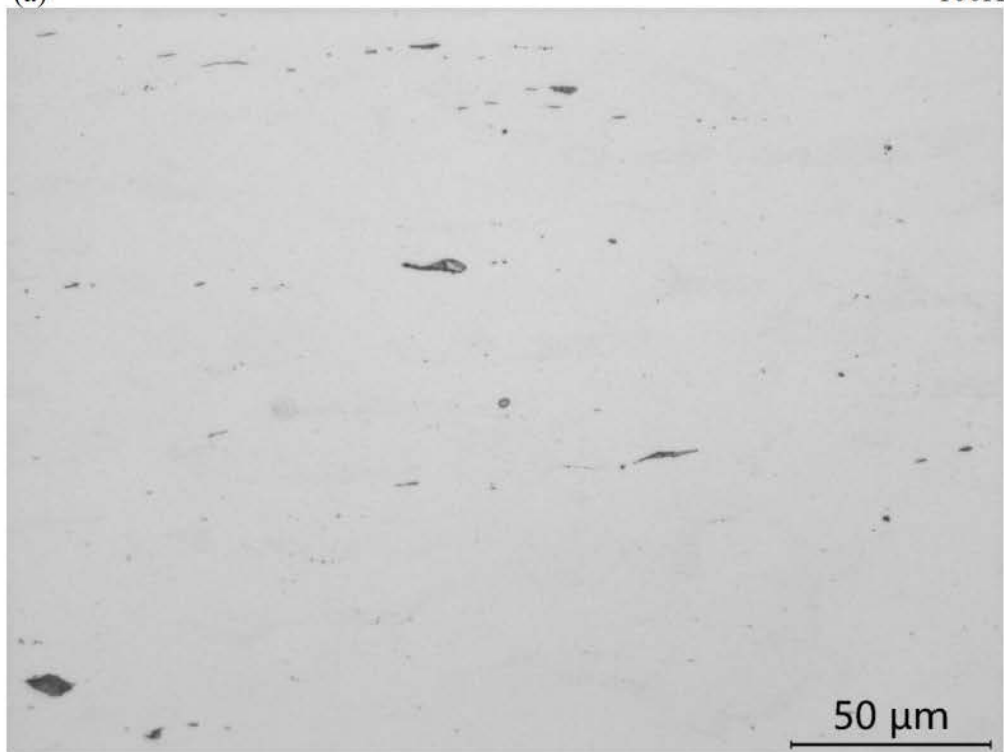
Figure 12 Representative EDS spectra from soil on the valve 1 bonnet and valve 1 coupling bolt 1A corrosion product.



Figure 13 Photograph of the longitudinal section through the end of the valve 1 bonnet bolt prepared for metallography.

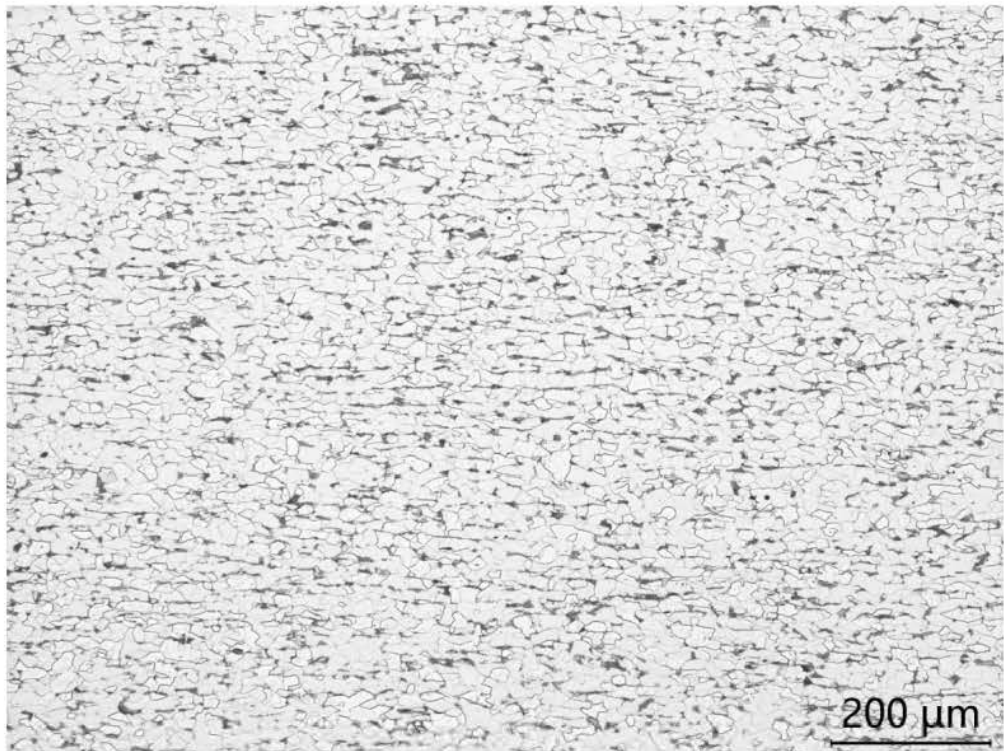


(a) 100X



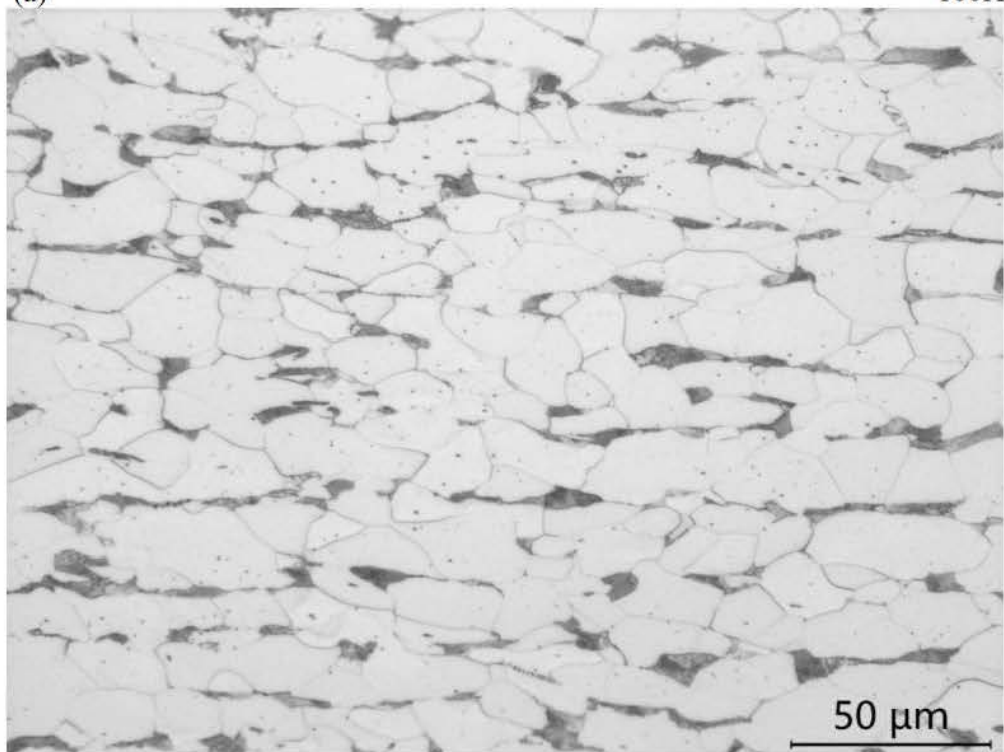
(b) 500X

Figure 14 Micrographs of the valve 1 bonnet bolt section from the boxed region  $\alpha$  indicated in Figure 13, as-polished.



(a)

100X



(b)

500X

Figure 15 Representative micrographs of the valve 1 bonnet bolt section prepared for metallography, etched with 2% nital.

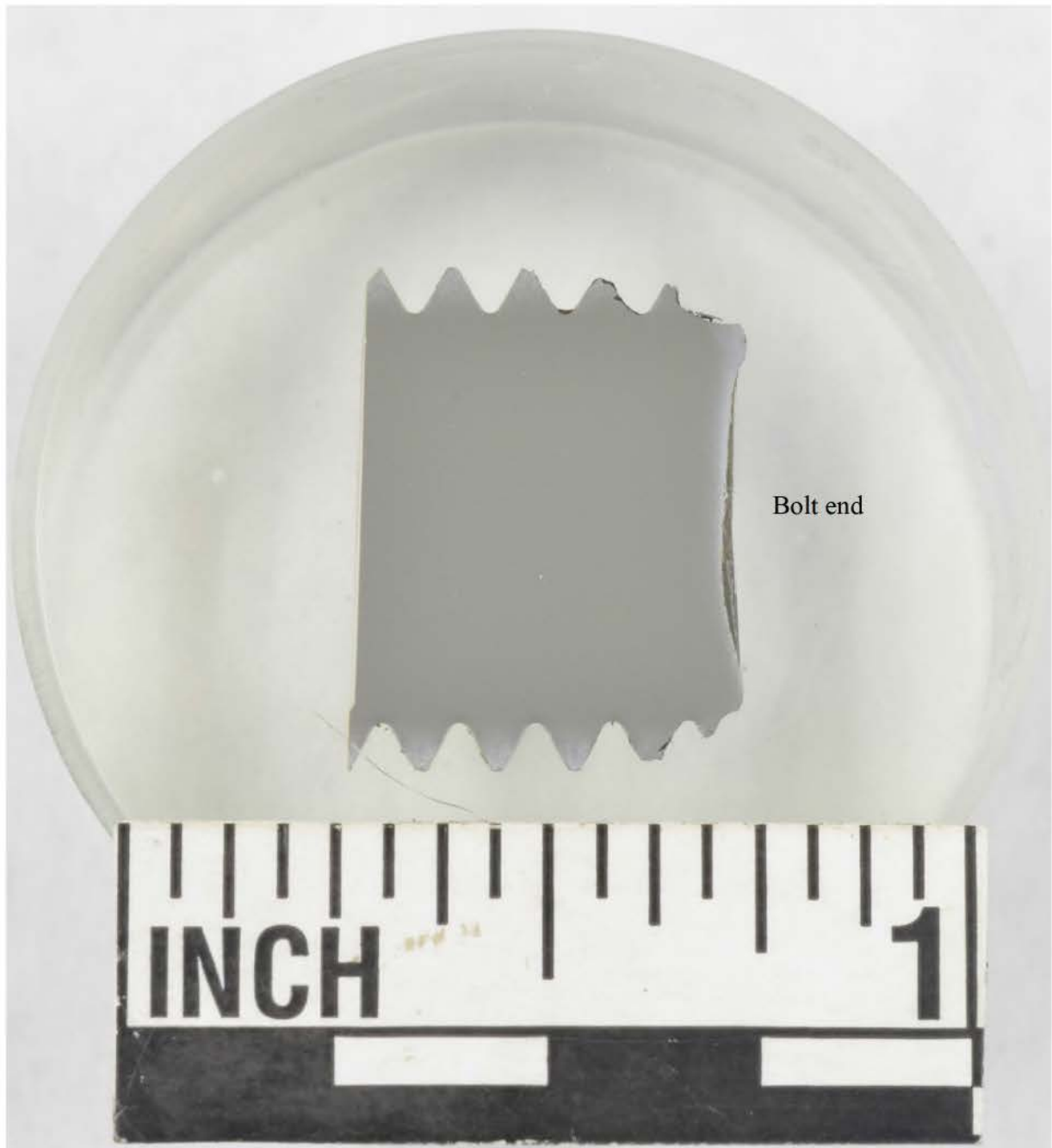
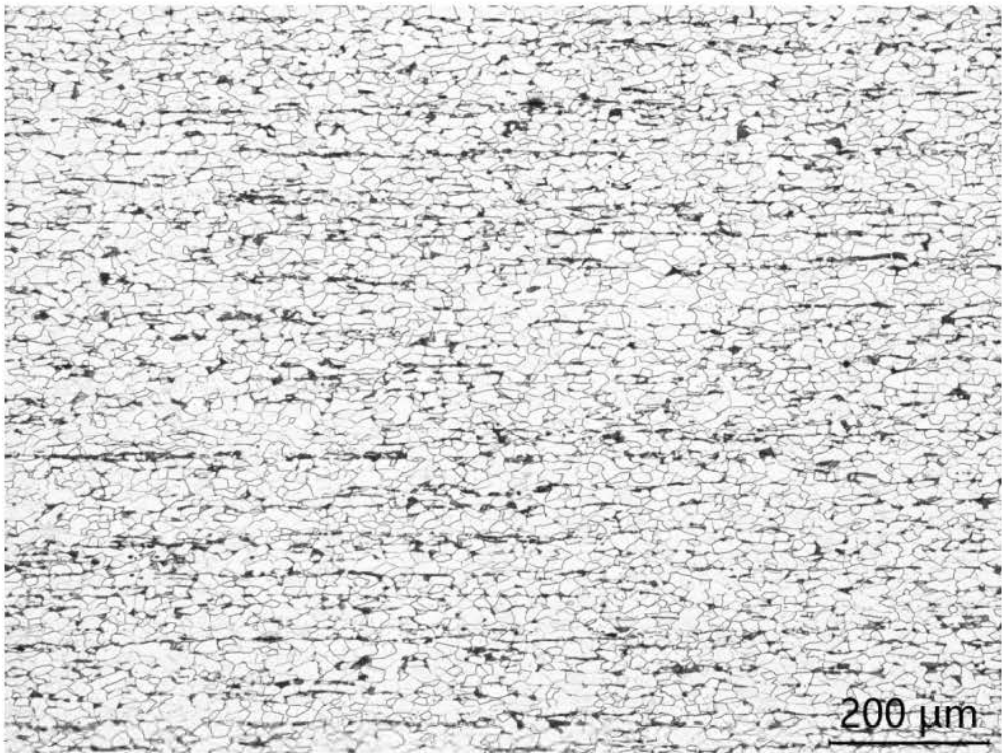


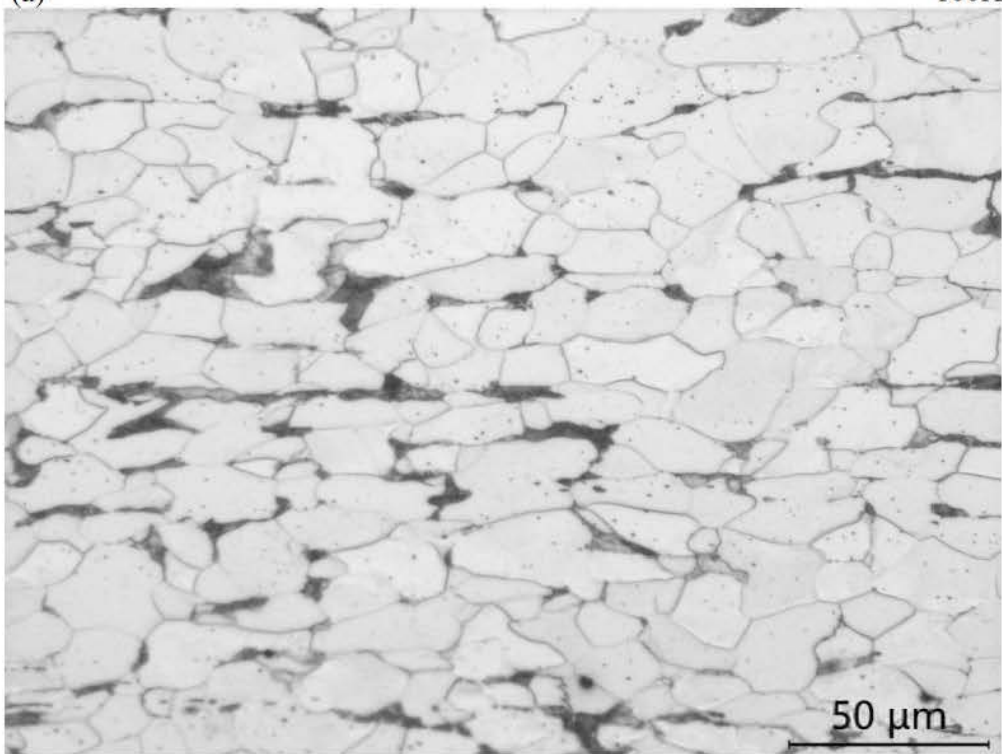
Figure 16 Photograph of the longitudinal section of valve 2 bonnet bolt 4 prepared for metallography.





