

Agenda

Sacramento Suburban Water District

Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, July 16, 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 June 18, 2018 Regular Board Meeting
Recommendation: Approve subject minutes.

2. Employment Rules & Procedures Policy (PL – HR 001)
Recommendation: Approve subject policy.
3. Driver Record and Insurance Review Policy (PL – HR 006)
Recommendation: Approve subject policy.
4. Employee Recruitment, Hiring and Promotion Policy (PL – HR 009)
Recommendation: Approve subject policy.
5. Sustainability Policy (PL – Adm 005)
Recommendation: Approve subject policy.
6. Budget Policy (PL – Fin 012)
Recommendation: Approve subject policy.
7. Workplace Violence Policy (PL – HR 013)
Recommendation: Approve subject policy.
8. Resolution No. 18-10 A Resolution of the Board of Directors of the Sacramento Suburban Water District Authorizing Bank Account Signatories
Recommendation: Approve subject resolution.
9. Resolution No. 18-11 Amending Regulation No. 11 of the Regulations Governing Water Service
Recommendation: Approve subject resolution.

Items for Discussion and/or Action

10. Resolution No. 18-12 Fixing the 2018 Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act
Recommendation: Approve subject resolution.
11. 2019 Budget Assumptions
Recommendation: Approve 2019 budget assumptions.
12. 2018 Water Rate Study Consultant Selection
Receive written staff report and direct staff as appropriate.
13. Annual Fraud Prevention Presentation
Receive staff presentation.

General Manager's Report

14. General Manager's Report
 - a. McClellan Business Park Successor Agreement Update
 - b. City of Sacramento Wholesale Agreement
 - c. Open House
 - d. Antelope Transmission Pipeline Total Repair Cost
 - e. Statewide Water Tax Update
 - f. Regional Water Transfer

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

15. a. Regional Water Authority (Director Wichert)
Agenda from the July 12, 2018 Meeting.

Regional Water Authority Executive Committee (General Manager York)
No report.
- b. Sacramento Groundwater Authority (Director Thomas)
No report.
- c. Water Caucus Meeting (General Manager York)
No report.
- d. Water Forum Successor Effort (General Manager York)
Agenda from the June 28, 2018 Meeting.
- e. Other Reports

Committee Reports

16. a. Facilities and Operations Committee (Director Jones)
No report.
- b. Finance and Audit Committee (Director Thomas)
Draft Minutes of the July 10, 2018 meeting.

Information Items

17. Water Management Planning - SB 606 and AB 1668
18. Human Resources and Succession Plan Biannual Report
19. 2018 Semi-Annual Budget Update
20. New OPEB Report Under GASB 75
21. Legislative and Regulatory Update
22. Upcoming Water Industry Events
23. Upcoming Policy Review
 - a. Return to Work Policy (PL – HR 007)
 - b. Investment Policy (PL – Fin 003)
 - c. Reserve Policy (PL – Fin 004)

Department/Staff Reports

24. Financial Report
 - a. Financial Highlights – June 2018
 - b. Financial Statements – June 2018
 - c. Investments Outstanding and Activity - Second Quarter 2018
 - d. Cash Expenditures – June 2018
 - e. Credit Card Expenditures – June 2018
 - f. Directors Compensation and Expense Accounting – Second Quarter 2018
 - g. District Reserve Balances – June 2018
 - h. Information Required by Bond Agreement
 - i. Financial Markets Quarterly Report

- 25. 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

- 26. Engineering Report
 - a. Major Capital Improvement Projects
 - b. Other

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)

None.

Adjournment

Upcoming Meetings

Wednesday, August 1, 2018 at 11:00 a.m., Facilities and Operations Committee Meeting
Monday, August 20, 2018 at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the July 16, 2018 meeting of the Sacramento Suburban Water District Board of Directors was posted by July 12, 2018 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

ITEM 1

Minutes

Sacramento Suburban Water District Regular Board Meeting Monday, June 18, 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: Craig Locke, Dave Jones, Kevin Thomas, Kathleen McPherson 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, Annette O'Leary, Lynne Yost, David Espinoza, David Morrow and District Legal Counsel Josh Horowitz.

Public Present: William Eubanks, Avery Wiseman, John Woodling, Paul Helliker, Ryan Gunstream, Rex Meurer and David Gordon.

Announcements

General Manager Dan York (GM York) announced:

- The CSDA Governance Conference for Elected and Appointed Directors/Trustees is July 8-11, 2018 if any Directors are interested;
- An update on the Meter Madness Competition that took place at the AWWA National Conference.

Public Comment

None.

Consent Items

1. **Minutes of the May 21, 2018 Regular Board Meeting**
2. **Minutes of the May 30, 2018 Special Board Meeting**
3. **Minutes of the June 4, 2018 Special Board Meeting**
4. **Budget Policy (PL – Fin 012)**
5. **Workplace Violence Policy (PL – HR 013)**

Director Wichert requested to pull Items 3, 4 and 5.

Director Thomas moved to approve Items 1 and 2; Director Jones seconded. The motion passed by unanimous vote.

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

Regarding Item 3, Director Wichert questioned how William Eubanks (Mr. Eubanks) comments were to be presented in the minutes of Board meetings.

Mr. Eubanks commented he didn't feel his comments in meetings have never been reflected properly in the minutes, therefore he was not concerned with how they were presented.

President Locke expressed there was a correction that needed to be made to the vote under Item 2, noting that Director Wichert voted "no" instead of it reflecting that he was "absent."

With the correction to Item 3, Director Wichert moved to approve the Item, President Locke seconded. The motion passed by unanimous vote.

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

Regarding Item 4, Director Wichert had suggestions about some of the language in the Policy. He expressed that he was not in favor of striking out number 5. Under 200.00 I.

Dan Bills (Mr. Bills) noted the statement under 200.00 I. 5. was redundant, as it was a repeat of the Mission Statement.

Director Wichert noted he believed that it was a good reminder, and should stay.

Director Jones expressed he wanted to keep redundancy to a minimum.

Director McPherson stated the language added to 200.00 I. 5. could possibly strengthen the message, if that was something that the Board wanted to emphasize.

Director Thomas commented the Policy could just reference the Mission Statement in that particular section, so that the language would not need to be updated, should the Mission Statement ever be changed.

President Locke stated he agreed with Director Jones to keep redundancy to a minimum.

Director Wichert further commented he was not in favor of referring back to the Asset Management Plans or the Strategic Plans (the plans) during budget time, as he didn't believe that they were fully understood when they are voted on by the Board. He noted he didn't think that the Board realized the budget implications of the plans, further stating that he believed that those two formed the basis of the budget, and he didn't agree that they should.

He additionally noted he believed that the first line under Policy (section 200.00), should be completely removed where it stated "The District's Strategic Plan will serve as a guide in the development of the District's annual Budget."

He also suggested to remove Section 200.00 B. Prioritization, where it states: "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."

Director Wichert explained when the Board reviewed the plans, the ramifications of those plans were never discussed in detail.

President Locke expressed he had no concerns with discussing the ramification of the plans, but that he believed the plans should be the foundation of the budget.

Director Thomas suggested to use a word other than "guide."

Mr. Bills expressed each of the planning documents were intended to help guide staff and were brought before the Board for analysis and approval. He further explained that if the Board desired, staff could include a 5 year expectation of what projects would actually get done in the Water System Master Plan, including how much staff expects them to cost.

Director Wichert commented he didn't have a problem with acknowledging that the plans exist, but he believed that the current language made it seem like everything that was in the plans, was going to be accomplished by the budget.

Director Jones noted the plans are prepared for 5 years out, and that it is the responsibility of the Board to define what the priorities are, noting that the plans are tools to use.

Avery Wiseman (Mr. Wiseman) supported Director Wichert's comments on the topic noting that he believed that the Board should decide how much they plan on spending on the plans, and then prioritize them accordingly.

Director McPherson inquired about section 200.00 I. noting there was no deadline, which she believed was a little vague.

Mr. Bills expressed that the Board previously agreed to remove the time set for rate studies.

Director McPherson suggested to add language such as “at least every...,” or, “at a minimum of every so many years...” so that there are some parameters established.

GM York suggested to bring the Policy back including the language that was originally in the Policy, to the July Regular Board Meeting.

Director Wichert moved to have the language in the Policy as “A comprehensive rate study will be conducted at least every 5 years 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.”

Director McPherson seconded.

President Locke noted that the language stated in the motion, was almost identical to the language in section 200.00 I. 3.

President Locke requested for the Board to submit any suggested changes to staff, and have the Item come back to the July Regular Board Meeting, including suggested changes.

Director Wichert reiterated that he would like to remove the language in the first line under section 200.00, and further requested to remove all of the plans from section 200.00 and create a separate number for them under section 200.00, calling them references. He requested to get them out of the other parts so that they are not giving direction, but rather they are in for reference purposes.

President Locke disagreed with removing the language and noted that he thought that they should be left in and used as a guide.

Director Jones agreed to keep them in as a guide or tool.

Director McPherson suggested to change the order of the first sentence to, “The Budget Policy will refer to the District’s Strategic Plan when appropriate.”

Director Thomas suggested to either leave the word “guide” or add the word “tool.”

President Locke noted that he believed the plans were the foundation of the budget, noting that it is the discretion of the Board to implement what they wanted from the plans. He further noted that the plans show what the needs of the District are.

Director McPherson noted that it was challenging to decide which comes first between the Strategic Plan and the budget. She further expressed that a Strategic Plan was more like a wish list that we hoped to be able to accomplish, however, she explained if the financial realities didn't allow it to be accomplished, then the Board would need to set the priorities.

Mr. Bills expressed that the Asset Management Plans were prepared by the District staff, which served as the basis for the Water System Master Plan which is the basis for the CIP Budget.

Mr. Bills recommended for the Board to ask staff to look at the Master Plan from a practical funding level, and have that be the plan that is adopted. That would make for a 5 year plan that could serve as the basis for the rate study and for the budget, allowing for alternations as needed.

President Locke further suggested to add that the Strategic Plan would be a guide in determining project priority within the budget established for CIP.

President Locke requested for staff to bring this Item back with the additional edits.

Regarding Item 5, Director Wichert recommended staff define the language "dangerous weapons" under the proposed added language under section 200.00.

Legal Counsel Josh Horowitz (Mr. Horowitz) expressed that language could be better defined.

President Locke requested staff bring back the Policy including a list of dangerous weapons.

Items for Discussion and/or Action

6. Review of Board Committee and Liaison Assignments

GM York presented the staff report.

President Locke requested to replace Director Jones with Director McPherson on the Finance and Audit Committee.

Both Directors agreed.

President Locke requested to add Director McPherson as an alternate to the Sacramento Groundwater Authority.

Director McPherson agreed.

President Locke requested for the 2x2 Committee to be added to the list as well.

Director Wichert inquired if a resolution was needed to establish the 2x2 Committee.

Mr. Horowitz commented that a resolution was not needed.

7. **Regional Water Meter Replacement Program**

Matt Underwood (Mr. Underwood) presented the staff report.

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

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

John Woodling, Executive Director with the Regional Water Authority, commented that he was pleased about the project and happy that Golden State Water District, as an investment utility, joined as well.

David Gordon, Operations Manager with the Citrus Heights Water District commended District staff for their support with the project and further commented that the project was a step toward future regional collaborations.

Paul Helliker, General Manager with the San Juan Water District, expressed that he was happy to see the District join in the effort and was happy to be collaborating with local agencies.

GM York commended District staff on their work with the project.

8. **2019 Budget Preparation Timeline**

Mr. Bills presented the staff report.

The Board recommended for staff to follow the same timeline each year.

Director Wichert moved to approve the schedule, with the correction of the date of the July 16, 2018 Regular Board Meeting; Director Jones seconded. The motion passed by unanimous vote.

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

9. **Short Term Water Transfer Pilot Project – Sacramento County**

GM York presented the staff report, noting that the project would be more of a wheeling effort rather than a transfer.

Director Wichert inquired how staff was going to monitor the fluoride levels.

Mr. Underwood expressed that the District would actually be taking non-fluoridated water through the North Service Area, then delivering fluoridated water to Sacramento County from the District's South Service Area.

Director Jones inquired if there was a higher cost to provide them with fluoridated water.

Director Wichert noted that the project could open future opportunities for additional income for the District.

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

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

General Manager's Report

10. General Manager's Report

GM York presented the staff report.

- a. *Grant of Easement and Right of Way at 3536 Watt Avenue*
A written report was provided.
- b. *2018A Bond Closing*
A written report was provided.
- c. *Long Term Warren Act Contract Update*
A written report was provided.
- d. *McClellan Business Park Successor Agreement Update*
A written report was provided.
- e. *Hydrant Use Policy/Regulation*
A written report was provided.

Director Wichert inquired about a policy for hydrant use and recommended for staff to bring a policy back in July that states that the District does not bill fire departments for the use of water during emergency services.

GM York expressed staff would report back in July after checking with ACWA/JPIA.

- f. *Discrimination Complaint - Brenda Davis*
A written report was provided.

Mr. Horowitz expressed there was no update.

Director Wichert inquired if there was an update on the City of Sacramento Area D Water Rights.

GM York expressed he had a meeting with the City of Sacramento and that they verbally agreed to give the District the 9,000 acre feet Area D water. He noted they were still working on amending the agreement and addressing the wholesale water rates.

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)
The Agenda from the May 23, 2018 Meeting was provided.

- b. Sacramento Groundwater Authority (Director Thomas)
The Agenda from the June 14, 2018 Meeting was provided.

Director Thomas provided an oral report regarding the June 14, 2018 meeting.

- c. Water Caucus Meeting (General Manager York)
No report.

- d. Water Forum Successor Effort (General Manager York)
The Agenda from the June 14, 2018 Meeting was provided.

- e. Other Reports

Committee Reports

12. a. Facilities and Operations Committee (Director Jones)
The Draft Minutes from the May 30, 2018 Meeting were provided.

- b. Finance and Audit Committee (Director Thomas)
The Draft Minutes from the May 22, 2018 Meeting were provided.

Information Items

13. **Fixed Network Meter Reading Update**

Mr. Underwood provided an update noting that staff was optimistic that a resolution could be reached.

14. **General Elections Process and Dates**

A written report was provided.

15. **Legislative and Regulatory Update**

A written report was provided.

GM York expressed that there would be a full report at the July Regular Board Meeting regarding AB1668 and SB606.

16. **Upcoming Water Industry Events**

A written report was provided.

17. **Antelope Transmission Pipeline – Forensic Analysis Report**

A written report was provided.

Director Wichert noted that he was disappointed that the consultant did not provide any recommendations.

Dana Dean (Mr. Dean) expressed that staff requested recommendations, but that the company stated that they don't provide recommendations.

Director Wichert inquired what staff was doing to prevent future occurrences.

Mr. Dean explained that there was not much that staff could do as corrosion caused the failure, and that new pipelines are installed with plastic-wrapped as protection against corrosion.

Director Wichert inquired what the total cost was for the entire project, including staff time.

Director Jones inquired about the cost for emptying and refilling the pipeline.

Mr. Underwood expressed that staff will report those totals at the July Regular Board Meeting.

18. **Upcoming Policy Review**

A written report was provided.

a. **Employment Rules & Procedures Policy (PL – HR 001)**

A written report was provided. Director comments are due by July 2, 2018.

- b. Driver Record and Insurance Review Policy (PL – HR 006)
A written report was provided. Director comments are due by July 2, 2018.
- c. Employee Recruitment, Hiring and Promotion Policy (PL – HR 009)
A written report was provided. Director comments are due by July 2, 2018.
- d. Sustainability Policy (PL – Adm 005)
A written report was provided. Director comments are due by July 2, 2018.

Department/Staff Reports

19. Financial Report

A written report was provided.

- a. *Financial Statements – May 2018*
A written report was provided.
- b. *Cash Expenditures – May 2018*
A written report was provided.
- c. *Credit Card Expenditures – May 2018*
A written report was provided.
- d. *District Reserve Balances – May 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.

- 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.

Miscellaneous Correspondence and General Information

22. **Correspondence received by the District**

A written report was provided.

Director's Comments/Staff Statements and Requests

Avery Wiseman (Mr. Wiseman) inquired about the missing public copies of agenda items, noting that he was most interested in the Financial Report.

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

The Board convened in Closed Session at 7:08 p.m. to discuss 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.
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.

Return to Open Session

The Board convened in open session at 8:18 p.m. There was no reportable action.

Adjournment

President Locke adjourned the meeting at 8:19 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 2

Date: July 3, 2018

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

Staff Contact: Lynne Yost, Human Resources Coordinator

Recommended Board Action:

Ratify the Employment Rules and Procedures Policy (PL – HR 001) without changes, attached to this report as Exhibit 1.

Discussion:

Included with this report is a redline version of the Employment Rules and Procedures Policy (PL – HR 001) for the Board's consideration. It was originally adopted by the Board in October 2010 and last revised in October 2016.

The policy was submitted to the Board last month as an upcoming policy review item. Staff is recommending the Board ratify the policy without changes following review by legal counsel. After receiving comments from Director Wichert immediately following the June Board meeting, legal counsel researched AB 168 (codified as Labor Code Section 432.3) which came into effect on January 1, 2018, and limits an employer's ability to ask for an applicant's pay/salary history. As a result of that review, legal counsel recommended that no changes be made to the policy and a new procedure be developed to comply with the limitations imposed by the new law.

Comments from all Directors were requested by July 2, 2018. In addition to the comments previously provided by Director Wichert, Director Jones requested clarification from staff that did not result in any recommended changes to the policy.

As recommended by legal counsel, a new procedure will be drafted for General Manager review and approval after the policy is ratified by the Board.

Fiscal Impact:

None.

Strategic Plan Alignment:

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

Employment Rules and Procedures Policy (PL – HR 001)

July 3, 2018

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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 fair and consistent rules and procedures relating to District employment.

Sacramento Suburban Water District

Employment Rules and Procedures Policy

Adopted: October 18, 2010

Ratified without changes on: Revised: ~~August 20, 2012, October 17, 2016~~ July 16, 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.

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: 3

Date: July 2, 2018

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

Staff Contact: Lynne Yost, Human Resources Coordinator

Recommended Board Action:

Ratify the Driver Record and Insurance Review Policy (PL – HR 006) without changes, attached to this report as Exhibit 1.

Discussion:

Included with this report is a redline version of the Driver Record and Insurance Review Policy (PL – HR 006) for the Board’s consideration. It was originally adopted by the Board in August 2006 and last revised in September 2016.

The policy was submitted to the Board last month as an upcoming policy review item. Staff is recommending the Board ratify the policy without changes. It was not submitted to legal counsel for review and ACWA/JPIA does not have a model policy.

Comments from Directors were requested by July 2, 2018. Director Jones requested clarification from staff that did not result in any recommended changes to the policy.

Staff also reviewed the Driver Record and Insurance Review Procedure (PR – HR 003) and will request it be ratified by the General Manager without changes after the policy is ratified by the Board.

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 obtaining driver record and insurance information in an effort to reduce District liability and financial responsibility.

Exhibit 1

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 16, 2018

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: 4

Date: July 2, 2018

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

Staff Contact: Lynne Yost, Human Resources Coordinator

Recommended Board Action:

Approve the revised Employee Recruitment, Hiring and Promotion Policy (PL – HR 009), attached to this report is Exhibit 1.

Discussion:

Included with this report is a redline version of the Employee Recruitment, Hiring and Promotion Policy (PL – HR 009) for the Board’s consideration. It was originally adopted by the Board in June 2007 and last revised in June 2016.

The policy was submitted to the Board last month as an information item with recommended revisions 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.

Comments from Directors were requested by July 2, 2018. Director Jones requested clarification from staff that did not result in any further recommended changes to the policy.

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

Fiscal Impact:

None.

Strategic Plan Alignment:

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

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

District customers benefit from having a fair and consistent process for recruiting, hiring and promoting District employees that results in hiring/promoting the most qualified candidate who best meets the needs of the District.

Exhibit 1

Sacramento Suburban Water District

Employee Recruitment, Hiring and Promotion Policy

Adopted: June 18, 2007

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

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 ~~onal 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: 5

Date: July 10, 2018

Subject: Sustainability Policy (PL – Adm 005)

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve the attached version of the Sustainability Policy (PL - Adm 005) as shown in Exhibit 1.

Discussion:

The Sustainability Policy was originally adopted by the Board in November 2007 and was last revised in July 2016. This policy was submitted to the Board last month as an information item and comments were received by Director Jones which have been incorporated into the attached version. His comments were to include “Environmental” at the beginning of the title; and under section 200.00 item number 9, remove the “s” from the word “program,” so it was clear that there was only one District sustainable program.

Staff agrees with the title change. However, the District has several sustainable programs under the umbrella of the Sustainability Program. Therefore, staff recommends not removing the “s” from the word program.

A redline version of the recommended changes is attached as Exhibit 1.

Fiscal Impact:

The Sustainability Policy can impact the cost of products ordered by District staff for Operations and Maintenance purposes; some environmental friendly products are more expensive due to their availability. Any extraordinary cost impacts that might be incurred by efforts to conform to the policy will be brought back to the Board for approval.

Strategic Plan Alignment:

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

Approval of the Sustainability Policy provides staff additional criteria to evaluate actions and use of products as well as direction when dealing with system operations, maintenance and planning, which benefits the District’s customers as it promotes sustainability through reduced energy consumption and air pollution.

Exhibit 1

Sacramento Suburban Water District

Environmental Sustainability Policy

Adopted: November 12, 2007

Revised: ~~July 18, 2016~~ Approved with changes on: June 18/July 16, 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: 6

Date: July 9, 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:

As directed by the Board, this Policy has been updated with Director comments received at the June 2018 Regular Board meeting along with comments received from one Director subsequent to the Board meeting. This policy was brought before the Board at the May and June 2018 regular Board meeting for review and comments.

Staff is recommending minor edits to improve clarity and avoid redundancy with other policies. The more significant recommended changes include:

Section 200.00 First paragraph changed to “guide/tool”.

Section 200.00, I. Many revisions. Section I is recommended to read as follows:

- 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.
 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 Reserve Policy regarding minimum targeted reserve 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 at least every five years 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. Rate stability shall be maintained in line with established District policies and its mission statement.”

The Budget Policy is attached at Exhibit 1.

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.

Exhibit 1

Sacramento Suburban Water District

Budget Policy

Adopted: September 15, 2014

Revised: ~~July 20, 2015; August 21, 2017~~ Approved with changes on: July 16~~XX~~ne-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/tool 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 at least every five years 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.~~ Rate stability shall be maintained in line with established District policies and its mission statement.

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: 7

Date: July 3, 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), attached to this report as Exhibit 1.

Discussion:

Included with this report is a redline version of the updated Workplace Violence Policy (PL – HR 013) for the Board’s consideration. It was originally adopted by the Board in July 2003 and last revised in July 2016.

The policy was submitted to the Board in May as an upcoming policy review item and in June for a final review of staff’s 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 also reviewed the draft policy and provided additional recommended changes that were referenced in the May and June staff reports. At the June Board meeting, Director Wichert directed legal counsel to add a definition of the term “dangerous weapon” in the policy for the Board’s review and consideration at the July Board meeting. Legal counsel has added this definition and made additional related edits as shown in Exhibit 1, including moving a paragraph from Section 100.10 to Section 200.00 since it is a statement of policy rather than a definition.

Comments from all Directors were requested by July 2, 2018. None were received in addition to the direction given to legal counsel by Director Wichert at the June Board meeting.

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.

Exhibit 1

Sacramento Suburban Water District

Workplace Violence Policy

Adopted: July 21, 2003

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

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.

Dangerous weapon is a device or instrument that is capable of causing death or great bodily harm including, but not limited to, the following:

1. A firearm of any type, whether loaded or unloaded;
2. Any type of bomb, grenade, or other incendiary or explosive device;
3. Any type of knife, dirk, dagger, sword, or stiletto having a blade longer than three inches;
4. Any razor with an unguarded blade;
5. Any wood or metal pipe or bar used or intended to be used as a club;

6. Any hand-operated instrument or device such as a crossbow, slingshot, brass or composite knuckles, or shuriken (throwing stars); and
7. Any instrument or device capable of releasing or injecting any poisonous substance capable of causing death or great bodily harm.

This definition does not apply to a dangerous weapon carried by an authorized law enforcement official who is on duty at the time he or she is on District premises for any purpose.

~~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.

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.

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 issued by a law enforcement agency to carry ~~thea dangerous 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, or whenever they witness any display, use or threat to use any dangerous weapon on District property or in connection with performance of District business off premises. 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: 8

Date: June 13, 2018

Subject: Resolution No. 18-10 A Resolution of the Board of Directors of the Sacramento Suburban Water District Authorizing Bank Account Signatories

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

Adopt Resolution No. 18-10 authorizing a change in bank account signatories.

Discussion:

Resolution 18-10 will add the District's new Assistant General Manager, Michael J. Huot, as a signatory to the District financial accounts with the various commercial financial institutions used to conduct District business. With this addition, District financial account signatories will be – General Manager Dan York, Assistant General Manager Michael J. Huot and Finance Director Daniel A. Bills.

Fiscal Impact:

None.

Strategic Plan Alignment:

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

RESOLUTION 18-10

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

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

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

WHEREAS, with the appointment of Michael J. Huot as the Assistant General Manager, it is necessary for the Board to add Mr. Huot as a signatory on the District's deposit accounts, along with the existing signatories of General Manager, Dan York and Finance Director, Daniel A. Bills,

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

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

(a) Dan York
General Manager

(b) Michael J. Huot
Assistant General Manager

(c) Daniel A. Bills
Finance Director

(Signature)

(Signature)

(Signature)

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

3. This Resolution shall be made effective and any and all prior resolutions relating to District Bank accounts, including Resolution 18-10, shall be rescinded and rendered invalid on July 16, 2018.

PASSED AND ADOPTED by the Board of Directors of Sacramento Suburban Water District, Sacramento County, California at a meeting on the 16th day of July 2018 by the following vote:

AYES:
NOES:
ABSENT:

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

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 16th day of July 2018.

(SEAL)

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



Agenda Item: 9

Date: July 2, 2018

Subject: Resolution No. 18-11 Amending Regulation No. 11 of the Regulations Governing Water Service

Staff Contact: Matt Underwood, Operations Manager

Recommended Board Action:

Adopt Resolution No. 18-11 Amending Regulation No. 11 of the Regulations Governing Water Service.

Discussion:

The Regulations Governing Water Service is a District Ordinance that provides the direction for governance of the business related functions necessary to operate the various processes performed to serve water to our customers. Each year, staff reviews the ordinance and recommends changes for Board review and approval. These changes typically reflect updated information, clarity edits, updates to fees and rates, and incorporation of policy changes enacted by the Board.

The changes being proposed are to provide clarity that the District does not charge public fire protection agencies for water utilized exclusively for fire protection and suppression purposes for the protection of the public. The District's legal counsel reviewed and approved the recommended change to the policy.

Staff is presenting amendments to Regulations No. 11 for public comment and Board approval. The Ordinance was adopted on July 19, 2004, and was last amended on June 15, 2015. A redline/strikeout version of the proposed amendments are included with this report as Exhibit 1. To save paper, a clean version is available upon request.

The following provides a summary of the edits to Regulation No. 11:

- Article B – Section 5 – Removed redundant language.
- Article B – Section 6 – Added language that the District does not charge public fire protection agencies for water utilized exclusively for fire protection and suppression purposes for the protection of the public.

Fiscal Impact:

No fiscal impact is expected as a result of these Regulation changes.

Strategic Plan Alignment:

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

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

Approval of the amendments to the Regulations Governing Water Service will improve staff’s ability to operate efficiently and allow District customers to better understand the regulations upon which staff bases decisions while implementing Board policy.

RESOLUTION NO. 18-11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO SUBURBAN WATER DISTRICT AMENDING REGULATION NO. 11 OF THE REGULATIONS GOVERNING WATER SERVICE

WHEREAS, on July 19, 2004, the Board enacted Ordinance 2004-03, entitled “An Ordinance of the Board of Directors of Sacramento Suburban Water District Adopting Regulations Governing Water Service”;

WHEREAS, the Board now desires to amend Regulation No. 11 as described in this Resolution; and

WHEREAS, none of the described amendments to Regulation No. 11 are subject to Proposition 218’s notice and hearing requirements as provided in Article XIII D, section 6 of the California Constitution.

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

1. Regulation No. 11 is hereby amended as shown in Exhibit 1, which is attached to and made a part of this Resolution.
2. The Board authorizes and directs the General Manager and staff to take all actions necessary to amend Regulation No. 11 and to enforce such amended regulation in accordance with the authority granted by this Resolution.
3. Except as modified by the terms of this Resolution, the provisions of the existing District Regulations Governing Water Service shall remain in full force and effect. Any provisions in the existing regulations that conflict with the amendments set forth in this Resolution are deemed superseded and of no further effect.
4. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 16th day of July 2018, by the following vote:

AYES:

NOES:

ABSENT:

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

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 16th day of July 2018.

(SEAL)

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

Exhibit 1

Regulation No. 11
Fire Service

Adopted: July 19, 2004

~~Amended: December 21, 2009; December 19, 2011; January 28, 2013;
June 15, 2015~~ Approved with changes on: July 16, 2018

A. Condition of Service

The District will provide water service for fire hydrants and other facilities used for fire protection at such pressures and at such rates of flow as are available from time to time from the operation of the District Water System. The District shall not be liable for any damage in any manner arising out of the unavailability of water or water pressure at any hydrant or facility used for fire protection.

B. Public Fire Hydrants

1. A public fire hydrant will be installed and connected to the District's mains when requested by the public fire protection agency having jurisdiction, or when required as a condition of a building permit or subdivision.
2. When a hydrant is installed on an existing main at the request of a public fire protection agency, the work may be performed by the District and the agency will reimburse the District the actual cost of labor, materials, engineering, inspection, and usual overhead expenses in the installation of the hydrant assembly, hydrant lateral, Control Valve, and the connection of the hydrant to the District Water System.
3. When a hydrant is installed as a condition to the issuance of a building permit or subdivision approval, the District's cost of materials, labor, engineering, inspection, and usual overhead expenses in the installation of the hydrant assembly, hydrant lateral, Control Valve, and the connection to the District Water System shall be paid by the holder of the building permit or the developer of the subdivision.
4. The type of hydrant and site location of public fire hydrants will be jointly determined by the District and the responsible public fire protection agency, excluding those hydrants that are installed by the District for the District's sole use as a means of flushing the District's water mains.
5. All installed fire hydrants shall be for use by public fire protection agencies for use by public fire protection agencies for fire protection and suppression purposes for the protection of the public. The only exception to this rule is the permitted use,

granted by the District, to contractors for construction water in accordance with Regulation 3, Section Q and Regulation 12.

- 5.6. The District will not charge public fire protection agencies for water utilized exclusively for fire protection and suppression purposes for the protection of the public.
- 6.7. Fire hydrants installed under the preceding provisions shall be owned by the District. The District shall bear the expense of performing hydrant maintenance resulting from normal wear and tear when such conditions are reported by the responsible agency or when otherwise brought to the attention of the District.
- 7.8. The hydrant design, corrected for inlet and outlet velocity head, shall not exceed the permissible head loss based on the following AWWA Standards: ANSI/AWWA C503-97 for wet-barrel fire hydrant Table 3. The District reserves the right to install a different style of fire hydrant as necessitate by site conditions and other considerations.
- 8.9. For hydrants designed or intended to deliver more than 1,000 GPM, the permissible head loss shall not exceed 5 PSI when discharging at the design or intended rate of flow. Design of hydrants for delivery greater than 1,000 GPM shall be submitted to District for approval prior to installation.
- 9.10. A hydrant installed within an easement abutting a street or right-of-way and for the sole and exclusive use of an Applicant will be considered a public hydrant. Public hydrants shall be installed within a permanent easement granted to the District by the Applicant and shall be maintained by the District.
- 10.11. Existing fire hydrants within an improvement project shall be upgraded at the developer's expense if those hydrants do not meet District standards requiring a 5-1/4 inch valve opening steamer design.
- 11.12. At all times, unobstructed access and visibility from the street shall be provided for all fire hydrants. A three (3) foot clear space shall be maintained around the circumference of the fire hydrant. (Reference - 2010 California Fire Code Sections 503.4, 503.2.1, 503.3, 507.5.4 and 507.5.5.) A Customer is responsible for maintaining clear space around any hydrant located on his, her or its Premises.
- 12.13. Blue reflective markers shall be installed for all fire hydrants in accordance to the local fire department requirements.

C. Private Fire Protection Systems

A Private Fire Protection system is a Private System that is located totally within a Parcel or Parcels under an Applicant's common ownership and which is constructed to service an

in-building fire sprinkler system or a private fire hydrant. In order to connect such a system to existing water mains of the District, the following conditions must be met:

1. The Parcel or Parcels to be served are located within the service territory of the District or will be annexed into the District's territory upon approval by the LAFCO under a pending application for annexation, including assumption of that Parcel(s) fair share of the bonded indebtedness of the District, if any.
2. The District possesses an Adequate and Reserve Capacity capable of serving the Private System.
3. In applying for such service, the Applicant has complied with all of the applicable requirements of Regulation 7.
4. The Private System is for the exclusive benefit and use of the Applicant and is located entirely within the Applicant's Parcel or Parcels.
5. The Private System will be used exclusively for the suppression of fire and for the testing of the fire suppression system.
6. The design and location of the Private System for fire suppression has been approved by the responsible fire protection agency.
7. Except as otherwise provided in these Regulations, the Applicant assumes full responsibility for the operation, maintenance, repair, and replacement of the Private System from the outlet side of the District's Control Valve.
8. Hydrants that are not installed within an easement abutting a street or right-of-way that are for the sole and exclusive use of an Applicant will be considered Non-Responsible Facilities. Such hydrants will not be maintained by the District.
9. The size and design of the Service Connection and cold-water fire service meter shall all be determined by the District, taking into consideration such factors as the applicable California Fire Code (edition 2013, or latest edition) and AWWA requirements.
10. A double detector check valve assembly shall be required by the District and furnished by the Applicant or Landowner and installed in accordance with the requirements of the public fire protection agency having jurisdiction. No water service will be provided to the system until it has been finally reviewed and approved by the District.
11. The District reserves the right to disconnect a Private System for fire protection or to require installation of a cold-water/fire service type meter as defined in AWWA Standards C703-79 in lieu of an existing meter of another type in the event that the subject water service is also used for any purposes other than fire suppression.



Agenda Item: 10

Date: July 2, 2018

Subject: Resolution No. 18-12 Fixing the 2018 Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

Adopt Resolution No. 18-12 Fixing the 2018 Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act (Exhibit 1).

Discussion:

Staff has determined the District should remain in the CalPERS medical program for 2019 after comparing plans and rates with those offered through ACWA/JPIA and Special District Risk Management Authority (SDRMA). District staff obtained the following information:

- CalPERS 2019 Kaiser plan premium rates (which is the plan with the most employee participation—approximately 70%) will be decreasing by -2.27%.
- ACWA/JPIA's 2019 Kaiser plan premium rates will most likely be increasing by 2.64% if they blend Kaiser North and South rate increases, which their Benefits Manager believes will happen. ACWA/JPIA's 2018 Kaiser rates were higher than CalPERS following a 4.64% increase.
- SDRMA will not have 2019 rates available until July; however, even if their rates were to decrease by 3-4% (SDRMA staff indicated they might come down by a few percentage points), they will still be substantially higher than the CalPERS rates since their 2018 rates were approximately 11% higher than CalPERS rates.

The last day to file a resolution to terminate enrollment in the 2019 CalPERS health insurance program is August 20, 2018. Since that is also the date of the August Board meeting, staff is bringing this item forward for Board approval in July and would note two important reminders: 1) when an agency leaves the CalPERS health insurance program, it cannot return for five years, and 2) plans currently in the CalPERS medical program (e.g., Kaiser, Blue Shield of California, etc.) will not provide a quote for separate group coverage until a Board Resolution is provided that confirms an agency's intent to leave the CalPERS program.

As directed by the Board since 2007 for the CalPERS medical program, the General Manager determines the maximum or "cap" amount to be paid by the District for employee medical insurance premiums prior to Open Enrollment each year based on the higher of the Sacramento

Region Basic lowest cost HMO and PPO plans. Based on the rate chart attached as Exhibit 3, the Kaiser CA HMO plan will again be the higher of the lowest cost HMO and PPO CalPERS medical plans in 2019. In addition, CalPERS requires the 100/90 premium calculation to be used for both active and retired employees if it is higher than the District “cap” amount; for 2019, the 100/90 premium will be used for single coverage (\$734 per month) and 2-party coverage (\$1,398 per month), and the Kaiser CA HMO family premium will be used for family coverage since it is slightly higher than the 100/90 premium (\$1,788.77 compared to \$1,788).

Since there is no change in the “cap” plan for 2019, only one resolution needs to be updated (using the required CalPERS template) for adoption by the Board of Directors as follows:

- Resolution No. 18-12 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act (Exhibit 1): This Resolution applies to **all pre-merger employees and annuitants hired prior to January 1, 2003**. It includes the CalPERS minimum premium rate under the 100/90 formula for single coverage and the Kaiser CA HMO rate for 2-party and family coverage.
- Resolution No. 17-09 Fixing the Employer Contribution Under Section 22893 of the Public Employees' Medical and Hospital Care Act (Exhibit 2): This Resolution applies to **all employees and annuitants hired on or after January 1, 2003**, who are subject to the CalPERS vesting schedule for their post-retirement benefits. It includes the maximum amount based on the Kaiser CA Sacramento Region plan since CalPERS determines individual premium levels based on the 100/90 formula. CalPERS staff confirmed this resolution does not require updating since the designated plan is the same for 2019.

The monthly premium rates for the HMO and PPO plans offered by CalPERS in 2018 and 2019 for a single person are shown below (the District’s “cap” amount is shown in bold for each year):

HMO Medical Benefit Plan	2018 Monthly Premium	2019 Monthly Premium
Anthem HMO Select	\$942.29	\$946.14
Anthem HMO Traditional	\$1,054.62	\$1,178.79
Blue Shield Access+	\$806.71	\$881.01
Health Net SmartCare	980.82	No longer offered
Kaiser CA	\$703.96	\$687.99
United Healthcare	\$831.42	\$928.85
Western Health Advantage (New)	\$744.79	\$696.68

PPO Medical Benefit Plan	2018 Monthly Premium	2019 Monthly Premium
PERS Choice (PPO)	\$735.38	\$798.58
PERS Select (PPO)	\$684.90	\$508.68
PERSCare	\$797.61	\$1,027.99

As shown, the “cap” amount paid by the District for single premium rates for active employees will decrease by -\$15.97 per month, with proportionate decreases in two-party and family coverage rates based on the CalPERS plan ratio of 1:2:2.6 (i.e., the two-party rate is 2 times greater than the single rate and the family rate is 2.6 times greater than the single rate).

Fiscal Impact:

Decrease in 2019 Operations and Maintenance expenses. Although District staff may elect to change plans during Open Enrollment, most have migrated to the lower cost Kaiser plan with approximately 70% currently enrolled in that plan.

Strategic Plan Alignment:

Customer Service – 3.A. Operate in an open and public manner including public reporting to the Board of Directors.

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 will benefit from the savings achieved by the District in remaining in the CalPERS medical program when compared with ACWA/JPIA and SDRMA 2019 plan rates.

EXHIBIT 1

RESOLUTION NO. 18-XX FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT

- WHEREAS, (1) Sacramento Suburban Water District is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **\$734.00** per month for employee or annuitant enrolled for self alone, **\$1,398.00** per month for employee or annuitant enrolled for self and one family member, and **Kaiser CA Sacramento Region Basic Party Rate 3** per month for employee or annuitant enrolled for self and two or more family members, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) Sacramento Suburban Water District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Sacramento Suburban Water District shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Sacramento Suburban Water District would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Lynne Yost, Human Resources Coordinator, or Daniel Bills, Finance Director, to file with the Board a verified copy of this resolution, and to perform on behalf of Sacramento Suburban Water District all functions required of it under the Act.

Adopted at a regular meeting of the Sacramento Suburban Water District Board of Directors at Sacramento, California, this 16th day of July, 2018.

EXHIBIT 1

Signed: _____
Craig M. Locke, President, Board of Directors

Attest: _____
Daniel R. York, General Manager/Secretary

EXHIBIT 1

INSTRUCTIONS

This resolution form is the approved form designated by the California Public Employees' Retirement System (CalPERS). It should be used by a contracting agency subject to Public Employees' Medical and Hospital Care Act (PEMHCA) when the agency desires to change the monthly employer health contribution for employees and annuitants in accordance with Government Code Section 22892.

The resolution is **effective on the first day of the second month** following the month in which the resolution is filed (date stamped as received by CalPERS; See address below).

WHEREAS, (1) should be completed with full name of the contracting agency.

RESOLVED, (a) should be completed to specify the amount of the employer contribution toward the cost of enrollment for active employees and annuitants. The amount specified must be an amount equal to or greater than that prescribed by Section 22892(b).

Commencing January 1, 2009, the employer contribution shall be adjusted annually by the Board to reflect any change in the medical component of the Consumer Price Index, and shall be rounded to the nearest dollar.

RESOLVED, (b) should be completed with full name of the contracting agency.

RESOLVED, (c) should be completed with full name of the contracting agency.

RESOLVED, (d) requests the position title of the individual who handles the PEMHCA resolution for the contracting agency.

RESOLVED, (d) should be completed with full name of the contracting agency.

Because resolutions serve as a legally binding document, we require the original resolution, certified copy with original signatures, or a copy of the resolution with the agency's raised seal.

For resolution processing, deliver to the following:

Overnight Mail Service

California Public Employees' Retirement System
Health Contracts Unit
400 Q Street
Sacramento, CA 95811-6210

Regular Mail

California Public Employees' Retirement System
Health Contracts Unit
PO BOX 942714
Sacramento, CA 94229-2714

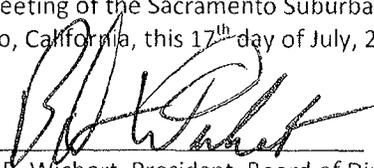
The certification shown following the resolution is to be completed by those individuals authorized to sign for the contracting agency in legal actions and is to include the name of the executive body; i.e. Board of Directors, Board of Trustees, etc., the location and the date of signing.

EXHIBIT 2

RESOLUTION NO. 17-09 FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893 OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT

- WHEREAS, (1) Sacramento Suburban Water District is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) Sacramento Suburban Water District is a contracting agency has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and
- RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **Kaiser CA Sacramento Region Basic** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,
- RESOLVED, (b) Sacramento Suburban Water District has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of Sacramento Suburban Water District shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that Sacramento Suburban Water District would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Lynne Yost, Human Resources Coordinator, or Daniel Bills, Finance Director, to file with the Board a verified copy of this resolution, and to perform on behalf of Sacramento Suburban Water District all functions required of it under the Act.

Adopted at a regular meeting of the Sacramento Suburban Water District Board of Directors at Sacramento, California, this 17th day of July, 2017.

Signed: 
Robert P. Wichert, President, Board of Directors

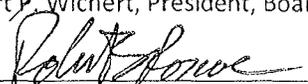
Attest: 
Robert S. Roscoe, General Manager/Secretary

EXHIBIT 3

CalPERS 2019 Regional Health Plan Rates Sacramento Region

Plan	Employee Plan Only	Plan Code	Employee Plan + 1	Plan Code	Employee Plan + Family	Plan Code
HMOs						
Anthem HMO Select	\$946.14	4461	\$1,892.28	4462	\$2,459.96	4463
Anthem HMO Traditional	\$1,178.79	4421	\$2,357.58	4422	\$3,064.85	4423
Blue Shield Access+	\$881.01	1011	\$1,762.02	1012	\$2,290.63	1013
<i>Kaiser</i>	<i>\$687.99</i>	<i>1031</i>	<i>\$1,375.98</i>	<i>1032</i>	<i>\$1,788.77</i>	<i>1033</i>
United Healthcare	\$928.85	4241	\$1,857.70	4242	\$2,415.01	4243
Western Health Advantage	\$696.88	1781	\$1,393.36	1782	\$1,811.37	1783
PPOs						
PERS Choice	\$735.38	1051	\$1,470.76	1052	\$1,911.99	1053
PERS Select	\$684.90	1251	\$1,369.80	1252	\$1,780.74	1253
PERSCare	\$797.61	1211	\$1,595.22	1212	\$2,073.79	1213

“Cap” Plan Shown in Bold Italics



Agenda Item: 11

Date: July 11, 2018

Subject: 2019 Budget Assumptions

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

As recommended by the Finance and Audit Committee, approve the attached proposed 2019 key Budget¹ assumptions as a reasonable starting point in preparing the 2019 Budget.

Discussion:

Each year at the inception of the annual budget process, staff provides the Finance and Audit Committee and the Board with certain key assumptions that are necessary to begin the Budget preparation process. These assumptions are based on either historical experience or reflect current or expected economic and climatic conditions. While these assumptions are necessary in order to provide an initial draft Budget for Board/Committee review, such assumptions are subject to change at Board discretion throughout the Budget preparation process.

District revenues and expenses are evaluated over a 2 year horizon; a formal budget is adopted for the first year, and a “forecast” for the second year for Operations and Maintenance expenditures. For Capital Improvement and Operating Capital Budget projects staff will be proposing a new method for budgeting beginning in 2019 at the scheduled September Budget Workshop.

¹ The Budget is comprised of the Operations and Maintenance Budget (O&M), Operating Capital Budget (OCB), and the Capital Improvement Program Budget (CIP).

2019 Budget Assumptions

Sacramento Suburban Water District Budget Assumptions

Key Assumptions	2017		2018		2019	
1 Rate Increase	4.00%	\$1,700,000	4.00%	\$1,800,000		
2 No Change in SSWD Service Boundaries						
3 New Service Connections (Growth)	Increase	0.52%	Increase	0.52%	Increase	0.52%
4 Water Production: (A)	<u>Cost/AF</u>	<u>AF</u>	<u>Cost/AF</u>	<u>AF</u>	<u>Cost/AF</u>	<u>AF</u>
a. Water Supply Forecast Based on 5 Year Average						
b. SSA Surface Water (City)	\$ 348.60	1,000 AF	\$ 483.50	1,000 AF	\$ 483.50	1,000 AF
c. SSA Groundwater (Variable costs)	\$ 123.12	15,000 AF	\$ 128.72	13,000 AF	\$ 128.72	13,000 AF
d. NSA Surface Water (PCWA)	\$ 50.45	12,000 AF	\$ 37.14	12,000 AF	\$ 38.63	12,000 AF
e. NSA Surface Water (Bureau)	\$ 28.39	12,000 AF	\$ 22.26	12,000 AF	\$ 23.37	12,000 AF
f. NSA Surface Water (SJWD Treatment)	\$ 161.92	12,150 AF	\$ 176.49	12,150 AF	\$ 192.37	12,150 AF
g. NSA Groundwater (Variable costs)	\$ 111.08	6,850 AF	\$ 117.00	6,850 AF	\$ 117.00	6,850 AF
h. NSA Bureau 215 Water	\$ 74.55	150 AF	\$ 78.28	150 AF	\$ 82.19	150 AF
i. NSA Wheel Water to Cal-AM, RLEVWD (Revenue)	\$ (337.05)	1,935 AF	\$ (356.14)	2,000 AF	\$ (367.90)	2,000 AF
5 Anticipated Outside Water Sales, Net		None	\$ 770,000	4,000 AF	?	?
6 Investment Yield		2.00%		2.00%		2.00%
7 Variable Debt Interest Rate		3.86%		3.86%		3.86%
8 Electrical Cost Increase		2.50%		2.50%		2.00%
9 COLA (As of May 31)		0.70%		3.00%		3.70%
10 Merit Program		3.00%		3.00%		4.00%
11 Construction Inflation (B)		2.80%		3.00%		3.50%
12 Health Care Cost (C)		-2.00%		2.33%		-2.00%
13 Tier 1 Pension Cost (% of Salaries)	\$373,000	21.50%	\$ 470,000	22.37%	\$ 582,000	23.00%
14 Tier 2 Pension Cost (% of Salaries)	\$ 7,500	16.10%	\$ 12,500	16.64%	\$ 18,000	17.10%
15 Tier 3 Pension Cost (% of Salaries)	\$ 200	6.90%	\$ 500	7.30%	\$ 900	7.30%
16 New Hires		4		2		3
17 Funding of Post Retirement Benefits		\$ 472,200		\$ 560,000		\$ 580,000
Footnotes:						
(A) SSA = South Service Area; NSA = North Service Area						
(B) 20 Cities CCI Index, Source: ENR						
(C) From UnitedHealthcare to HealthNet Smart Care HMO						



Agenda Item: 12

Date: July 11, 2018

Subject: 2018 Water Rate Study Consultant Selection

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

As recommended by the Finance and Audit Committee, select Raftelis as the Consultant for the 2018 Water Rate Study (Study) at a not to exceed cost of \$77,580.00. Authorize Director Thomas, as Chair of the Finance and Audit Committee, to execute the contract.

Discussion:

In April 2018, the Board reviewed and approved the Scope and Schedule outlined below for the Study. On May 22, 2018, the Finance and Audit Committee reviewed and approved the Study Request for Proposal (RFP) and the Consultant Distribution List. Of the eight firms that received the RFP, four replied, two declined to propose and two did not respond.

Approved Scope

1. Long-Range Financial Plan (5 years; 2019 - 2023)
 - Produce various operation and maintenance and capital improvement expense scenarios considering cost inflation factors expected in the drinking water industry, pending regulatory standards, and recent water quality results.
2. Water Revenue Study
 - Determine total water revenue needs of the District for years 2019 to 2023. Show and explain revenue escalation assumptions.
3. Cost of Service Study
 - Equitable allocation of revenue demands between various customer classes
4. Water Rate Structure Design
 - With or without increasing District revenues, rate design options are to be explored looking at the portion of the total revenue collected through fixed versus volume dependent rates (conservation pricing). Provide support in accordance with requirements of San Juan Capistrano case and other pertinent case law.
5. Retail Water Rates
 - Propose various customer retail rate scenarios.
6. Wholesale Wheeling Water Rates
 - Propose various wheeling rate scenarios.
7. Water Transfer Rates

- Determine various costs of water banked and recommend per acre-foot price for transfers.
- 8. Facility Development Charges (Connection Charges)
 - Calculate charges as required by District regulations.

Approved Schedule

The major steps necessary to complete the Study include:

- | | |
|--|-------------------|
| 1. Prepare and distribute Request for Proposals | Complete |
| 2. Receive Proposals | Complete |
| 3. Select Consultant | In Process |
| 4. Execute contract | |
| 5. Consultant begins study | |
| 6. Intermittent discussions with Committee and Board | |
| 7. Study completed | |
| 8. Board approval | |
| 9. 218 Hearing (optional: only if increases are necessary) | |

Staff Recommendation

Section VI of the RFP provided proposer's with guidance as to how the selection process would be performed. The RFP indicated the proposals would be evaluated by a committee and rated on:

- Quality and adequacy of the proposal submitted in response to this RFP
- Understanding of the Study
- Experience and qualifications of the Study manager, key personnel assigned, and subconsultants
- Work Plan/Scope of Work
- Fee for completed Work*
- Accessibility and flexibility of Key Consultant staff during the Work
- Information obtained from references

*Fee may be used to distinguish between similarly qualified firms.

Four staff members reviewed the submitted proposals - General Manager, Assistant General Manager, Finance Director and Administrative Services Manager and rated them as follows:

SUMMARY	Available Points	Evaluator 1	Evaluator 2	Evaluator 3	Evaluator 4	Average Score
HDR	100	90	87	96	92	91
REED	100	85	87	94	89	89
BWA	100	72	79	71	79	75
RAFTELIS	100	83	85	95	92	89

With the scoring being very close for three of the four firms, staff had no strong preference for recommending a single firm from the top three proposers.

Committee Recommendation

Based on the Committee's review of each of the proposals and staff's review, the Committee selected Raftelis for the Study.

Fiscal Impact: \$60,000 was the approved budget for the Study. Actual cost will be \$77,580.

Strategic Plan Alignment:

Finance – 4.B. Establish rates and connection fees that are fair, reflect the cost of service, encourage conservation, are simple to understand, and meet the District’s revenue requirements, including bond covenants.

Having a periodic water rate study performed by a professional rate consultant benefits District customers as rates are re-evaluated relative to District costs. As District costs change over the years, it is important to be sure rates are reflective of those changing costs.



Agenda Item: 13

Date: June 21, 2018

Subject: Annual Fraud Prevention Presentation

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

Discuss and review fraud prevention policies and procedures for District operations. Direct staff in any areas of concern.

Discussion:

In 2007, the District adopted the Workplace Dishonesty Policy (PL-Adm 006) and a related Procedure (PR-Adm 004) that identify various types of fraudulent activities that may occur in the normal course of District operations with accompanying mitigation practices (see Exhibits 1 and 2 attached). The purpose of this agenda item is for Directors to publicly review District established policies and procedures related to fraud prevention and detection and to discuss risks to the District resulting from potential fraudulent activities. An annual review was suggested by the District’s independent auditor as a best practice.

Please note that the Workplace Dishonesty Policy and Procedure and risks resulting from potential fraudulent activities were discussed and reviewed with all District staff on Thursday, June 21, 2018.

Background:

Fraud is a broad legal concept and is subject to legal determination. For the District, fraud is primarily defined as prohibited conduct or activities of its directors, officers, employees and those doing business with the District that would be considered dishonest, corrupt or deceitful (see Exhibit 1, section 200.10). For financial reporting purposes, fraud is further defined as intentional act(s) that result in a material misstatement of the financial statements.

The District has implemented various tools to prevent and/or detect fraudulent activities. These tools primarily consist of the internal control procedures that have been adopted, implemented and regularly updated. District internal control procedures have been established by way of the District’s Ordinances, Policies, Procedures and Practices.

In order to prevent or detect fraudulent activities from occurring or perpetuating, it is necessary to understand the conditions under which fraud may occur. Typically, in order for fraud to exist three conditions must be present:

1. Incentive/pressure to perpetrate fraud.
2. An opportunity to carry out the fraud.
3. An attitude/rationalization to justify the fraudulent action.

Established District internal control procedures address risks in each of these three areas and provide specific procedures to be followed to mitigate such risks.

Annually, as part of the financial statement audit, the General Manager and Finance Director are required to make various assertions regarding District internal controls and their awareness of any fraudulent activities (see Exhibit 3, parts 3, 4, 13, 14, 15, 16, 25, 26, 27 and 28). As an update to these assertions made to the Auditors on April 2, 2018, District officers are currently unaware of any fraudulent activities that are occurring in District operations and activities.

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.

District customers benefit by ensuring all District employees and Directors are aware of the circumstances under which fraudulent actions may occur so the chances and opportunities for fraud to occur are minimized.

EXHIBIT 1

PL - Adm 006

Sacramento Suburban Water District

Workplace Dishonesty Policy

Adopted: December 17, 2007

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

100.00 Purpose of the Policy

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

200.00 Policy

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

200.10 Prohibited Conduct and Activities

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

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

200.20 Investigation of Fraud

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

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

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

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

300.00 Establishment of Internal Controls

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

400.00 Reporting Dishonest Acts or Conduct – Whistleblower Protection

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

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

500.00 Policy Review

This policy shall be reviewed at least biennially.

Sacramento Suburban Water District

Workplace Dishonesty Procedure

Effective: December 18, 2007

Purpose

The administrative procedures described in this memorandum are set forth for the purpose of implementing the District's Workplace Dishonesty Policy, PL - Adm 006. The procedures established in this memorandum will ensure that directors, officers, employees, agents, vendors, volunteers or other persons connected to the District are informed of: (1) the types of acts considered to be dishonest, fraudulent, corrupt, or deceitful; (2) the procedures for reporting alleged dishonest acts; (3) the investigative procedures that will be followed when dishonest conduct or activities are alleged; and (4) the consequences if an investigation establishes that dishonest conduct or activities have occurred. This procedure memorandum also delineates District management's responsibility for instituting and maintaining a system of internal controls to prevent and detect dishonesty, fraud, misappropriation of District resources and other corrupt or deceitful conduct.

Definitions

Dishonesty – Dishonesty, fraud, corruption and other deceitful conduct includes:

1. Claiming reimbursement of expenses that are not job-related or authorized by the District's Employee Policies and Procedures Manual and other employment policies.
2. Committing forgery or unauthorized alteration of any District document (for example, invoices, receipts, checks, promissory notes, time sheets, independent contractor agreements, purchase orders, invoices, receipts, petty cash documents or budgets).
3. Misappropriating District assets (for example, money, District-issued credit cards, securities, supplies, furniture, equipment or labor).
4. Committing other improprieties in the handling or reporting of money, material, labor or accounting transactions.
5. Authorizing or receiving payment for goods not received by or services not performed for the District.
6. Using a computer for unauthorized alteration, destruction, forgery, or manipulation of District data or misappropriation of District-owned software.

7. Misrepresenting information on District-related documents.
8. Falsifying time records or expense reports or conducting substantial personal business on District time.
9. Violating federal, state, or local laws related to any form or type of dishonest conduct or activities.
10. Seeking or accepting bribes, gratuities, or other consideration of material value from those doing business with the District including customers, vendors, consultants, contractors, lessees, applicants, and grantees. Materiality is determined by the Political Reform Act of 1974 (Gov't Code sections 87000 et seq.), regulations of the Fair Political Practices Commission (2 Cal. Admin. Code Sections 18100 et seq.), and any amendments to the Act or regulations.
11. Any other type of dishonest, fraudulent, corrupt, or deceitful conduct in violation of any District procedures or of any federal, state or local law or regulation.

Employee – In this context, employee refers to any individual or group of individuals who receive compensation, either working full or part-time, for the District. The term also includes: (1) any volunteer who provides services to the District through an official arrangement with the District or a District organization; (2) any vendor or consultant who provides any good or service to the District; and (3) any other person who does business with or receives compensation from the District.

External Auditor – Refers to audit professionals and firm who perform annual independent audits of the District's financial activities.

Investigator – In this context, refers to any person or persons designated by the General Manager to investigate dishonest conduct.