(a)

100X



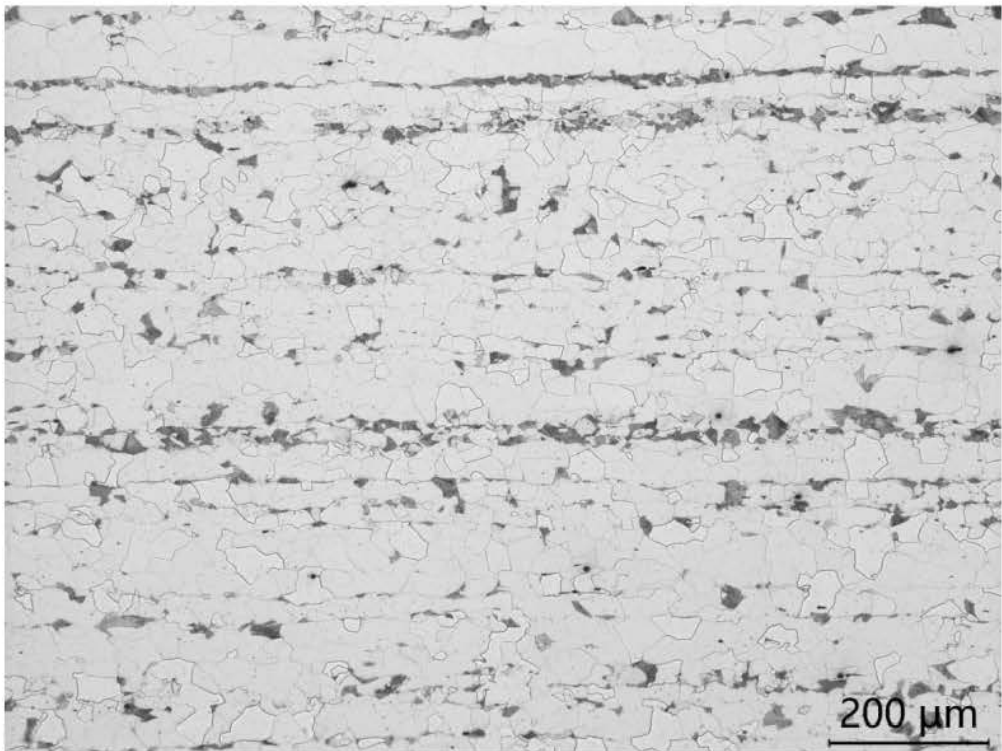
(b)

500X

Figure 17 Representative micrographs of the valve 2 bonnet bolt 4 section prepared for metallography, etched with 2% nital.

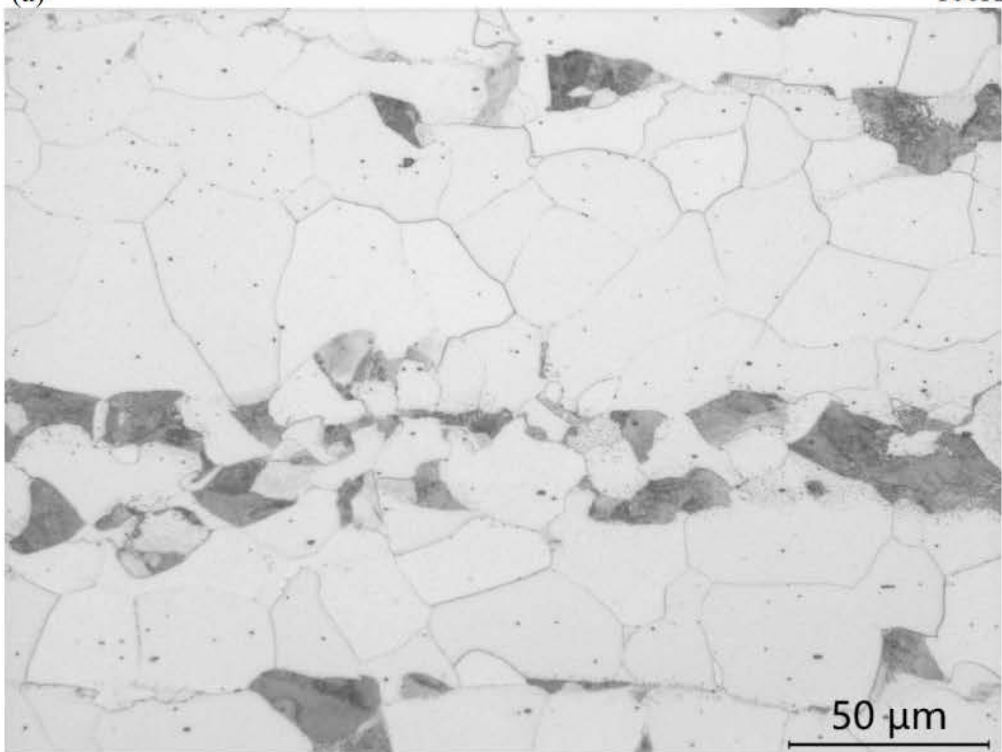


Figure 18 Photograph of the longitudinal section of valve 1 coupling bolt 6A prepared for metallography.



(a)

100X



(b)

500X

Figure 19 Representative micrographs of the section from valve 1 coupling bolt 6 prepared for metallography, etched with 2% nital.



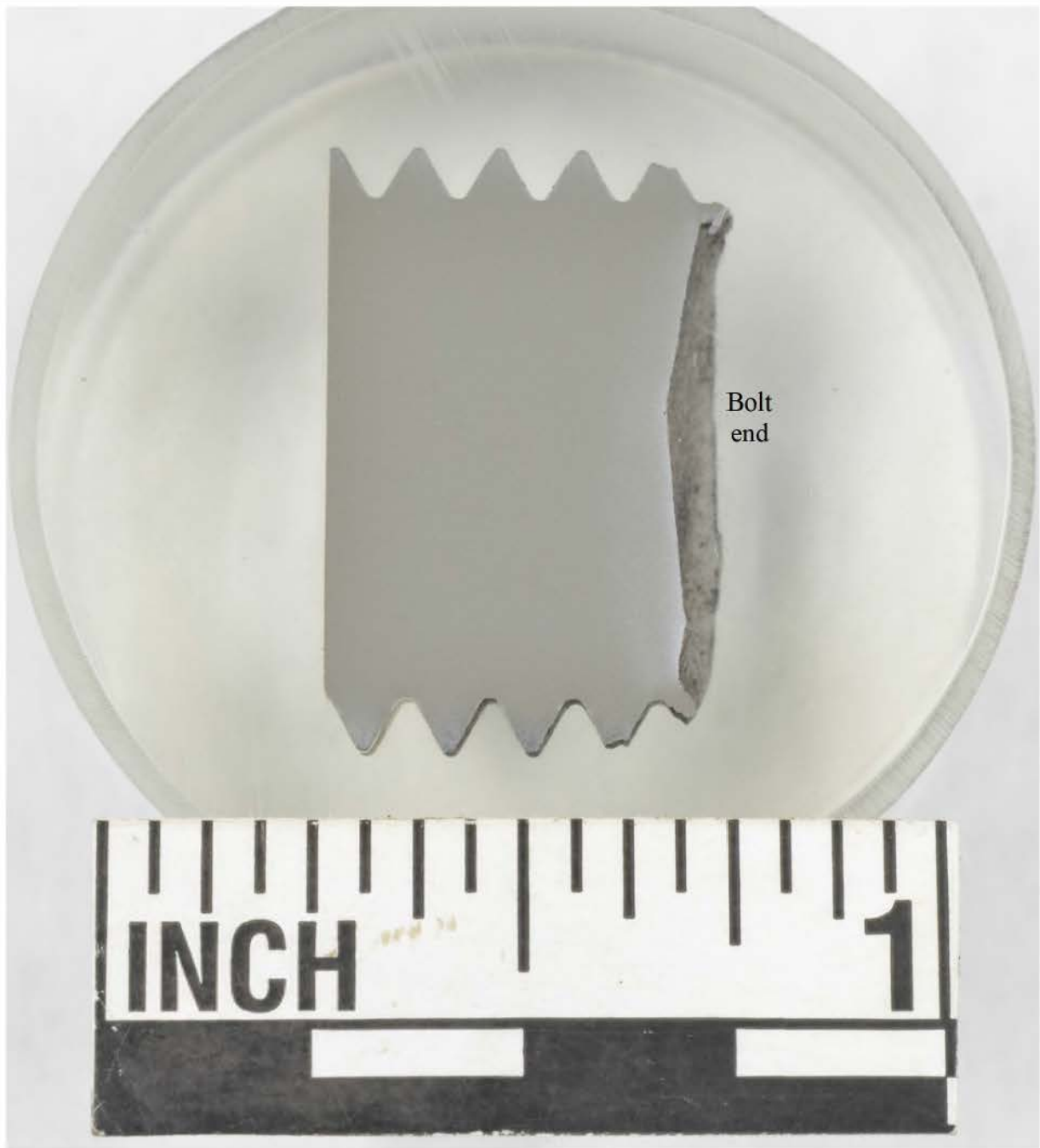


Figure 20 Photograph of the longitudinal section of valve 2 coupling bolt 1B prepared for metallography, etched with 2% nital.

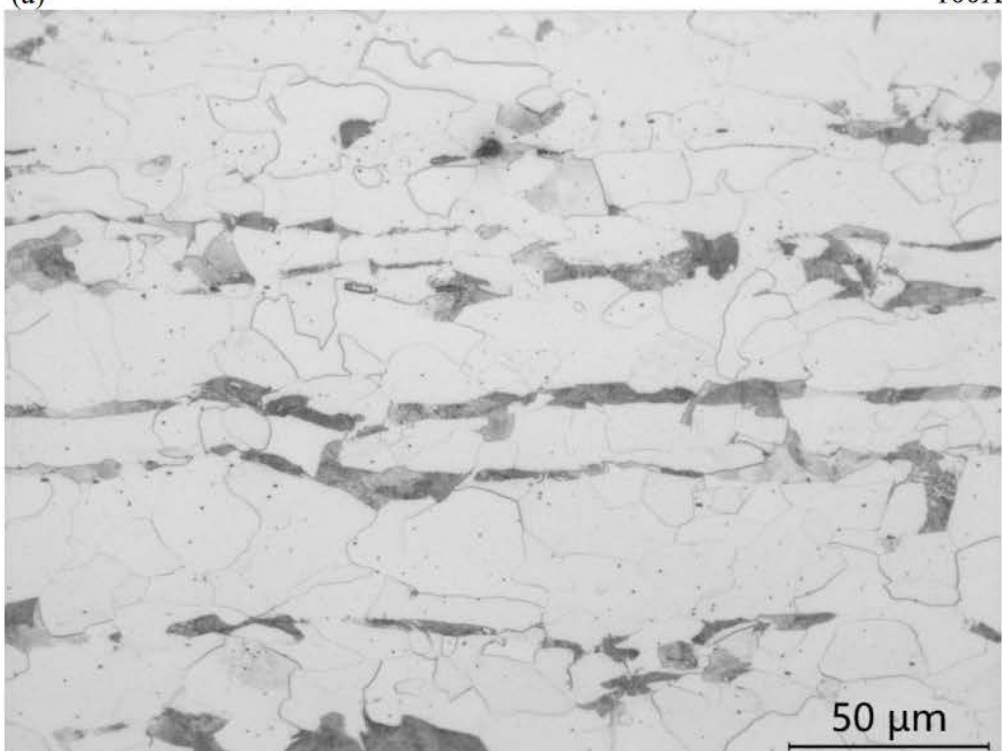
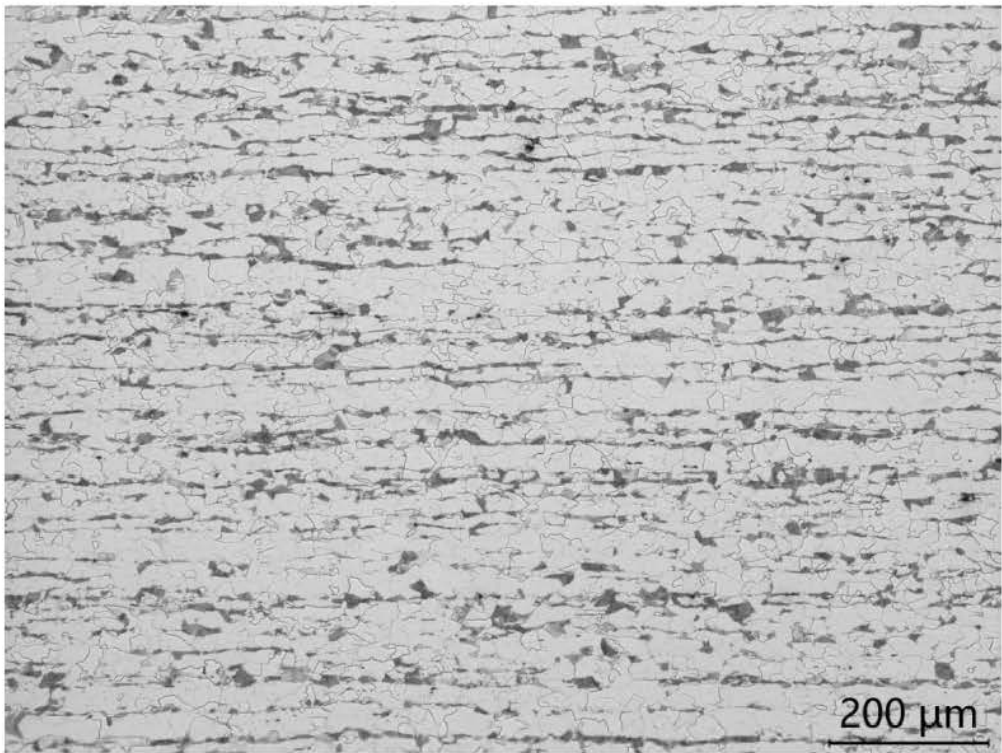


Figure 21 Representative micrographs of the section from valve 2 coupling bolt 1B prepared for metallography, etched with 2% nital.