Manager or Management – In this context, manager or management refers to any administrator, director, manager, supervisor, or other individual who manages or supervises funds or other resources, including human resources.

Retaliate or Retaliation – unlawful discrimination that occurs when an Employee is harassed or suffers an adverse employment action for reporting or assisting in an investigation of alleged or actual Dishonesty. Also referred to as unlawful retaliation or retaliatory harassment.

Procedures for Reporting Workplace Wrongdoing

Employees are entitled to report alleged Dishonesty in a safe and confidential manner without fear of Retaliation. The following reporting procedures should be employed by any person witnessing or suspecting Dishonesty by an Employee:

1. If an Employee is aware of or suspects Dishonesty, the Employee is encouraged to discuss his or her allegations with his or her immediate supervisor.
2. If an Employee is unable to discuss the complaint with his or her immediate supervisor or if the allegation of Dishonesty involves his or her immediate supervisor, then the Employee should report the alleged Dishonesty to his or her Department Head.
3. If the Employee is unable to contact his or her Department Head or if the Department Head is alleged to be involved in the Dishonesty, then the Employee should report the alleged Dishonesty to the Assistant General Manager or the General Manager.
4. The District understands that there may be situations in which an Employee does not feel comfortable reporting alleged Dishonesty directly to other staff members or Managers. As an alternative means of reporting Dishonesty, an Employee may contact a District Director or report to the External Auditor.

No Employee shall retaliate or cause Retaliation to occur against another Employee who reports alleged Dishonesty, who is accused of Dishonesty or is involved in the investigation of alleged Dishonesty. Employees found to have violated this section may be subject to disciplinary action, up to and including termination.

Employee Responsibilities

An Employee who witnesses or knows of actual Dishonesty or who reasonably suspects an occurrence of Dishonesty is required to report his or her knowledge or suspicion to the District in the manner provided in Part III of these Procedures.

A reporting Employee shall refrain from further investigation of any alleged Dishonesty, confrontation with the alleged dishonest Employee(s), or further discussion of the incident with any person, unless requested by the General Manager, Assistant General Manager, District legal counsel, or law enforcement officials.

Any Employee who makes a report under these procedures that the Employee knows or should know is false shall be subject to disciplinary action, up to and including termination.

Management Responsibilities

The District will fully investigate any alleged Dishonesty. The District will conduct a thorough and objective investigation regardless of the position, title, tenure, or relationship with the District of any party who might be involved in or becomes the subject of such an investigation.

Managers are responsible for being alert to and reporting alleged Dishonesty within their areas of responsibility immediately upon observing, learning of or suspecting such misconduct.

1. Each Manager should be familiar with the types of Dishonesty that are most likely to occur in his or her area of responsibility and to take appropriate action to put in place systems to detect and prevent Dishonesty.
2. When Dishonesty is alleged, or when a Manager receives a report of alleged Dishonesty from an Employee, the Manager shall inform his or her Department Head or superior Manager.
3. All Managers are required to know and uphold the District's Workplace Dishonesty Procedures and to cooperate fully with other involved District departments and law enforcement agencies in the detection, reporting, and investigation of criminal acts, including the prosecution of offenders where appropriate. It may not be appropriate in every case where Dishonesty also constitutes a criminal act for the District to report the act to law enforcement officials and seek its prosecution. The General Manager, in consultation with the Board as appropriate, will determine if it is in the District's best interests to report and seek prosecution of criminal Dishonesty or whether the District's best interests are served by handling the Dishonesty as a purely personnel matter.
4. When requested by senior Management or law enforcement with appropriate authority, Managers must give full and unrestricted access to all necessary District records and personnel. As provided by the District's Employee Procedures and Procedures Manual, all District workspaces, including furniture and contents of desks and computers, are not private and are open to District inspection at any time.
5. During an investigation of alleged Dishonesty, great care must be taken to ensure the integrity of the investigation and protection of the involved parties' rights. Therefore, Management must:
 - a. Avoid making incorrect or false accusations concerning any involved party or making statements that could lead to claims of false accusations or other offenses;
 - b. Act in an objective and impartial manner at all times;
 - c. Make no contact with the suspected Employee(s) to determine facts or demand restitution unless specifically directed to do so by the Board of Directors, General Manager or law enforcement officials. Under no circumstances should a Manager use such language as: "what you did", "the crime", "the fraud", "the misappropriation", etc., unless the facts of the Dishonesty have been conclusively established.
 - d. Avoid discussing the facts or allegations of the alleged Dishonesty with anyone outside the District unless specifically directed to do so by the Board, General Manager, District legal counsel or law enforcement officials investigating the matter. A Manager may discuss the case with other Employees who have a need

to know such as the General Manager, Assistant General Manager, District legal counsel, or law enforcement personnel.

- e. Direct all inquiries from the suspected Employee, or his or her representative, to the General Manager unless otherwise directed. All inquiries by an attorney for the suspected Employee should be directed to District legal counsel. All inquiries from the media should be directed to the General Manager.

Investigation and Action

A Department Head who receives a report of alleged Dishonesty (or as appropriate, the reporting Employee) shall immediately report the allegation to the General Manager.

The General Manager, in consultation with other District officials that he or she deems necessary, will determine how best to investigate the alleged Dishonesty and appoint an Investigator to conduct the investigation. In cases where the General Manager is the subject of the allegation, the Board, in consultation with such Managers and legal counsel as it deems appropriate, will direct the investigation in accordance with these Procedures.¹ If warranted by the facts and circumstances, the District may refer an allegation of Dishonesty to law enforcement officials for investigation as a criminal matter. The following procedures will be used by the District in an administrative investigation of alleged Dishonesty:

1. Upon assignment by the General Manager, the Investigator will promptly, objectively and thoroughly investigate the alleged Dishonesty. If a preliminary investigation reasonably establishes that there is no support for the allegation of Dishonesty, the General Manager may close the investigation.
2. In all circumstances where there appears to be a reasonable factual basis for suspecting that the alleged Dishonesty has occurred, the Investigator, in consultation with the General Manager or Board and District legal counsel, will determine if the investigation should be conducted as administrative investigation, criminal investigation, or both. Should both administrative and criminal investigations be deemed necessary, the Investigator and law enforcement officials, in consultation with District legal counsel, will make a determination as to the conduct of the investigations (i.e., whether the investigations will be conducted concurrently, the scope of the investigation, the procedures for identifying potential witnesses and evidence, the procedures for sharing information, and etc.).
3. The Investigator shall accept and review all relevant information concerning the alleged Dishonesty to the extent allowed by law.

¹ In all following references to the General Manager's conduct of the investigation of alleged Dishonesty, it is assumed that the Board would exercise the General Manager's responsibilities in cases where the General Manager is the subject of an allegation of Dishonesty.

4. In consultation with District legal counsel and any law enforcement officials involved in the matter, the Investigator may disclose relevant facts obtained in the investigation to potential witnesses if such disclosure would further the investigation.
5. At the conclusion of an investigation, the Investigator will document the results in a confidential report to the General Manager, if the investigation establishes that the alleged Dishonesty occurred. The report will document the allegations of Dishonesty, the witnesses interviewed and documents obtained and reviewed, a discussion of any other relevant facts or evidence adduced, the Investigator's findings and conclusions, and any recommendations concerning Employee discipline, modifications of internal procedures and controls and any further investigation or action concerning the matter.
6. If the Investigator determines that the allegation of Dishonesty is untrue or cannot be reasonably supported, the Investigator will advise the General Manager before preparing a written report of the investigation. The General Manager, in consultation with legal counsel, shall determine whether a report will be prepared and its disposition if prepared. In cases where an allegation of Dishonesty is unproven, the General Manager may close the investigation without further action or production of a written report.
7. If the report confirms the allegation of Dishonesty, the Investigator will proceed as follows:
 - a. Discuss the evidence, findings and conclusions in the report with the General Manager and other District officials designated by the General Manager.
 - b. Consult with the General Manager and other designated officials to determine if disciplinary action should be taken against the accused Employee and if discipline is warranted, the nature and severity of the discipline.
 - c. Advise the General Manager and District Treasurer if such activities involve theft of District equipment, supplies or cash, in order to assess the effect of the illegal activity on the District's financial statements.
 - d. Advise the District as appropriate to notify the District's insurer of any potential claims or to tender any claims to the District's insurer resulting from the Dishonesty.
 - e. Take immediate action, in consultation with District legal counsel, to prevent the theft, alteration, or destruction of District records and property. Such action shall include, but is not limited to:
 - i. Removing records and property from District facilities to a secure location, or limiting access to the location where the records and property are regularly stored.

- ii. Preventing the accused Employee from having access to such records and property.
8. Unless exceptional circumstances exist, an Employee determined to have committed Dishonesty will be given notice in writing of the results of the investigation after its conclusion. When such notice is given, the accused employee may submit a written response to the General Manager no later than seven calendar days after the notice is given.
9. If the allegation of Dishonesty is confirmed, the General Manager will consult with the Assistant General Manager, affected Department Head, and other officials designated by the General Manager to determine the nature and severity of any disciplinary action to be imposed on the accused Employee. If the accused Employee will be subject to discipline, the General Manager will provide written notice of the discipline to the Employee. Upon receipt of such notice, the accused Employee may exercise any such appeal rights that he or she has under applicable laws and District personnel policies.
10. If warranted by the facts obtained in the investigation, the General Manager may forward the Investigator's report to the appropriate state or federal prosecutorial and law enforcement officials for review and action. Before referring such a report to law enforcement and prosecutorial authorities, the General Manager may consult with the Board.
11. The District will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of any District losses sustained as a result of the Dishonesty from the accused Employee or other appropriate sources.
12. If warranted after the conclusion of an investigation in which Dishonesty is proven, the General Manager shall convene a working group, including the Department Head of the department where the Dishonesty occurred and the District Treasurer, to review relevant District administrative procedures, systems and controls and determine how such procedures, systems and controls may be modified or new procedures, systems and controls established to prevent a reoccurrence of the Dishonesty. Upon determination of that existing procedure, systems and controls should be modified or new procedures, systems and controls established, the General Manager shall direct the District Treasurer and appropriate Managers to modify or establish such procedures, systems and controls and to prepare any amended or new policies for Board review and approval.

Exceptions

There will be no exceptions to this Procedure unless provided and approved in writing by the General Manager.

Posting

A copy of this Procedure shall be delivered to all Employees and new hires.

Approved by:



Robert S. Roscoe
General Manager



April 2, 2018

Richardson & Company, LLP
550 Howe Avenue, Suite 210
Sacramento, CA 95825

This representation letter is provided in connection with your audit of the financial statements of Sacramento Suburban Water District (the District), which comprise the respective financial position as of December 31, 2017 and 2016, and the respective changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of April 2, 2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 12, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments that have not been disclosed to you.

11) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12) We have provided you with:

- a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
- b) Additional information that you have requested from us for the purpose of the audit.
- c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
- d) Minutes of the meetings of District or summaries of actions of recent meetings for which minutes have not yet been prepared.

13) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

14) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

15) We have no knowledge of any fraud or suspected fraud that affects the District and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

16) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

17) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

18) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

19) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

20) There have been no communications for regulatory agencies concerning non-compliance with or deficiencies in, financial reporting practices.

21) We have a process to track the status of audit findings and recommendations.

22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

24) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

26) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a

material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance that have not been disclosed to you.
- 30) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral of which we are aware.
- 31) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 32) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted), are properly classified and, if applicable, approved.
- 34) Provisions for uncollectible receivables have been properly identified and recorded.
- 35) Investments and derivative instruments are properly valued.
- 36) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and depreciated.
- 38) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation for the RSI.
- 40) The methods and significant assumptions used to determine fair value of the interest rate swaps result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
- 41) We believe that that actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances

Signature: _____

Title: General Manager

Signature: _____

Title: Finance Director

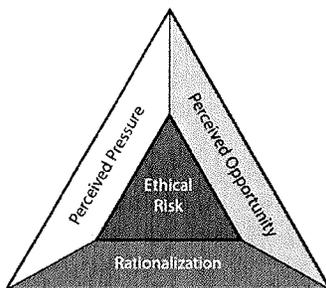
FRAUD PREVENTION

ALL HANDS MEEETING
JUNE 21, 2018

FRAUD

- Deterrence involves eliminating factors that may cause fraud, whereas prevention involves identifying and stopping existing fraud
- Detection involves a review of historical transactions to identify indicators of a non-conforming transaction.

FRAUD TRIANGLE



Breaking the Fraud Triangle is the key to fraud deterrence. Breaking the Fraud Triangle implies that the District must remove one of the elements in the fraud triangle in order to reduce the likelihood of fraudulent activities

INTERNAL CONTROLS

- CONTROL ENVIRONMENT
- RISK ASSESSMENT
- CONTROL ACTIVITIES
- INFORMATION & COMMUNICATION
- MONITORING

DISTRICT CONTROLS

- WORKPLACE DISHONESTY POLICY (PL-ADM 006)
- WORKPLACE DISHONESTY PROCEDURE (PR-ADM 004)
- DISTRICT ACCOUNTING, INVENTORY AND OTHER PROCESSES
- SECURITY

DISTRICT CONTROLS continued

- ANNUAL AUDIT
 - ADDITIONAL PROCEDURES
- ANNUAL COMPLIANCE AUDIT
- BUDGET-TO-ACTUAL
- CONTRACT REVIEW



Agenda Item: 14

Date: July 11, 2018

Subject: General Manager's Report

Staff Contact: Dan York, General Manager

a. 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 draft Successor Agreement and provide comments. On June 4, 2018, the District received a draft Successor Agreement from MBP. District staff and legal counsel reviewed the draft Successor Agreement and provided MBP with their comments on July 9th in preparation of the July 11th meeting. Aside from a few clarifications, both parties are in agreement with the content of the draft Successor Agreement. The County is currently reviewing the draft Successor Agreement. Staff anticipates the draft Successor Agreement to be presented to the Facilities and Operations Committee in August/September and to the full Board in September/October.

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.

b. City of Sacramento Wholesale Agreement

As reported in October 2017, the District and City of Sacramento (City) concur that it is advantageous to amend the 2004 Agreement that will potentially lower the cost per acre feet (af) and would allow the City to utilize their water supplies and to allow the District to purchase the water to benefit its Conjunctive Use Program. In addition, the City and the former Northridge Water District (NWD) entered into an agreement in 1980, under which the City granted NWD the right, subject to specified conditions, to divert up to 9,023 af per year from the American River for use within the portion of service area of NWD, referred to as Area D.

The District and the City last met in September 2017, to discuss the status of ongoing discussions related to the Agreement. During the September 2017 meeting, the following topics were discussed to potentially add to the amended agreement:

- Wholesale Water Rates: The City's Finance Department has contracted with HDR Engineering Inc. to conduct a wholesale water rate analysis. The intent of the wholesale water rate analysis is to potentially adopt a wholesale water rate that is standard in the water treatment industry.
- 9,023 af of surface water supply of the former Northridge Water District: Add the subject surface water supply to the amended agreement that can only be utilized in Area D of the District's service area.
- Emergency/Maintenance Supply: Set parameters for utilizing the interconnection between the agencies for emergency or maintenance utilization.
- Sacramento River Water Supply: Opportunities to receive water from the Sacramento River Treatment Plant.
- Water Transfers: Insert language/terms that would simplify the internal approval process in order to expedite water transfer opportunities.
- Groundwater Storage: Include language/terms that would simplify the internal approval process to conduct groundwater storage opportunities.

On July 6, 2018, the City provided the District with a draft Agreement. District staff and legal counsel will review and comment on the draft Agreement in a timely manner and schedule a meeting with the City to discuss both agencies comments/edits.

c. Open House

District staff is in the process of preparing to hold an Open House on October 17, 2018, from 6:00 pm to 8:00 pm. This will provide an opportunity for target audiences to learn more about Sacramento Suburban Water District and the value it provides. This event will also provide an opportunity for the attendees to interact with staff and Board of Directors.

Attendees will be able to interact with staff from conservation, distribution, field services, production, engineering, customer service and water quality departments. There will also be handouts to promote conservation. There is also a potential to have District equipment at this event.

The target audience is the District's customers. The Open House will be promoted, at a minimum, through bill inserts, e-blast, press release, direct mail postcards, website and messages on hold.

d. Antelope Transmission Pipeline Total Repair Cost

The Antelope Transmission Pipeline (ATP) is a six-mile, 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.

Following the repair of the leak, and the subsequent removal of a second 6" valve for forensic analysis, the decision was made to begin the process of placing the ATP back in service. The ATP was placed back in service on April 23, 2018.

At the June 2018 regular Board meeting staff was directed to provide an update as to the total cost of the repairs to the subject pipeline. Below are the cost summaries of the leak repair; recharge and disinfection process; and total costs:

2018 ATP Leak Repair Cost Summary	
Outside Contractors	\$61,745.30
Pavement Restoration	\$27,548.00
Materials & Supplies	\$776.13
District Staff Labor	\$3,874.83
Total	\$93,944.26

2018 ATP Recharge and Disinfection Process Cost Summary	
Outside Contractors	\$57,484.09
Chemicals	\$52,567.55
Materials & Supplies	\$41,970.19
District Staff Labor	\$36,000.00
Traffic Control	\$9,684.75
Material Forensics	\$7,617.00
Laboratory Services	\$852.00
Total	\$206,175.58

2018 ATP Total Cost Summary	
Outside Contractors	\$119,229.39
Chemicals	\$52,567.55
Pavement Restoration	\$27,548.00
Materials & Supplies	\$42,746.32
District Staff Labor	\$39,874.83
Traffic Control	\$9,684.75
Material Forensics	\$7,617.00
Laboratory Services	\$852.00
Total	\$300,119.84

e. Statewide Water Tax Update

At the April 2018 regular Board meeting the District's Board of Directors authorized the General Manager to provide \$10,000 to the Association of California Water Agencies (ACWA) for their effort to oppose Senate Bill 623 and/or any language regarding a "water tax" (or similar language) as part of a budget trailer bill. To date, ACWA received donations totaling approximately \$375,000. ACWA staff and member agencies' advocacy and educational efforts are having a positive impact on the subject bill. On June 8, 2018, the Conference Committee approved a compromise package on safe drinking water funding that did not include the proposed statewide drinking water tax budget trailer bill. However, safe drinking water remains a volatile issue. There may be an attempt to advance the water tax through another vehicle.

f. Regional Water Transfer

As of the date of this report, the regional water transfer remains in the final approval stage. The transfer was intended to begin on July 1st. However, there have been some management shortages due to the July 4th holiday, as well as a few new staffers who have yet to review/approve a regional water transfer.

The Department of Water Resources (DWR) has indicated that the groundwater related information is essentially acceptable and they will let the State Water Project reviewers know the transfers are technically acceptable. The State Water Project reviewers are still reviewing all the other components of the transfers and are awaiting word from the State Water Resources Control Board (SWRCB) orders. Upon SWRCB issuing the orders, DWR will provide the "green light" to begin pumping. The regional partners are still waiting for the SWRCB orders to be issued, and the subsequent green-light from DWR to begin.

On July 9th, the regional partners received the SWRCB order for Carmichael Water District's (CWD) portion of the transfer. It was immediately uploaded and communicated with DWR. DWR's representative stated they are waiting for Bureau of Reclamation's approval (apparently of the Order) prior to giving the green light to begin CWD's pumping.

This same "Reclamation approval" is expected for the City of Sacramento's order on July 10th. A request has been submitted asking DWR to make sure Reclamation's approval for all three is obtained at once, or at least a very clear line of authority is established so the regional partners are not waiting for just one person at Reclamation to get back to DWR. The regional partners have contacted the Buyers and apologized on these delays.

San Juan Water District was able to begin the pre-1914 part of their transfer on Saturday, July 7th.

ITEM 15. a.

REGIONAL WATER AUTHORITY REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, July 12, 2018, 9:00 a.m.

5620 Birdcage Street, Suite 110

Citrus Heights, CA 95610

(916) 967-7692

AGENDA

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

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. CONSENT CALENDAR

a. Minutes from the May 3, 2018 RWA Board meeting

Action: Approve the Consent Calendar Item

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

a. Information: Final minutes of the April, 25, 2018 and May 23, 2018 Executive Committee meetings and draft minutes from the June 27, 2018 Executive Committee meeting

5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) FUNDING POLICY

Information Presentation: John Woodling

Action: Approve Changes to Policy 500.10 Other Post-Employment Benefits (OPEB) Funding Policy

6. RWA JULY 2017 OTHER POST EMPLOYMENT BENEFITS (OPEB) AND ACTUARIAL REPORT ON RETIREE BENEFITS

Information Presentation: John Woodling

Action: Approve using the 7.0% discount rate for the RWA July 2017 OPEB Actuarial Report. Continue using the CERBT, investing in Strategy 1. Continue funding the actuarial determined contribution

Action: Approve of RWA July 2017 Actuarial Valuation: Determination Other Post-Employment Benefits (OPEB) Funding Contributions

7. LEGISLATIVE UPDATE

Information Presentation: John Woodling, Executive Director and Dave Brent, Water Policy Advisor

8. ARB IRWM PLAN

Information Presentation: Rob Swartz, Manager of Technical Services

Action: Adopt Resolution 18-01 to Approve Updated ARB IRWM Plan and Incorporate Storm Water Resource Plans

9. EXECUTIVE DIRECTOR'S REPORT

10. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, July 25, 2018 and August 22, 2018, 8:30 a.m. at the RWA office.

Next RWA Board of Directors' Meeting – Thursday, September 13, 2018, 9:00 a.m., at the RWA Office.

ITEM 15. d.

Water Forum Successor Effort Coordinating Committee

Thursday, June 28, 2018
3:00-5:00 p.m.

Water Forum Office
1330 21st Street, Ste. 103
Sacramento, CA 95811
(916) 808-1993

AGENDA

1. Introductions / Agenda Review
2. Disclosures
3. Updates
 - a. Flow Management Standard
 - b. Groundwater Facilitation
 - c. HME
 - d. Statewide Water Policy / Legislation
4. Water Forum Agreement – Tracking and Oversight
 - a. When and who?
5. Adjourn

Minutes

Sacramento Suburban Water District
Finance and Audit Committee Meeting
Tuesday, July 10, 2018

Call to Order

Chair Thomas called the meeting to order at 4:01 p.m.

Pledge of Allegiance

Chair Thomas led the Pledge of Allegiance.

Roll Call

Directors Present: Kevin Thomas and Kathleen McPherson.

Directors Absent: None.

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

Public Present: William Eubanks and Avery Wiseman.

Announcements

None.

Public Comment

None.

Items for Discussion and Action

1. **2018 Semi-Annual Budget Update**

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

Dana Dean (Mr. Dean) provided clarification on the status of certain CIP Projects (paving and the Palm Well projects.)

The Committee recommended the item be brought to the full Board as an information item.

2. **2019 Draft Budget Assumptions**

Mr. Bills presented the staff report and PowerPoint presentation.

Chair Thomas and Director McPherson each asked clarifying questions.

The Committee recommended Option 3 for the 2019 Water Production Budget.

Chair Thomas requested to review the Reserve Policy.

Mr. Eubanks inquired how much steel pipe was left from last year's purchase.

Mr. Dean stated he would get the exact amount to him at the next regular Board meeting.

Mr. Eubanks suggested the Committee propose to the full Board a reduction in the reserve balance by the amount spent on reserve funds used in the recent bond refinancing.

The Committee agreed to recommend to the full Board to reduce the reserve balance to \$36.5 million dollars and to eliminate it as a reserve category the Debt Service Fund.

Avery Wiseman (Mr. Wiseman) inquired about the status of the O&M budget as he pointed out that it was continuing to increase. He further stated he was in favor of cuts within the O&M budget.

Director McPherson expressed she was interested in ensuring that operation was as efficient as possible. She further inquired where the District stood in relation to other water districts of similar size, serving similar demographics.

Mr. Wiseman reiterated he was not in favor of another rate increase.

The Committee requested the 2019 Budget Assumptions be presented to the full Board as an Action Item with a recommendation of approval.

3. 2018 Water Rate Study Consultant Selection

Mr. Bills presented the staff report.

The Committee discussed their review of the proposals.

Mr. Eubanks clarified that the amount budgeted for the study was just an estimated amount.

Mr. Wiseman expressed he was not in favor of either The Reed Group or HDR as Consultants, and that he was also not in favor doing another rate study.

The Committee directed staff to bring this item to the full Board with a recommendation to select Raftelis as the Consultant for the 2018 Water Rate Study, with a not to exceed cost of \$77,580.00.

Adjournment

Chair Thomas adjourned the meeting at 5:13 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 17

Date: July 9, 2018

Subject: Water Management Planning – SB 606 and AB 1668

Staff Contact: Greg Bundesen, Water Conservation Supervisor

Background

In 2016 the Governor signed Emergency Order B-37-16 calling on all Californians to make water conservation a way of life in California. In an effort to fulfill the Governor's call, the state legislature generated Senate Bill 606 and Assembly Bill 1668 (Bills) which were signed into law on May 31, 2018. Both Bills regard Water Management Planning and were joined bills, meaning that both needed to be signed in order for each to become effective. Both Bills will continue to be developed through the rule making process and have implementation dates beyond 2020.

Discussion

Senate Bill 606

SB 606 sets the following provisions:

- Requires the State Water Resources Control Board (SWRCB) and the Department of Water Resources (DWR) to adopt water efficiency regulations;
- Requires annual calculation of the urban water use objective and annual reporting of the previous year's water use that is consistent with the urban water use objective;
- Revises requirements for Urban Water Management Plans;
- Requires the adoptions of a water shortage contingency plan, which must include certain elements, annual drought risk assessment (drought risk assessment) procedures and standard water shortage levels; and,
- Requires urban water suppliers to conduct annual drought risk assessments and to submit an annual report to DWR.

The urban water use objectives must be established by November 1, 2023. The standard will be calculated each year thereafter for the previous calendar year by November 1st. The revisions to the Urban Water Management Plan includes descriptions of water supply reliability, a drought risk assessment, and provisions for Water Shortage Contingency Plans¹.

¹ The District's Regulation No. 15 currently serves as its Water Shortage Contingency Plan.

Assembly Bill 1668

AB 1668 sets the following provisions:

- Establishes urban water use objectives;
- Establishes reporting requirements; and,
- Requires the SWRCB and DWR to adopt long-term standards for efficient water use.

AB 1668 drives the urban water objectives noted in SB 606. The urban water use objectives are calculated as follows:

- Indoor Residential Budget + Outdoor Irrigation Budget + Water Loss
 - Indoor Residential Budget = 55 gallons per capita per person per day (gpcd).
 - Outdoor Irrigation Budget = Residential and Commercial, Industrial, and Institutional² irrigable Landscape.
 - Water Loss objective will be calculated based on the standards set by SB 555.

On June 11, 2018, DWR presented their definitions for the water use objectives via webinar. The definition for irrigable area includes irrigated landscape (green grass, trees shrubs, and swimming pools), other irrigated landscape (water features, horse arenas, areas where dust control is required, and fire protection zones), agriculture/ranchettes, and irrigable not irrigated (new construction lots, non-irrigated brown lawn areas, and mulched areas). Landscape areas that are not included in the calculation are undeveloped areas and natural areas such as native tree groves.

DWR will be conducting landscape area measurements for water agencies while the rest of the provisions are being reviewed and refined. The objectives must be in place by May 30, 2022. On January 1, 2025, the indoor residential standard will change from 55 gpcd to 52.5 gpcd. On January 1, 2030, the indoor residential standard will change from 52.5 gpcd to 50 gpcd.

Customer communication will be very critical during the next few years. Providing the appropriate assistance and engagement programs to ensure customers reach their water use goals will continue to be staff's primary focus.

The media has not been very accurate in their reporting regarding the way the standards are to be achieved. This misinformation has left many customers confused regarding their role in the new legislation. To ensure clarity, staff would like to state that the water use objectives are the sum of all of the objectives: Indoor, Outdoor and Water Loss and are the District's responsibility to meet. Water agencies are not obligated to meet the individual standards of each category, only the total objective. District customers are not obligated to meet any of the individual water use standards. It will be up to the District to ensure our customers have the tools and information necessary to help the District meet its objectives and standards. Information regarding the facts about SB 606 and AB 1668 has been posted to the District's website.

² CII irrigable landscape is defined as any connection that is a dedicated irrigation connection. Other provisions for CII water use will be developed by the SWRCB and DWR.

Staff will continue to keep the Board updated regarding the rule making process for both SB 606 and AB 1668. Both SB 606 and AB 1668 were enacted in an effort to ensure that Californians are using water as efficiently as possible. These laws, like many water conservation type laws that have come before it, provide a framework for water agencies to follow to ensure the impact of California's cyclical droughts are minimal. The framework, which also includes water supply stress tests and a more uniform Water Shortage Contingency Plan outline will ensure that drought responses are more localized and based on local water supply rather than a one-size-fits-all statewide approach.



Agenda Item: 18

Date: June 27, 2018

Subject: Human Resources and Succession Plan Biannual Report

Staff Contact: Lynne Yost, Human Resources Coordinator

1. Current Statistics

Full Time Employees:	66
Temporary Employees:	10*
Full Time Vacancies:	1

Current temporary employees include two Water Conservation Representatives, six engineering interns (*one completing pre-employment medical exam on 7/3/18), one GIS intern and one office assistant.

Current full-time vacancy is for a promotional Foreman (Production) position; once this position is filled, another vacancy will result and be filled from an existing hire list or a new recruitment depending on the available position.

2. Completed/Ongoing Work of Note

- a) Began 2019 Benefits Renewal Analysis; current plans and providers are all up for renewal effective 1/1/19.
- b) Completed review of 2019 medical plans and premium rates (CalPERS, ACWA/JPIA and SDRMA); prepared Board report and resolution recommending the District continue in the CalPERS program in 2019.
- c) Completed hiring process and orientations for two new full-time staff, including Distribution Operator II and Assistant General Manager.
- d) Completed orientations for five new temporary staff, including Water Conservation Representative and four engineering interns.
- e) Completed 2018 class specification/job description reviews with additional reviews being conducted to equalize the total number of reviews conducted on triennial review schedule.

3. Succession Plan Update

To date, District succession planning efforts have been successful in filling eight positions, including General Manager, vacated by long-term employees who retired. The most recent

efforts to fill the Assistant General Manager position, which became vacant when the former Assistant General Manager was selected for the General Manager vacancy, were very successful and new Assistant General Manager Michael Huot began working for the District on June 25, 2018.

Succession planning is now focused on filling the upcoming vacancy for Human Resources Coordinator (current incumbent is retiring at the end of September), an announced retirement for Production Operator early next year, and potential retirements of three employees next spring and/or fall.



Agenda Item: 19

Date: July 11, 2018

Subject: 2018 Semi-Annual Budget Update

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

As recommended by the Finance and Audit Committee, the attached update is presented for the information of the Board. Referring to the Table on Page 2, note variances from Budget to-date and those expected to occur in the second half of 2018. Expenditures may exceed Budget by \$529,000, but at this point staff is reallocating cost increases within the approved Budget. Unbudgeted revenue is expected to increase by \$1,305,000 and, due to the refinancing of the 2009B Certificate of Participation (COP), debt service expenditures will be \$135,000 less than budgeted. In summary, Operations and Maintenance (O&M) costs are expected to be less than Budget by \$356,000, Capital Improvement Plan (CIP) Budget may increase by \$1,020,000 (see Item 4 below), and, as mentioned above, the Debt Service Budget will decrease by \$135,000.

A number of variances to the 2018 Budget have occurred or are expected to occur by year-end. The financial impact of the following events is illustrated in the Table on Page 2 (note references in Table 2 to explanations below):

1. Due to availability of PCWA surface water, the District expects to wheel 2,000 Acre-Feet (AF) to Cal-American Water Company. Water wheeling revenues are expected to increase by \$535,000.
2. The recently approved 4,000 AF water transfer is expected to bring in net revenues of \$770,000.
3. The City of Sacramento (City) continues to increase its selling price for surface water, thus staff recommends not taking the budgeted 1,000 AF of surface water from the City and instead substitute with groundwater. Expected net savings from using ground water over surface water in the South Service Area is roughly \$356,000.
4. The District expects an increase of roughly \$1,020,000 for certain CIP projects in 2018 as a result of - 1) due to Division of Drinking Water permitting requirements for the Edison Meadow main replacement project, bids came in \$460,000 above budget; 2) a \$200,000 change order was needed for the Parkland Estates project (to avoid a

County paving project); 3) projects related to County paving came in \$260,000 above budget; and 4) Well N6A construction bid came in \$100,000 over budget.

- Due to the recent refinancing of the 2009B COP, the District saved roughly \$320,000 in interest expense payments this year. The refinancing also changed the principal payment schedule causing principal payments to increase by \$185,000.

	2018 Original Budget	Actual & Expected Variances	2018 Estimated Actual
Revenue			
Income From Customers	\$ 45,020,000		
Whole Sale Water to Cal-Am Water		\$ 535,000 ¹	\$ 45,555,000
Water Transfers		770,000 ²	770,000
Total Other Income	1,465,000	-	1,465,000
Total Revenue	\$ 46,485,000	\$ 1,305,000	\$ 47,790,000
Budget			
Operations and Maintenance	21,860,000		
Surface Water-City of Sacramento (-1,000AF)		(485,000) ³	
Ground Water (+ 1,000AF)		129,000 ³	21,504,000
Capital Improvement Program	19,160,000		
Edison Meadows Distribution Project		460,000 ⁴	
Parkland Estates Ph 2 Distribution project		200,000 ⁴	
County Paving Projects		260,000 ⁴	
Well N6A - Palm Avenue		100,000 ⁴	20,180,000
Operating Capital Program	1,161,000		1,161,000
Debt Service (Forecast)	7,700,000		
Increase Principal - Refunding 2009B		185,000 ⁵	
Reduce Interest - Refunding 2009B		(320,000) ⁵	7,565,000
Total Costs	49,881,000	529,000	50,410,000
Change in Reserve Balance 12/31/2018	(3,396,000)	776,000	(2,620,000)
Debt Service Reserve Fund - Refunding 2009B		(3,548,170)	(3,548,170)
Actual Reserve Balance as of 12/31/2017	45,669,205		45,669,205
Projected Reserve Balance	\$ 42,273,205	\$ (2,772,170)	\$ 39,501,035

Fiscal Impact:

Potentially, O&M and Debt Service Budget decreases of \$356,000 and \$135,000, respectively; \$1,020,000 increase to the 2018 CIP Budget; \$776,000 increase in cash reserves.

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 forms the basis for organization and control of District financial resources. It also aids in making advance decisions regarding the efficient use of rate-payer funds.



Agenda Item: 20

Date: July 9, 2018

Subject: New OPEB Report Under GASB 75

Staff Contact: Daniel A. Bills, Finance Director

Discussion:

As discussed with the Board in November 2017, the new financial reporting requirements for Other Post-Employment Benefits (OPEB) under Government Accounting Standards Board Statement No. 75 (GASB 75) require the District to have a new OPEB actuarial valuation. The new valuation has now been performed and the results are attached as Exhibits 1 and 2.

Exhibit 1 is a summary of the new valuation with a comparison to the prior valuation performed under GASB 45. The new valuation shows a \$0.4 million reduced liability using the new GASB 75 requirements, which are primarily due to a change in the assumed discount rate. Under GASB 45, the trust required us to use a 6.5% discount rate when calculating the OPEB liability, under GASB 75 we have been asked to use a 7.0% discount rate.

Exhibit 2 is the final draft report for Director review and information.

Exhibit 1

2017 OPEB Actuarial Valuation Per GASB 74/75

Board Meeting
July 16, 2018



1

RESULTS (p. 8 & 9)

	<u>GASB 43/45</u>	<u>GASB 74/75</u>
PV of Total Projected Benefits	\$8,755,753	\$8,133,139
Total OPEB Liability	\$7,295,798	\$6,885,459
Net OPEB Liability		\$2,155,077
Plan Assets as of 6/30/17	\$4,726,214	\$4,726,214
2018 Annual Required Contribution	\$557,202	TBD



2

ACTUARY RECOMMENDATIONS (p. 12)

1. *Redo Valuation every 2 years or whenever the plan changes or employer actions cause a material change in costs or liabilities, such as:*
 1. *Early retirement incentive program*
 2. *A new or amended plan is adopted*
 3. *Changes are made to retiree benefit provisions*
 4. *Employer or employee contributions change*

2. *“We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully.”*

ASSUMPTIONS (p. 15 - 20)

Actuarial Cost Method	Entry Age Normal
Amortization Method	18 Years Initial UAAL 8 Years UAAL
Substantive Plan	Written Plan plus Policies/Procedures
Inflation	2.75%
Discount Rate	GASB 74/75 = 7.0%; GASB 45 = 6.5%
Trend	4.0%
Payroll Increase	2.75%

ASSUMPTIONS (cont.)

Actuarial Value of Plan Assets	Per CERBT as of 6/30/17
Mortality	Per PERS
Retirement Rates	Per PERS
Vesting Rates	Hired before 1/1/03 Hired after 1/1/03
Participation Rates	Per PERS
Turnover	Per PERS
Health Costs	PERS & District Experience



Exhibit 2

Total Compensation Systems, Inc.

**Sacramento Suburban Water District
Actuarial Study of
Retiree Health Liabilities Under GASB 74/75
Valuation Date: June 30, 2017
Measurement Date: June 30, 2017**

*Prepared by:
Total Compensation Systems, Inc.*

Date: June 29, 2018

Total Compensation Systems, Inc.

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Total Compensation Systems, Inc.

Sacramento Suburban Water District Actuarial Study of Retiree Health Liabilities

PART I: EXECUTIVE SUMMARY

A. Introduction

Sacramento Suburban Water District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of June 30, 2017 (the measurement date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending December 31, 2017. If the report will first be used for a different fiscal year, the numbers may need to be adjusted accordingly.

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

This actuarial study is intended to serve the following purposes:

- To provide information to enable Sacramento Suburban Water District to manage the costs and liabilities associated with its retiree health benefits.
- To provide information to enable Sacramento Suburban Water District to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 74 and 75 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 74 and 75, Sacramento Suburban Water District should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 74 and 75 compliance.

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

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

- the total liability created. (The actuarial present value of projected benefits or APVPBP)
- ten years of projected benefit payments.
- the "total OPEB liability (TOL)." (The TOL is the portion of the APVPBP attributable to

Total Compensation Systems, Inc.

employees' service prior to the measurement date.)

- the "net OPEB liability" (NOL). For plans funded through a trust, this represents the unfunded portion of the liability.
- the service cost (SC). This is the value of OPEB benefits earned for one year of service.
- deferred inflows and outflows of resources attributable to the OPEB plan.
- "OPEB expense." This is the amount recognized in accrual basis financial statements as the current period expense. The OPEB expense includes service cost, interest and certain changes in the OPEB liability, adjusted to reflect deferred inflows and outflows. This amount may need to be adjusted to reflect any contributions received after the Measurement Date.
- Amounts to support financial statement Note Disclosures and Required Supplementary Information (RSI) schedules.

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

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

B. General Findings

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

For current employees, the value of benefits "accrued" in the year beginning July 1, 2017 (the service cost) is \$168,604. This service cost would increase each year based on covered payroll. Had Sacramento Suburban Water District begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$6,885,459. This amount is called the "Total OPEB Liability" (TOL). Sacramento Suburban Water District has set aside funds to cover retiree health liabilities in a GASB 75 qualifying trust. The Fiduciary Net Position of this trust at June 30, 2017 was \$4,730,382. This leaves a Net OPEB Liability (NOL) of \$2,155,077.

Based on the information we were provided, the OPEB Expense for the fiscal year ending December 31, 2017 is \$169,108. As noted in this report adjustments may be needed – particularly if the reporting date is not the same as the measurement date.

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

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C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

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

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

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

D. Recommendations

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

- We recommend that Sacramento Suburban Water District maintain an inventory of all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, Sacramento Suburban Water District should determine whether the benefit is material and subject to GASB 74 and/or 75.
- We recommend that Sacramento Suburban Water District conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two years, as required under GASB 74/75.
- Under GASB 75, it is important to isolate the cost of retiree health benefits. Sacramento Suburban Water District should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, Sacramento Suburban Water District should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- Sacramento Suburban Water District should establish a way of designating employees as eligible

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or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.

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

Respectfully submitted,

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Total Compensation Systems, Inc.

PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in June of 2015 Accounting Standards 74 and 75 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees), whether they pay directly or indirectly (via an “implicit rate subsidy”),

B. Actuarial Accrual

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

The actuarial cost method mandated by GASB 75 is the “entry age actuarial cost method”. Under this method, there are two components of actuarial cost – a “service cost” (SC) and the “Total OPEB Liability” (TOL). GASB 75 allows certain changes in the TOL to be deferred (i.e. deferred inflows and outflows of resources).

The service cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. Under the entry age actuarial cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the service cost. Under GASB 75, the service cost is calculated to be a level percentage of each employee’s projected pay.

The service cost is determined using several key assumptions:

- The current **cost of retiree health benefits** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the service cost.
- The “**trend**” rate at which retiree health benefits are expected to increase over time. A higher trend rate increases the service cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing service costs.
- **Mortality rates** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.
- **Employment termination rates** have the same effect as mortality inasmuch as higher termination rates reduce service costs. Employment termination can vary considerably between public agencies.
- The **service requirement** reflects years of service required to earn full or partial retiree benefits. While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

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- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase service costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20 year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. If all actuarial assumptions are exactly met and an employer expensed the service cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the Total OPEB Liability (TOL). The excess of TOL over the value of plan assets is called the Net OPEB Liability (NOL). Under GASB 74 and 75, in order for assets to count toward offsetting the TOL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The total OPEB liability (TOL) can arise in several ways - e.g., as a result of plan changes or changes in actuarial assumptions. TOL can also arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 74 and 75, a portion of actuarial gains and losses can be deferred as follows:

- Investment gains and losses can be deferred five years
- Experience gains and losses can be deferred over the expected average remaining service lives (EARSL) of plan participants. In calculating the EARSL, terminated employees (primarily retirees) are considered to have a working lifetime of zero. This often makes the EARSL quite short.
- Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working lifetime
- Liability changes resulting from plan changes, for example, cannot be deferred.

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PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

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

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

B. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent Sacramento Suburban Water District uses contribution caps, the influence of the trend factor is further reduced. We multiplied each year's benefit payments by the probability that benefits will be paid; i.e. based on the probability that the employee is living, has not terminated employment, has retired and remains eligible. The probability that benefit will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's benefit payments and the probability the benefit will be paid equals the expected cost for that year. We discounted the expected cost for each year to the measurement date June 30, 2017 at 7% interest. Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

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

We added the APVPBP for all employees to get the actuarial present value of projected benefit payments (APVPBP) for all participants. The APVPBP is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVPBP is the amount on June 30, 2017 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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Actuarial Present Value of Projected Benefit Payments at June 30, 2017

<i>All Participants</i>	
Active: Pre-65	\$2,027,658
Post-65	\$2,799,629
Subtotal	\$4,827,287
Retiree: Pre-65	\$351,603
Post-65	\$2,954,249
Subtotal	\$3,305,852
Grand Total	\$8,133,139
Subtotal Pre-65	\$2,379,261
Subtotal Post-65	\$5,753,878

The APVPBP should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVPBP is used to develop expense and liability figures. To do so, the APVPBP is divided into two parts: the portions attributable to service rendered prior to the measurement date (the past service liability or Total OPEB Liability (TOL) under GASB 74 and 75) and to service after the measurement date but prior to retirement (the future service liability).

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

C. Cost to Prefund Retiree Benefits

1. Service Cost

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

Service Cost Year Beginning June 30, 2017

<i>All Participants</i>	
# of Employees	61
Per Capita Service Cost	
Pre-65 Benefit	\$1,163
Post-65 Benefit	\$1,601
First Year Service Cost	
Pre-65 Benefit	\$70,943
Post-65 Benefit	\$97,661
Total	\$168,604

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

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2. Total OPEB Liability (TOL) and Net OPEB Liability (NOL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the service cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the Total OPEB Liability (TOL). We calculated the TOL as the APVPBP minus the present value of future service costs. To the extent that benefits are funded through a GASB 74 qualifying trust, the trust's Fiduciary Net Position (FNP) is subtracted to get the NOL. The FNP is the value of assets adjusted for any applicable payables and receivables.

Total OPEB Liability (TOL) and Net OPEB Liability (NOL) as of June 30, 2017

<i>All Participants</i>	
Active: Pre-65	\$1,502,675
Active: Post-65	\$2,076,931
Subtotal	\$3,579,606
Retiree: Pre-65	\$351,603
Retiree: Post-65	\$2,954,249
Subtotal	\$3,305,852
Subtotal: Pre-65	\$1,854,278
Subtotal: Post-65	\$5,031,180
Total OPEB Liability (TOL)	\$6,885,459
Fiduciary Net Position as of June 30, 2017	\$4,730,382
Net OPEB Liability (NOL)	\$2,155,077

Because Sacramento Suburban Water District concluded that it would be too expensive and time-consuming to rerun prior valuations under GASB 75, we invoked Paragraph 244 of GASB 75 for the transition. Consequently, in order to determine the beginning NOL, we used a "roll-back" technique. The following table shows the results of the roll-back. Sacramento Suburban Water District should restate its December 31, 2016 NOL accordingly.

Changes in Net OPEB Liability as of June 30, 2017

	<i>TOL</i>	<i>FNP</i>	<i>NOL</i>
Roll back balance at June 30, 2016	\$6,531,328	\$4,073,159	\$2,458,169
Service Cost	\$164,091	\$0	\$164,091
Interest on TOL	\$453,555	\$0	\$453,555
Employer Contributions	\$0	\$472,200	(\$472,200)
Employee Contributions	\$0	\$0	\$0
Actual Investment Income	\$0	\$450,797	(\$450,797)
Administrative Expense	\$0	(\$2,259)	\$2,259
Benefit Payments	(\$263,515)	(\$263,515)	\$0
Other	\$0	\$0	\$0
Net Change during 2016-17	\$354,131	\$657,223	(\$303,092)
Balance at June 30, 2017 *	\$6,885,459	\$4,730,382	\$2,155,077

* May include a slight rounding error.

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3. Preliminary OPEB Expense

Under GASB 74 and 75, OPEB expense includes service cost, interest cost, change in TOL due to plan changes; all adjusted for deferred inflows and outflows. Sacramento Suburban Water District determined that it was not reasonable to rerun prior valuations under GASB 75. Therefore, we used the transition approach provided in GASB 75, Paragraph 244. That means that there are no deferred inflows/outflows in the first year (with the possible exception of contributions after the measurement date). The OPEB expense shown below is considered to be preliminary because there can be employer specific deferred items (e.g., contributions made after the measurement date, and active employee contributions toward the OPEB plan).

Preliminary OPEB Expense Fiscal Year Ending December 31, 2017

	<i>Total</i>
Service Cost	\$164,091
Interest on Total OPEB Liability (TOL)	\$453,555
Employee Contributions	\$0
Recognized Actuarial Gains/Losses	\$0
Recognized Assumption Changes	\$0
Actual Investment Income	(\$450,797)
Recognized Investment Gains/Losses	\$0
Contributions After Measurement Date*	\$0
Liability Change Due to Benefit Changes	\$0
Administrative Expense	\$2,259
Preliminary OPEB Expense**	\$169,108

* Should be added by Sacramento Suburban Water District if reporting date is after the measurement date.

** May include a slight rounding error.

The above OPEB expense does not include an estimated \$472,200 in employer contributions.

4. Deferred Inflows and Outflows

Certain types of TOL changes are subject to deferral, as are investment gains/losses. To qualify for deferral, gains and losses must be based on GASB 74/75 compliant valuations. Since the District's prior valuation was performed in accordance with GASB 43/45, it is not possible to calculate compliant gains and losses. (Please see Appendix E, Paragraph 244 for more information.) Therefore, valuation-based deferred items will not begin until the next valuation. However, there could be employer-specific deferred items that need to be reflected, as mentioned earlier.

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

We used the actuarial assumptions shown in Appendix C to project the District's ten year retiree benefit outlay, including any implicit rate subsidy. Because these cost estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are **certain** to be *inaccurate*. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District's share of retiree health costs, including any implicit rate subsidy.

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

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PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 74/75 require biennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

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

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.
- An employer should perform a valuation whenever the employer forms a qualifying trust or changes its investment policy.
- An employer should perform a valuation whenever the employer adds or terminates a group of participants that constitutes a significant part of the covered group.

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

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

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APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

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

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for Sacramento Suburban Water District to understand that the appropriateness of all selected actuarial assumptions and methods are Sacramento Suburban Water District's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 74 and 75, applicable actuarial standards of practice, Sacramento Suburban Water District's actual historical experience, and TCS's judgment based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: GASB 74/75 require use of the entry age actuarial cost method.

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

To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees). This greatly simplifies administration and accounting; as well as resulting in the correct service cost for new hires.

SUBSTANTIVE PLAN: As required under GASB 74 and 75, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by Sacramento Suburban Water District regarding practices with respect to employer and employee contributions and other relevant factors.

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ECONOMIC ASSUMPTIONS:

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

INFLATION: We assumed 2.75% per year used for pension purposes. Actuarial standards require using the same rate for OPEB that is used for pension.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 7% per year net of expenses. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT. We used the "Building Block Method". (See Appendix E, Paragraph 53 for more information).

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

PAYROLL INCREASE: We assumed 2.75% per year. Since benefits do not depend on salary (as they do for pensions), using an aggregate payroll assumption for the purpose of calculating the service cost results in a negligible error.

FIDUCIARY NET POSITION (FNP): The following table shows the beginning and ending FNP numbers that were provided by Sacramento Suburban Water District.

Fiduciary Net Position as of June 30, 2017

	<u>06/30/2016</u>	<u>06/30/2017</u>
Cash and Equivalents	\$0	\$0
Contributions Receivable	\$0	\$0
Total Investments	\$4,138,721	\$4,863,347
Capital Assets	\$0	\$0
Total Assets	<u>\$4,138,721</u>	<u>\$4,863,347</u>
Benefits Payable	<u>(\$65,562)</u>	<u>(\$132,965)</u>
Fiduciary Net Position	<u>\$4,073,159</u>	<u>\$4,730,382</u>

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NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35). See Appendix E, Paragraph 52 for more information.

MORTALITY

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

RETIREMENT RATES

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

SERVICE REQUIREMENT

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

COSTS FOR RETIREE COVERAGE

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

It is my opinion that the section 3.7.7(c)(4) exception allows use of unadjusted premium for PEMHCA agencies if certain conditions are met. Following are the criteria we applied to Sacramento Suburban Water District to determine that it is reasonable to assume that Sacramento Suburban Water District’s future participation in PEMHCA is likely and that the CalPERS medical program as well as its premium structure are sustainable. (We also have an extensive white paper on this subject that provides a basis for our rationale entirely within the context of ASOP 6. We will make this white paper available upon request.)

- **Plan qualifies as a “pooled health plan.”** ASOP 6 defines a “pooled health plan” as one in which premiums are based at least in part on the claims experience of groups other than the one being valued.” Since CalPERS rates are the same for all employers in each region, rates are clearly based on the experience of many groups.
- **Rates not based to any extent on the agency’s claim experience.** As mentioned above, rates are the same for all participating employers regardless of claim experience or size.
- **Rates not based to any extent on the agency’s demographics.** As mentioned above, rates are the same for all participating employers regardless of demographics.
- **No refunds or charges based on the agency’s claim experience or demographics.** The terms of operation of the CalPERS program are set by statute and there is no provision for any refunds and charges that vary from employer to employer for any reason. The only charges are uniform administrative charges.

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- **Plan in existence 20 or more years.** Enabling legislation to allow “contracting agencies” to participate in the CalPERS program was passed in 1967. The CalPERS medical plan has been successfully operating for almost 50 years. As far back as we can obtain records, the rating structure has been consistent, with the only difference having been a move to regional rating which is unrelated to age-adjusted rating.
- **No recent large increases or decreases in the number of participating plans or enrollment.** The CalPERS medical plan has shown remarkably stable enrollment. In the past 10 years, there has been small growth in the number of employers in most years – with the maximum being a little over 2% and a very small decrease in one year. Average year over year growth in the number of employers over the last 10 years has been about 0.75% per year. Groups have been consistently leaving the CalPERS medical plan while other groups have been joining with no disruption to its stability.
- **Agency is not expecting to leave plan in foreseeable future.** The District does not plan to leave CalPERS at present.
- **No indication the plan will be discontinued.** We are unaware of anything that would cause the CalPERS medical plan to cease or to significantly change its operation in a way that would affect this determination.
- **The agency does not represent a large part of the pool.** The District is in the CalPERS Sacramento Area region. Based on the information we have, the District constitutes no more than 0.5% of the Sacramento Area pool. In our opinion, this is not enough for the District to have a measurable effect on the rates or viability of the Sacramento Area pool.

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

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

PARTICIPATION RATES

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

TURNOVER

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

SPOUSE PREVALENCE

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

SPOUSE AGES

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

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APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES

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

ELIGIBLE RETIREES

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

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APPENDIX E: GASB 74/75 ACCOUNTING ENTRIES AND DISCLOSURES

This report does not necessarily include the entire accounting values. As mentioned earlier, there are certain deferred items that are employer-specific. The District should consult with its auditor if there are any questions about what, if any, adjustments may be appropriate.

GASB 74/75 include a large number of items that should be included in the Note Disclosures and Required Supplementary Information (RSI) Schedules. Many of these items are outside the scope of the actuarial valuation. However, following is information to assist the District in complying with GASB 74/75 disclosure requirements:

Paragraph 50: Information about the OPEB Plan

Most of the information about the OPEB plan should be supplied by Sacramento Suburban Water District. Following is information to help fulfill Paragraph 50 reporting requirements.

50.c: Following is a table of plan participants

	Number of Participants
Inactive Employees Receiving Benefits	35
Inactive Employees Entitled to But Not Receiving Benefits*	0
Participating Active Employees	61
Total Number of participants	96

*We were not provided with information about any terminated, vested employees

Paragraph 51: Significant Assumptions and Other Inputs

shown in Appendix C.

Paragraph 52: Information Related to Assumptions and Other Inputs

The following information is intended to assist Sacramento Suburban Water District in complying with the requirements of Paragraph 52.

52.b: Mortality Assumptions Following are the tables the mortality assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Mortality Table	2014 CalPERS Active Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

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Mortality Table	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Disclosure	The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

52.c: Experience Studies Following are the tables the retirement and turnover assumptions are based upon. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, we believe these tables to be the most appropriate for the valuation.

Retirement Tables

Retirement Table	2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees
Disclosure	The retirement assumptions are based on the 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Retirement Table	2009 PERS 3.0%@60 MISC RX
Disclosure	The retirement assumptions are based on the 2009 PERS 3.0%@60 MISC RX table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

Turnover Tables

Turnover Table	2009 CalPERS Turnover for Miscellaneous Employees
Disclosure	The turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and establishes tables that are appropriate for each pool.

For other assumptions, we use actual plan provisions and plan data.

52.d: The alternative measurement method was not used in this valuation.

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52.e: NOL Using alternative trend assumptions The following table shows the Net OPEB Liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation.

	Trend 1% Lower	Valuation Trend	Trend 1% Higher
Net OPEB Liability	\$1,071,808	\$2,155,077	\$3,509,535

Paragraph 53:

Discount Rate

The following information is intended to assist Sacramento Suburban Water District to comply with Paragraph 53 requirements.

53.a: A discount rate of 7% was used in the valuation.

53.b: We assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years.

53.c: We used historic 30 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate. We offset the expected investment return by investment expenses of 25 basis points.

53.d and 53.e.: Not applicable.

53.f: Following is the assumed asset allocation and assumed rate of return for each.
CERBT - Strategy 1

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43.0000	7.7950
US Small Cap	23.0000	7.7950
Long-Term Corporate Bonds	12.0000	5.2950
Long-Term Government Bonds	6.0000	4.5000
Treasury Inflation Protected Securities (TIPS)	5.0000	7.7950
US Real Estate	8.0000	7.7950
All Commodities	3.0000	7.7950

We looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don't necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. We used geometric means.

53.g: The following table shows the Net OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation.

	Discount Rate 1% Lower	Valuation Discount Rate	Discount Rate 1% Higher
Net OPEB Liability	\$3,014,858	\$2,155,077	\$1,438,118

Paragraph 55:

Changes in the Net OPEB Liability

Please see reconciliation on page 9. Please see the notes for Paragraph 244 below for more

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information.

Paragraph 56: Additional Net OPEB Liability Information

The following information is intended to assist Sacramento Suburban Water District to comply with Paragraph 56 requirements.

56.a: The valuation date is June 30, 2017.

The measurement date is June 30, 2017.

56 b; 56 c; 56.d; 56.e; 56.f: Not applicable

56.g: To be determined by the employer

56.h.(1) through (4): Not applicable

56.h.(5): To be determined by the employer

56.i: Not applicable

Paragraph 57: Required Supplementary Information

57.a: Please see reconciliation on page 9. Please see the notes for Paragraph 244 below for more information.

57.b: These items are provided on page 9 for the current valuation, except for covered payroll, which should be determined based on appropriate methods.

57.c: We have not been asked to calculate an actuarially determined contribution amount.

We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

57.d: We are not aware that there are any statutorily or contractually established contribution requirements.

Paragraph 58: Actuarially Determined Contributions

We have not been asked to calculate an actuarially determined contribution amount. We assume the District contributes on an ad hoc basis, but in an amount sufficient to fully fund the obligation over a period not to exceed 30 years.

Paragraph 244: Transition Option

Prior periods were not restated due to the fact that prior valuations were not rerun in accordance with GASB 75. It was determined that the time and expense necessary to rerun prior valuations and to restate prior financial statements was not justified.