Appendix  
(Photograph courtesy of SSWD)  
Valve 1 bonnet bolt not submitted for analysis





## Agenda Item: 18 a.

**Date:** June 4, 2018

**Subject:** Upcoming Policy Review – Employment Rules and Procedures Policy (PL – HR 001)

**Staff Contact:** Lynne Yost, Human Resources Coordinator

The Employment Rules and Procedures Policy (PL – HR 001) was originally adopted by the Board in October 2010 and last revised in October 2017.

Staff has one recommended policy update to confirm that limited information will be provided for employment verifications without a release signed by the employee or General Manager pre-approval. This update will formalize current practice to protect the District in the event a negative employment action is taken by a prospective employer.

This policy is scheduled for Board consideration and adoption at the July Board meeting. If a Director wishes to have their comments included in hard copy for Board review and consideration, please provide those comments to staff by Monday, July 2, 2018.

## Sacramento Suburban Water District

**Employment Rules and Procedures Policy**

Adopted: October 18, 2010

Revised/Approved with changes on: ~~August 20, 2012, October 17, 2016~~ July 18~~XX~~, 2018**100.00 Purpose of the Policy**

The purpose of this policy is to direct the General Manager to establish and maintain fair and consistent rules and procedures relating to District employment.

**200.00 Policy**

Pursuant to California Water Code Section 30580, the General Manager has full power and authority to employ, discharge and prescribe the duties of all District employees. The General Manager will insure that all rules and procedures relating to District employment comply with state and federal labor laws and regulations governing public agency employment. The General Manager has determined that employment verifications will be limited to dates of employment, last job title and last monthly or annual pay/salary unless a release signed by the employee or General Manager pre-approval is received.

**300.00 Authority and Responsibility**

The General Manager will be responsible for administering this policy. The Assistant General Manager and Human Resources Coordinator will assist the General Manager in developing and maintaining an Employee Handbook that will be provided to all current and new employees.

**400.00 Policy Review**

This Policy shall be reviewed at least biennially.



## Agenda Item: 18 b.

**Date:** June 4, 2018

**Subject:** Upcoming Policy Review – Driver Record and Insurance Review Policy (PL – HR 006)

**Staff Contact:** Lynne Yost, Human Resources Coordinator

The Driver Record and Insurance Review Policy (PL – HR 006) was originally adopted by the Board in August 2006 and last revised in September 2016.

Staff is recommending the Board reaffirm the policy with no changes. It was not submitted to legal counsel for review and ACWA/JPIA does not have a model policy.

Staff also reviewed the Driver Record and Insurance Review Procedure (PR – HR 003), which will be submitted for General Manager review and approval after the policy review is approved by the Board.

The policy is scheduled for Board review and approval at the July Board meeting. If a Director wishes to have their comments included in hard copy for Board review and consideration, please provide those comments to staff by Monday, July 2, 2018.



## Sacramento Suburban Water District

**Driver Record and Insurance Review Policy**

Adopted: August 21, 2006

Revised: ~~Ratified without changes on: August 18, 2008; June 21, 2010; October 15, 2012; September 19, 2016~~ July 18~~XX~~, 2018

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**100.00 Purpose of the Policy**

The purpose of this policy is to establish and apply uniform criteria when accessing and evaluating driver record, class and financial responsibility/insurance information for Directors, staff, prospective staff and volunteers who drive a District or personal vehicle while on District business.

**200.00 Policy**

It is the policy of the District to require every Director, staff member, prospective staff member and volunteer who drive a District or personal vehicle while on District business to hold a valid State of California driver's license. Additionally, any personal vehicle driven for District business purposes must meet the requirements of the California Compulsory Financial Responsibility Law, California Vehicle Code Sections 16000 through 16078.

Prospective staff members and volunteers will be required to authorize the District to obtain a current Department of Motor Vehicles ("DMV") driving record report after a conditional offer of employment has been made or volunteer opportunity has been presented.

Every Director, staff member and volunteer will be responsible for reporting to the General Manager or designee (Directors), or their immediate supervisor (staff members and volunteers), any moving violation or accident that occurs while they are driving a District or personal vehicle on District business, and shall do so immediately (within 24 hours) following the violation or accident.

Every Director, staff member and volunteer will be enrolled in the DMV Employer Pull Notice Program ("Pull Program") and will be required to sign an Authorization for Release of Driver Record Information for enrollment into the Pull Program. The information received from the Pull Program will be used to validate any moving violations or accidents reported by a Director, staff member or volunteer. Upon termination of employment, the Director, staff member or volunteer will be removed from the Pull Program.

Under the requirements of the California Compulsory Financial Responsibility Law, every Director, staff member and volunteer shall also sign a “Proof of Insurance” form to assure financial responsibility (most commonly established by maintaining automobile insurance coverage) for any personal vehicle used on District business. This form shall be signed at the time of hire, taking office, or the start of the volunteer assignment and shall be resubmitted on an annual basis.

If a Director’s, staff member’s or volunteer’s license is revoked or suspended by the DMV or a court of law, or in the event of any loss of financial responsibility/insurance, the Director, staff member or volunteer must immediately inform the General Manager or designee (Directors) or his/her immediate supervisor (staff members and volunteers) by the next business day. If a Director violates this policy, the General Manager will report the violation and any recommended action to the Board of Directors. If a staff member or volunteer fails to notify his/her immediate supervisor or continues to drive a District or personal vehicle on District business after the loss of a license, license class or financial responsibility/insurance, appropriate disciplinary action may be taken up to and including termination of employment.

### **300.00 Authority and Responsibility**

The General Manager is responsible for administering this policy and has established a process for reviewing and evaluating driver record and financial responsibility information as set forth in the Driver Record and Insurance Review Procedure (PR-HR 003) in an effort to reduce the District’s exposure to liability as well as ensure the safety of Directors, staff members, volunteers, customers and members of the general public.

### **400.00 Policy Review**

This Policy shall be reviewed at least biennially.





## Agenda Item: 18 c.

**Date:** June 4, 2018

**Subject:** Upcoming Policy Review – Employee Recruitment, Hiring and Promotion Policy (PL – HR 009)

**Staff Contact:** Lynne Yost, Human Resources Coordinator

The Employee Recruitment, Hiring and Promotion Policy (PL – HR 009) was originally adopted by the Board in June 2007 and last revised in June 2016.

Staff is recommending updated language in Section 300.00 for consistency with language used in other policies that have a companion procedure. No other changes are recommended, the policy was not submitted to legal counsel for review and ACWA/JPIA does not have a model policy.

Staff also reviewed the Employee Recruitment, Hiring and Promotion Procedure (PR – HR 009). Recommended updates to the procedure will be submitted for General Manager review and approval after the updated policy is approved by the Board.

The policy is scheduled for Board review and approval at the July Board meeting. If a Director wishes to have their comments included in hard copy for Board review and consideration, please provide those comments to staff by Monday, July 2, 2018.

## Sacramento Suburban Water District

**Employee Recruitment, Hiring and Promotion Policy**

Adopted: June 18, 2007

Revised: ~~Approved with changes on: August 15, 2011; September 16, 2013; April 21, 2014; June 20, 2016~~ July 18XX, 2018

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**100.00 Purpose of the Policy**

The purpose of this policy is to direct the General Manager to establish a uniform and consistent process for recruiting, hiring and promoting District employees that is fair and equitable to all applicants/employees and will result in hiring/promoting the most qualified candidate who best meets the needs of the District.

**200.00 Policy**

Employment with the District is “at will” and all employees serve at the pleasure of the General Manager (California Water Code Section 30580). This means that all employees and the District, by and through the General Manager or his/her designee, have the right to terminate employment at any time, with or without advance notice and with or without cause.

The District is committed to insuring a fair and equitable recruitment and hiring process for all new, vacant and promotional positions that complies with all applicable state and federal laws, results in selecting the most qualified candidate based on the needs of the District, provides a diverse and dynamic work force, and avoids any favoritism or discrimination. The process, which shall be utilized for all Introductory/Regular/Management and Temporary/Seasonal positions, shall identify and attract qualified candidates, including members of protected groups, and encourage the career growth of current staff. The District will not hire individuals with a documented past or present history of violence to insure employee and customer safety.

The Board of Directors shall approve the hiring of any new staff positions that will increase the total number of regular, full-time District employees. The Board of Directors shall also determine the recruitment process and selection criteria to be used in the event of a vacancy in the position of General Manager.

**210.00 Equal Opportunity Employer**

The District is an equal opportunity employer, and employment decisions are made on the basis of merit, experience and other bona fide occupational qualifications. The

District is committed to complying with all applicable laws providing equal employment opportunities. This policy prohibits unlawful discrimination based on race, sex, color, national origin, ancestry and all other protected classes under applicable federal or state laws. This policy applies to all persons involved in the operation of the District, including employees, directors, other officers, contractors, consultants and vendors. This policy applies to all areas of employment, including recruitment, hiring, training, promotion, transfer, termination, reduction in force, compensation and other benefits.

### **300.00 Authority and Responsibility**

The General Manager ~~is~~ shall be responsible for administering this policy and has established processes for recruiting, hiring and promoting staff ~~on processes and procedures that align with this policy and the District's Strategic Plan, and are consistent with applicable state and federal labor laws.~~ ~~The General Manager has established processes and procedures as set forth in the Employee Recruitment, Hiring and Promotion Procedure (PR - HR 009).~~ Prior approval from the General Manager or his/her designee is required to fill vacant staff positions and/or to reorganize a department's existing staffing needs. However, the reorganization cannot result in any additional staff positions that will increase the total number of full-time employees beyond that previously approved by the District's Board of Directors.

The General Manager or his/her designee must also approve the hiring or promotion of the recommended candidate and starting pay within the pay/salary band for the position. Nothing in this policy is intended to infringe on the duties of the General Manager as authorized under California Water Code Section 30580.

### **400.00 Policy Review**

This Policy shall be reviewed at least biennially.



## Agenda Item: 18 d.

**Date:** June 8, 2018

**Subject:** Upcoming Policy Review – Sustainability Policy (PL – Adm 005)

**Staff Contact:** Dan York, General Manager

The Sustainability Policy (PL – Adm 005) was originally adopted by the Board in November 2007 and last revised in July 2016.

Staff is recommending the Board reaffirm the policy with no changes. It was not submitted to legal counsel for review at this time.

The policy is scheduled for Board review and approval at the July Board meeting. If a Director wishes to have their comments included in hard copy for Board review and consideration, please provide those comments to staff by Monday, July 2, 2018.

## Sacramento Suburban Water District

**Sustainability Policy**

Adopted: November 12, 2007

Revised: ~~July 18, 2016~~ Ratified without changes on: June 18, 2018**100.00 Purpose of the Policy**

The primary purpose of this policy is to establish Sustainability as a guiding principle for daily operations and as a framework for longer term business decisions for the District. The Board of Directors of the Sacramento Suburban Water District recognizes and accepts its responsibility to support a sustainable community through plans, policies, and procedures that promote clean air and water, reduce energy consumption and air pollution, promote water use efficiency, the use of alternative energy sources, recycling and solid waste management, and provide awareness in these areas to its employees, customers, and the community.

**100.10 Definitions**

Sustainability is defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” (United Nations, 1987)

**200.00 Policy**

It shall be the Policy of the District to consider the financial, environmental, and social benefits of business practices, to make decisions that are cost effective to ratepayers and responsive to the environment. To support this policy the District will, when practical and prudent, make best efforts to:

1. Encourage and develop connections between environmental quality and operational efficiency.
2. Include long term and cumulative impacts in decision making and work to protect environmental quality in our community.
3. Ensure commitment to equity so environmental impacts and the costs of protecting the environment do not unfairly burden the District’s ratepayers.
4. Ensure environmental quality and understand environmental linkages when decisions are made regarding project development and

implementation, District owned facility use, transportation needs, energy use, water conservation, and air quality impacts.

5. Use resources efficiently and, when possible, reduce demand for natural resources.
6. Use cost effective measures to mitigate additional pollution through planned, proactive measures rather than only corrective action.
7. Act locally to reduce adverse global impacts by supporting and implementing innovative programs that maintain and promote the District as a sustainable business.
8. Purchase products based on long term environmental and operating costs and find ways to include environmental and social costs in short term prices. Purchase products that are durable, reusable, biodegradable, made of recycled materials, and are non-toxic.
9. Educate customers and employees about the District's sustainable programs. Work with other entities, not directly related to water, to implement Best Management Practices if opportunities exist and take advantage of community resources.
10. Solicit customer input on solutions. Encourage customer participation in District policy decisions. Encourage individuals and businesses to take responsibility for their actions that impact water and the environment.

### **300.00 Policy Review**

This Policy shall be reviewed at least biennially.



## Agenda Item: 19

**Date:** June 11, 2018

**Subject:** Financial Report

**Staff Contact:** Daniel A. Bills, Finance Director

Five reports are attached for your information. They are:

- Financial Statements – May 2018
- Cash Expenditures – May 2018
- Credit Card Expenditures – May 2018
- District Reserve Balances – May 2018
- Information Required by LOC Agreement

### Financial Statements

#### Balance Sheet:

District cash and cash equivalents increased to \$10.5 million as of May 31, 2018, up from \$6.1 million at December 31, 2017. Cash held in the District's bank accounts (\$3.6 million as of May 31) is held in accordance with state and federal regulations, which state that cash held in the District's bank accounts above the FDIC insured limits must be fully collateralized with government securities that are equal to or greater than 110% of the District's cash balance in the bank at any time.

Investments decreased since December 31, 2017 by \$0.4 million to a total of \$35.5 million, reflecting unrealized market value losses net of the reinvestment of interest received. Investment portfolio balances and activity are reported at quarter-end in accordance with Board direction.

Capital assets grew \$4.0 million to \$462.4 million as of May 31, 2018, reflecting expenditures on distribution main replacement projects, well improvement projects and meter retrofits. Capital assets are primarily funded by monthly remuneration from customers through "capital facilities charges," developer contributions, as well as grant funds, when available, and District reserves when necessary.

Net position stands at \$248.6 million as of May 31, 2018, compared to \$245.4 million at December 31, 2017 for an increase of \$3.2 million.



Income Statement:

The net position increase of \$3.2 million in 2018, when compared to \$2.0 million for the same year-to-day period in 2017, shows:

1. Water Consumption Sales increased by \$0.6 million (21.2 percent) compared to the same period of 2017 due primarily to increased water deliveries as 9,216 acre-feet of water was delivered in 2018 compared to 8,884 acre-feet in 2017. In addition to the increased volume of water consumption, a 4.0 percent rate increase also occurred on January 1, 2018.
2. Total operating revenues also increased due to Capital Facility Charges increasing by \$0.4 million in line with the 4.0 percent rate increase referred to above.
3. Operating expenses decreased by \$0.5 million due primarily to – 1) a decrease of \$0.6 million in surface water purchasing costs as no surface water was taken in first three months of 2018 due to the shutdown of the Antelope Transmission Pipeline (ATP) and availability of PCWA water; offsetting the decreased cost from surface water was an increase of \$0.3 million in groundwater pumping costs; and 2) a decrease of \$0.1 million in transmission and distribution costs compared to the same period a year ago.
4. Interest and investment income decreased \$0.4 million compared to the same period a year ago primarily due to unrealized holding losses in first four months of 2018.

Budgets:

The District's operating and maintenance expenditures for 2018 came in less than the budget by \$1.9 million. Most of this positive variance is due to water cost savings that stem primarily from savings from not purchasing surface water due to the shutdown of the ATP and water availability.