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APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

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

<u>Actuarial Cost Method:</u>	A mathematical model for allocating OPEB costs by year of service. The only actuarial cost method allowed under GASB 74/75 is the entry age actuarial cost method.
<u>Actuarial Present Value of Projected Benefit Payments:</u>	The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation or measurement date.
<u>Deferred Inflows/Outflows of Resources:</u>	A portion of certain items that can be deferred to future periods or that weren't reflected in the valuation. The former includes investment gains/losses, actuarial gains/losses, and gains/losses due to changes in actuarial assumptions or methods. The latter includes contributions made to a trust subsequent to the measurement date but before the statement date.
<u>Discount Rate:</u>	Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower service costs and total OPEB liability.
<u>Fiduciary Net Position:</u>	Net assets (liability) of a qualifying OPEB "plan" (i.e. qualifying irrevocable trust or equivalent arrangement).
<u>Implicit Rate Subsidy:</u>	The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees and the employer is expected, in the long run, to pay the underlying cost of retiree benefits.
<u>Measurement Date:</u>	The date at which assets and liabilities are determined in order to estimate TOL and NOL.
<u>Mortality Rate:</u>	Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.
<u>Net OPEB Liability (NOL):</u>	The Total OPEB Liability minus the Fiduciary Net Position.
<u>OPEB Benefits:</u>	Other Post Employment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>OPEB Expense:</u>	This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Service Cost plus interest on the Total OPEB Liability (TOL) plus change in TOL due to plan changes minus projected investment income; all adjusted to reflect deferred inflows and outflows of resources.

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<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower service cost and a TOL. The participation rate often is related to retiree contributions.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with the service requirement to reflect both age and length of service). The more likely employees are to retire early, the higher service costs and actuarial accrued liability will be.
<u>Service Cost:</u>	The annual dollar value of the “earned” portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.
<u>Service Requirement:</u>	The proportion of retiree benefits payable under the OPEB plan, based on length of service and, sometimes, age. A shorter service requirement increases service costs and TOL.
<u>Total OPEB Liability (TOL):</u>	The amount of the actuarial present value of projected benefit payments attributable to employees’ past service based on the actuarial cost method used.
<u>Trend Rate:</u>	The rate at which the employer’s share of the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher service costs and TOL.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce service costs and TOL.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined by means of an actuarial valuation. Under GASB 74 and 75, the valuation date does not have to coincide with the statement date, but can’t be more than 30 months prior.



Agenda Item: 21

Date: June 28, 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.

June 2018 Updates

SB 606 and AB 1668 have been removed from Table 1 as they have been passed and signed into law by the Governor.

SB 623, Water Quality: Safe and Affordable Drinking Water Fund has been removed from the budget trailer bill process and is losing traction in the legislature. SB 623 has stalled in the legislature because of the public backlash from SB 1, 2017 (the Gas Tax) and the recall of Senator Jeff Newman (D-Fullerton). Elected officials are hesitant to vote in favor of another tax for fear of losing seats. Though SB 623 has not died, there is a strong possibility that it will not be passed by the August 31, 2018 deadline.

SB 998 – Discontinuation of Residential Water Service continues to make its way through the legislative process. SB 998 would place conditions on the discontinuation of water service for non-payment. In 2011, the California Legislature passed the Human Right to Water Bill (AB 685) which states: “every human has the right to safe, clean, affordable, and accessible water”. SB 998 attempts to ensure that all humans in California maintain access to water by requiring water agencies to have a written policy regarding discontinuation of water service available in various languages accessible on the agency’s website, require a 60 day grace period for delinquent payments, contact the customer within 7 days of discontinuation, and prevent the discontinuation of water service under specified circumstances. The District and the RWA have taken an opposed unless amended stance on SB 998.

See Exhibit 1 for a summary of the Lobbyist Subscription Program Bill tracking sheet that contains information regarding the Bills listed in Table 1, as well as other Bills of interest to the region.

Table 1: Updates Regarding Previously Reported Legislation

Bill Number	Name	House Location	Date	Action	Comments	RWA Opinion
SB 623	Water Quality: Safe and Affordable Drinking Water Fund	Assembly	9/1/17	Re-referred to Committee on Rules	Removed from budget trailer bill process.	Oppose Unless Amended
SB 998	Discontinuation of Residential Water Service: Urban and Community Water Systems	Assembly	6/27/18	Pass and re-refer to Committee on Appr ¹ .		Oppose Unless Amended
AB 2370	Lead Exposure: Child Day Care Facilities: Family Day Care Homes	Senate	6/28/18	Read a second time and Amended.	Re-referred to Committee on Appr.	Watch
AB 3206	Water Conservation: Water Meters: Accuracy and Performance Standards	Senate	6/27/18	Amend and recommended to pass.	Re-referred to Committee on Appr.	Oppose Unless Amended

¹ Appropriations (Appr)

RWA Bill Positions Active as of 6/26/2018

OPPOSE/AMEND

AB 3206 (**Friedman D**) **Water conservation: water meters: accuracy and performance standards.**

Current Text: Amended: 6/18/2018 [html](#) [pdf](#)

Last Amended: 6/18/2018

Status: 6/18/2018-From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on N.R. & W.

Location: 6/13/2018-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
1st House				2nd House							

Calendar:

6/26/2018 9 a.m. - Room 112 (and 1:30 p.m. in Room 113, if necessary) SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary:

Would require the State Energy Resources Conservation and Development Commission, on or before January 1, 2020, to the extent that funding is available, to adopt regulations setting standards for the accuracy of water meters, as described, that, on or after the effective date of those regulations, are installed by a water purveyor or manufactured and sold or offered for sale in the state. The bill would include an exception for a water meter that, as of the effective date of the regulations, a water purveyor possesses, or has entered into a contract to purchase, and has not yet installed.

SB 623 (**Monning D**) **Water quality: Safe and Affordable Drinking Water Fund.**

Current Text: Amended: 8/21/2017 [html](#) [pdf](#)

Last Amended: 8/21/2017

Status: 9/1/2017-From committee: Without recommendation. (Ayes 11. Noes 0.) (September 1) Re-referred to Com. on RLS.

Location: 9/1/2017-A. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chapered
1st House				2nd House							

Summary:

Would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the State Water Resources Control Board. The bill would require the board to administer the fund to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The bill would authorize the state board to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, bequests, and settlements from parties responsible for contamination of drinking water supplies.

OPPOSE/AMEND – Continued

SB 831 (Wieckowski D) Land use: accessory dwelling units.

Current Text: Amended: 6/21/2018 [html](#) [pdf](#)

Last Amended: 6/21/2018

Status: 6/21/2018-From committee with author's amendments. Read second time and amended. Re-referred to Com. on L. GOV.

Location: 6/20/2018-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/27/2018 1:30 p.m. - State Capitol, Room 447 ASSEMBLY LOCAL GOVERNMENT, AGUIAR-CURRY, Chair

Summary:

Would require the ordinance for the creation of accessory dwelling units to designate areas where accessory dwelling units may be excluded for health and safety purposes, as specified. The bill would revise the standards for the local ordinance to, among other things, delete the authority to include lot coverage standards, and include a prohibition on considering the square footage of a proposed accessory dwelling unit when calculating an allowable floor-to-area ratio or lot coverage ratio for the lot.

SB 998 (Dodd D) Discontinuation of residential water service: urban and community water systems.

Current Text: Amended: 6/14/2018 [html](#) [pdf](#)

Last Amended: 6/14/2018

Status: 6/14/2018-Referred to Com. on E.S. & T.M. From committee with author's amendments. Read second time and amended. Re-referred to Com. on E.S. & T.M.

Location: 6/14/2018-A. E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/26/2018 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary:

Would require an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on discontinuation of water service to certain types of residences for nonpayment available in prescribed languages. The bill would require the policy to include certain components, be available on the system's Internet Web site, and be provided to customers in writing, upon request. The bill would provide for enforcement of these provisions, including making a violation of these provisions punishable by a civil penalty issued by the board.

SUPPORT

AB 2283 (Holden D) Income taxes: exclusion: turf removal water conservation program.

Current Text: Introduced: 2/13/2018 [html](#) [pdf](#)

Status: 5/25/2018-In committee: Held under submission.

Location: 4/4/2018-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

The Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on or after January 1, 2014, and before January 1, 2019, provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for participation in a turf removal water conservation program. This bill would extend the operation of those provisions to January 1, 2024.

AB 2371 (Carrillo D) Water use efficiency: landscape irrigation.

Current Text: Amended: 6/20/2018 [html](#) [pdf](#)

Last Amended: 6/20/2018

Status: 6/20/2018-Read second time and amended. Re-referred to Com. on N.R. & W.

Location: 6/20/2018-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/26/2018 9 a.m. - Room 112 (and 1:30 p.m. in Room 113, if necessary) SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary:

Current law allows nursery stock on display for sale at retail to be labeled by a sign on any block of stock of the same kind and species and requires turf to be labeled by a sign showing the required correct name of the stock on display. This bill would also require, upon delivery to a job site, as defined, each landscape plant or a representative number of each landscape plant, as determined by the Secretary of Food and Agriculture, to be individually labeled as to its correct name in order to correctly identify nursery stock installed in outdoor landscapes that are subject to inspection under the Model Water Efficient Landscape Ordinance or any local water efficient landscape ordinance.

SUPPORT

AB 2649 (Arambula D) Water rights: water management.

Current Text: Amended: 6/18/2018 [html](#) [pdf](#)

Last Amended: 6/18/2018

Status: 6/20/2018-In committee: Set, first hearing. Hearing canceled at the request of author.

Location: 6/19/2018-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/26/2018 9 a.m. - Room 112 (and 1:30 p.m. in Room 113, if necessary) SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary:

Would authorize a groundwater sustainability agency or local agency to apply for, and the State Water Resources Control Board to issue, a conditional temporary permit for diversion of surface water to underground storage for beneficial use that advances the sustainability goal of a groundwater basin, as specified.

AB 3170 (Friedman D) Sales and use taxes: exemptions: water efficiency.

Current Text: Amended: 4/16/2018 [html](#) [pdf](#)

Last Amended: 4/16/2018

Status: 5/25/2018-In committee: Held under submission.

Location: 4/25/2018-A. APPR. SUSPENSE FILE

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would, until January 1, 2024, exempt from sales and use taxes the gross receipts from the sale of, and the storage, use, or other consumption of, qualified water efficiency products sold or purchased during the 3-day period beginning at 12:01 a.m. on the Saturday preceding the last Monday in March, and ending at 11:59 p.m. on the following Monday in March, or for which a layaway agreement is entered into, a raincheck is issued, or other specified orders are placed, during this period, as specified.

SUPPORT

SB 966 (Wiener D) Onsite treated nonpotable water systems.

Current Text: Amended: 6/19/2018 [html](#) [pdf](#)

Last Amended: 6/19/2018

Status: 6/19/2018-From committee with author's amendments. Read second time and amended. Re-referred to Com. on E.S. & T.M.

Location: 6/11/2018-A. E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/26/2018 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary:

Would, on or before December 1, 2022, require the State Water Resources Control Board, in consultation with the California Building Standards Commission, to adopt regulations for risk-based water quality standards for the onsite treatment and reuse of nonpotable water, as provided. The bill would authorize the state board to contract with public or private entities regarding the content of the standards. The bill would require a local jurisdiction, as defined, that elects to establish a program for onsite treated nonpotable water systems to, among other things, adopt, through ordinance, a local program that includes the risk-based water quality standards established by the state board.

SUPPORT/AMEND

AB 2050 (Caballero D) Small System Water Authority Act of 2018.

Current Text: Amended: 6/11/2018 [html](#) [pdf](#)

Last Amended: 6/11/2018

Status: 6/21/2018-From committee: Do pass and re-refer to Com. on GOV. & F. (Ayes 6. Noes 1.) (June 20). Re-referred to Com. on GOV. & F.

Location: 6/21/2018-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar:

6/27/2018 9:30 a.m. - Room 112 SENATE GOVERNANCE AND FINANCE, MCGUIRE, Chair

Summary:

This bill would create the Small System Water Authority Act of 2018 and state legislative findings and declarations relating to authorizing the creation of small system water authorities that will have powers to absorb, improve, and competently operate noncompliant public water systems. The bill, no later than March 1, 2019, would require the state board to provide written notice to cure to all public agencies, private water companies, or mutual water companies that operate a public water system that has either less than 3,000 service connections or that serves less than 10,000 people, and are not in compliance with one or more state or federal primary drinking water standard maximum contaminant levels as of December 31, 2018, and for 4 consecutive quarters, as specified.



Agenda Item: 22

Date: July 9, 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
July 25, 2018
RWA Office
<http://rwah2o.org/>
2. SGA Board Meeting
August 9, 2018
SGA Office
<http://www.sgah2o.org/meetings/board-meetings/>
3. RWA Executive Committee Meeting
August 22, 2018
RWA Office
<http://rwah2o.org/>
4. RWA Board Meeting
September 13, 2018
RWA Office
<http://rwah2o.org/>

Upcoming Water Industry Events

July 9, 2018

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5. Water Education Foundation – 2018 Water Summit
September 20, 2018
Sacramento, CA
<https://www.watereducation.org/>
6. CSDA Annual Conference & Exhibitor Showcase
September 24-27, 2018
Indian Wells, CA
<http://conference.csda.net/>
7. RWA Executive Committee Meeting
September 26, 2018
RWA Office
<http://rwah2o.org/>
8. SGA Board Meeting
October 11, 2018
SGA Office
<http://www.sgah2o.org/meetings/board-meetings/>
9. Sacramento Suburban Water District Open House
October 17, 2018
SSWD Office
www.sswd.org
10. SGA 20th Anniversary Event
October 18, 2018
Sacramento, CA
<http://www.sgah2o.org/>
11. AWWA Annual Fall Conference
October 22-25, 2018
Palm Springs, CA
<http://ca-nv-awwa.org/>
12. RWA Executive Committee Meeting
October 24, 2018
RWA Office
<http://rwah2o.org/>
13. RWA Board Meeting
November 8, 2018
RWA Office
<http://rwah2o.org/>

Upcoming Water Industry Events

July 9, 2018

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14. ACWA 2018 Fall Conference
November 27-30, 2018
San Diego, CA
<https://www.acwa.com/events/2018-fall-conference-exhibition/>

15. CSDA Extraordinary Leader Workshop
December 4, 2018
Sacramento, CA
<https://members.csda.net/imis1/EventDetail?EventKey=EXLE120418>

16. RWA Executive Committee Meeting
December 5, 2018
RWA Office
<http://rwah2o.org/>

17. SGA Board Meeting
December 13, 2018
SGA Office
<http://www.sgah2o.org/meetings/board-meetings/>

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

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



Agenda Item: 23 a.

Date: June 25, 2018

Subject: Upcoming Policy Review – Return to Work Policy (PL – HR 007)

Staff Contact: Lynne Yost, Human Resources Coordinator

The Return to Work Policy (PL – HR 007) was originally adopted by the Board in December 2003 and last reviewed in December 2016.

Staff has attached a redline version of the policy that includes updated language recommended by ACWA/JPIA when their model policy/employee handbook language was last updated in December 2016 just after the completion of the District’s prior biennial review. The policy was not submitted to District legal counsel for review since the updated language was approved by ACWA/JPIA’s legal counsel. A redline version of the policy is attached to this as Exhibit 1.

Staff also reviewed the District’s current Return to Work Program Manual. This manual was last reviewed and updated in December 2016. Staff determined that no updates are required at this time after confirming ACWA/JPIA’s model program documents have not changed since the last review and update was completed.

This policy is scheduled for Board consideration and adoption at the August Board meeting. If Directors wish to have their comments included in the staff report, please provide those comments to staff by Monday, August 6, 2018.

EXHIBIT 1

PL - HR 007

Sacramento Suburban Water District

Return to Work Policy

Effective: December 15, 2003

Revised: ~~October 15, 2007, September 21, 2009; December 17, 2012; December 15, 2014~~
Approved with changes on: August XX, 2018

100.00 Purpose of the Policy

The primary purpose of this policy is to develop a Return to Work (RTW) Program to minimize or reduce the effects of disability due to on-the-job and off-the-job injuries and illnesses and reduce workers' compensation costs (if applicable). This policy is consistent with the District's responsibilities under the Americans with Disabilities Act to provide reasonable accommodations to persons with disabilities.

200.00 Policy

The District considers a RTW Program an essential element in an overall risk management program. In conjunction with a well implemented safety program, it is an effective tool in returning employees to productive work in the shortest time possible to keep workers' compensation costs to a minimum.

It is the District's goal to maintain a productive work force. The RTW Program will support that goal by returning an employee to work in a productive capacity as soon as possible without risk to the employee's health. Supervisors and Managers will assist by directing the employee to appropriate care and assisting in proper reporting of the injury or illness while maintaining a positive and constant flow of communication with the injured worker. They will assist in arranging work which meets ~~the District's business needs within the employee's work restrictions~~ as needed to reduce lost time and meets the District's business needs. Management and Human Resources staff will work with the District's workers' compensation carrier (if applicable) and the physician to assist with the assessment of the employee's ability to return to work. By this joint effort, the District will help the injured/ill worker recover at a more rapid~~faster~~ rate, gain production for wages paid, minimize the employees' wage loss and reduce workers' compensation costs.

The transitional work/modified duty provided for employees with on-the-job or off-the-job injuries or illnesses must meet the business needs of the District and the employee must agree to comply with all requirements and procedures in the RTW Program Manual.

300.00 Authority and Responsibility

The ~~Human Resources Coordinator~~, the Assistant General Manager and the General Manager will be responsible for administering this policy. This will include maintaining the RTW Program Manual that is provided to all current and new employees.

400.00 Policy Review

This Policy will be reviewed at least biennially.



Agenda Item: 23 b.

Date: June 22, 2018

Subject: Upcoming Policy Review – Investment Policy (PL – Fin 003)

Staff Contact: Daniel A. Bills, Finance Director

The Investment Policy (PL – Fin 003) was last reviewed by the Board in February 2017.

Staff is recommending certain Policy changes based on recommended best practices from the California Municipal Treasurers Association (CMTA). The Policy is in compliance with the California Government Code (Code) that governs the investment of public funds. While no Code changes are required at this time, staff is proposing revisions and additions to the Policy that we believe will incorporate best practices, as recommended by CMTA, to increase the safety of the portfolio, and potentially increase investment opportunities. The suggested changes are summarized below:

1. Section 700.00 Authorized Investments. The following changes are recommended to increase the portfolio's safety and diversification: we recommend the Policy have a maximum sector limit on time deposits given the illiquid nature of the investment; we also recommend the District place maximum issuer limits on corporate notes, asset-backed securities, and supranationals. In addition to these recommendations, made with the intent of increasing portfolio safety, in order to safely increase the portfolio's investment opportunities, we recommend increasing the maximum allowed in supranationals from 15% to 30%, consistent with Code. Supranationals are a triple A rated investment offering good value relative to Treasuries and Agencies.
2. Section 800.00 Reporting. We recommend adding language from Code section 53607 that states the treasurer must submit monthly transaction reports if the governing body has delegated investment authority to the treasurer.
3. Section 650.00 Portfolio Adjustments. We recommend deleting paragraph b, which could be interpreted to mean the District will not sell securities at a loss. Under the portfolio's current strategy and management by PFM, securities may be sold at a loss if the sell and subsequent purchase will better position the portfolio going forward.
4. Section 700.00 Grandfather Clause. The language from this section was moved into the new Review of Investment Portfolio section.

5. Appendix B. Staff recommends deleting Appendix B and references to Appendix B in the Policy. The language permitting investment in GSEs, agencies, and international intuitions in the Authorized Investments section describes which issuers are eligible for purchase, without naming the issuers. As such, having a list of permitted issuers is unnecessary and by excluding the list, the District will not have to be concerned with adjusting the list should there be any changes.

Staff has added the following sections recommended by CMTA: Scope, Authorized Financial Dealers and Institutions, Diversification, Review of Investment Portfolio, Investment Pools/Mutual Funds, Collateralization, Performance Standards, Internal Controls, Investment Policy Adoption, and Glossary. Many of the guidelines included in these sections are practices the District is currently doing, however, they were not specified previously identified in the Policy.

The Policy was reviewed by PFM which is the District's financial and investment advisors. It was not reviewed by General Counsel.

The Policy is scheduled for Board consideration and adoption at the August Board meeting. If a Director wishes to have their comments included in Board packet, please provide those comments to staff by Monday, August 6, 2018. A redline version of the policy is attached to this as Exhibit 1.

Exhibit 1

Sacramento Suburban Water District

Investment Policy

Adopted: December 16, 2002

~~Revised: August 20, 2007; August 17, 2009; August 15, 2011; December 17, 2012;
November 17, 2014; February 23, 2015; February 27, 2017~~ Approved with changes on: August XX, 2018

100.00 Investment Authority

In accordance with section 53600 et. seq. of the Government Code of the State of California (Government Code), the authority to invest public funds is expressly delegated to the Board of Directors for subsequent re-delegation to the Finance Director /District Treasurer. Investments by the Finance Director /District Treasurer, or his designee, pursuant to the delegation made by this Investment Policy are limited to those instruments described herein (the "Policy"). The District may delegate investment authority to an investment advisor. The advisor will follow the Investment Policy and such other written instructions as are provided.

200.00 Scope

This investment policy applies to all investment activities and financial assets of the District. The funds covered by this policy are accounted for and incorporated in the District's Comprehensive Annual Financial Report (CAFR). This policy specifically exempts any bond proceed funds. Bond proceeds shall be invested in accordance with the requirements and restrictions outlined in the bond documents. Also exempt are pension or other post-employment benefit funds held in a trust.

200300.00 Statement of Objectives

In order of importance, four fundamental criteria will be followed in the investment program:

210310.00 Safety of Principal

Investments will be undertaken in a manner which first seeks to ensure the preservation of capital in the portfolio. Each investment transaction will be entered into seeking quality in issuer and in underlying security or collateral. Market risk will be reduced by diversifying the portfolio, by limiting the average maturity of the portfolio, by limiting the maximum maturity of any one security, and by performing cash flow analyses to avoid the need to sell securities prior to maturity.

220320.00 Liquidity

Investments will be made with maturity dates compatible with cash flow requirements to permit conversion to cash without a significant loss in value.

230330.00 Interest Rate Risk Hedging

The District's investment portfolio will be designed with the objective of mitigating interest rate risk that arises due to adjustable-rate debt financing or other contractual arrangements, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

240340.00 Return on Investment

The District's investment portfolio will be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow characteristics of the portfolio.

300400.00 Prudent Investor Standard

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing the District's funds, the Board and those to whom investment authority has been delegated shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District. This standard will be applied in all investment decisions, including those related to hedging interest rate risks associated with debt financing.

500.00 Authorized Financial Dealers and Institutions

The Finance Director/District Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California. A determination should be made to insure that all approved broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy. In addition, the broker/dealer firms should have the ability to meet all of their financial obligations in dealing with the District. The firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved. No public deposit shall be made except in a qualified public depository as established by the established state laws. An annual review of the financial condition and registrations of qualified bidders will be conducted by the Finance Director/District Treasurer. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the District invests.

400600.00 Portfolio Management

Any reference to the District's portfolio will mean the total of the cash and securities under management by the Finance Director /District Treasurer, excluding cash and securities held in escrow or in trust on behalf of the District. Any reference to the Finance Director /District Treasurer herein will include his/her designee or designees (such as a professional portfolio manager or financial advisor). The Finance Director /District Treasurer may invest in any security authorized for investment under this Policy, subject to the limitations described below:

410610.00 Maturity Limitations

- a. With the exception of securities underlying repurchase agreements, the Finance Director /District Treasurer is authorized to invest the District's fund balances to a maximum term of five years, unless a longer maturity would be warranted and has been approved by the Board at least 90 days in advance of the investment. Investment of bond proceeds held by the bond Trustee such as bond reserve funds, construction funds or funds established for the refunding and defeasance of bonds shall be subject to the applicable provisions set forth in the bond agreements, rather than the provisions of the Government Code.
- b. For certain instruments, the term of the investment is limited by market convention or as otherwise prescribed herein.

620.00 Diversification

The District will diversify its investments by security type and institution. With the exception of U.S. Government, Agencies, and Government Sponsored Enterprises, and authorized pools, limitations will be placed the amount invested in a single security type or with a single financial institution. Limitations are described in Section 700.00 Authorized Investments.

420630.00 Purchase and Sale of Securities

- a. Information concerning investment opportunities and market developments will be gained by maintaining contact with the financial community together with information provided by financial advisors to the District.
- b. The purchase of any investment other than those purchased directly from the issuer will be, to the extent possible, purchases from a firm designated as a Primary Dealer (dealers) by the Federal Reserve Bank of New York.
- c. All dealers will be required to provide confirmations of all purchases or sales directly to the Finance Director /District Treasurer.
- d. Initially, and when there are material changes to this Policy, the Finance Director

/District Treasurer will transmit a copy of the current Policy to its professional portfolio manager or financial advisor, requiring them to return a signed statement indicating receipt and understanding of the Policy.

- e. When practicable, the Finance Director /District Treasurer will solicit more than one quotation on each trade. Investment trades will be awarded on a competitive bid basis.
- f. Prohibited investments include inverse floaters, range notes, interest-only strips derived from a pool of mortgages (Collateralized Mortgage Obligations), and any security that could result in zero interest accrual if held to maturity. (Zero interest accrual means the security has the potential to realize zero earnings through its maturity.)
- g. If the District uses a professional portfolio manager, the portfolio manager may use its own list of approved brokers, dealers, and financial institutions to conduct security transactions on behalf of the District subject to the provisions of Government Code section 53601.5.

430640.00 Exchange of Securities

An exchange of securities is a shift of assets from one instrument to another and may be done for a variety of reasons, such as for interest rate risk hedging purposes, to increase yield, to lengthen or shorten maturities, to realize a profit, or to increase investment quality. In no instance will an exchange be undertaken for speculative purposes. Exchanges, to the extent practicable, will be simultaneous (same day execution of sale and purchase).

440650.00 Portfolio Adjustments

- a. District portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity, if deemed necessary, to avoid losses.
- ~~b. When no loss is indicated, the Finance Director /District Treasurer will consider restructuring the portfolio basing his/her decision in part on the expected length of time the portfolio will be imbalanced.~~
- eb. In the event a security held by the District is subject to a ratings change that brings it below the minimum ratings specified in this Policy, the Finance Director /District Treasurer shall notify the Board of the change. The course of action to be followed will be decided on a case-by-case basis, subject to Board approval, considering such factors as the reason for the ratings drop, prognosis for recovery or further ratings drops, and the market price of the security.

- dc. The Finance Director /District Treasurer may at any time further restrict the securities approved for investment as deemed appropriate.

450660.00 Safekeeping

- a. All securities transactions, including collateral, for repurchase agreements entered into by the District will be conducted on a delivery versus payment (DVP) basis.
- b. Securities will be held in safekeeping pursuant to a safekeeping agreement by an independent custodian, which does not act as a principal or secondary broker-dealer.
- c. All financial institutions which provide safekeeping services for the District will be required to provide reports or safekeeping receipts directly to the Finance Director /District Treasurer to verify securities taken into their possession.
- d. A counterparty bank's trust department or separate safekeeping department may be used for physical delivery of a security. The security must be held in the District's name.

670.00 Review of Investment Portfolio

The securities held by the District must be in compliance with Section 700.00 Authorized Investments at the time of purchase. Because some securities may not comply with Section 700.00 Authorized Investments subsequent to the date of purchase, the Finance Director/District Treasurer shall at least quarterly review the portfolio to identify those securities that do not comply. The Finance Director/District Treasurer shall establish procedures to report to the Board major and critical incidences of noncompliance identified through the review of the portfolio.

Any investment held by the District at the time this Policy is adopted or amended will not be sold to conform to any part of this Policy unless its sale is judged to be prudent by the Finance Director /District Treasurer.

680.00 Investment Pools/Mutual Funds

A thorough investigation of pool/fund's used by the District is required prior to investing, and on an annual basis. The review may address the following questions:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.

3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

690.00 Collateralization

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for Certificate of Deposits and 102% for reverse repurchase agreements of principal and accrued interest.

500700.00 Authorized Investments

The following are types of securities that may be purchased subject to the limitations specified. A summary of these security types and the limitations on the percentage of portfolio is shown in Appendix A.

501701.00 U.S. Government, Agencies, and Government Sponsored Enterprises

- a. Investments in U.S. Treasury obligations will not be subject to any limitations. Purchases may be affected through the Federal Book Entry System which includes acceptance of a Federal Reserve receipt on behalf of the District.
- b. Investments in direct obligations of federal agencies guaranteed by the U.S. Government will not be subject to any limitations. ~~(See Appendix B.)~~
- c. Investments in federal agency obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. ~~(See Appendix B.)~~
- d. Investments in government sponsored enterprise obligations not explicitly guaranteed by the U.S. Government will not be subject to any limitations. ~~(See Appendix B.)~~

502702.00 Municipal Obligations

- a. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.

- b. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United, in addition to California.

503703.00 Bankers' Acceptances

Restrictions are as follows:

- a. Investments in prime bankers' acceptances will not exceed 40 percent of the portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the total portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. Eligible bankers' acceptances will be rated in the highest short-term ratings category by NRSRO.
- d. The maximum maturity will be limited to 180 days.