Operating capital project expenditures through May were \$0.21 million. The total budget for the year is \$1.16 million.

The District's 2018 capital improvement project (CIP) budget is \$19.2 million. For 2018, \$3.7 million has been spent, while \$8.8 million is under contract. Expenditures continue to be primarily in distribution system replacements, well improvements and meter retrofit projects.

Debt – May 2018

The District completed refunding the 2009B COP with the 2018A Revenue Refunding Bond, saving the District \$1.3 million (NPV) over the next 10 years. This report shows the Series 2009B COP with outstanding principal of \$22,065 million, and 5% Fixed Rate was repaid in full through the issuance of the series 2018A, 3.4% Fixed-Rate Revenue Refunding Bond in the amount of \$19,615 million.

Scheduled 2018 principal payments of \$4.4 million are not due until the end of October. Total principal outstanding as of May 31, 2018 is \$79.1 million.

### **Cash Expenditures – May 2018**

During the month of May, the District made cash payments totaling \$2.7 million. The primary expenditures were – \$1.5 million for 2018 capital improvement projects, \$0.1 million for debt service, \$0.1 million for water costs including pumping and chemical costs, \$0.1 million for operating and maintenance construction services, and \$0.7 million for payroll, pension and health benefits.

### **Purchasing Card Expenditures – May 2018**

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

During the month, the District spent \$13,891 for various purchases on the six District purchasing cards. Details by vendor and purpose are included in this report.

### **District Reserve Fund Balances**

The District's Reserve Policy, PL – Fin 004, requires the District to maintain a certain level of cash and investments on hand at any one time, as determined by the Board annually. Balances as of May 31, 2018 are \$46,163,902 compared to \$45,669,205 at December 31, 2017.

### **Information Required by Bond Agreement**

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

**Financial Statements**  
**May 31, 2018**

**Sacramento Suburban Water District  
Balance Sheet**

As Of

	Month End 5/31/2018	Year End 12/31/17
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$10,522,446.65	\$6,084,811.39
Restricted Cash and cash equivalents	13,913.82	12,504.34
Accounts receivable, net of allowance for uncollectible accounts	2,573,592.64	3,220,813.91
Interest receivable	156,670.79	175,718.91
Restricted Interest receivable		7,982.27
Grants receivables	135,446.55	135,446.55
Other receivables		139,520.00
Inventory	669,496.80	687,361.49
Prepaid expenses and other assets	346,192.18	596,878.92
TOTAL CURRENT ASSETS	14,417,759.43	11,061,037.78
NONCURRENT ASSETS		
Investments	35,470,870.22	35,860,505.32
Restricted Investments		3,527,683.79
Fair value of interest rate swaps	487,057.00	487,057.00
TOTAL NONCURRENT ASSETS	35,957,927.22	39,875,246.11
Property, plant and equipment	462,440,976.83	458,488,252.58
Accumulated depreciation	(173,420,754.61)	(168,222,020.00)
TOTAL CAPITAL ASSETS	289,020,222.22	290,266,232.58
<b>TOTAL ASSETS</b>	<b>339,395,908.87</b>	<b>341,202,516.47</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on long-term debt refunding	6,409,658.78	6,678,090.23
Pension contribution subsequent to measurement date	2,623,682.00	2,807,227.00
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>348,429,249.65</b>	<b>350,687,833.70</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Current portion of long-term debt and capital leases	4,425,000.00	4,240,000.00
Accounts payable	528,742.64	1,799,258.35
Accrued interest	63,518.78	426,439.43
Deferred revenue and other liabilities	1,128,227.45	895,650.62
Accrued expenses	668,445.82	1,194,890.42
TOTAL CURRENT LIABILITIES	6,813,934.69	8,556,238.82
NONCURRENT LIABILITIES		
Long-term debt	81,766,365.55	85,548,384.48
Compensated absences	1,084,035.89	1,019,780.10
Net pension liability	8,997,648.00	8,997,648.00
TOTAL NONCURRENT LIABILITIES	91,848,049.44	95,565,812.58
<b>TOTAL LIABILITIES</b>	<b>98,661,984.13</b>	<b>104,122,051.40</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred intflow of effective swaps	487,057.00	487,057.00
Employee pensions	647,273.00	647,273.00
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	207,155,938.33	207,155,938.33
Restricted	3,548,170.40	3,548,170.40
Unrestricted	37,928,826.79	34,727,343.57
<b>TOTAL NET POSITION</b>	<b>248,632,935.52</b>	<b>245,431,452.30</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>348,429,249.65</b>	<b>350,687,833.70</b>

**Sacramento Suburban Water District  
Income Statement**

*Period Ended*

	<u>Month</u> <u>5/31/2018</u>	<u>Year-To-Date</u> <u>5/31/2018</u>	<u>Month</u> <u>5/31/2017</u>	<u>Year-To-Date</u> <u>5/31/2017</u>
<b>OPERATING REVENUES</b>				
Water consumption sales	\$1,074,505.45	\$3,454,151.00	\$754,544.93	\$2,850,001.21
Water service charge	531,386.21	2,596,619.78	536,520.90	2,618,302.61
Capital facilities charge	2,037,708.77	9,872,109.73	1,958,401.94	9,490,164.24
Wheeling water charge	813.96	163,740.49	622.44	2,055.22
Other charges for services	67,776.32	390,230.02	77,275.90	432,647.29
<b>TOTAL OPERATING REVENUES</b>	<u>3,712,190.71</u>	<u>16,476,851.02</u>	<u>3,327,366.11</u>	<u>15,393,170.57</u>
<b>OPERATING EXPENSES</b>				
Source of supply	322,870.21	426,078.82	256,940.68	1,050,369.82
Pumping	273,308.53	1,617,389.99	301,193.99	1,335,929.83
Transmission and distribution	302,000.98	1,405,236.45	312,876.05	1,543,407.33
Water conservation	29,294.35	147,851.91	57,619.76	201,971.37
Customer accounts	99,975.85	498,488.40	108,798.03	529,954.61
Administrative and general	513,168.14	2,839,583.67	638,194.01	2,796,524.28
<b>TOTAL OPERATING EXPENSES</b>	<u>1,540,618.06</u>	<u>6,934,629.24</u>	<u>1,675,622.52</u>	<u>7,458,157.24</u>
Operating income before depreciation	2,171,572.65	9,542,221.78	1,651,743.59	7,935,013.33
Depreciation and amortization	<u>(1,039,055.89)</u>	<u>(5,198,734.61)</u>	<u>(1,016,270.87)</u>	<u>(5,084,806.43)</u>
<b>OPERATING INCOME</b>	<u>1,132,516.76</u>	<u>4,343,487.17</u>	<u>635,472.72</u>	<u>2,850,206.90</u>
<b>NON-OPERATING REV. (EXP.)</b>				
Rental income	20,434.03	101,718.04	14,226.59	96,681.06
Interest and investment income	150,059.80	31,799.78	91,976.31	389,799.76
Interest expense	(366,426.80)	(1,442,677.14)	(266,501.60)	(1,442,575.33)
Other non-operating revenues	3,949.47	147,021.42	19,527.82	69,123.41
Grant revenue pass-through to sub recipients				186,191.70
Other non-operating expenses	1.56	12,088.95	(627.75)	3,031.46
Sub recipient grant expenses				(186,191.70)
<b>NON-OPERATING REV. (EXP.)</b>	<u>(191,981.94)</u>	<u>(1,150,048.95)</u>	<u>(141,398.63)</u>	<u>(883,939.64)</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL</b>	<u>940,534.82</u>	<u>3,193,438.22</u>	<u>494,074.09</u>	<u>1,966,267.26</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Facility development charges	8,045.00	8,045.00		51,611.00
Federal, state and local capital grants				525.00
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>8,045.00</u>	<u>8,045.00</u>	<u></u>	<u>52,136.00</u>
<b>CHANGE IN NET POSITION</b>	<u>948,579.82</u>	<u>3,201,483.22</u>	<u>494,074.09</u>	<u>2,018,403.26</u>
Net position at beginning of period	247,684,355.70	245,431,452.30	235,384,785.41	233,860,456.24
<b>NET POSITION AT END OF PERIOD</b>	<u><b>248,632,935.52</b></u>	<u><b>248,632,935.52</b></u>	<u><b>235,878,859.50</b></u>	<u><b>235,878,859.50</b></u>

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

	<i>Month Of May</i>			<i>2018 YTD</i>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>BUDGETED OPERATING EXPENSES</b>						
Board of Directors	\$3,655.82	\$2,853.07	<i>(\$802.75)</i>	\$16,451.01	\$25,265.35	<i>\$8,814.34</i>
Administrative	138,406.72	210,886.08	<i>72,479.36</i>	909,778.31	1,055,430.40	<i>145,652.09</i>
Finance	96,736.99	80,394.09	<i>(16,342.90)</i>	362,585.38	446,970.45	<i>84,385.07</i>
Customer Services	99,975.85	109,133.47	<i>9,157.62</i>	498,488.40	545,667.35	<i>47,178.95</i>
Field Operations	45,918.38	67,147.78	<i>21,229.40</i>	258,160.68	313,238.90	<i>55,078.22</i>
Production	596,178.74	690,941.54	<i>94,762.80</i>	2,043,468.81	3,241,207.70	<i>1,197,738.89</i>
Distribution	173,555.25	190,377.02	<i>16,821.77</i>	805,372.73	951,885.10	<i>146,512.37</i>
4 Field Services	128,445.73	119,839.16	<i>(8,606.57)</i>	598,207.27	603,459.80	<i>5,252.53</i>
Maintenance	60,618.62	56,159.30	<i>(4,459.32)</i>	247,240.65	280,796.22	<i>33,555.57</i>
Water Conservation	29,294.35	41,164.26	<i>11,869.91</i>	147,851.91	205,846.30	<i>57,994.39</i>
Engineering	88,245.36	113,713.15	<i>25,467.79</i>	478,381.26	571,590.75	<i>93,209.49</i>
GIS/CAD	31,746.21	33,716.97	<i>1,970.76</i>	150,374.09	175,078.85	<i>24,704.76</i>
Human Resources	14,468.41	19,705.32	<i>5,236.91</i>	77,179.95	99,316.60	<i>22,136.65</i>
MIS	33,371.63	71,437.21	<i>38,065.58</i>	341,088.79	390,186.05	<i>49,097.26</i>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>1,540,618.06</b></u>	<u><b>1,807,468.42</b></u>	<u><b>266,850.36</b></u>	<u><b>6,934,629.24</b></u>	<u><b>8,905,939.82</b></u>	<u><b>1,971,310.58</b></u>

SACRAMENTO SUBURBAN WATER DISTRICT  
OPERATING CAPITAL AMENDED BUDGET  
5/31/2018

Project Number	Project Name	Original Budget	Amendments	Amended Budget	Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SF18-427	3 FOREMAN OFF FURNITURE/STATIO	\$ 12,000.00		\$ 12,000.00	-	\$ 11,960.00	\$ -	\$ 40.00
SF18-428	FOLDING TABLES & CHAIRS	\$ 13,000.00		13,000.00	822.00	822.00	-	\$ 12,178.00
SF18-429	BUILDING & STRUCTURES MAINT	\$ 95,000.00		95,000.00	2,052.00	9,680.00	-	\$ 85,320.00
SF18-430	HVAC/ROOFS/BUILDING REPAIRS	\$ 30,000.00		30,000.00	-	8,610.00	-	\$ 21,390.00
SF18-431	EXT SEAL SOUTH WALL SHOP-WALNU	\$ 12,000.00		12,000.00	-	-	-	\$ 12,000.00
SF18-432	GAZEBO/BATHRM/KITCHEN-ANTELOPE	\$ 70,000.00		70,000.00	-	-	-	\$ 70,000.00
SF18-433	3 FOREMAN OFFICES REMODEL	\$ 31,000.00		31,000.00	-	25,626.00	-	\$ 5,374.00
SF18-434	WINDOW COVERING - WALNUT	\$ 5,000.00		5,000.00	-	4,598.54	-	\$ 401.46
SF18-435	REKEY ALL FACILITIES	\$ 12,000.00		12,000.00	-	-	-	\$ 12,000.00
SF18-436	REPLACE TRAILERS 168 & 169	\$ 20,000.00		20,000.00	-	-	-	\$ 20,000.00
SF18-437	VEH REPL - RIGHT SIZE TRUCK# 2	\$ 75,000.00		75,000.00	976.00	67,820.00	-	\$ 7,180.00
SF18-438	VEH REPL-RIGHT SIZE/TRUCK#11	\$ 33,000.00		33,000.00	-	-	27,964.00	\$ 5,036.00
SF18-439	VEH REPL-RIGHT SIZE/TRUCK#14	\$ 45,000.00		45,000.00	-	-	37,754.00	\$ 7,246.00
SF18-440	VEH REPL-RIGHT SIZE/TRUCK#47	\$ 45,000.00		45,000.00	-	-	37,754.00	\$ 7,246.00
SF18-441	VEH REPL-RIGHT SIZE/TRUCK#48	\$ 45,000.00		45,000.00	-	-	37,754.00	\$ 7,246.00
SF18-442	COMPACT MINI EXCAVATOR	\$ 62,000.00		62,000.00	-	-	59,646.00	\$ 2,354.00
SF18-443	METER VAULT LIDS REPLACEMENT	\$ 32,000.00		32,000.00	-	-	11,100.00	\$ 20,900.00
SF18-444	ASPHALT REPL/SEAL- WELL SITES	\$ 30,000.00		30,000.00	24,100.00	24,100.00	-	\$ 5,900.00
SF18-445	FENCES REPLACE - 4 WELL SITES	\$ 28,000.00		28,000.00	-	-	9,863.00	\$ 18,137.00
SF18-446	PERISTALTIC CHEM DOSING PUMPS	\$ 27,500.00		27,500.00	-	-	-	\$ 27,500.00
SF18-447	UCMR 4 MONITORING	\$ 120,000.00		120,000.00	-	-	-	\$ 120,000.00
SF18-448	HARDWARE REFESH PROGRAM	\$ 108,500.00		108,500.00	-	47,095.25	2,077.00	\$ 59,327.75
SF18-449	SOFTWARE ENHANCEMENTS/MODULES	\$ 160,000.00		160,000.00	4,080.00	14,480.00	40,269.00	\$ 105,251.00
SF18-450	SERVER ROOM	\$ 50,000.00		50,000.00	-	-	-	\$ 50,000.00
<b>TOTAL</b>		<b>\$ 1,161,000.00</b>	<b>\$ -</b>	<b>\$ 1,161,000.00</b>	<b>\$ 32,030.00</b>	<b>\$ 214,791.79</b>	<b>\$ 264,181.00</b>	<b>\$ 682,027.21</b>