504704.00 Negotiable Certificates of Deposit

Restrictions are as follows:

- a. Investments in negotiable certificates of deposit will not exceed 30 percent of the total portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. To be eligible, a certificate of deposit must be issued by a nationally or state-chartered bank, a state or federal savings and loan association or savings bank, or a federally- or state-licensed branch of a foreign bank.
- d. Eligible negotiable certificates of deposits will be rated in a rating category of "A" long-term or "A-1" short-term, or its equivalent, or better by at least one NRSRO.
- e. The investment will not exceed the Districts' equity in any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.

- f. The investment will not exceed the total of the net worth of any depository savings and loan association, except that investments up to a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such investments are insured or secured as required by law.
- g. The District's Board and the Finance Director /District Treasurer or other official of the District having legal custody of the moneys are prohibited from investing District funds, or funds in the custody of the District, in negotiable certificates of deposit issued by a state or federal credit union if a member of the District's Board, or a person with investment decision making authority at the District also serves on the board of directors of the credit union, or any committee appointed by the credit union board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.
- h. The maximum maturity will be limited to five years.

505705.00 Commercial Paper

Restrictions are as follows:

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by Moody's Investors Services or Standard & Poor's Corporation, may be purchased.
- b. Investment of the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
 - (1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated in a rating category of "A", its equivalent, or higher by a nationally recognized rating service.
 - (2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - b. Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
 - c. Has commercial paper that is rated in a rating category of "A-1", its equivalent, or higher, by a nationally recognized rating service.

- c. Investments in commercial paper will not exceed 25 percent of the District's portfolio.
- d. Each investment will not exceed 270 days maturity.
- e. No more than 10 percent of the outstanding commercial paper of an issuing corporation may be purchased.
- f. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.

506706.00 Repurchase Agreements

A repurchase agreement is a purchase of authorized securities (~~other than commercial paper~~) with terms including a written agreement by the seller to repurchase the securities on a later specified date for a specified amount. Restrictions are as follows:

- a. The percentage limit for investment in repurchase agreements will be 50 percent of the total portfolio.
- b. Repurchase agreements will be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally- or state-chartered bank that has had a significant banking relationship with the District. The bank must be rated in the highest short-term ratings category by an NRSRO.
- c. Such investments will provide for purchased securities with a market value of at least 102 percent of the amount of the invested funds. The value will be adjusted not less than quarterly.
- d. Purchased securities are limited to those protected by United States Bankruptcy Code, Treasury bills, bonds and notes, or other investments that are direct obligations of or fully guaranteed as to principal and interest by the United States or any agency thereof. Zero coupon and stripped coupon instruments are not acceptable.
- e. Such investments will provide for transfer of ownership and possession of the purchased securities either to the District directly or to a custodian depository institution which will take record title and will establish and maintain a sub-account in its financial records for the securities in the District's name, and such custodian will not be the dealer from which the securities were purchased.
- f. Each repurchase agreement will have a valid and perfected first security interest therein under the California Commercial Code or pursuant to the book entry procedures described by 31 C.F.R. Part 306 and/or 31 C.F.R. Part 357.

- g. The term of a repurchase agreement may not exceed one year.

507707.00 Time Deposits

For purposes of this policy, collateralized time deposits will be considered investments. The following criteria will be used in evaluating financial institutions and form of collateral to determine eligibility for deposits:

- a. Must have been in existence for at least five years.
- b. Must have received an overall rating of not less than “satisfactory” in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California’s communities. Eligibility for deposits will be limited to those financial institutions that have a branch in the State of California and maintain a rating equivalent to Thompson BankWatch Service of “B” or better. Credit requirements may be waived for a time deposit that is federally insured.
- c. The deposit will not exceed the shareholders’ equity of any depository bank. For the purpose of this constraint, shareholders’ equity will be deemed to include capital notes and debentures.
- d. The deposit will not exceed the total of the net worth of any depository savings and loan association, except that deposits not exceeding a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.
- e. Deposits must be insured up to the FDIC’s current limit. For uninsured deposits, the financial institution will maintain in the collateral pool securities having a market value of at least 10 percent in excess of the total amount deposited. The District, at its discretion, may waive the collateralization requirements for any portion that is covered by federal deposit insurance. The District shall have a signed agreement with any depository accepting District funds. Promissory notes secured by real estate mortgages or deeds of trust are not acceptable as collateral.
- g. When other factors are equal, appropriate consideration will be given to a financial institution that either individually or as a member of a syndicate bids on or makes a substantial investment in the District’s securities, contributes service to the District, and offers significant assistance to the District, so as to provide for distribution of total deposits among eligible financial institutions.
- h. Purchased time deposits will be limited to a maximum maturity of one year.
- i. Purchases of securities authorized by this subdivision may not exceed 50% of the District’s portfolio.

508708.00 Medium-Term Notes

Restrictions are as follows:

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.
- b. Notes eligible for investment under this subdivision will be rated in the rating category of “A”, its equivalent, or better by at least one NRSRO.
- c. Purchases of medium-term notes may not exceed 30 percent of the District’s portfolio.
- d. No more than 5 percent of the District’s portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- de. Purchases of medium-term notes will be limited to a maximum maturity of five years.

509709.00 Mortgage Obligations and Asset Backed Securities

The District may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Securities eligible for investment must be rated in a rating category of “AA”, its equivalent, or better by an NRSRO, and issued by an issuer having an “A”, its equivalent, or higher rating for the issuer’s debt as provided by an NRSRO.
- c. Purchase of securities authorized by this subdivision may not exceed 20 percent of the District’s portfolio.
- d. No more than 5 percent of the District’s portfolio may be invested in the securities of any one non-government issuer regardless of security type.

510710.00 Local Agency Investment Fund Deposits

Deposits for the purpose of investment in the Local Agency Investment Fund of the State Treasury may be made up to the maximum amount permitted from time to time by State Treasury policy.

511711.00 Shares of Beneficial Interest (Money Market Funds)

The Finance Director /District Treasurer may invest, for temporary periods pending disbursement or reinvestment, in shares of beneficial interest issued by eligible diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940. These companies must meet the following criteria:

- a. Attain the highest ranking of the highest letter and numerical rating provided by not less than two nationally recognized rating agencies, or retain an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market funds with assets under management in excess of \$500 million.
- b. The purchase price of the shares will not include any commission that the companies may charge and will not exceed 20 percent of the District's portfolio.

512712.00 Shares of Beneficial Interest Issued by a Joint Powers Authority (Local Government Investment Pools)

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (eq) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (eq) Government Code Section 53601, inclusive. (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

513713.00 Supranationals

~~Beginning January 1, 2015.~~ United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB).

Restrictions are as follows:

- a. A maximum of five years to maturity.

- b. Must be eligible for purchase and sale within the United States.
- c. Notes eligible for investment under this subdivision will be rated in a rating category of “AA”, its equivalent, or better by at least one NRSRO.
- d. Purchases of these securities may not exceed 15–30 percent of the District’s portfolio.
- d.e. No more than 10 percent of the District’s portfolio may be invested in the securities of any one supranational issuer.

600800.00 Reporting

On a quarterly-regular basis, the Finance Director /District Treasurer will provide a report to the public and Board of Directors showing the holdings and investment transactions, issuers, maturity dates, par and dollar amounts invested, cash balances, amounts held by the Local Agency Investment Fund and any other amounts under the management of contracted parties. On a monthly basis, in accordance with Government Code 53607, the Finance Director/District Treasurer shall make a monthly report of transactions to the legislative body.

900.00 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs. The District will establish an appropriate performance benchmark to compare the performance of its portfolio to the performance of the benchmark.

700.00 Grandfather Clause

Any investment held by the District at the time this Policy is adopted or amended will not be sold to conform to any part of this Policy unless its sale is judged to be prudent by the Finance Director /District Treasurer.

1000.00 Internal Controls

The Finance Director/District Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, fraud or misuse. Accordingly, the Finance Director/District Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures

8001100.00 Conflicts of Interest

The Finance Director /District Treasurer and his designees will perform duties under this Policy in accordance with sections 1090 and 1126 of the Government Code as well as any other state law referred to in this policy.

9001200.00 Conflicts

In the event any provision of this Policy is in conflict with any of the statutes referred to herein or any other state or federal statute, the provision of such statutes will govern.

10001300.00 Investment Policy AdoptionReview

The District's investment policy shall be adopted by resolution of the Board. This policy shall be reviewed at least biennially.

APPENDIX A

State Authorized Investments vs. District's Statement of Investment Policy

Investment Type	Maximum Maturity ⁽¹⁾	Maximum Percentage of Portfolio	Percentage By Any Issuer or Bank
U.S. Treasury Obligations:			
State Code	5 years	100	--
District Policy	5 years	100	--
Federal Agencies and Government Sponsored Enterprises:			
State Code	5 years	100	--
District Policy	5 years	100	--
Municipal Obligations:			
State Code	5 years	100	--
District Policy	5 years	100	--
Repurchase Agreements:			
State Code	1 year	100	--
District Policy	1 year	50	--
Bankers Acceptances:			
State Code	180 days	40	30
District Policy	180 days	40	5
Commercial Paper:			
State Code	270 days	25	--
District Policy	270 days	25	5
Negotiable Certificates of Deposit:			
State Code	5 years	30	--
District Policy	5 years	30	5
Medium Term Notes:			
State Code	5 years	30	--
District Policy	5 years	30	5
Time Deposits:			
State Code	--	100	--
District Policy	1 year	100 50	--
Mortgage Backed and Asset Backed Obligations:			
State Code	5 years	20	--
District Policy	5 years	20	5
Local Agency Investment Fund:			
State Code	N/A	(2)	--
District Policy	N/A	(2)	--

Shares of Beneficial Interest (Money Market Fund):			
State Code	N/A	20	--
District Policy	N/A	20	10
Shares of Beneficial Interest (Local Government Investment Pools):			
State Code	N/A	100	--
District Policy	N/A	100	--
Supranationals:			
State Code	5 years	30	--
District Policy	5 years	<u>1530</u>	<u>-10</u>

Note: For funds established by Indentures of Trust, the provisions of such Indentures will govern investments.

- (1) California Government Code provides authority to the Board to permit maturities beyond five years with certain restrictions. The current Policy provides for maturities longer than five years for funds established by Indentures of Trust.
- (2) District will allow up to the amount Maximum allowed by LAIF, is \$65 million for general reserve funds. There is no limit for bond proceed funds.

APPENDIX B

Securities of Government-Sponsored Enterprises, Agencies and International Institutions

	<u>Explicit U.S. Govt.</u>
	<u>Issuer Guarantees</u>
Agency for International Development (AID)	Yes
Export-Import Bank	Yes
Farmers Home Administration (FmHA)	Yes
Federal Housing Administration (FHA)	Yes
Financial Assistance Corporation (FAC)	Yes
General Services Administration (GSA)	Yes
Private Export Funding (PEFCO)	Yes
Small Business Administration (SBA)	Yes
U.S. Department of Housing & Urban Development (PHAs)	Yes
U.S. Maritime Administration	Yes
Veterans Administration (VA)	Yes
Washington Metropolitan Area Transit	Yes
Government National Mortgage Association (GNMA)	No
Federal Farm Credit Bank (FFCB)	No
Federal Home Loan Bank (FHLB)	No
Federal Home Loan Mortgage Corporation (FHLMC)	No
Federal National Mortgage Association (FNMA)	No
Financing Corporation (FICO)	No
Resolution Funding Corporation (Refcorp)	No
Tennessee Valley Authority (TVA)	No
U.S. Postal Service (USPS)	No
World Bank (WB) (IBRD)	No

APPENDIX B

Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the District. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount and redeemed at maturity for full face value (*e.g., U.S. Treasury Bills.*)

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in

exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for the security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



Agenda Item: 23 c.

Date: July 11, 2018

Subject: Upcoming Policy Review – Reserve Policy (PL – Fin 004)

Staff Contact: Daniel A. Bills, Finance Director

The Reserve Policy (PL – Fin 004) was last reviewed by the Board in April 2017.

The Finance and Audit Committee and staff are recommending two changes to the Reserve Policy. As part of refinancing of the 2009B Certificate of Participation, debt service reserve funds of \$3,548,170 were used to reduce the District's outstanding debt. At this time, no restricted funds remain. Therefore, it is recommended that restricted funds be stricken as a policy category. Further, also related to the refunding, it is recommended that the Minimum Reserve Funding Target be lowered from \$40.0 million to \$36.5 million. A redline version of the policy is attached to this as Exhibit 1.

The policy is scheduled for Board consideration and adoption at the August Board meeting. If a Director wishes to have their comments included in Board packet, please provide those comments to staff by Monday, August 6, 2018.

Exhibit 1

Sacramento Suburban Water District

Reserve Policy

Adopted: August 18, 2003

Revised: ~~September 20, 2004; August 21, 2006; August 18, 2008, November 19, 2012, January 27, 2014; November 16, 2015, October 17, 2016; April 17, 2017~~ Approved with Changes August XX, 2018

100.00 Purpose of the Policy

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

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

200.00 Policy**200.10 Fund Classification Types**

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

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

200.20 Restricted Funds Classification

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

There are no designated restricted funds at this time.

Debt Service Reserve Fund

~~Financial assets held by the District per bond or certificate of participation (COP) debt covenants.~~

~~The amount of assets to be held as debt service reserves is determined at the time of debt issuance. Such assets may only be used to repay the outstanding bond or COP for which the assets were placed in reserve as long as the bond or COP remains outstanding.~~

200.30 Committed Funds Classification

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

Facilities Reimbursement Fund

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

200.40 Assigned Funds Classification

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

Emergency/Contingency Fund

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

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

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

Operating Fund

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

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

Rate Stabilization Fund

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

Interest Rate Risk Management Fund

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

Grant Fund

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

such reserves and a plan for fund replenishment will be determined at the time of grant award.

Capital Asset Fund

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

Facilities Development Charge Fund

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

300.00 Disposition of “One-Time” Revenues

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

400.00 Target Funding Level

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

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

Grant Fund	Sufficient to pay for “local cost share” on all outstanding and applied-for grants.
Capital Asset Fund	Sufficient to fund CIP projects above the amount CIP funding amount anticipated at rate setting or budget preparation time.
Facilities Development Charge Fund	Remaining amounts of FDC Charges after amounts used by Facilities Reimbursement Fund expended. For new infrastructure.
Minimum Reserve Funding Target	\$40 36.5 million

500.00 Authority

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

600.00 Procedure

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

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

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

700.00 Policy Review

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



Agenda Item: 24

Date: July 9, 2018

Subject: Financial Report

Staff Contact: Daniel A. Bills, Finance Director

Eight reports are attached for your information. Please note formatting changes and additional reports:

- Financial Highlights – June 2018 (New)
- Financial Statements – June 2018
- Investments Outstanding and Activity – Second Quarter 2018
- Cash Expenditures – June 2018
- Credit Card Expenditures – June 2018
- Directors Compensation and Expense Accounting – Second Quarter 2018
- District Reserve Balances – June 2018
- Information Required by Bond Agreement
- Financial Markets Quarterly Report

Financial Highlights

The Balance Sheet and Income Statement Highlights are presented in this report. It is gleaned from the financial statements presented on subsequent pages. Key information from this report indicates the District is running ahead of its prior year cash balance at the same date by \$3.0 million; investments are \$2.6 million more than on June 30, 2017; liabilities have decreased by \$8.0 million due to the payment of principal in October 2017 and the refunding of the 2009B COP in May 2018; and net position has increased by \$12.3 million in the last 12 months as the District continues to replace capital infrastructure through customer rates as opposed to debt financing. Operating revenues have increased compared to the same period a year ago due primarily to the 4.0% rate increase that occurred on January 1, 2018.

Financial Statements

Balance Sheet:

District cash and cash equivalents increased to \$10.3 million as of June 30, 2018, up from \$6.1 million at December 31, 2017. Cash held in the District's bank accounts (\$5.16 million as of June 30) is held in accordance with state and federal regulations, which state that cash held in the District's bank accounts above the FDIC insured limits must be fully collateralized with government securities that are equal to or greater than 110% of the District's cash balance in the bank at any time.

Investments increased since December 31, 2017 by \$0.2 million to a total of \$36.1 million, reflecting unrealized market value gains/losses net of the reinvestment of interest received. Investment portfolio balances and activity are reported on subsequent pages.

Capital assets grew \$6.4 million to \$464.9 million as of June 30, 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 \$249.7 million as of June 30, 2018, compared to \$245.4 million at December 31, 2017 for an increase of \$4.3 million.

Income Statement:

The net position increase of \$4.3 million in 2018, when compared to \$3.6 million for the same year-to-date period in 2017, shows:

1. Water Consumption Sales increased by \$0.5 million (11.2 percent) compared to the same period of 2017 due primarily to the 4.0 percent rate increase also occurred on January 1, 2018. Water deliveries also increased as 12.805 acre-feet of water was delivered in 2018 compared to 12,600 acre-feet in 2017.
2. Total operating revenues also increased due to Capital Facility Charges increasing by \$0.5 million in line with the 4.0 percent rate increase referred to above.
3. Operating expenses decreased by \$0.3 million due primarily to – 1) a decrease of \$0.5 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 \$0.4 million in groundwater pumping costs; 2) a decrease of \$0.1 million in transmission and distribution costs compared to the same period a year ago; and 3) also a decrease of \$0.1 in water conservation expenses 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 the first six 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 the lack of purchased surface water due to the shutdown of the ATP and water availability. The District expects to take 12,000 AF of surface water in 2018 in the North Service Area, but is not planning on any surface water purchases in the South Service Area.

Operating capital project expenditures through June were \$0.31 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, \$6.1 million has been spent, while \$10.7 million is under contract. Expenditures continue to be primarily in distribution system replacements, well improvements and meter retrofit projects.

Debt – June 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 5.0% Fixed Rate was repaid in full through the issuance of the series 2018A, 3.4% Fixed-Rate Revenue Refunding Bond in the amount of \$19.0,615 million.

Scheduled 2018 principal payments of \$4.4 million are not due until the end of October. Total principal outstanding as of June 30, 2018 is \$79.1 million.

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

For the 1st six month ended June 30, 2018, the District has incurred interest expense of \$1,414,427 versus a forecast of \$1,730,000 or a \$315,573 positive variance. This is primarily due to 1) expected Federal Reserve interest rate increases occurring later than originally anticipated, and 2) savings from refunding the 2009B COP to a lower interest rate with the issuance of the 2018A Revenue Bond.

Investments Outstanding and Activity – Second Quarter 2018

Reserve funds are invested in diverse investments that consist of corporate notes, Federal Agency bonds and discount notes, U.S. Treasury bonds, notes and bills, Supra-National Agency notes, commercial paper, municipal bonds, negotiable certificates of deposit and LAIF (Local Agency Investment Fund). The District's investments are under the day-to-day management of PFM Asset Management, LLC (PFM). PFM manages the portfolio in compliance with the District's Investment Policy and provides monthly and quarterly reporting, analysis and proposes strategies for the District. The market portfolio is currently earning a rate of 2.03% per annum, while LAIF is earning 1.76% per annum. District staff monitors investment assets quarterly and reviews/approves the effective duration of the District's portfolio against its benchmark index on a quarterly basis as well.

During the second quarter, the District purchased two Federal Agency Collateralized Mortgage Obligations for \$0.5 million, four Corporate Notes for \$0.7 million (par), one US Treasury Note for \$1.0 million (par), two Certificates of Deposit for \$1.0 million (par), two Asset-Backed Security Obligations for \$1.0 million (par), and one Supra-National Agency Bond for \$0.2 million. The District sold one Federal Agency for \$1.2 million (par), four Corporate Notes for \$0.8 million (par), five US Treasury Notes for \$1.0 million (par), and one Certificate of Deposit for \$0.4 million (par). The District received principal paydowns on fourteen Federal Agency Collateralized Mortgage Obligations of \$101,836 (par) and twenty-nine Asset-Backed Security Obligations of \$530,646 (par). One Federal Agency Note matured for \$1.2 million, two Federal Agency

Collateralized Mortgage Obligations matured for \$2,617, and one Municipal Bond matured for \$0.7million (par). See “Investment Activity” section in the attached report for further details.

All investments are invested and accounted for in accordance with the District Investment Policy (PL - FIN 003) and Government Code.

Cash Expenditures – June 2018

During the month of June, the District made cash payments totaling \$2.5 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, and \$0.6 million for payroll, pension and health benefits.

Purchasing Card Expenditures – June 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 \$10,803 for various purchases on the six District purchasing cards. Details by vendor and purpose are included in this report.

Directors Compensation and Expense Accounting – Second Quarter 2018

Director meetings attended during the 2nd quarter of 2018 (that Directors have reported to staff) and expense reimbursements are attached in accordance with the District’s Directors’ Compensation and Expense Reimbursement Policy (PL – BOD 003) and Government Code Section 53065.5. Directors who have not reported their meeting attendance to District staff are not included in this report and are expected to make an oral report at the Board meeting.

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 June 30, 2018 are \$46,582,244 compared to \$45,669,205 at December 31, 2017. During the quarter \$3.5 million of reserves were liquidated due to refunding the 2009B COP.

Information Required by Bond Agreement

Per Article 5.2 (b) of the 2009A COP Reimbursement Agreement with Sumitomo Mitsui Banking Corporation (LOC Provider), 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.

Sacramento Suburban Water District

Financial Highlights

BALANCE SHEET

	Year-To-Date 6/30/2018	Year-To-Date 6/30/2017
LIQUIDITY		
Cash and cash equivalents	\$10,319,136.17	\$7,353,826.48
INVESTMENT		
Investments	36,059,160.27	33,482,570.64
CAPITAL ASSETS		
Property, plant and equipment	464,899,350.44	451,170,031.98
Accumulated depreciation	(174,459,635.81)	(165,060,019.33)
	290,439,714.63	286,110,012.65
LIABILITIES		
Long Term Debt	(86,143,334.90)	(94,176,008.08)
NET POSITION		
Net Position	249,712,878.81	237,414,559.18

INCOME STATEMENT

	Month 6/30/2018	Year-To-Date 6/30/2018	Month 6/30/2017	Year-To-Date 6/30/2017
NET INCOME				
Operating Revenue	4,063,651.55	20,540,152.57	4,069,414.53	19,462,585.10
Operating Expense	(1,892,664.67)	(8,857,763.44)	(1,650,690.79)	(9,108,847.99)
Other, Net	(1,060,379.33)	(7,400,962.62)	(883,024.06)	(6,799,634.17)
	1,110,607.55	4,281,426.51	1,535,699.68	3,554,102.94

Financial Statements
June 30, 2018

**Sacramento Suburban Water District
Balance Sheet**

As Of

	Month End 6/30/2018	Year End 12/31/17
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$10,306,504.83	\$6,084,811.39
Restricted Cash and cash equivalents	12,631.34	12,504.34
Accounts receivable, net of allowance for uncollectible accounts	2,655,081.29	3,220,813.91
Interest receivable	204,048.07	175,718.91
Restricted Interest receivable		7,982.27
Grants receivables	135,446.55	135,446.55
Other receivables		139,520.00
Inventory	751,564.18	687,361.49
Prepaid expenses and other assets	233,924.96	596,878.92
TOTAL CURRENT ASSETS	14,299,201.22	11,061,037.78
NONCURRENT ASSETS		
Investments	36,059,160.27	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	36,546,217.27	39,875,246.11
Property, plant and equipment	464,899,350.44	458,488,252.58
Accumulated depreciation	(174,459,635.81)	(168,222,020.00)
TOTAL CAPITAL ASSETS	290,439,714.63	290,266,232.58
TOTAL ASSETS	341,285,133.12	341,202,516.47
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on long-term debt refunding	6,354,596.66	6,678,090.23
Pension contribution subsequent to measurement date	2,623,682.00	2,807,227.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	350,263,411.78	350,687,833.70
LIABILITIES		
CURRENT LIABILITIES		
Current portion of long-term debt and capital leases	4,425,000.00	4,240,000.00
Accounts payable	970,184.14	1,799,258.35
Accrued interest	178,119.43	426,439.43
Deferred revenue and other liabilities	1,021,138.24	895,650.62
Accrued expenses	1,024,320.58	1,194,890.42
TOTAL CURRENT LIABILITIES	7,618,762.39	8,556,238.82
NONCURRENT LIABILITIES		
Long-term debt	81,718,334.90	85,548,384.48
Compensated absences	1,081,457.68	1,019,780.10
Net pension liability	8,997,648.00	8,997,648.00
TOTAL NONCURRENT LIABILITIES	91,797,440.58	95,565,812.58
TOTAL LIABILITIES	99,416,202.97	104,122,051.40
DEFERRED INFLOWS OF RESOURCES		
Deferred intflow of effective swaps	487,057.00	487,057.00
Employee pensions	647,273.00	647,273.00
NET POSITION		
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	39,008,770.08	34,727,343.57
TOTAL NET POSITION	249,712,878.81	245,431,452.30
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	350,263,411.78	350,687,833.70

**Sacramento Suburban Water District
Financial Highlights**

Period Ended

	<u>Month</u>	<u>Year-To-Date</u>	<u>Month</u>	<u>Year-To-Date</u>
	<u>6/30/2018</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2017</u>
OPERATING REVENUES				
Water consumption sales	\$1,381,051.25	\$4,835,202.25	\$1,499,435.54	\$4,349,436.75
Water service charge	536,274.94	3,132,894.72	528,969.36	3,147,271.97
Capital facilities charge	2,038,652.22	11,910,761.95	1,958,536.44	11,448,700.68
Wheeling water charge	859.56	164,600.05	839.04	2,894.26
Other charges for services	106,813.58	496,693.60	81,634.15	514,281.44
TOTAL OPERATING REVENUES	<u>4,063,651.55</u>	<u>20,540,152.57</u>	<u>4,069,414.53</u>	<u>19,462,585.10</u>
OPERATING EXPENSES				
Source of supply	429,877.45	855,956.27	284,626.60	1,334,996.42
Pumping	481,622.29	2,103,133.40	322,904.31	1,658,834.14
Transmission and distribution	275,913.09	1,690,145.84	274,025.96	1,817,433.29
Water conservation	30,299.38	179,063.40	36,004.19	237,975.56
Customer accounts	112,056.62	617,545.10	94,792.56	624,747.17
Administrative and general	557,276.42	3,406,110.98	638,337.13	3,434,861.41
TOTAL OPERATING EXPENSES	<u>1,887,045.25</u>	<u>8,851,954.99</u>	<u>1,650,690.75</u>	<u>9,108,847.99</u>
Operating income before depreciation	2,176,606.30	11,688,197.58	2,418,723.78	10,353,737.11
Depreciation and amortization	(1,038,881.20)	(6,237,615.81)	(1,015,356.75)	(6,100,163.18)
OPERATING INCOME	<u>1,137,725.10</u>	<u>5,450,581.77</u>	<u>1,403,367.03</u>	<u>4,253,573.93</u>
NON-OPERATING REV. (EXP.)				
Rental income	3,328.98	105,047.02	12,275.25	108,956.31
Interest and investment income	34,278.88	66,078.66	(16,819.91)	372,979.85
Interest expense and debt related costs	(175,582.02)	(1,618,259.16)	(325,693.35)	(1,768,268.68)
Other non-operating revenues	2,653.05	149,674.47	22,849.10	91,972.51
Grant revenue pass-through to sub recipients			202,908.85	389,100.55
Other non-operating expenses	(35.44)	12,019.75	659.56	3,691.02
Sub recipient grant expenses			(202,908.85)	(389,100.55)
NON-OPERATING REV. (EXP.)	<u>(135,356.55)</u>	<u>(1,285,439.26)</u>	<u>(306,729.35)</u>	<u>(1,190,668.99)</u>
NET INCOME (LOSS) BEFORE CAPITAL	<u>1,002,368.55</u>	<u>4,165,142.51</u>	<u>1,096,637.68</u>	<u>3,062,904.94</u>
CAPITAL CONTRIBUTIONS				
Facility development charges	108,239.00	116,284.00	25,035.00	76,646.00
Developer contributions			413,977.00	413,977.00
Federal, state and local capital grants			50.00	575.00
TOTAL CAPITAL CONTRIBUTIONS	<u>108,239.00</u>	<u>116,284.00</u>	<u>439,062.00</u>	<u>491,198.00</u>
CHANGE IN NET POSITION	<u>1,110,607.55</u>	<u>4,281,426.51</u>	<u>1,535,699.68</u>	<u>3,554,102.94</u>
Net position at beginning of period	248,602,271.26	245,431,452.30	235,878,859.50	233,860,456.24
NET POSITION AT END OF PERIOD	<u>249,712,878.81</u>	<u>249,712,878.81</u>	<u>237,414,559.18</u>	<u>237,414,559.18</u>