5



**Sacramento Suburban Water District  
Capital Improvement Project Amended Budget  
5/31/2018**

Project No.	Project Name	Original Budget	Changes	Amended Budget	Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SC18-009	WELL REHAB/PUMP ST IMPROVEMENT	\$ 1,000,000.00		\$1,000,000.00	\$ 9,115.00	\$ 202,541.00	\$183,671.00	\$ 613,788.00
SC18-010	SCADA RTU/COMMUN IMPROVEMENT	\$ 60,000.00		60,000.00		-	17,375.00	\$ 42,625.00
SC18-011	WELLHEAD TREATMENT/CHEM FEED	\$ 150,000.00		150,000.00	49,850.00	84,778.00	73,436.00	\$ (8,214.00)
SC18-012	WELL REPLACEMENTS	\$ 3,300,000.00		3,300,000.00	6,549.00	41,951.41	557,784.00	\$ 2,700,264.59
SC18-013	ELECTRICAL IMPROV @WELL SITES	\$ 200,000.00		200,000.00	630.00	6,484.50	15,288.00	\$ 178,227.50
SC18-018	DISTRIBUTION MAIN REPLACEMENTS	\$ 10,470,000.00		10,470,000.00	1,233,756.00	2,988,385.02	7,241,672.00	\$ 239,942.98
SC18-019	DIST MAIN IMPRV/EXT/INTERTIES	\$ 600,000.00		600,000.00	73,288.00	131,909.79	198,209.00	\$ 269,881.21
SC18-020	MCCLELLAN LINE REPL	\$ 50,000.00		50,000.00	918.00	2,898.00	10,173.00	\$ 36,929.00
SC18-022	WTR RELATED STREET IMPRV	\$ 200,000.00		200,000.00	15,700.00	21,750.00	130,733.00	\$ 47,517.00
SC18-024	METER RETROFIT PROGRAM	\$ 2,100,000.00		2,100,000.00	58,231.00	115,322.69	205,952.00	\$ 1,778,725.31
SC18-034	RESERVIOR/TANK IMPROVMENT	\$ 100,000.00		100,000.00	-	-		\$ 100,000.00
SC18-035	CORROSION CONTROL-TRAN MAINS	\$ 50,000.00		50,000.00	-	-	19,200.00	\$ 30,800.00
SC18-038	LARGE WTR METER >3" REPL	\$ 140,000.00		140,000.00		-	21,620.00	\$ 118,380.00
SC18-040	ENGINE GENERATOR COMPLIANCE	\$ 240,000.00		240,000.00		136,623.00	103,377.00	\$ -
SC18-042	METER REPLACE/REPAIR - WMP	\$ 350,000.00		350,000.00		-		\$ 350,000.00
SC18-046	TANK INSPECTION & REPAIRS	\$ 100,000.00		100,000.00		-		\$ 100,000.00
SC18-048	RIGHT OF WAY/EASEMENT ACQUISTI	\$ 50,000.00		50,000.00		-	-	\$ 50,000.00
		<u>\$ 19,160,000.00</u>	<u>\$ -</u>	<u>\$ 19,160,000.00</u>	<u>\$ 1,448,037.00</u>	<u>\$ 3,732,643.41</u>	<u>\$ 8,778,490.00</u>	<u>\$ 6,648,866.59</u>

**Sacramento Suburban Water District  
Debt  
5/31/2018**

**Current Month**

	Series 2009A COP	Series 2009B COP	Series 2012A	Series 2018A	Total
Beginning Balance	\$ 42,000,000	\$ 22,065,000	\$ 17,490,000		\$ 81,555,000
Additions:				\$ 19,615,000	19,615,000
Reductions: Payment	-	(22,065,000)	-	-	(22,065,000)
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ -</u>	<u>\$ 17,490,000</u>	<u>\$ 19,615,000</u>	<u>\$ 79,105,000</u>

**Year-To-Date**

	Series 2009A COP	Series 2009B COP	Series 2012A	Series 2018A	Total
Beginning Balance	\$ 42,000,000	\$ 22,065,000	\$ 17,490,000		\$ 81,555,000
Additions:				\$ 19,615,000	19,615,000
Reductions: Payment	-	(22,065,000)			(22,065,000)
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ -</u>	<u>\$ 17,490,000</u>	<u>\$ 19,615,000</u>	<u>\$ 79,105,000</u>

**Cash Expenditures  
May 2018**

# AP Warrant List from 5/1/2018 to 5/25/2018

Group	Vendor Name	Amount	Description
	ADP - PAYROLL	\$431,357.00	Payroll
	ACWA JPIA INSURANCE/EAP - Invoices:1	\$155.10	Miscellaneous Employee Benefits
	AFLAC - Invoices:1	\$846.96	Supplemental Insurance
	AMERITAS (VISION) - Invoices:1	\$1,936.44	Employee Benefit - Vision
	BASIC PACIFIC - Invoices:1	\$34.00	Miscellaneous Employee Benefits
	CIGNA GROUP INS LIFE/LTD - Invoices:1	\$4,134.87	Employee Benefit - LTD Insurance
	CIGNA-DENTAL INS - Invoices:1	\$12,824.93	Employee Benefit - Dental
	PERS HEALTH - Invoices:2	\$95,401.11	Miscellaneous Employee Benefits
	PERS LONG TERM CARE PROGRAM -	\$2,657.04	Miscellaneous Employee Benefits
	PERS PENSION - Invoices:6	\$103,950.11	Employee Benefit - PERS
	ADLER TANK RENTALS - Invoices:1	\$650.00	Construction In Progress
	ADVANCED ROOF DESIGN INC - Invoices:1	\$352.00	Construction In Progress
	ANDREGG PSOMAS - Invoices:1	\$917.50	Construction In Progress
	ARMORCAST PRODUCTS COMPANY -	\$34,178.37	Construction In Progress
	BACKFLOW DISTRIBUTORS INC -	\$6,821.71	Construction In Progress
	CENTRAL VALLEY ENG & ASPHALT -	\$24,100.00	Construction In Progress
	CORIX WATER PRODUCTS US INC. -	\$14,461.01	Construction In Progress
	COUNTY OF SAC PUBLIC WORKS -	\$1,455.59	Construction In Progress
	DOUG VEERKAMP GENERAL ENGR -	\$540,829.73	Construction In Progress
	EMIGH ACE HARDWARE - Invoices:21	\$835.72	Building Maintenance - Office &
	ERC CONTRACTING - Invoices:2	\$13,910.00	Construction In Progress
	ERTEC ENVIRONMENTAL SYSTEMS -	\$67.06	Construction In Progress
	FERGUSON WATERWORKS - Invoices:3	\$2,372.21	Construction In Progress
	FLOWLINE CONTRACTORS INC -	\$570,582.00	Construction In Progress
	GEOCON CONSULTANTS INC - Invoices:1	\$630.00	Construction In Progress
	GM CONSTRUCTION & DEVELOPERS -	\$39,458.68	Construction In Progress
	HARRINGTON PLASTICS - Invoices:5	\$5,866.81	Construction In Progress
	HOPKINS TECHNICAL PRODUCT -	\$1,747.40	Construction In Progress
	INTEGRA CHEMICAL CO - Invoices:1	\$15,873.50	Construction In Progress
	KIRBY PUMP AND MECHANICAL -	\$49,200.00	Construction In Progress
	LOEWEN PUMP MAINTENANCE -	\$9,115.00	Construction In Progress
	NATIONAL METER AND AUTOMATION INC	\$71,502.03	Construction In Progress
	ONE STOP TRUCK SHOP - Invoices:1	\$975.59	Construction In Progress
	POLLARD WATER - Invoices:1	\$28,465.65	Construction In Progress
	RIVER CITY PAINTING - Invoices:1	\$1,700.00	Construction In Progress
	S E AHLSTROM INSPECTION - Invoices:2	\$13,120.00	Construction In Progress
	SIERRA CHEMICAL COMPANY -	\$24,605.20	Construction In Progress
	SILICON VALLEY SHELVING AND EQUIP -	\$821.63	Construction In Progress
	SOPHOS SOLUTIONS - Invoices:3	\$12,320.00	Construction In Progress
	TRAFFIC MANAGEMENT GROUP INC (TMI)	\$2,064.00	Construction In Progress
	UNITED PARCEL SERVICE FREIGHT -	\$916.53	Construction In Progress

US BANK CORPORATE PAYMENT SYSTEM -	\$13,598.08	Construction In Progress
VALLEY BATTERY - Invoices:1	\$114.20	Construction In Progress
WOOD RODGERS ENGINEERING -	\$6,496.25	Construction In Progress
SUMITOMO MITSUI BANKING	\$51,639.60	2009A COP Interest Expense
WELLS FARGO SWAP - Invoices:1	\$50,906.97	2009A COP Interest Expense
ADP, INC - Invoices:1	\$516.84	Financial Services
WESTAMERICA BANK ANALYSIS FEES -	\$6,753.78	Financial Services
WESTAMERICA CARD PROCESSING STMT -	\$10,888.28	Financial Services
VANTIV INTEGRATED PAYMENT	\$993.56	Financial Services
A & A STEPPING STONE MFG., INC -	\$120.41	Operating Supplies
AARON KING - Invoices:1	\$120.00	Required Training
AARON T STYPES - Invoices:1	\$150.00	BMP Rebates
AIRGAS USA LLC - Invoices:1	\$129.36	Operating Supplies
ALL PRO BACKFLOW - Invoices:2	\$5,656.00	Backflow Services
AMY BULLOCK - Invoices:2	\$17.49	Local Travel Cost
ANSWERNET - Invoices:1	\$396.33	Communication
AT&T CALNET 3 - Invoices:4	\$3,157.19	Communication
ATLAS DISPOSAL - Invoices:2	\$366.43	Building Service Expense - Office &
ATLAS FENCE - Invoices:7	\$5,375.00	Contract Services
BADGER METER INC - Invoices:1	\$1,700.48	Licenses, Permits & Fees
BRIAN HENSON - Invoices:1	\$1,567.00	Backflow Services
BRINKS - Invoices:2	\$538.94	Financial Services
BROADRIDGE MAIL LLC - Invoices:12	\$30,880.41	Contract Services
BROWN & CALDWELL - Invoices:1	\$4,858.40	Consulting Services
BRYAN HIESTAND - Invoices:1	\$150.00	BMP Rebates
BURTON ROB /BURT'S LAWN & GARDEN	\$9,310.00	Contract Services
CALGONATE CORP - Invoices:1	\$107.75	Operating Supplies
CALIFORNIA SURVEYING & DRAFTING -	\$213.35	Printing
CALIFORNIA UTILITIES EMERG	\$500.00	Membership & Dues
CAPITAL RUBBER CO LTD - Invoices:2	\$255.66	Equipment Maintenance Supplies
CDWG - Invoices:3	\$1,276.21	Office Supplies
CINTAS - Invoices:16	\$2,712.19	Building Maintenance - Office &
CITY OF CITRUS HEIGHTS - Invoices:1	\$33.15	Licenses, Permits & Fees
CITY OF SACRAMENTO DEPT OF	\$33.93	Utilities
CITY OF SACRAMENTO/ ENCROACHMENT -	\$145.00	Licenses, Permits & Fees
CLEAR VISION WINDOW CLEANING -	\$225.00	Building Service Expense - Office &
CLYDE G STEAGALL, INC - Invoices:1	\$24,551.63	Contract Services
COLLECTION PLUS - Invoices:1	\$61.54	Employment Cost
COMCAST - Invoices:1	\$27.32	Communication
CONSOLIDATED COMMUNICATIONS -	\$408.62	Communication
COTTON SHOPPE - Invoices:1	\$3,211.56	Uniforms
COUNTY OF SAC UTILITIES - Invoices:4	\$711.40	Utilities

CRAIG LOCKE - Invoices:1	\$902.48 Travel Conferences
CULLIGAN - Invoices:1	\$69.50 Building Maintenance - Office &
Customer Refunds: 203	\$13,539.84 Refund Clearing Account
DAN YORK - Invoices:2	\$194.11 Local Travel Cost
DIRECT TV - Invoices:1	\$9.25 Communication
DLT SOLUTIONS - Invoices:1	\$4,127.80 Contract Services
DOMCO PLUMBING - Invoices:1	\$175.00 Operating Supplies
ELEVATOR TECHNOLOGY INC - Invoices:3	\$665.00 Building Service Expense - Office &
EMPLOYEE RELATIONS NETWORK -	\$109.35 Employment Cost
FASTENAL COMPANY - Invoices:2	\$1,101.81 Operating Supplies
FRESH LOOK MOBILE WASH LLC -	\$1,285.00 Vehicle Maintenance Services
FUTURE FORD - Invoices:1	\$27.75 Vehicle Maintenance Services
GEOSPACE TECHNOLOGIES - Invoices:1	\$6,823.85 Operating Supplies
GRAINGER - Invoices:6	\$624.06 Operating Supplies
GREG BUNDESEN - Invoices:1	\$584.88 Travel Conferences
H2H PROPERTIES - Invoices:2	\$2,490.00 H&D WALNUT PARKING LOT LEASE
HANNAH DUNRUD - Invoices:3	\$2,607.88 Education Assistance
HARROLD FORD - Invoices:2	\$5,913.14 Vehicle Maintenance Services
HILTON SACRAMENTO ARDEN WEST -	\$27,040.64 Employee Retention/Morale
IN COMMUNICATIONS - Invoices:1	\$3,968.49 Public Relations
IRON MOUNTAIN OFF SITE DATA	\$436.95 Equipment Maintenance Services
J&J LOCKSMITH - Invoices:1	\$70.03 Operating Supplies
JAYCEN RUSSELL - Invoices:1	\$150.00 BMP Rebates
JOSHUA GAGNON - Invoices:1	\$60.00 Required Training
KYLE COBB - Invoices:2	\$313.92 Required Training
LANCE SALISBURY - Invoices:1	\$150.00 BMP Rebates
LES SCHWAB TIRE CENTER/MADISON -	\$367.87 Vehicle Maintenance Services
LIFEGUARD FIRST AID - Invoices:1	\$112.33 Building Service Expense - Office &
MARK WALDMIRE - Invoices:1	\$150.00 BMP Rebates
MESSENGER PUBLISHING GROUP -	\$966.00 Public Relations
MICHAEL PHILLIPS LANDSCAPE CORP -	\$8,500.00 Building Service Expense - Office &
MR JOHN M HENDRIE - Invoices:1	\$500.00 Service Laterals
NM RANCH - Invoices:2	\$6,280.00 Contract Services
NORMAC - Invoices:1	\$10.99 Operating Supplies
OFFICE DEPOT INC - Invoices:3	\$546.97 Office Supplies
PACE SUPPLY CORP - Invoices:1	\$149.99 Operating Supplies
PALADIN PRIVATE SECURITY - Invoices:1	\$674.16 Building Service Expense - Office &
PAYNE ENVIRONMENTAL CONSULTANTS -	\$6,674.06 Consulting Services
PEOPLEREADY - Invoices:4	\$3,468.96 Temporary Help
PEST PROS - Invoices:3	\$255.00 Building Service Expense - Office &
PFM ASSET MANAGEMENT LLC -	\$7,904.83 Consulting Services
PITNEY BOWES POSTAGE - Invoices:1	\$15,000.00 Postage/Shipping/UPS/Fed Ex
RACHEL MIDDLESTEAD - Invoices:1	\$857.12 Travel Conferences
RAWLES ENGINEERING - Invoices:3	\$33,305.33 Construction Services
RAY MORGAN CO - Invoices:2	\$801.58 Equipment Maintenance Services