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

	Month Of June	2018 YTD		
	Actual	Actual	Budget	Variance
BUDGETED OPERATING EXPENSES				
Board of Directors	\$1,726.64	\$18,177.65	\$28,118.42	\$9,940.77
Administrative	173,367.55	1,087,072.92	1,266,312.48	179,239.56
Finance	75,786.74	434,802.74	526,364.54	91,561.80
Customer Services	112,056.62	617,545.10	654,800.82	37,255.72
Field Operations	43,971.87	303,836.29	380,886.68	77,050.39
Production	911,499.74	2,959,089.67	3,968,649.24	1,009,559.57
5 Distribution	160,356.93	970,887.54	1,142,262.12	171,374.58
Field Services	115,554.16	717,599.85	728,106.96	10,507.11
Maintenance	52,666.55	300,444.45	336,955.52	36,511.07
Water Conservation	30,299.38	179,063.40	247,235.56	68,172.16
Engineering	93,708.18	575,628.27	685,883.90	110,255.63
GIS/CAD	28,036.04	179,970.92	208,793.82	28,822.90
Human Resources	11,844.97	89,765.54	124,021.92	34,256.38
Information Technology	76,169.88	418,070.65	461,623.26	43,552.61
TOTAL OPERATING EXPENSES	1,887,045.25	8,851,954.99	10,760,015.24	1,908,060.25

SACRAMENTO SUBURBAN WATER DISTRICT
 OPERATING CAPITAL AMENDED BUDGET
 6/30/2018

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	-	\$ 12,178.00
SF18-429	BUILDING & STRUCTURES MAINT	\$ 95,000.00		95,000.00	-	9,680.00	1,572.00	\$ 83,748.00
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	4,034.00	71,854.00	-	\$ 3,146.00
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	59,370.00	59,370.00	276.00	\$ 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	-	\$ 5,900.00
SF18-445	FENCES REPLACE - 4 WELL SITES	\$ 28,000.00		28,000.00	7,317.00	7,317.00	2,546.00	\$ 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	1,494.00	48,589.25	584.00	\$ 59,326.75
SF18-449	SOFTWARE ENHANCEMENTS/MODULES	\$ 160,000.00		160,000.00	22,757.00	37,237.00	38,512.00	\$ 84,251.00
SF18-450	SERVER ROOM	\$ 50,000.00		50,000.00	-	-	-	\$ 50,000.00
TOTAL		\$ 1,161,000.00	\$ -	\$ 1,161,000.00	\$ 94,972.00	\$ 309,763.79	\$ 195,816.00	\$ 655,420.21

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**Sacramento Suburban Water District
Capital Improvement Project Amended Budget
6/30/2018**

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	\$ 61,551.00	\$ 264,092.00	\$232,215.00	\$ 503,693.00
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	69,985.00	154,763.00	4,357.00	\$ (9,120.00)
SC18-012	WELL REPLACEMENTS	\$ 3,300,000.00		3,300,000.00	59,206.00	101,157.41	2,592,035.00	\$ 606,807.59
SC18-013	ELECTRICAL IMPROV @WELL SITES	\$ 200,000.00		200,000.00	-	6,484.50	15,288.00	\$ 178,227.50
SC18-018	DISTRIBUTION MAIN REPLACEMENTS	\$ 10,470,000.00		10,470,000.00	1,933,781.00	4,922,166.02	5,306,794.00	\$ 241,039.98
SC18-019	DIST MAIN IMPRV/EXT/INTERTIES	\$ 600,000.00		600,000.00	101,147.00	233,056.79	89,944.00	\$ 276,999.21
SC18-020	MCCLELLAN LINE REPL	\$ 50,000.00		50,000.00	4,884.00	7,782.00	5,288.00	\$ 36,930.00
SC18-022	WTR RELATED STREET IMPRV	\$ 200,000.00		200,000.00	5,306.00	27,056.00	359,553.00	\$ (186,609.00)
✓ SC18-024	METER RETROFIT PROGRAM	\$ 2,100,000.00		2,100,000.00	51,246.00	166,568.69	1,989,396.00	\$ (55,964.69)
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	2,260.00	2,260.00	19,360.00	\$ 118,380.00
SC18-040	ENGINE GENERATOR COMPLIANCE	\$ 240,000.00		240,000.00	70,307.00	206,930.00	34,071.00	\$ (1,001.00)
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>\$ 2,359,673.00</u>	<u>\$ 6,092,316.41</u>	<u>\$ 10,684,876.00</u>	<u>\$ 2,382,807.59</u>

**Sacramento Suburban Water District
Debt
6/30/2018**

Principal 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>

Principal 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>

Interest Expense

	Current Month Actual	Actual	Year-To-Date Budget	Variance
Interest Expense	\$ 342,801	\$ 1,414,427	\$ 1,730,000	\$ 315,573

**Investments Outstanding and Activity
June 2018**



Managed Account Detail of Securities Held

For the Month Ending June 30, 2018

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 08/31/2015 1.375% 08/31/2020	912828L32	250,000.00	AA+	Aaa	12/11/17	12/13/17	246,523.44	1.90	1,148.95	247,212.35	243,789.00
US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021	912828B90	75,000.00	AA+	Aaa	07/06/16	07/08/16	78,667.97	0.92	501.36	77,123.42	73,831.05
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828O78	175,000.00	AA+	Aaa	01/03/17	01/05/17	171,527.34	1.86	405.40	172,692.79	169,100.58
US TREASURY NOTES DTD 06/02/2014 2.000% 05/31/2021	912828WN6	300,000.00	AA+	Aaa	09/01/16	09/02/16	310,781.25	1.22	508.20	306,700.79	294,808.50
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	850,000.00	AA+	Aaa	03/15/17	03/17/17	827,919.92	2.02	989.92	834,505.04	820,283.15
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	550,000.00	AA+	Aaa	10/03/16	10/05/16	570,646.48	1.21	3,676.63	563,469.62	539,279.40
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	600,000.00	AA+	Aaa	04/03/17	04/05/17	604,640.63	1.82	4,010.87	603,376.90	588,304.80
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	900,000.00	AA+	Aaa	07/06/17	07/11/17	905,449.22	1.85	6,016.30	904,211.08	882,457.20
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,050,000.00	AA+	Aaa	12/01/16	12/05/16	1,053,117.19	1.93	7,019.02	1,052,123.70	1,029,533.40
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	1,400,000.00	AA+	Aaa	06/27/17	06/29/17	1,415,257.81	1.73	9,358.70	1,411,688.24	1,372,711.20
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	275,000.00	AA+	Aaa	08/01/17	08/03/17	269,725.59	1.72	579.14	270,827.47	262,732.53
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	475,000.00	AA+	Aaa	10/05/17	10/10/17	463,997.07	1.85	1,000.34	465,907.55	453,810.73
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	1,200,000.00	AA+	Aaa	08/30/17	08/31/17	1,181,062.50	1.64	2,527.17	1,184,759.78	1,146,469.20
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	450,000.00	AA+	Aaa	12/04/17	12/06/17	445,324.22	2.12	1,421.54	445,908.37	436,658.40



Managed Account Detail of Securities Held

For the Month Ending June 30, 2018

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	500,000.00	AA+	Aaa	01/03/18	01/04/18	493,652.34	2.18	1,579.48	494,347.23	485,176.00
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	950,000.00	AA+	Aaa	05/03/18	05/07/18	919,644.53	2.73	3,001.02	920,731.48	921,834.40
Security Type Sub-Total		10,000,000.00					9,957,937.50	1.88	43,744.04	9,955,585.81	9,720,779.54
Supra-National Agency Bond / Note											
INTER-AMERICAN DEVELOPMENT BANK DTD 04/12/2016 1.000% 05/13/2019	458182DX7	525,000.00	AAA	Aaa	04/05/16	04/12/16	523,425.00	1.10	700.00	524,552.15	518,188.13
INTER-AMERICAN DEVEL BK NOTE DTD 04/12/2017 1.625% 05/12/2020	4581X0CX4	525,000.00	AAA	Aaa	04/05/17	04/12/17	523,755.75	1.70	1,161.20	524,238.71	516,107.55
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	900,000.00	AAA	Aaa	09/12/17	09/19/17	897,840.00	1.64	4,253.73	898,397.06	877,635.00
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	700,000.00	AAA	Aaa	10/02/17	10/10/17	706,488.37	1.81	2,148.61	704,996.20	690,585.00
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021	4581X0DB1	225,000.00	AAA	Aaa	04/12/18	04/19/18	224,505.00	2.70	1,181.25	224,536.90	223,919.78
Security Type Sub-Total		2,875,000.00					2,876,014.12	1.68	9,444.79	2,876,721.02	2,826,435.46
Municipal Bond / Note											
CT ST TXBL GO BONDS DTD 03/25/2015 1.974% 03/15/2019	20772JZK1	230,000.00	A	A1	03/16/15	03/25/15	230,646.30	1.90	1,336.84	230,118.17	228,438.30
Security Type Sub-Total		230,000.00					230,646.30	1.90	1,336.84	230,118.17	228,438.30
Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES M4 FA DTD 03/01/2015 2.158% 09/01/2018	3136AMTM1	11,213.83	AA+	Aaa	03/12/15	03/31/15	11,210.95	0.38	20.16	11,213.83	11,198.85



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Federal Agency Collateralized Mortgage Obligation											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	34,359.21	AA+	Aaa	11/06/15	11/30/15	34,702.79	1.20	54.35	34,373.58	34,254.05
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AOD00	118,261.42	AA+	Aaa	10/07/15	10/30/15	119,445.68	1.08	162.22	118,503.38	117,655.37
FNMA SERIES 2015-M12 FA DTD 09/01/2015 2.288% 04/01/2020	3136AP3Z3	144,670.66	AA+	Aaa	09/10/15	09/30/15	144,618.59	0.54	275.81	144,670.66	144,584.54
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	250,000.00	AA+	Aaa	04/11/18	04/30/18	254,972.75	2.27	741.67	254,825.68	253,535.03
FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	200,000.00	AA+	Aaa	04/04/18	04/09/18	201,703.13	2.61	515.00	201,608.04	200,077.66
Security Type Sub-Total		758,505.12					766,653.89	1.77	1,769.21	765,195.17	761,305.50
Federal Agency Bond / Note											
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8Q55	975,000.00	AA+	Aaa	07/14/16	07/15/16	969,071.03	1.25	5,088.28	971,354.04	932,995.05
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	130,000.00	AA+	Aaa	08/17/16	08/19/16	129,555.27	1.32	604.86	129,718.08	124,381.40
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	420,000.00	AA+	Aaa	08/17/16	08/19/16	418,299.00	1.33	1,954.17	418,921.61	401,847.60
Security Type Sub-Total		1,525,000.00					1,516,925.30	1.28	7,647.31	1,519,993.73	1,459,224.05
Corporate Note											
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	50,000.00	BBB+	A3	04/20/16	04/25/16	49,861.00	2.10	183.33	49,961.32	49,654.15
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	325,000.00	BBB+	A3	04/21/16	04/26/16	324,792.00	2.02	1,191.67	324,942.14	322,751.98



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Corporate Note											
CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019	172967KS9	145,000.00	BBB+	Baa1	06/02/16	06/09/16	144,924.60	2.07	198.17	144,975.98	143,838.26
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	800,000.00	A+	A2	09/04/14	09/09/14	798,520.00	2.29	6,800.00	799,647.35	795,434.40
BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	200,000.00	A+	A3	06/03/16	06/08/16	220,780.00	1.48	2,350.00	207,955.99	204,524.40
CITIGROUP INC (CALLABLE) CORP NOTE DTD 01/10/2017 2.450% 01/10/2020	172967LF6	400,000.00	BBB+	Baa1	01/04/17	01/10/17	399,840.00	2.46	4,655.00	399,917.20	395,507.60
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	500,000.00	A-	A3	10/01/15	10/06/15	496,400.00	2.43	4,937.50	498,652.17	493,568.50
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	400,000.00	A-	A2	02/02/15	02/05/15	402,796.00	2.00	3,607.22	400,916.40	394,388.40
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	215,000.00	A-	A2	02/28/17	03/03/17	214,776.40	2.24	1,550.39	214,873.57	212,179.20
TOYOTA MOTOR CORP NOTES DTD 03/12/2015 2.150% 03/12/2020	89236TCF0	250,000.00	AA-	Aa3	03/23/15	03/27/15	252,220.00	1.96	1,627.43	250,784.29	246,990.00
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	275,000.00	AA-	Aa3	04/11/17	04/17/17	274,873.50	1.97	1,102.29	274,923.47	270,269.18
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BO4	175,000.00	A	A2	05/24/17	06/05/17	174,898.50	1.82	227.50	174,934.15	171,852.28
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 06/23/2015 2.750% 06/23/2020	46625HLW8	300,000.00	A-	A3	09/01/15	09/04/15	301,491.00	2.64	183.33	300,625.57	297,332.70
WELLS FARGO & COMPANY NOTES DTD 07/22/2015 2.600% 07/22/2020	94974BGM6	375,000.00	A-	A2	09/01/15	09/04/15	377,103.75	2.48	4,306.25	375,919.86	370,238.25
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913O2A6	275,000.00	A	A3	09/05/17	09/07/17	274,769.00	1.88	1,653.44	274,830.68	267,797.75



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Corporate Note											
APPLE INC DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	400,000.00	AA+	Aa1	11/06/17	11/13/17	399,664.00	2.03	1,066.67	399,733.30	392,645.60
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	375,000.00	AA	Aa2	10/11/17	10/20/17	374,456.25	1.95	316.67	374,579.03	367,401.00
US BANCORP CORP NOTES (CALLABLE) DTD 01/29/2016 2.350% 01/29/2021	91159HHL7	350,000.00	A+	A1	12/11/17	12/13/17	350,983.50	2.26	3,472.78	350,814.82	343,291.55
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	75,000.00	A-	A2	10/23/17	10/26/17	74,965.50	2.17	671.88	74,971.64	72,937.58
IBM CORP CORP NOTES DTD 02/06/2018 2.650% 02/05/2021	44932HAG8	400,000.00	A+	A1	02/01/18	02/06/18	399,804.00	2.67	4,269.44	399,829.34	396,209.20
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	375,000.00	A	A2	03/08/18	03/13/18	374,745.00	2.90	3,234.38	374,769.51	372,247.50
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	02/21/18	02/26/18	149,833.50	2.94	1,510.42	149,852.70	148,884.15
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	225,000.00	A	A2	04/12/18	04/19/18	224,048.25	3.05	2,265.63	224,114.72	223,326.23
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	225,000.00	A+	A1	10/05/17	10/10/17	224,955.00	2.01	950.00	224,963.79	219,365.78
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	375,000.00	A	A1	05/16/16	05/19/16	383,617.50	2.00	1,979.17	379,938.78	368,098.88
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	35,000.00	A-	A3	11/01/17	11/03/17	35,271.60	2.39	183.75	35,221.54	34,383.20
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	350,000.00	BBB+	A3	11/01/17	11/03/17	351,134.00	2.40	1,701.39	350,926.02	341,840.80
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	225,000.00	A-	A2	05/25/16	05/31/16	224,478.00	2.30	787.50	224,692.65	218,639.48



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Corporate Note											
BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	200,000.00	A-	A2	05/10/16	05/16/16	199,868.00	2.06	580.83	199,922.85	193,254.80
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	150,000.00	A	A1	05/03/18	05/10/18	149,896.50	3.12	658.75	149,901.30	150,168.30
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	110,000.00	A	A1	05/19/16	05/24/16	109,532.50	2.04	250.25	109,724.03	106,565.91
CHARLES SCHWAB CORP CORP NOTES DTD 05/22/2018 3.250% 05/21/2021	808513AW5	250,000.00	A	A2	05/17/18	05/22/18	249,992.50	3.25	880.21	249,992.73	250,999.00
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	240,000.00	A-	A3	09/13/17	09/18/17	240,000.00	2.33	1,396.80	240,000.00	234,625.68
BANK OF AMERICA CORP DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	90,000.00	A-	A3	05/14/18	05/17/18	90,000.00	3.50	384.89	90,000.00	89,969.13
Security Type Sub-Total		9,285,000.00					9,315,291.35	2.31	61,134.93	9,297,808.89	9,161,180.82
Commercial Paper											
MUFG BANK LTD/NY COMM PAPER DTD 10/24/2017 0.000% 07/20/2018	06538CGL9	700,000.00	A-1	P-1	10/23/17	10/24/17	691,421.89	1.66	0.00	699,394.11	699,174.70
CREDIT AGRICOLE CIB NY COMM PAPER -- 0.000% 08/08/2018	22533UH89	700,000.00	A-1	P-1	02/08/18	02/08/18	693,101.89	1.98	0.00	698,551.78	698,452.30
BNP PARIBAS NY BRANCH COMM PAPER DTD 01/22/2018 0.000% 10/19/2018	09659CKK3	700,000.00	A-1	P-1	01/22/18	01/23/18	689,329.67	2.07	0.00	695,636.66	694,982.40
Security Type Sub-Total		2,100,000.00					2,073,853.45	1.90	0.00	2,093,582.55	2,092,609.40
Certificate of Deposit											
CANADIAN IMPERIAL BANK NY CD DTD 12/05/2016 1.760% 11/30/2018	13606A5Z7	725,000.00	A-1	P-1	12/01/16	12/05/16	724,434.50	1.78	1,098.78	724,881.44	723,104.85
NORDEA BANK FINLAND NY CD DTD 12/05/2016 1.760% 11/30/2018	65558LWA6	725,000.00	A-1+	P-1	12/01/16	12/05/16	725,000.00	1.74	1,134.22	725,000.00	724,025.60



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Certificate of Deposit											
SVENSKA HANDELSBANKEN NY LT CD DTD 01/12/2017 1.890% 01/10/2019	86958JHB8	750,000.00	A-1+	P-1	01/10/17	01/12/17	750,000.00	1.91	6,772.50	750,000.00	746,742.75
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 02/09/2017 1.880% 02/07/2019	06427KRC3	800,000.00	A-1	P-1	02/08/17	02/09/17	800,000.00	1.90	6,016.00	800,000.00	798,509.60
BANK OF NOVA SCOTIA HOUSTON LT CD DTD 04/06/2017 1.910% 04/05/2019	06417GUE6	375,000.00	A-1	P-1	04/05/17	04/06/17	375,000.00	1.91	1,730.94	375,000.00	372,822.00
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVN0	700,000.00	A-1	P-1	05/03/17	05/04/17	700,000.00	2.05	2,351.81	700,000.00	697,023.60
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	700,000.00	A+	Aa2	08/03/17	08/04/17	699,727.00	1.85	5,330.89	699,851.12	693,961.10
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	350,000.00	A	A1	09/25/17	09/27/17	350,000.00	2.07	5,574.63	350,000.00	346,500.35
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	375,000.00	A	A1	02/07/18	02/08/18	375,000.00	2.67	3,977.19	375,000.00	374,986.13
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	400,000.00	A+	Aa2	03/02/18	03/06/18	400,000.00	2.93	3,770.00	400,000.00	401,315.20
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	375,000.00	A+	A1	06/05/18	06/07/18	374,857.50	3.10	770.00	374,862.11	377,080.88
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	625,000.00	AA-	Aa3	08/03/17	08/07/17	625,000.00	2.05	5,125.00	625,000.00	615,108.75
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	700,000.00	AA-	Aa2	11/16/17	11/17/17	700,000.00	2.30	2,030.39	700,000.00	685,382.60
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	650,000.00	AA-	A1	06/07/18	06/08/18	650,000.00	3.24	1,345.50	650,000.00	654,574.70
Security Type Sub-Total		8,250,000.00					8,249,019.00	2.19	47,027.85	8,249,594.67	8,211,138.11
Asset-Backed Security / Collateralized Mortgage Obligation											
TOYOTA ABS 2015-B A3 DTD 06/17/2015 1.270% 05/15/2019	89237CAD3	8,532.76	AAA	Aaa	06/10/15	06/17/15	8,532.30	1.27	4.82	8,532.67	8,528.06



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Asset-Backed Security / Collateralized Mortgage Obligation											
NISSAN ABS 2015-A A3 DTD 04/14/2015 1.050% 10/15/2019	65477UAC4	17,807.49	NR	Aaa	04/07/15	04/14/15	17,803.75	1.06	8.31	17,806.63	17,787.67
FORD ABS 2015-B A3 DTD 05/26/2015 1.160% 11/15/2019	34530VAD1	15,115.19	NR	Aaa	05/19/15	05/26/15	15,113.80	1.16	7.79	15,114.83	15,098.72
NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	64,030.24	NR	Aaa	07/15/15	07/22/15	64,025.16	1.34	38.13	64,028.68	63,804.50
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	59,522.32	NR	Aaa	07/19/16	07/27/16	59,517.58	1.25	33.07	59,520.22	59,115.65
ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	71,308.55	AAA	Aaa	05/24/16	05/31/16	71,301.63	1.44	45.64	71,305.26	70,989.28
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	57,160.29	AAA	Aaa	03/22/16	03/30/16	57,149.21	1.57	39.63	57,155.32	56,876.88
FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	59,516.31	AAA	NR	04/19/16	04/26/16	59,510.67	1.33	35.18	59,514.54	59,138.54
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/17/2021	17305EGA7	550,000.00	AAA	Aaa	01/19/17	01/26/17	549,894.68	1.75	4,359.67	550,000.00	547,684.23
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	195,000.00	AAA	Aaa	09/14/16	09/21/16	194,973.75	1.30	111.80	194,985.01	192,445.54
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	150,000.00	NR	Aaa	01/24/17	01/31/17	149,986.89	1.70	113.33	149,991.37	148,756.32
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	475,000.00	NR	Aaa	01/18/17	01/25/17	474,998.24	1.67	352.56	474,998.96	469,538.12
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	520,000.00	NR	Aaa	03/21/17	03/29/17	519,938.69	1.79	411.38	519,957.15	515,361.81
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	325,000.00	AAA	Aaa	05/09/18	05/16/18	324,995.16	2.96	427.56	324,995.32	325,054.18
ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	400,000.00	AAA	Aaa	06/19/18	06/27/18	399,972.64	3.09	133.33	399,972.72	399,972.64



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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security / Collateralized Mortgage Obligation											
CCCIT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	750,000.00	NR	Aaa	01/25/18	01/31/18	749,896.20	2.54	7,833.13	749,906.21	740,506.28
Security Type Sub-Total		3,717,993.15					3,717,610.35	2.09	13,955.33	3,717,784.89	3,690,658.42
Managed Account Sub-Total		38,741,498.27					38,703,951.26	2.03	186,060.30	38,706,384.90	38,151,769.60
Securities Sub-Total		\$38,741,498.27					\$38,703,951.26	2.03%	\$186,060.30	\$38,706,384.90	\$38,151,769.60
Accrued Interest											\$186,060.30
Total Investments											\$38,337,829.90

**Investment Activity
June 2018**

**Managed Account Security Transactions & Interest
For the Second Quarter Ending June 30, 2018**

TRAN_TYPE	CUSIP	SECURITY	SEC_TYPE	TRADE_DATE	SETTLE_DATE	PAR VALUE	PRINCIPAL	ACCRUED INTEREST	TOTAL AMOUNT	REALIZED GL COST
BUY	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED	CMOA	4/4/2018	4/9/2018	200,000.00	201,703.13	137.33	201,840.46	-
BUY	3136B1XP4	FNA 2018-M5 A2	CMOA	4/11/2018	4/30/2018	250,000.00	254,972.75	716.94	255,689.69	-
BUY	63743HER9	NATIONAL RURAL UTIL COOP	CORPORATE	4/12/2018	4/19/2018	225,000.00	224,048.25	960.63	225,008.88	-
BUY	427866BA5	HERSHEY COMPANY CORP NOTES	CORPORATE	5/3/2018	5/10/2018	150,000.00	149,896.50	-	149,896.50	-
BUY	06051GHH5	BANK OF AMERICA CORP	CORPORATE	5/14/2018	5/17/2018	90,000.00	90,000.00	-	90,000.00	-
BUY	808513AW5	CHARLES SCHWAB CORP CORP NO	CORPORATE	5/17/2018	5/22/2018	250,000.00	249,992.50	-	249,992.50	-
BUY	912828X47	US TREASURY NOTES	GOVERNMENT	5/3/2018	5/7/2018	950,000.00	919,644.53	338.82	919,983.35	-
BUY	06417GU22	BANK OF NOVA SCOTIA HOUSTON C	LT CD	6/5/2018	6/7/2018	375,000.00	374,857.50	-	374,857.50	-
BUY	78012UEE1	ROYAL BANK OF CANADA NY CD	LT CD	6/7/2018	6/8/2018	650,000.00	650,000.00	-	650,000.00	-
BUY	89238TAD5	TAOT 2018-B A3	OTHER ABS	5/9/2018	5/16/2018	325,000.00	324,995.16	-	324,995.16	-
BUY	02007JAC1	ALLYA 2018-3 A3	OTHER ABS	6/19/2018	6/27/2018	400,000.00	399,972.64	-	399,972.64	-
BUY	4581X0DB1	INTER-AMERICAN DEVELOPMENT B.	SUPRANATL	4/12/2018	4/19/2018	225,000.00	224,505.00	-	224,505.00	-
BUY Total						4,090,000.00	4,064,587.96	2,153.72	4,066,741.68	-
INTEREST	3137EAED7	FHLMC REFERENCE NOTES	AGENCY	4/12/2018					5,066.25	
INTEREST	3130A4GJ5	FHLB NOTES	AGENCY	4/25/2018					6,637.50	
INTEREST	3136AMMC0	FNMA SERIES 2015-M3 FA	CMOA	4/25/2018					4.65	
INTEREST	3136AMTM1	FNMA SERIES M4 FA	CMOA	4/25/2018					24.39	
INTEREST	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	CMOA	4/25/2018					1.38	
INTEREST	3136AP3Z3	FNMA SERIES 2015-M12 FA	CMOA	4/25/2018					336.28	
INTEREST	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	CMOA	4/25/2018					201.82	
INTEREST	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	CMOA	4/25/2018					114.95	
INTEREST	3136AMMC0	FNMA SERIES 2015-M3 FA	CMOA	5/25/2018					5.07	
INTEREST	3136AMTM1	FNMA SERIES M4 FA	CMOA	5/25/2018					24.75	
INTEREST	3136AP3Z3	FNMA SERIES 2015-M12 FA	CMOA	5/25/2018					328.01	
INTEREST	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	CMOA	5/25/2018					184.16	
INTEREST	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	CMOA	5/25/2018					73.28	
INTEREST	3136B1XP4	FNA 2018-M5 A2	CMOA	5/25/2018					741.67	
INTEREST	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED	CMOA	5/25/2018					515.00	
INTEREST	3136AMMC0	FNMA SERIES 2015-M3 FA	CMOA	6/25/2018					2.82	
INTEREST	3136AMTM1	FNMA SERIES M4 FA	CMOA	6/25/2018					23.79	
INTEREST	3136AP3Z3	FNMA SERIES 2015-M12 FA	CMOA	6/25/2018					286.68	
INTEREST	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	CMOA	6/25/2018					174.22	
INTEREST	3136AQSW1	FNMA SERIES 2015-M15 ASQ2	CMOA	6/25/2018					60.36	
INTEREST	3136B1XP4	FNA 2018-M5 A2	CMOA	6/25/2018					741.67	
INTEREST	3137BM6P6	FHLMC MULTIFAMILY STRUCTURED	CMOA	6/25/2018					515.00	
INTEREST	06051GGS2	BANK OF AMERICA CORP (CALLABL	CORPORATE	4/1/2018					2,995.36	
INTEREST	12189TBC7	BURLINGTON NRTH CORP	CORPORATE	4/1/2018					4,700.00	
INTEREST	06406FAA1	BANK OF NEW YORK MELLON CORP	CORPORATE	4/15/2018					4,687.50	
INTEREST	713448DX3	PEPSICO INC CORP (CALLABLE) NO	CORPORATE	4/15/2018					2,312.50	
INTEREST	89236TDU6	TOYOTA MOTOR CREDIT CORP	CORPORATE	4/17/2018					2,681.25	
INTEREST	06051GFW4	BANK OF AMERICA CORP NOTE	CORPORATE	4/19/2018					1,640.63	
INTEREST	61746BEA0	MORGAN STANLEY CORP NOTES	CORPORATE	4/21/2018					4,375.00	
INTEREST	38141GVT8	GOLDMAN SACHS GRP INC CORP N'	CORPORATE	4/25/2018					500.00	
INTEREST	38141GVT8	GOLDMAN SACHS GRP INC CORP N'	CORPORATE	4/25/2018					3,250.00	
INTEREST	0258M0EB1	AMERICAN EXPRESS CREDIT (CALL	CORPORATE	5/5/2018					2,531.25	
INTEREST	05531FAV5	BRANCH BANKING & TRUST (CALLAI	CORPORATE	5/10/2018					2,050.00	
INTEREST	037833DJ6	APPLE INC	CORPORATE	5/13/2018					4,000.00	
INTEREST	857477AV5	STATE STREET CORP NOTES	CORPORATE	5/19/2018					1,072.50	