RODNEY LEE - Invoices:1	\$252.12 Travel Conferences
RUE EQUIPMENT INC - Invoices:3	\$1,798.27 Equipment Maintenance Services
RUTH NEADEAU - Invoices:1	\$150.00 BMP Rebates
SANDI BURT - Invoices:1	\$75.00 BMP Rebates
SHRED-IT - Invoices:1	\$768.13 Contract Services
SIGN UP - Invoices:2	\$2,427.61 Building Maintenance - Office &
SIGNS IN 1 DAY - Invoices:2	\$114.18 Building Maintenance - Office &
SONITROL - Invoices:2	\$10,575.92 Building Service Expense - Office &
SUTTER MEDICAL FOUNDATION -	\$249.00 Employment Cost
TEE JANITORIAL & MAINTENANCE -	\$3,223.50 Building Service Expense - Office &
TETRA TECH INC - Invoices:4	\$38,710.00 Construction Services
TINA LYNN DESIGN - Invoices:5	\$3,683.36 Contract Services
TOTAL COMPENSATION SYSTEMS INC -	\$1,240.00 Consulting Services
ULINE SHIPPING SUPPLY SPECIALISTS -	\$61.30 Building Maintenance - Office &
UNIMEASURE INC - Invoices:1	\$2,237.00 Operating Supplies
USA REPLACEMENT AUTO GLASS CO -	\$326.28 Vehicle Maintenance Services
VALLEY REDWOOD & YARD SUPPLY -	\$41.48 Operating Supplies
VERIZON WIRELESS/DALLAS TX -	\$4,644.50 Communication
VOYAGER FLEET SYSTEMS - Invoices:1	\$8,960.55 Operating Supplies
WASTE MANAGEMENT - Invoices:3	\$821.94 Building Service Expense - Office &
WATERWISE CONSULTING, INC. -	\$4,875.00 Consulting Services
WIENHOFF DRUG TESTING - Invoices:1	\$70.00 Employment Cost
PG&E - Invoices:3	\$1,031.31 Utilities
SMUD - Invoices:4	\$87,470.69 Electrical Charges
CITY OF SACRAMENTO WATER -	\$827.58 Purchased Water-City of
	<b><u>\$2,718,688.43</u></b>



**Purchasing Card Expenditures  
May 2018**

Sacramento Suburban Water District  
 US Bank Purchasing Card Program  
 CalCard Expenditures  
 May 2018

Vendor Name	Description	Amount	Proj/GLAcct
CALIFORNIA CPA EDUCATION	DUES FOR DAN BILLS CPA	\$510.00	03-52501
FLASHPOINT STUDIOS	MONTHLY FEE FOR ONHOLD RECORDINGS	\$79.00	04-54508
AMAZON MARKET PLACE	PHONE CASES FOR SMARTPHONES	\$19.98	08-52101
AWARDS BY KAY INC.	ADD 2017 WINNER OF CHILI COOK OFF TO PLAQUE	\$21.65	12-54008
IDENTICARD	PLASTIC ID CARD HOLDERS	\$71.78	12-54007
THE HOME DEPOT	FUSES FOR COMPRESSOR AT WALNUT	\$22.56	12-52101
THE HOME DEPOT	DRAIN KIT, FLOAT, PUMP, PUMP BASKET - SUPPLIES TO SERVICE EVAP COOLER	\$67.14	12-54008
TARGET	TOILET BURSH AND CLEANER FOR ENTERPRISE SITE	\$10.05	12-54008
TACTOR SUPPLY	DURO COOL EVAPORATIVE COOLER PADS FOR COOLER IN WALNUT SHOP	\$84.41	12-54008
CAMPION AWARDS & SPECIALTIES	COMPETITION PLAQUES	\$714.00	12-54008
GALLS	CAR SEAT ORAGANIZER FOR WATER CONSERVATION VEHICLES	\$51.96	12-54006
AMAZON.COM	REPLACE FLOAT VALVE EVAP COOLER WANLUT SHOP - 3/8"	\$17.23	12-54008
PEP BOYS	FUNNELS FOR EQUIPMENT SERVICE	\$9.14	12-52101
AMAZON.COM	COMPETITION JACKET FOR JOE CROCKETT	\$115.27	12-51408
AMAZON.COM	5 EACH HEAVY DUTY PICTURE HANGERS	\$32.25	12-52101
THE HOME DEPOT	TOILET & WAS RING FOR WALNUT - SINGLE STALL (OLD MEN'T RR)	\$249.96	12-54008
AMAZON.COM	GEAR BAG	\$21.54	12-51408
THE HOME DEPOT	1/4" CLOSE NIPPLE FOR AIR TOOL; SOCKETS FOR SPART PLUGS	\$30.90	12-52101
AMAZON.COM	GADGET GAURD CELL PHONE SCREEN PROTECTOR	\$15.44	12-53503
AMAZON.COM	GADGET GUARD CELL PHONE SCREEN PROTECTOR	\$15.44	12-53503
AMAZON.COM	REFUND FOR UNAVAILABLE GADGET GUARD CELL PHONE SCREEN PROTECTOR	(\$30.88)	12-53503
AWARDS BY KAY INC.	ENGRAVE COMPETITION PLAQUE	\$48.71	12-54008
GO FUND ME	MISTAKENLY CHARGED ON CAL CARD - REIMBURSEMENT CHECK ATTACHED	\$27.50	
AMAZON.COM	CELL PHONE CHARGING CABLES FOR SAMSUNG 8	\$11.24	12-53503
THE IRRIGATION ASSOCIATION	WEBINAR: MASTER VALVES & FLOW SENSORS - GREG BUNDESEN	\$25.00	13-51406
SOUTHWEST	AIRFARE TO 2018 AWWA CONFERENCE - JOE CROCKETT	\$275.96	05-55001
SOUTHWEST	AIRFARE TO 2018 AWWA CONFERENCE - SHAWN CHANEY	\$275.96	05-55001
SOUTHWEST	AIRFARE TO 2018 AWWA CONFERENCE - KYLE JIVIDEN	\$275.96	08-55001
AWWA EVENTS	2018 AWWA ANNUAL CONFERENCE & EXPOSITION - JOE CROCKETT	\$850.00	05-55001
AWWA EVENTS	2018 AWWA ANNUAL CONFERENCE & EXPOSITION - KYLE JIVIDEN	\$495.00	08-55001
FRED PRYOR	HOW TO MANAGE INVENTORY & CYCLE COUNTS - SARAH DAINS	\$149.00	05-51407
AMERICAN WATER COLLEGE	WATER TREATMENT EXAM REVIEW T2 - CODY SCOTT	\$149.99	08-51407

AMERICAN WATER COLLEGE	WATER TREATMENT EXAM REVIEW T2 - KYLE JIVIDEN	\$149.99	08-51407
AMERICAN WATER COLLEGE	WATER TREATMENT EXAM REVIEW T2 - RAUL PALOMAR	\$149.99	08-51407
AMERICAN WATER COLLEGE	WATER TREATMENT EXAM REVIEW T2 - ABEL RAMIREZ	\$149.99	08-51407
HARBOR FRIEGHT	FOLDABLE SHOP CRANE (2)	\$474.08	06-52101
GLOBAL INDUSTRIES	SECONDARY CONTAINMENT FOR CHEMICAL TOTE	\$2,378.61	SC18-019C
HOME DEPOT	BAILING WIRE & T-POSTS	\$77.11	SC18-019C
CROWNE PLAZA	HOTEL FOR HECTOR SEGOVIANO (OPERATOR SYMPOSIUM)	\$358.36	08-55001
CROWNE PLAZA	HOTEL FOR HANNAH DUNRUD (OPERATOR SYMPOSIUM)	\$358.36	06-55001
CROWNE PLAZA	HOTEL FOR SHAWN CHANEY (OPERATOR SYMPOSIUM)	\$358.36	07-55001
CROWNE PLAZA	HOTEL FOR JOE CROCKETT (OPERATOR SYMPOSIUM)	\$358.36	07-55001
CROWNE PLAZA	HOTEL FOR KYLE JIVIDEN (OPERATOR SYMPOSIUM)	\$481.64	08-55001
COSTCO	HAND TRUCK	\$107.74	08-52101
HOME DEPOT	ORANGE SAFETY BARRIER FENCE	\$32.29	SC18-019C
HOME DEPOT	TIE DOWNS	\$68.86	SC18-019C
HARBOR FREIGHT	ELECTRIC CHIPPER SHREDDER	\$150.84	SC18-019C
HARBOR FREIGHT	ELECTRIC CHIPPER SHREDDER	\$301.68	SC18-019C
HOME DEPOT	WAREHOUSE SUPPLIES	\$213.15	05-52101
LOWES	WAREHOUSE SUPPLIES	\$12.90	05-52101
GLOBAL INDUSTRIAL	CREDIT-SHIPPING TIME WAS NOT AS QUOTED	(\$200.00)	SC18-019C
HARBOR FREIGHT	ELECTRIC CHIPPER SHREDDER (2)	\$301.68	SC18-019C
HARBOR FRIEGHT	ELECTRIC CHIPPER SHREDDER (2)	\$301.68	SC18-019C
HARBOR FREIGHT	ELECTRIC CHIPPER SHREDDER (2)	\$262.73	SC18-019C
AMAZON	WAREHOUSE SUPPLIES	\$55.39	05-52101
HOME DEPOT	TRIGGER BAR CLAMPS	\$57.80	06-52101
HARBOR FREIGHT	CREDIT-DID NOT SIGN UP OR APPROVE "MEMBERSHIP"	(\$48.25)	SC18-019C
HOME DEPOT	WAREHOUSE SUPPLIES	\$30.00	05-52101
EB SACRAMENTO EWRI	SACRAMENTO EWRI APRIL MEETING FOR DANA DEAN	\$25.00	15-51407
BLANKS USA	DOOR HANGERS FOR WAYNE SCHERIFFIUS FOR CUSTOMER COMMUNICATIONS	\$112.55	16-52108
LUXOR HOTEL	DAN YORK HOTEL FOR AWWA	\$134.92	02-55001
SOUTHWEST	DAN YORK AIRFARE FOR AWWA CONFERENCE	\$261.96	02-55001
COSTCO WHOLESALE	COFFEE FOR OFFICE	\$62.93	03-52108
AWWA	DAN YORK REGISTRATION FOR AWWA CONFERENCE	\$910.00	02-55001
RALEY'S	ROB ROSCOE RETIREMENT ICE CREAM EVENT	\$26.30	02-51403
THE BUSINESS JOURNAL	ROB ROSCOE'S SUBSCRIPTION	(\$52.91)	02-52502
ACWA	CRAIG LOCKE REG FOR ACWA CONFERENCE	\$699.00	01-55002
MAYFLOWER HOTEL	INTERNET USAGE CHARGE FOR DAN YORK WHILE ON A CAP TO CAP TRIP	\$54.76	02-55002
Totals:		\$13,890.99	

**District Reserve Balances  
May 31, 2018**

**Sacramento Suburban Water District  
Reserve Fund Balance**

	<u>May 31, 2017</u>	<u>December 31, 2017</u>
Debt Service Reserve	\$ 13,914	\$ 3,548,170
Facilities Reimbursement	-	-
Emergency/Contingency	11,255,000	10,931,500
Operating	7,390,000	7,270,250
Rate Stabilization	6,244,500	5,976,000
Interest Rate Risk	-	-
Grant	-	210,000
Capital Asset	21,260,488	17,733,285
<b>TOTAL</b>	<b>\$ 46,163,902</b>	<b>\$ 45,669,205</b>

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

	<u>May 31, 2017</u>	<u>December 31, 2017</u>
Cash and cash equivalents	\$ 10,522,447	\$ 6,084,811
Investments	35,627,541	36,036,224
Restricted assets	13,914	3,548,170
<b>TOTAL</b>	<b>\$ 46,163,902</b>	<b>\$ 45,669,205</b>

## **Information Required by Letter-of-Credit Agreement**

Sacramento Suburban Water District  
 6 - Months Debt Service Schedule  
 5/31/2018

Month	Total SSWD Debt Service				Debt Service
	Principal	Interest Adjustable/Fixed/Swap	Facility Fee	Remarketing	
June-18	-	82,781.22	47,250.00	13,125.00	143,156.22
July-18	-	82,781.22	-	-	82,781.22
Aug-18	-	82,781.22	-	-	82,781.22
Sept-18	-	82,781.22	47,250.00	13,125.00	143,156.22
Oct-18	4,425,000.00	719,304.22	-	-	5,144,304.22
Nov-18	-	82,781.22	-	-	82,781.22

Month	Series 2012A Fixed Rate Bonds (\$23,440,000.00)				Debt Service
	Principal	Interest - Fixed 4.25%			
June-18	\$ -	\$ -	\$ -	\$ -	\$ -
July-18	-	-	-	-	-
Aug-18	-	-	-	-	-
Sept-18	-	-	-	-	-
Oct-18	2,105,000.00	381,113.00	-	-	2,486,113.00
Nov-18	-	-	-	-	-

Month	Series 2009A Adjustable Rate COPs (\$42,000,000.00)				Debt Service
	Principal	Interest, Adjustable 0.83%	Facility Fee 0.450%	Remarketing 0.125%	
June-18	\$ -	\$ 29,050.00	\$ 47,250.00	\$ 13,125.00	\$ 89,425.00
July-18	-	29,050.00	-	-	29,050.00
Aug-18	-	29,050.00	-	-	29,050.00
Sept-18	-	29,050.00	47,250.00	13,125.00	89,425.00
Oct-18	-	29,050.00	-	-	29,050.00
Nov-18	-	29,050.00	-	-	29,050.00

Month	Series 2018A Fixed Rate COPs (\$27,915,000)				Debt Service
	Principal	Interest - Fixed 3.45%			
June-18	-	-	-	-	-
July-18	-	-	-	-	-
Aug-18	-	-	-	-	-
Sept-18	-	-	-	-	-
Oct-18	2,320,000.00	255,410.00	-	-	2,575,410.00
Nov-18	-	-	-	-	-

Month	2012 SWAP Interest, Net (\$33,000,000.00)				Debt Service
	Principal	Interest, Swap Net (3.283-1.16674-.18)%			
June-18	\$ -	\$ 53,731.22	-	-	\$ 53,731.22
July-18	\$ -	\$ 53,731.22	-	-	\$ 53,731.22
Aug-18	\$ -	\$ 53,731.22	-	-	\$ 53,731.22
Sept-18	\$ -	\$ 53,731.22	-	-	\$ 53,731.22
Oct-18	\$ -	\$ 53,731.22	-	-	\$ 53,731.22
Nov-18	\$ -	\$ 53,731.22	-	-	\$ 53,731.22



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

	<i>As Of</i>	
	<u><i>Actual Year-To-Date 5/31/2018</i></u>	<u><i>Budget Year-To-Date 5/31/2018</i></u>
<b>REVENUES</b>		
Water sales charges	\$6,604,741.29	\$8,422,085.00
Capital facilities charge	9,872,109.73	10,285,415.00
Facility development charges	8,045.00	125,000.00
Interest and investment income	31,799.78	325,000.00
Rental & other income	248,739.46	114,165.00
<b>TOTAL REVENUES</b>	<u><b>16,765,435.26</b></u>	<u><b>19,271,665.00</b></u>
<b>EXPENSES</b>		
Source of supply	426,078.82	1,456,333.35
Pumping	1,617,389.99	1,784,874.35
Transmission and distribution	1,405,236.45	1,586,594.90
Water conservation	147,851.91	205,846.30
Customer accounts	498,488.40	545,667.35
Administrative and general	2,827,494.72	3,326,623.57
<b>TOTAL EXPENSES</b>	<u><b>6,922,540.29</b></u>	<u><b>8,905,939.82</b></u>
<b>NET REVENUE</b>	<u><b>9,842,894.97</b></u>	<u><b>10,365,725.18</b></u>



## Agenda Item: 20

**Date:** June 5, 2018

**Subject:** District Activity Report

**Staff Contact:** Matt Underwood, Operations Manager

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

### **a. Water Operations and Exceptions Report**

#### **i. Monthly Water Production – Exhibit WO-1**

This indicates the amount of water produced, both ground and surface water, in the District's North Service Area (McClellan Business Park, The Arbors at Antelope, and portions of North Highlands, Antelope, Carmichael, and Citrus Heights) and South Service Area (Portions of Arden Arcade, Carmichael, and City of Sacramento) for Calendar Years 2017 and 2018. As a result of the near normal precipitation this past winter, surface water supplies are currently being utilized in the North Service Area, while the South Service Area continues to rely solely on groundwater sources.

#### **ii. Water Operations Activity – Exhibit WO-2**

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

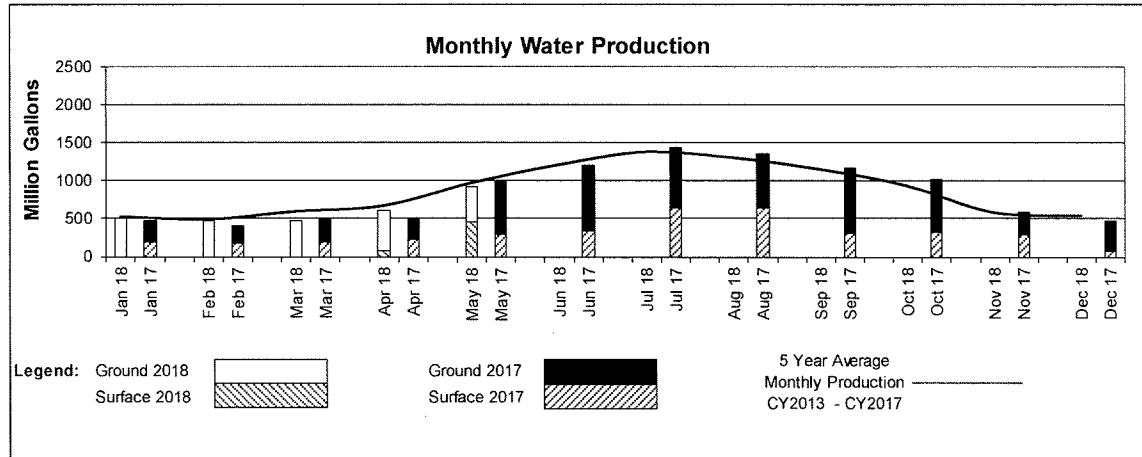
#### **iii. Claims Update – Exhibit WO-3**

This is a summary report of claims received by the District that are less than \$10,000, and approved or rejected by the General Manager. In addition, an update on litigation claims is provided from the District's insurance carrier, Joint Powers Insurance Authority.

## Monthly Water Production 2018

Exhibit WO-1

Month	North Service Area *			South Service Area **			Total North & South Service Areas (MG)	Average MG/Day	% Of Total Year to Date Production
	Surface (MG)***	Ground (MG)	Sub Total (MG)	Surface (MG)	Ground (MG)	Sub Total (MG)			
Jan	0.000	299.436	299.436	0.000	212.467	212.467	511.903	16.513	17.045
Feb	0.000	271.513	271.513	0.000	203.539	203.539	475.052	16.966	15.818
Mar	0.000	282.333	282.333	0.000	192.666	192.666	474.999	15.323	15.816
Apr	82.525	277.599	360.124	0.000	253.253	253.253	613.377	20.446	20.424
May	459.997	68.243	528.240	0.000	399.628	399.628	927.868	29.931	30.896
Jun									
July									
Aug									
Sep									
Oct									
Nov									
Dec									
MG	542.522	1199.124	1,741.646	0.000	1261.553	1,261.553	3003.199	19.889	
AF	1,664.939	3,679.976	5,344.915	0.000	3,871.564	3,871.564	9,216.479		



\* North Service Area (North Highlands, Northridge, McClellan Park and The Arbors)

\*\* South Service Area (Town and Country)

\*\*\*The surface water delivery quantities are reported from SJWD's monthly records.

Notes: Reported production values do not include water wheeled/sold to other purveyors.

The reporting periods for groundwater production may differ from the calendar month beginning/end dates and will vary year-to-year.

The previously reported North Service Area surface water total for April 2018 was adjusted to include 6.279 MG of water used to disinfect and flush the Antelope Transmission Pipeline, which bypassed the C-Bar-C flow meter.

Mo/Yr	Million Gallons (MG)			Difference
	Surface	Ground	Total	
Jan 18	0.000	511.903	511.903	39.431
Jan 17	187.518	284.954	472.472	
Feb 18	0.000	475.052	475.052	61.187
Feb 17	174.222	239.643	413.865	
Mar 18	0.000	474.999	474.999	-27.046
Mar 17	191.993	310.052	502.045	
Apr 18	82.525	530.852	613.377	112.810
Apr 17	231.705	268.862	500.567	
May 18	459.997	467.871	927.868	-78.151
May 17	299.000	707.019	1,006.019	
Jun 18				
Jun 17	343.160	867.452	1,210.612	
Jul 18				
Jul 17	645.034	802.782	1,447.816	
Aug 18				
Aug 17	646.839	715.477	1,362.316	
Sep 18				
Sep 17	314.565	860.300	1,174.865	
Oct 18				
Oct 17	324.859	704.543	1,029.402	
Nov 18				
Nov 17	293.807	295.098	588.905	
Dec 18				
Dec 17	82.322	392.959	475.281	

**Exhibit WO-2**

**Water Operations Activity**

	<u>May</u>	<u>Monthly Avg</u>	<u>Total</u>	<u>Total # in</u>	<u>% Completed</u>
	<u>2018</u>	<u>CY 2018</u>	<u>CY 2018</u>	<u>System</u>	<u>CY 2018</u>
<b><u>Production Department</u></b>					
<b><u>Service Orders</u></b>					
<b><u>Water Quality</u></b>					
<u>Complaints</u>	4	2	10		
<u>Inquiries</u>	22	17	86		
<u>Taste &amp; Odor Complaints</u>	0	0	0		
<u>Taste &amp; Odor Inquiries</u>	5	5	26		
<b><u>Distribution Department</u></b>					
<b><u>Service Orders</u></b>					
<u>Main Leaks</u>	2	3	16		
<u>Service Line Leaks</u>	6	7	36		
<u>Water Main Shutdown</u>					
<u>- Emergency</u>	1	1	7		
<u>- Scheduled</u>	1	1	3		
<b><u>Preventive Maintenance Program</u></b>					
<u>Fire Hydrants Inspected</u>	2	1	5	6,486	0.1%
<u>Fire Hydrant Valves Inspected</u>	49	11	53	5,759	0.9%
<u>Fire Hydrant Valves Exercised</u>	49	11	53	5,759	0.9%
<u>Mainline Valves Inspected</u>	153	124	621	11,132	5.6%
<u>Mainline Valves Exercised</u>	142	108	539	11,132	4.8%
<b><u>After Hours Activity (On-Call Technician)</u></b>					
<u>Calls Received</u>	63	43	213		
<u>Calls Responded</u>	39	29	143		
<u>Overtime Hours</u>	58	55	274		
<b><u>Field Services Department</u></b>					
<b><u>Meters</u></b>					
<u>PM - Meters Tested (3 - 10 inch)</u>	22	7	36	451	8.0%
<u>PM - Meters Replaced (<sup>5</sup>/<sub>8</sub> - 1 inch)</u>	0	1	4	35,728	0.0%
<u>PM - Meter Re-Builds (1<sup>1</sup>/<sub>2</sub> - 2 inch)</u>	73	40	201	2,441	8.2%
<u>Customer Pressure Inquiries</u>	17	9	44		
<b><u>Field Operations Department</u></b>					
<u>Service Requests Generated</u>	1,338	1,561	7,807		
<u>Work Orders Generated</u>	850	1,036	5,182		

**Exhibit WO-3**

**Date:** June 5, 2018

**Subject:** Claims Update

**Staff Contact:** Matt Underwood, Operations Manager

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

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

**CLAIMS APPROVED/REJECTED BY GENERAL MANAGER**

There were no claims approved or rejected by the General Manager during this time.

**CLAIMS UNDER REVIEW/INVESTIGATION**

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

**LITIGATION CLAIMS UPDATE**

1. Castro vs SSWD

Joint Powers Insurance Authority (JPIA) Claim #16-0227

Date of Claim – September 11, 2015

Claim Amount – In excess of \$10,000

**Status - Closed**

Background:

On September 11, 2015, staff received a District Claim Form from Tomasa Castro requesting approximately \$10,000.00 for injuring herself as a result of stepping into an open meter box on June 12, 2015.

Update from JPIA:

On May 1, 2018, JPIA settled with Castro, in the amount of \$7,500.

2. Sacramento Area Sewer District (SASD) vs. SSWD

JPIA Claim #17-0560  
Date of Claim – March 17, 2017  
Claim Amount - \$167,744.81

**Status - Open**

Background:

Claim filed against the District stating that during original water main installation of the subdivision “S147020” located in North Highlands, that the District and/or contractor working on behalf, damaged 29 SASD’s sewer assets.

JPIA  
Kayla C. Villa, Esq.  
Donahue Davies LLP

Update from the JPIA’s attorney:

SASD failed to provide sufficient information to fully analyze the SSWD’s liability in this action and working with the Third Party Administrator to obtain sufficient information has been challenging. Accordingly, Donahue Davies staff has previously discussed with JPIA’s staff for waiting until a lawsuit is filed then moving forward with written discovery as part of litigation in an effort to obtain the necessary information to determine whether SSWD is liable, or whether it has any applicable statute of limitations defenses. Though it is anticipated that SASD will eventually file a lawsuit, as of today, no suit has been filed. We will continue monitoring the docket in the event a Complaint is filed.

3. Cronmiller

JPIA Claim #17-0682  
Date of Claim – March 29, 2017  
Claim Amount – In excess of \$10,000

**Status - Closed**

Background:

Claim filed against the District for an injury sustained due to an open excavation made by a District contractor, Veerkamp Contruction. Claimant was walking near Mission Elementary School when she stepped into an open hole. The incident resulted in various injuries.

Update from JPIA:

The statute of limitations has expired and the claimant did not file a lawsuit against the District. JPIA has closed the file.

4. Ramirez

JPIA Claim #18-0386

Date of Claim – December 22, 2017

Claim Amount – In excess of \$10,000

**Status - Open**

Background:

Mr. Ramirez alleges that he had an altercation with a driver of a District vehicle, which resulted in vehicle damage and physical injuries.

Update from JPIA:

No update.



**b. Water Quality Report**

Nothing new to report for May.

## **c. Water Conservation and Regional Water Efficiency Program Report**

### **i. Program Overview for May 2018**

The District continues to message water conservation and use efficiency to its customers. The District's website reflects the current water use restrictions and the current update to Regulation No. 15. Staff will continue to engage customers in an effort to ensure they are aware of the most up to date water use efficiency practices and water conservation programs being offered by the District and other local and state agencies. The following is a list of District water conservation related activities for May 2018.

- a. On April 23, 2018, the District's Board of Directors declared Normal Water Supply conditions, but called on District customers to continue to use water as efficiently as possible. The District set an overall water conservation goal of 10%. The District achieved a 29% reduction in May 2018 (when compared to May 2013), **exceeding** the District's 10% monthly goal. Since the Emergency Drought Regulations were enacted<sup>1</sup> in June 2015, the District has maintained a 24% reduction in water use when compared to 2013.
- b. Customer Leak Notifications – Staff sent out 1,157 notifications of 72-hour continuous flow events in May 2018 and conducted 14 customer leak investigations.
- c. Public Outreach – The District utilized various info graphics for public outreach in May 2018. Staff utilized online advertising and the District's website to communicate the District's water use efficiency message. The online advertisements used for Google generated 367 clicks and left 141,420 impressions. The District's primary focus for May 2018 was to promote indoor Sprucing Up Sprinklers and the opening of Antelope Gardens.

### **ii. Water Conservation Program and Results**

District staff continues to promote water conservation. During the month of May 2018, District staff and our contract company performed 28 Single Family Residential Water-Wise House Calls (WWHC), 1 Multi-Family WWHC, and 1 Commercial WWHC.

Staff received 19 calls and 9 reports via the District's website regarding water waste. Staff issued 11 Information Only Water Waste Notices, 76 Notices of Violation (NOV), and 4 Warning NOVs.

The District issued rebates for 5 toilets and 1 Weather Based Irrigation Controller in May 2018.

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<sup>1</sup> Though the Emergency Drought Regulations were rescinded in May 2017, the District continues to use CY2013 as a baseline for water conservation and use efficiency target setting.

**iii. Upcoming Events**

None.

**d. Customer Service Report**

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

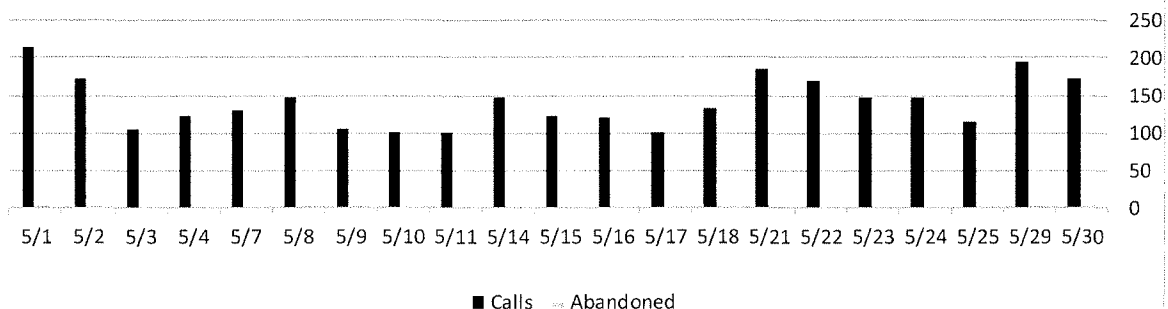
1. Customer Service Activity Report shows Customer Service activity for the month of May 2018.
2. Call Volume Report shows number of calls received, abandoned calls, and queue times.

### Exhibit CS-1

	<u>May 2018</u>		<u>Calendar Year 2018</u>	
<b>Billing</b>				
Connections-Total Active	46,220			
E-billing	3,552			
<b>Payments</b>				
Cash/Check	1,179	3.1%	6,040	3.0%
Credit Card	651	1.7%	3,683	1.8%
Web	4,903	13.1%	25,440	12.8%
Auto-Pay (Checking)	3,901	10.4%	21,882	11.0%
Auto-Pay (Credit Card)	4,491	12.0%	19,517	9.8%
IVR (Auto Phone)	1,471	3.9%	7,880	4.0%
Online Banking	10,377	27.7%	54,542	27.4%
LockBox	10,523	28.1%	60,406	30.3%

### Monthly Calls

Date	Total Calls	Calls Abandoned	% of Calls Abandoned	Avg Wait On Queue	Max Wait on Queue	Avg Talk Time
5/1/2018	214	11	5.14%	55s	11m, 46s	2m, 56s
5/2/2018	172	4	2.33%	28s	5m, 27s	2m, 42s
5/3/2018	105	1	0.95%	16s	5m, 5s	2m, 15s
5/4/2018	123	2	1.63%	24s	6m, 34s	2m, 36s
5/7/2018	130	0	0.00%	26s	5m, 0s	3m, 33s
5/8/2018	147	4	2.72%	29s	4m, 0s	2m, 55s
5/9/2018	105	4	3.81%	36s	5m, 40s	3m, 0s
5/10/2018	100	1	1.00%	27s	5m, 13s	2m, 57s
5/11/2018	102	0	0.00%	19s	4m, 44s	2m, 31s
5/14/2018	147	1	0.68%	19s	2m, 58s	2m, 26s
5/15/2018	123	0	0.00%	18s	2m, 52s	2m, 22s
5/16/2018	120	2	1.67%	20s	3m, 36s	2m, 27s
5/17/2018	102	0	0.00%	23s	4m, 51s	2m, 18s
5/18/2018	132	0	0.00%	13s	1m, 49s	2m, 31s
5/21/2018	186	4	2.15%	27s	4m, 2s	2m, 28s
5/22/2018	170	3	1.76%	45s	5m, 55s	2m, 55s
5/23/2018	149	1	0.67%	17s	4m, 0s	2m, 34s
5/24/2018	148	0	0.00%	37s	6m, 33s	2m, 38s
5/25/2018	116	0	0.00%	9s	31s	2m, 30s
5/29/2018	194	4	2.06%	50s	8m, 6s	2m, 37s
5/30/2018	172	4	2.33%	26s	3m, 33s	2m, 41s
5/31/2018	136	1	0.74%	18s	3m, 2s	3m, 0s
<b>Group Total</b>	<b>3093</b>	<b>47</b>	<b>1.52%</b>	<b>26s</b>	<b>5m, 0s</b>	<b>2m, 46s</b>



**e. Community Outreach Report**

**i. July Bill Insert**

The July bill insert will begin on June 25, 2018 and continue until July 22, 2018. A sample of the bill insert has been included with this report.

**ii. July Envelope Message**

The July envelope encourages customers to visit the Antelope Gardens for landscaping ideas. The envelope will begin on June 25, 2018 and continue until July 22, 2018.

00205785



# H<sub>2</sub>O on the Go

July 2018



As the temperatures rise, outdoor water use increases along with it. U.C. Davis estimates 30 percent is wasted due to overwatering and evaporation.

Smart Irrigation Month was started by the Irrigation Association in 2005 as a way to promote the efficient use of water outdoors and help the public be better stewards of this precious resource.

You can use water more efficiently by:

- Checking soil moisture with a moisture meter or screwdriver before you run your sprinklers
- Running your sprinklers in the morning to reduce evaporation
- Installing drip irrigation and high-efficiency rotator sprinklers\*
- Checking your sprinklers for problems on a regular basis

\*SSWD has rebates available.

**sswd.org**

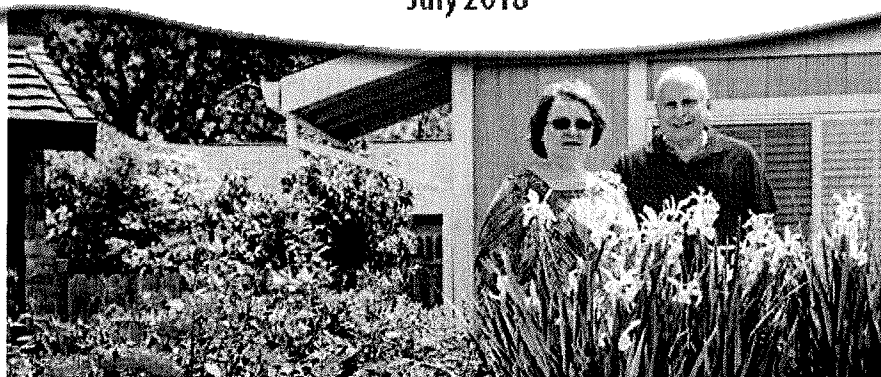
Phone: 916.972.7171

Fax: 916.972.7639

3701 Marconi Avenue, Suite 100

Sacramento, CA 95821-5346

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



## H<sub>2</sub>O Hero | Lawn Removal Gives Way to Flowering Plants

In 2015, Joe and Liz decided to get rid of the boring lawn in their front yard and replace it with a low-water landscape, and they couldn't be happier with how it's filled in and grown.

"I wanted to free up my weekends from mowing, weeding, fertilizing and most importantly to conserve water," Joe said. "Our backyard has a pool and all of the plantings back there are watered by a drip irrigation system. We wanted to create something that would be equally water efficient and fun to look at."

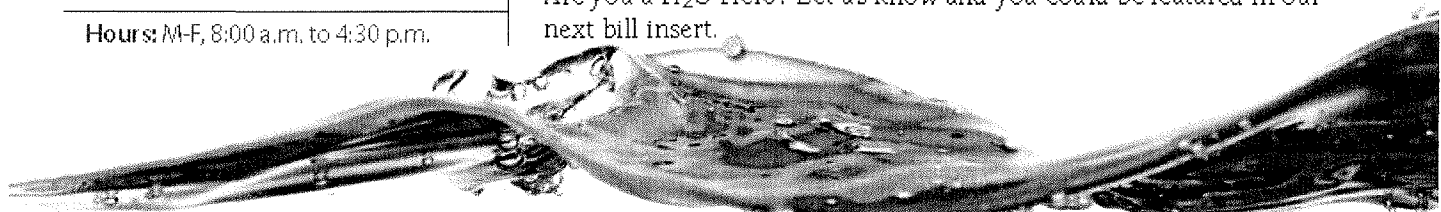
The yard makeover also gave them an opportunity to redo their narrow front walk and add a small retaining wall to buttress the slope.

The landscaper firm they hired began by removing 750 square feet of lawn and putting down commercial grade landscape fabric. They selected plants that would attract birds, bees, butterflies and other pollinators that were ideally suited for Sacramento's climate. The plants added included herbs like thyme, rosemary, lavender, succulents, kangaroo paws, orchid rockrose and native grasses.

The landscaper filled in the open spaces between the plants with river rocks and installed a new drip irrigation system to water everything. Joe applied for and received rebates from SSWD to help cover costs for removing the lawn and installing the drip irrigation.

"I still spend time taking care of the front yard," Joe said, "but it's spent deadheading the flowering plants and pruning things back. I can do it whenever I want and it's work I enjoy, because it results in more color. It's been so much fun watching the activity the yard now attracts, all the birds, bees and butterflies that stop by for a visit."

Are you a H<sub>2</sub>O Hero? Let us know and you could be featured in our next bill insert.





**Antelope Garden Hours**  
Visit the two-acre Antelope Gardens for ideas on creating your own water-wise landscape. The gardens are open through the end of October, Monday-Friday and the second Saturday of each month from 9:00 a.m. to 3:00 p.m. **Admission is free.**

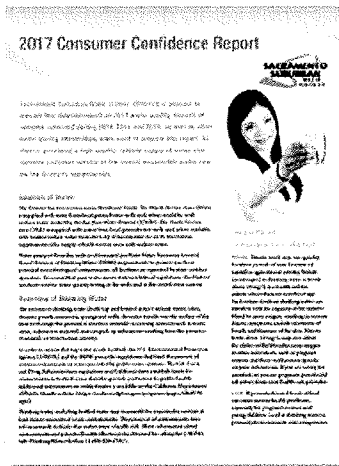
The gardens are located at 7800 Antelope North Road, Antelope, CA. For more information or to inquire about renting out the gardens for your event, call 916.972.7171.

### Consumer Confidence Report

The 2017 Consumer Confidence Report (CCR) is now available online at <http://www.sswd.org/2017ccr>.

The CCR contains information about the quality of water SSWD provides, including its sources, composition and other required information. It is based on samples of the water supply taken on a regular basis throughout the year.

You will also receive a hard copy of the CCR through the mail.



### WaterSense-Labeled Sprinkler Bodies

After years of development and review WaterSense has added sprinkler bodies to its family of labeled products.

In many sprinkler systems, the pressure is higher than manufacturers recommend for a sprinkler spray nozzle. This can lead to excessive flow, misting and uneven coverage. WaterSense-labeled sprinkler bodies have integral pressure regulation that helps nozzles work at their optimum pressure. By regulating the pressure, they provide a more uniform distribution of water so none of it is wasted.

When you're out shopping for new sprinklers online or at your local hardware store, make sure to look for the WaterSense label.

### What is WaterSense?

WaterSense is a voluntary partnership program established by the Environmental Protection Agency to promote and make it easy to find water-efficient products.

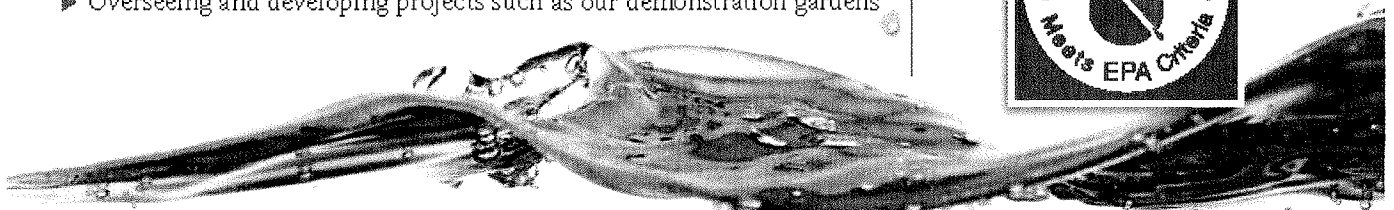
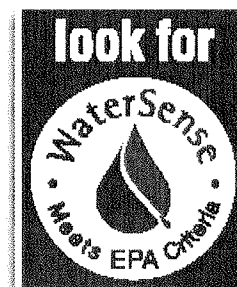
The WaterSense label is applied to products that meet the EPA's specifications for water efficiency and performance. They have been independently certified to use at least 20 percent less water, save energy and perform as well as or better than regular models.

### We're Connected | SSWD's Water Conservation Team

At SSWD, we're dedicated to making sure the water we deliver to your home is of the best quality and also to making sure none of it is wasted.

Our Water Conservation team directs all of the District's efforts to promote conservation and efficiency. This includes:

- ▶ Developing and implementing the District's water use efficiency and demand management programs
- ▶ Water-Wise House Calls: our complementary service for all customers to help you detect leaks and conserve water
- ▶ Workshops and public events to share information and best practices
- ▶ Applying for grants and other funding for water efficiency programs
- ▶ Overseeing and developing projects such as our demonstration gardens







## Agenda Item: 21

**Date:** June 4, 2018  
**Subject:** Engineering Report  
**Staff Contact:** James Arenz, Senior Project Manager

Summarized below are significant Engineering Department activities and milestones over the past month. The report is separated into the following sections: a) Major Capital Improvement Program (CIP) Projects; and b) Other.

### a. Major Capital Improvement Program (CIP) Projects

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

#### 1) Supply

##### **Well N6A – Palm (Replacement Well)**

The construction contract was awarded to Syblon Reid and a preconstruction meeting was held this month. Construction activities are anticipated to begin the week of July 9, 2018.

##### **Well 78 – Butano/Cottage (New Well Site)**

Construction of the new well is expected to begin in early June 2018. Pumping plant design is anticipated to be completed in the second half of 2018, with construction beginning in 2019.

#### **Various Well Investigation and/or Rehabilitation Projects**

- Well 28 – Red Robin/Darwin. This well is offline for discharge piping and pump control modifications. It is expected to be on line in early July 2018.
- Well 30, Rockbridge/Keith. This well is offline for discharge piping and pump control modifications. It is expected to be on line in early July 2018.
- Well 32A – Eden/Root. This well is offline for filter repair. It is expected to be on line in early June 2018.
- Well 33A – Auburn/Norris. This well is offline for piping modifications to improve flow to nearby customers. It is expected to be back on line in early June 2018.

- Well 65 – Merrily/Annadale. This well is offline for repair. The pump has been replaced and the discharge piping reconfigured. This well is expected to be back online in early June 2018.

## 2) Distribution

### **Parkland Estates Phase 2 Main Replacement Project**

Installation of distribution main and fire hydrants has been completed. Approximately 82% of services have been installed. This project is expected to be completed in fall 2018.

### **Edison Meadows Main Replacement Project**

Construction work on the mainline installation is approximately 52% complete. Approximately 41% of services have been installed. This project is expected to be completed in late-2018 to early-2019.

### **Meter Retrofit Program**

The 2018 Meter Retrofit project has been awarded to Flowline Contractors. Final Contract will be completed and work is expected to begin this month.

## b. Other

### **New Engine Generator for Administration Building**

- Work on the new generator structure is expected to be completed in July 2018.
- Work related to the installation of the new transformer and electrical panels is expected to be completed in the last quarter of 2018.



Click [here](#) to view it in your browser.

# ACWA ADVISORY

LEGISLATION | SAFE DRINKING WATER

MAY 22, 2018

## **Assembly Budget Subcommittee No. 3 Approves Budget Trailer Bill Language for Safe and Affordable Drinking Water**

### ***Budget Trailer Bill Sent to Conference Committee for Further Action***

Today, the Assembly Budget Subcommittee No. 3 on Resources and Transportation voted to approve Gov. Jerry Brown's budget proposal for the Safe and Affordable Drinking Water Fund.

The subcommittee's action includes, but is not limited to, approval of \$3.3 million and 23 positions for the State Water Resources Control Board's implementation of the yet-to-be-enacted fund and advances the Brown Administration's proposed tax on drinking water.

Today's action on the Assembly side is different than the action that the Senate Budget Subcommittee No. 2 took on May 17 when it approved a temporary funding "augmentation" for safe drinking water. For example, the Senate Subcommittee approved only nine positions at the State Water Board instead of 23 positions. Additionally, the temporary funding language passed by the Senate Budget Subcommittee did not include the budget trailer bill language.

"The fact that there is not a consensus between the Senate and Assembly Budget Subcommittees on the need for a drinking water tax or the specific elements of the governor's proposal is good news," said ACWA Deputy Executive Director for Government Relations Cindy Tuck. "ACWA and its oppose-unless-amended coalition will continue to advance alternative funding solutions and oppose the proposed water tax."

### **Next Steps**

Because the two Budget Subcommittees' actions were different, the budget trailer bill now goes to the Conference Committee within the State Budget process. The Conference process, designed to resolve the differences between such conflicting actions, could start next week. Final legislative action on the budget trailer bill could occur as late as Aug. 31.

ACWA's coalition advocacy team continues to actively lobby for alternative solutions and against the proposed water tax. ACWA will keep its members apprised as this issue continues to unfold.

## Questions

For questions regarding the budget trailer bill or ACWA's advocacy on the bill, please contact ACWA Deputy Executive Director for Government Relations [Cindy Tuck](#) or ACWA Director of State Legislative Relations [Wendy Ridderbusch](#). Both can be reached at (916) 441-4545.



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