**Managed Account Security Transactions & Interest
For the Second Quarter Ending June 30, 2018**

TRAN_TYPE	CUSIP	SECURITY	SEC_TYPE	TRADE_DATE	SETTLE_DATE	PAR VALUE	PRINCIPAL	ACCRUED INTEREST	TOTAL AMOUNT	REALIZED GL COST
INTEREST	437076BQ4	HOME DEPOT INC CORP NOTES	CORPORATE	6/5/2018					1,575.00	
INTEREST	172967KS9	CITIGROUP INC CORP NOTES	CORPORATE	6/7/2018					1,486.25	
INTEREST	931142EA7	WAL-MART STORES INC CORP NOTI	CORPORATE	6/15/2018					4,651.04	
INTEREST	46625HLW8	JP MORGAN CHASE & CO CORP NT	CORPORATE	6/23/2018					4,125.00	
INTEREST	912828Q78	US TREASURY NOTES	GOVERNMENT	4/30/2018					1,203.13	
INTEREST	912828T67	US TREASURY NOTES	GOVERNMENT	4/30/2018					1,718.75	
INTEREST	912828T67	US TREASURY NOTES	GOVERNMENT	4/30/2018					2,968.75	
INTEREST	912828T67	US TREASURY NOTES	GOVERNMENT	4/30/2018					7,500.00	
INTEREST	912828X47	US TREASURY NOTES	GOVERNMENT	4/30/2018					4,218.75	
INTEREST	912828X47	US TREASURY NOTES	GOVERNMENT	4/30/2018					4,687.50	
INTEREST	912828R77	US TREASURY NOTES	GOVERNMENT	5/31/2018					5,843.75	
INTEREST	912828WV6	US TREASURY NOTES	GOVERNMENT	5/31/2018					3,000.00	
INTEREST	06417GUE6	BANK OF NOVA SCOTIA HOUSTON L	LT CD	4/5/2018					7,242.08	
INTEREST	86563YVNO	SUMITOMO MITSUI BANK NY CD	LT CD	5/3/2018					7,214.86	
INTEREST	87019U6D6	SWEDBANK (NEW YORK) CERT DEP	LT CD	5/16/2018					7,945.00	
INTEREST	13606A5Z7	CANADIAN IMPERIAL BANK NY CD	LT CD	5/30/2018					6,380.00	
INTEREST	65558LWA6	NORDEA BANK FINLAND NY CD	LT CD	5/30/2018					6,415.44	
INTEREST	MONEY0002	MONEY MARKET FUND	MONEYMRKT	4/2/2018					428.32	
INTEREST	MONEY0002	MONEY MARKET FUND	MONEYMRKT	4/2/2018					1,193.59	
INTEREST	MONEY0002	MONEY MARKET FUND	MONEYMRKT	5/1/2018					530.54	
INTEREST	MONEY0002	MONEY MARKET FUND	MONEYMRKT	5/1/2018					2,156.92	
INTEREST	MONEY0002	MONEY MARKET FUND	MONEYMRKT	6/1/2018					621.97	
INTEREST	MONEY0002	MONEY MARKET FUND	MONEYMRKT	6/1/2018					4,467.52	
INTEREST	91412GSZ9	UNIV OF CAL TXBL REV BONDS	MUNICIPAL	5/15/2018					7,137.65	
INTEREST	02007HAC5	ALLY ABS 2017-2 A3	OTHER ABS	4/15/2018					771.33	
INTEREST	02007LAC6	ALLY ABS 2016-3 A3	OTHER ABS	4/15/2018					115.30	
INTEREST	02007PAC7	ALLY ABS 2017-1 A3	OTHER ABS	4/15/2018					212.50	
INTEREST	05522RCU0	BANK OF AMERICA ABS 2015-A2 A	OTHER ABS	4/15/2018					317.33	
INTEREST	14314EAB7	CARMAX ABS 2016-3 A2	OTHER ABS	4/15/2018					30.40	
INTEREST	34530VAD1	FORD ABS 2015-B A3	OTHER ABS	4/15/2018					37.39	
INTEREST	34531EAD8	FORD ABS 2017-A A3	OTHER ABS	4/15/2018					661.04	
INTEREST	34532EAD7	FORD ABS 2016-B A3	OTHER ABS	4/15/2018					84.53	
INTEREST	44891EAC3	HYUNDAI ABS 2016-B A3	OTHER ABS	4/15/2018					209.63	
INTEREST	44930UAD8	HYUNDAI ABS 2016-A A3	OTHER ABS	4/15/2018					91.00	
INTEREST	47788NAC2	JOHN DEERE ABS 2016-B A3	OTHER ABS	4/15/2018					81.70	
INTEREST	65475WAD0	NISSAN ABS 2015-B A3	OTHER ABS	4/15/2018					104.84	
INTEREST	65477UAC4	NISSAN ABS 2015-A A3	OTHER ABS	4/15/2018					41.77	
INTEREST	89237CAD3	TOYOTA ABS 2015-B A3	OTHER ABS	4/15/2018					62.41	
INTEREST	43813NAC0	HONDA ABS 2015-2 A3	OTHER ABS	4/21/2018					10.75	
INTEREST	02007HAC5	ALLY ABS 2017-2 A3	OTHER ABS	5/15/2018					771.33	
INTEREST	02007LAC6	ALLY ABS 2016-3 A3	OTHER ABS	5/15/2018					104.63	
INTEREST	02007PAC7	ALLY ABS 2017-1 A3	OTHER ABS	5/15/2018					212.50	
INTEREST	14314EAB7	CARMAX ABS 2016-3 A2	OTHER ABS	5/15/2018					9.13	
INTEREST	34530VAD1	FORD ABS 2015-B A3	OTHER ABS	5/15/2018					29.38	
INTEREST	34531EAD8	FORD ABS 2017-A A3	OTHER ABS	5/15/2018					661.04	
INTEREST	34532EAD7	FORD ABS 2016-B A3	OTHER ABS	5/15/2018					78.09	
INTEREST	44891EAC3	HYUNDAI ABS 2016-B A3	OTHER ABS	5/15/2018					209.63	
INTEREST	44930UAD8	HYUNDAI ABS 2016-A A3	OTHER ABS	5/15/2018					88.08	
INTEREST	47788NAC2	JOHN DEERE ABS 2016-B A3	OTHER ABS	5/15/2018					75.29	

Managed Account Security Transactions & Interest
For the Second Quarter Ending June 30, 2018

TRAN_TYPE	CUSIP	SECURITY	SEC_TYPE	TRADE_DATE	SETTLE_DATE	PAR VALUE	PRINCIPAL	ACCRUED INTEREST	TOTAL AMOUNT	REALIZED GL COST
INTEREST	65475WAD0	NISSAN ABS 2015-B A3	OTHER ABS	5/15/2018					92.78	
INTEREST	65477UAC4	NISSAN ABS 2015-A A3	OTHER ABS	5/15/2018					32.36	
INTEREST	89237CAD3	TOYOTA ABS 2015-B A3	OTHER ABS	5/15/2018					43.16	
INTEREST	43813NAC0	HONDA ABS 2015-2 A3	OTHER ABS	5/21/2018					0.02	
INTEREST	02007HAC5	ALLY ABS 2017-2 A3	OTHER ABS	6/15/2018					771.33	
INTEREST	02007LAC6	ALLY ABS 2016-3 A3	OTHER ABS	6/15/2018					94.95	
INTEREST	02007PAC7	ALLY ABS 2017-1 A3	OTHER ABS	6/15/2018					212.50	
INTEREST	34530VAD1	FORD ABS 2015-B A3	OTHER ABS	6/15/2018					21.80	
INTEREST	34531EAD8	FORD ABS 2017-A A3	OTHER ABS	6/15/2018					661.04	
INTEREST	34532EAD7	FORD ABS 2016-B A3	OTHER ABS	6/15/2018					72.11	
INTEREST	44891EAC3	HYUNDAI ABS 2016-B A3	OTHER ABS	6/15/2018					209.63	
INTEREST	44930UAD8	HYUNDAI ABS 2016-A A3	OTHER ABS	6/15/2018					81.34	
INTEREST	47788NAC2	JOHN DEERE ABS 2016-B A3	OTHER ABS	6/15/2018					66.83	
INTEREST	65475WAD0	NISSAN ABS 2015-B A3	OTHER ABS	6/15/2018					81.85	
INTEREST	65477UAC4	NISSAN ABS 2015-A A3	OTHER ABS	6/15/2018					23.88	
INTEREST	89237CAD3	TOYOTA ABS 2015-B A3	OTHER ABS	6/15/2018					25.65	
INTEREST	89238TAD5	TAOT 2018-B A3	OTHER ABS	6/15/2018					774.94	
INTEREST	4581X0CD8	INTER-AMERICAN DEVELOPMENT B. SUPRANATL		5/9/2018					7,437.50	
INTEREST	4581X0CX4	INTER-AMERICAN DEVEL BK NOTE	SUPRANATL	5/12/2018					4,265.63	
INTEREST	458182DX7	INTER-AMERICAN DEVELOPMENT B. SUPRANATL		5/13/2018					2,625.00	
INTEREST Total									170,236.82	-
MATURITY	3130A4GJ5	FHLB NOTES	AGENCY	4/25/2018	4/25/2018	1,180,000.00	1,180,000.00	-	1,180,000.00	(5,085.80)
MATURITY	3136ANJY4	FNMA SERIES 2015-M7 ASQ2	CMOA	4/1/2018	4/1/2018	1,066.25	1,066.25	-	1,066.25	(10.66)
MATURITY	3136AMMC0	FNMA SERIES 2015-M3 FA	CMOA	6/1/2018	6/1/2018	1,550.46	1,550.46	-	1,550.46	0.41
MATURITY	91412GSZ9	UNIV OF CAL TXBL REV BONDS	MUNICIPAL	5/15/2018	5/15/2018	695,000.00	695,000.00	-	695,000.00	-
MATURITY Total						1,877,616.71	1,877,616.71	-	1,877,616.71	(5,096.05)
MBS PMT	3136AP3Z3	FNMA SERIES 2015-M12 FA	CMOA	4/1/2018	4/1/2018	20,483.18	20,483.18	-	20,483.18	7.37
MBS PMT	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	CMOA	4/1/2018	4/1/2018	2,000.82	2,000.82	-	2,000.82	(20.04)
MBS PMT	3136AQS1	FNMA SERIES 2015-M15 ASQ2	CMOA	4/1/2018	4/1/2018	11,396.04	11,396.04	-	11,396.04	(113.96)
MBS PMT	3136AMMC0	FNMA SERIES 2015-M3 FA	CMOA	4/1/2018	4/1/2018	7.67	7.67	-	7.67	-
MBS PMT	3136AMTM1	FNMA SERIES M4 FA	CMOA	4/1/2018	4/1/2018	1,136.06	1,136.06	-	1,136.06	0.29
MBS PMT	3136AP3Z3	FNMA SERIES 2015-M12 FA	CMOA	5/1/2018	5/1/2018	33,045.76	33,045.76	-	33,045.76	11.89
MBS PMT	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	CMOA	5/1/2018	5/1/2018	11,628.34	11,628.34	-	11,628.34	(116.45)
MBS PMT	3136AMMC0	FNMA SERIES 2015-M3 FA	CMOA	5/1/2018	5/1/2018	1,426.99	1,426.99	-	1,426.99	0.37
MBS PMT	3136AMTM1	FNMA SERIES M4 FA	CMOA	5/1/2018	5/1/2018	1,487.15	1,487.15	-	1,487.15	0.38
MBS PMT	3136AQS1	FNMA SERIES 2015-M15 ASQ2	CMOA	5/1/2018	5/1/2018	4,804.95	4,804.95	-	4,804.95	(48.05)
MBS PMT	3136AMTM1	FNMA SERIES M4 FA	CMOA	6/1/2018	6/1/2018	1,913.40	1,913.40	-	1,913.40	0.49
MBS PMT	3136AP3Z3	FNMA SERIES 2015-M12 FA	CMOA	6/1/2018	6/1/2018	4,336.07	4,336.07	-	4,336.07	1.56
MBS PMT	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	CMOA	6/1/2018	6/1/2018	4,370.26	4,370.26	-	4,370.26	(43.76)
MBS PMT	3136AQS1	FNMA SERIES 2015-M15 ASQ2	CMOA	6/1/2018	6/1/2018	3,800.21	3,800.21	-	3,800.21	(38.00)
MBS PMT	05522RCU0	BANK OF AMERICA ABS 2015-A2 A	OTHER ABS	4/15/2018	4/15/2018	280,000.00	280,000.00	-	280,000.00	(404.69)
MBS PMT	02007LAC6	ALLY ABS 2016-3 A3	OTHER ABS	4/15/2018	4/15/2018	8,891.94	8,891.94	-	8,891.94	0.86
MBS PMT	14314EAB7	CARMAX ABS 2016-3 A2	OTHER ABS	4/15/2018	4/15/2018	21,817.51	21,817.51	-	21,817.51	1.78
MBS PMT	34530VAD1	FORD ABS 2015-B A3	OTHER ABS	4/15/2018	4/15/2018	8,291.08	8,291.08	-	8,291.08	0.77
MBS PMT	34532EAD7	FORD ABS 2016-B A3	OTHER ABS	4/15/2018	4/15/2018	5,813.94	5,813.94	-	5,813.94	0.55
MBS PMT	44930UAD8	HYUNDAI ABS 2016-A A3	OTHER ABS	4/15/2018	4/15/2018	2,243.12	2,243.12	-	2,243.12	0.44
MBS PMT	47788NAC2	JOHN DEERE ABS 2016-B A3	OTHER ABS	4/15/2018	4/15/2018	6,153.55	6,153.55	-	6,153.55	0.49

**Managed Account Security Transactions & Interest
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TRAN_TYPE	CUSIP	SECURITY	SEC_TYPE	TRADE_DATE	SETTLE_DATE	PAR VALUE	PRINCIPAL	ACCRUED INTEREST	TOTAL AMOUNT	REALIZED GL COST
MBS PMT	65475WAD0	NISSAN ABS 2015-B A3	OTHER ABS	4/15/2018	4/15/2018	10,797.49	10,797.49	-	10,797.49	0.86
MBS PMT	65477UAC4	NISSAN ABS 2015-A A3	OTHER ABS	4/15/2018	4/15/2018	10,752.35	10,752.35	-	10,752.35	2.26
MBS PMT	89237CAD3	TOYOTA ABS 2015-B A3	OTHER ABS	4/15/2018	4/15/2018	18,192.76	18,192.76	-	18,192.76	0.98
MBS PMT	43813NAC0	HONDA ABS 2015-2 A3	OTHER ABS	4/21/2018	4/21/2018	12,372.98	12,372.98	-	12,372.98	1.90
MBS PMT	44930UAD8	HYUNDAI ABS 2016-A A3	OTHER ABS	5/15/2018	5/15/2018	5,191.45	5,191.45	-	5,191.45	1.01
MBS PMT	47788NAC2	JOHN DEERE ABS 2016-B A3	OTHER ABS	5/15/2018	5/15/2018	8,129.45	8,129.45	-	8,129.45	0.65
MBS PMT	65475WAD0	NISSAN ABS 2015-B A3	OTHER ABS	5/15/2018	5/15/2018	9,786.54	9,786.54	-	9,786.54	0.78
MBS PMT	89237CAD3	TOYOTA ABS 2015-B A3	OTHER ABS	5/15/2018	5/15/2018	16,541.83	16,541.83	-	16,541.83	0.90
MBS PMT	02007LAC6	ALLY ABS 2016-3 A3	OTHER ABS	5/15/2018	5/15/2018	8,061.85	8,061.85	-	8,061.85	0.78
MBS PMT	14314EAB7	CARMAX ABS 2016-3 A2	OTHER ABS	5/15/2018	5/15/2018	9,362.25	9,362.25	-	9,362.25	0.77
MBS PMT	34530VAD1	FORD ABS 2015-B A3	OTHER ABS	5/15/2018	5/15/2018	7,840.17	7,840.17	-	7,840.17	0.72
MBS PMT	34532EAD7	FORD ABS 2016-B A3	OTHER ABS	5/15/2018	5/15/2018	5,398.66	5,398.66	-	5,398.66	0.51
MBS PMT	65477UAC4	NISSAN ABS 2015-A A3	OTHER ABS	5/15/2018	5/15/2018	9,692.95	9,692.95	-	9,692.95	2.04
MBS PMT	43813NAC0	HONDA ABS 2015-2 A3	OTHER ABS	5/21/2018	5/21/2018	25.10	25.10	-	25.10	-
MBS PMT	02007LAC6	ALLY ABS 2016-3 A3	OTHER ABS	6/15/2018	6/15/2018	7,817.60	7,817.60	-	7,817.60	0.76
MBS PMT	34530VAD1	FORD ABS 2015-B A3	OTHER ABS	6/15/2018	6/15/2018	7,435.26	7,435.26	-	7,435.26	0.69
MBS PMT	34532EAD7	FORD ABS 2016-B A3	OTHER ABS	6/15/2018	6/15/2018	5,542.67	5,542.67	-	5,542.67	0.53
MBS PMT	47788NAC2	JOHN DEERE ABS 2016-B A3	OTHER ABS	6/15/2018	6/15/2018	4,631.28	4,631.28	-	4,631.28	0.37
MBS PMT	44930UAD8	HYUNDAI ABS 2016-A A3	OTHER ABS	6/15/2018	6/15/2018	5,405.14	5,405.14	-	5,405.14	1.05
MBS PMT	65475WAD0	NISSAN ABS 2015-B A3	OTHER ABS	6/15/2018	6/15/2018	9,271.53	9,271.53	-	9,271.53	0.74
MBS PMT	65477UAC4	NISSAN ABS 2015-A A3	OTHER ABS	6/15/2018	6/15/2018	9,481.34	9,481.34	-	9,481.34	1.99
MBS PMT	89237CAD3	TOYOTA ABS 2015-B A3	OTHER ABS	6/15/2018	6/15/2018	15,704.27	15,704.27	-	15,704.27	0.85
MBS PMT Total						632,482.96	632,482.96	-	632,482.96	(736.57)
SELL	3137EAED7	FHLMC REFERENCE NOTES	AGENCY	4/20/2018	4/25/2018	1,158,000.00	1,151,376.24	365.90	1,151,742.14	(2,721.30)
SELL	06406HDB2	BANK OF NEW YORK MELLON CORP	CORPORATE	5/3/2018	5/7/2018	150,000.00	149,949.00	1,100.00	151,049.00	(37.50)
SELL	166764AE0	CHEVRON CORP (CALLABLE) GLOB/	CORPORATE	5/3/2018	5/7/2018	230,000.00	229,811.40	1,459.82	231,271.22	(188.60)
SELL	17275RAR3	CISCO SYSTEMS INC GLOBAL NOTE	CORPORATE	5/3/2018	5/7/2018	375,000.00	373,968.75	1,460.94	375,429.69	(4,593.75)
SELL	06051GFVW4	BANK OF AMERICA CORP NOTE	CORPORATE	5/14/2018	5/17/2018	90,000.00	88,292.70	183.75	88,476.45	(2,405.70)
SELL	912828Q78	US TREASURY NOTES	GOVERNMENT	4/12/2018	4/19/2018	225,000.00	217,608.40	1,452.87	219,061.27	(2,926.76)
SELL	912828WN6	US TREASURY NOTES	GOVERNMENT	4/12/2018	4/19/2018	225,000.00	221,581.05	1,730.77	223,311.82	(11,504.89)
SELL	912828WN6	US TREASURY NOTES	GOVERNMENT	5/3/2018	5/10/2018	150,000.00	147,105.47	1,326.92	148,432.39	(8,285.15)
SELL	912828L32	US TREASURY NOTES	GOVERNMENT	6/7/2018	6/8/2018	50,000.00	48,742.19	186.82	48,929.01	(562.50)
SELL	912828L32	US TREASURY NOTES	GOVERNMENT	6/19/2018	6/27/2018	300,000.00	292,265.63	1,333.90	293,599.53	(3,562.49)
SELL	06417GUE6	BANK OF NOVA SCOTIA HOUSTON L LT CD		6/5/2018	6/7/2018	375,000.00	372,798.75	1,253.44	374,052.19	(2,201.25)
SELL Total						3,328,000.00	3,293,499.58	11,855.13	3,305,354.71	(38,989.89)
Grand Total						9,928,099.67	9,868,187.21	14,008.85	10,052,432.88	(44,822.51)

**Cash Expenditures
June 2018**

AP Warrant List from 6/1/2018 to 6/30/2018

Group	Vendor Name	Amount	Description
	ACWA JPIA INSURANCE/EAP - Invoices:1	\$ 157.45	Miscellaneous Employee Benefits
	Adp Payroll	\$ 409,883.89	Payroll
	BASIC PACIFIC - Invoices:1	\$ 34.00	Miscellaneous Employee Benefits
	CIGNA GROUP INS LIFE/LTD - Invoices:1	\$ 4,134.87	Employee Benefit - LTD Insurance
	PERS HEALTH - Invoices:1	\$ 99,406.28	Miscellaneous Employee Benefits
	PERS PENSION - Invoices:6	\$ 69,797.04	Employee Benefit - PERS
	BUD'S TRI COUNTY TREE SERVICE -	\$ 9,045.00	Construction In Progress
	CDWG - Invoices:1	\$ 1,493.71	Construction In Progress
	COUNTY OF SAC PUBLIC WORKS -	\$ 907.75	Construction In Progress
	DOMENCHELLI & ASSOCIATES - Invoices:2	\$ 26,080.00	Construction In Progress
	GM CONSTRUCTION & DEVELOPERS -	\$ 16,040.82	Construction In Progress
	GRAINGER - Invoices:2	\$ 556.17	Construction In Progress
	LOEWEN PUMP MAINTENANCE - Invoices:2	\$ 10,540.00	Construction In Progress
	LUHDORFF & SCALMANINI - Invoices:3	\$ 39,691.59	Construction In Progress
	RAWLES ENGINEERING - Invoices:4	\$ 37,776.28	Construction In Progress
	ANDREGG PSOMAS - Invoices:1	\$ 2,342.50	Construction In Progress
	FERGUSON WATERWORKS - Invoices:3	\$ 2,663.57	Construction In Progress
	WOOD RODGERS ENGINEERING -	\$ 14,342.50	Construction In Progress
	PRODIGY ELECTRIC - Invoices:1	\$ 5,600.00	Construction In Progress
	PACE SUPPLY CORP - Invoices:1	\$ 5,044.42	Construction In Progress
	DATABANK IMX - Invoices:3	\$ 19,397.10	Construction In Progress
	FLOWLINE CONTRACTORS INC - Invoices:7	\$ 649,610.05	Construction In Progress
	SOPHOS SOLUTIONS - Invoices:3	\$ 17,520.00	Construction In Progress
	DOUG VEERKAMP GENERAL ENGR -	\$ 372,345.76	Construction In Progress
	COUNTY OF SAC ENVIRO MGT DEPT -	\$ 107.00	Construction In Progress
	BACKFLOW DISTRIBUTORS INC - Invoices:2	\$ 3,185.48	Construction In Progress
	TRAFFIC MANAGEMENT GROUP INC (TMI) -	\$ 4,001.25	Construction In Progress
	CORIX WATER PRODUCTS US INC. -	\$ 1,319.95	Construction In Progress
	ERC CONTRACTING - Invoices:2	\$ 15,990.00	Construction In Progress
	NATIONAL METER AND AUTOMATION INC -	\$ 51,353.47	Construction In Progress
	SAN JOAQUIN ELECTRIC INC - Invoices:2	\$ 69,635.18	Construction In Progress
	ATLAS FENCE - Invoices:1	\$ 7,317.45	Construction In Progress
	S E AHLSTROM INSPECTION - Invoices:2	\$ 14,000.00	Construction In Progress
	ANAMET, INC - Invoices:1	\$ 7,617.00	Construction In Progress
	CAPITAL AIR TOOL LLC - Invoices:1	\$ 4,033.56	Construction In Progress
	MID AMERICA METER INC - Invoices:1	\$ 1,899.87	Construction In Progress
	LMH ENVIRONMENTAL - Invoices:1	\$ 66,800.00	Construction In Progress
	SUMITOMO MITSUI BANKING	\$ 47,209.44	2009A COP Interest Expense
	WELLS FARGO SWAP - Invoices:1	\$ 59,649.97	2009A COP Interest Expense

UNION BANK OF CAL TRUST - Invoices:1	\$	1,695.00	Financial Services
STANDARD AND POORS - Invoices:1	\$	3,500.00	Financial Services
MOODYS INVESTORS SERVICE - Invoices:1	\$	7,500.00	Financial Services
ADP, INC - Invoices:1	\$	682.40	Financial Services
WESTAMERICA BANK ANALYSIS FEES -	\$	5,949.36	Financial Services
WESTAMERICA CARD PROCESSING STMT -	\$	11,018.55	Financial Services
BRINKS - Invoices:2	\$	557.64	Financial Services
A1 FABRICATION & WELDING - Invoices:1	\$	1,000.00	Operating Supplies
AIRGAS USA LLC - Invoices:1	\$	133.42	Operating Supplies
ALL PRO BACKFLOW - Invoices:1	\$	244.00	Backflow Services
ALLTECH GATES - Invoices:1	\$	140.00	Building Maintenance - Office &
AMJAD HASSAN - Invoices:1	\$	75.00	BMP Rebates
AMY BULLOCK - Invoices:1	\$	10.08	Local Travel Cost
ANSWERNET - Invoices:1	\$	416.67	Communication
AT&T CALNET 3 - Invoices:4	\$	12,058.94	Communication
ATLAS DISPOSAL - Invoices:2	\$	366.43	Building Service Expense - Office &
BADGER METER INC - Invoices:1	\$	19.58	Communication
BAR-HEIN - Invoices:1	\$	86.97	Equipment Maintenance Services
BARTKIEWICZ KRONICK & SHANAHAN -	\$	22,990.04	Legal Services
BAY ALARM COMPANY - Invoices:1	\$	116.55	Building Service Expense - Office &
BRIAN HENSON - Invoices:1	\$	817.00	Backflow Services
BROADRIDGE MAIL LLC - Invoices:9	\$	17,866.77	Postage/Shipping/UPS/Fed Ex
BROWER MECHANICAL - Invoices:1	\$	169.00	Building Service Expense - Office &
BURTON ROB /BURT'S LAWN & GARDEN	\$	8,430.00	Contract Services
BZ SERVICE STATION MAINTENANCE -	\$	624.39	Building Maintenance - Office &
CAPITAL RUBBER CO LTD - Invoices:1	\$	75.66	Equipment Maintenance Supplies
CHAD JIVIDEN - Invoices:1	\$	125.00	Required Training
CINTAS - Invoices:16	\$	3,446.27	Building Maintenance - Office &
CITY OF CITRUS HEIGHTS - Invoices:1	\$	93.00	Licenses, Permits & Fees
CITY OF SACRAMENTO DEPT OF UTILITIES	\$	72.24	Utilities
CITY OF SACRAMENTO/ ENCROACHMENT -	\$	719.05	Licenses, Permits & Fees
CITYWORKS AZTECA SYSTEMS INC -	\$	43,135.00	Annual Maintenance
CLEAR VISION WINDOW CLEANING -	\$	225.00	Building Service Expense - Office &
COMCAST - Invoices:1	\$	27.32	Communication
CONSOLIDATED COMMUNICATIONS -	\$	408.67	Communication
COUNTY OF SAC UTILITIES - Invoices:1	\$	271.44	Utilities
CULLIGAN - Invoices:1	\$	69.50	Building Maintenance - Office &
Customer Refunds: 27	\$	4,050.08	Refund Clearing Account
DAN YORK - Invoices:2	\$	816.78	Travel Conferences
DAVID ESPINOZA - Invoices:1	\$	1,348.80	Travel Conferences
DIRECT TV - Invoices:1	\$	5.00	Communication
DOMCO PLUMBING - Invoices:2	\$	670.00	Construction Services
ELEVATOR TECHNOLOGY INC - Invoices:2	\$	190.00	Building Service Expense - Office &
EMIGH ACE HARDWARE - Invoices:7	\$	168.99	Building Maintenance - Office &

EMPLOYEE RELATIONS NETWORK -	\$	291.70	Employment Cost
EUROFINS EATON ANALYTICAL - Invoices:3	\$	12,822.00	Inspection & Testing
FASTENAL COMPANY - Invoices:2	\$	481.70	Operating Supplies
FEDERAL EXPRESS CORPORATION -	\$	28.88	Postage/Shipping/UPS/Fed Ex
FRESH LOOK MOBILE WASH LLC -	\$	620.00	Vehicle Maintenance Services
GEOCON CONSULTANTS INC - Invoices:2	\$	1,440.00	Consulting Services
H2H PROPERTIES - Invoices:1	\$	1,245.00	H&D WALNUT PARKING LOT LEASE
HACH COMPANY - Invoices:2	\$	353.93	Operating Supplies
HARRINGTON PLASTICS - Invoices:3	\$	5,117.57	Operating Supplies
HARROLD FORD - Invoices:11	\$	7,684.10	Vehicle Maintenance Services
HD Supply/WHITE CAP - Invoices:1	\$	742.05	Operating Supplies
HEATHER HERNANDEZ-FORT - Invoices:2	\$	92.94	Local Travel Cost
HERBURGER PUBLICATIONS INC -	\$	700.00	Public Relations
HODGE PRODUCTS - Invoices:1	\$	3,052.00	Operating Supplies
IAN MERKER - Invoices:1	\$	150.00	BMP Rebates
IN COMMUNICATIONS - Invoices:2	\$	7,423.80	Public Relations
IRON MOUNTAIN OFF SITE DATA	\$	435.11	Equipment Maintenance Services
J&J LOCKSMITH - Invoices:1	\$	53.88	Operating Supplies
JOHN HUGHES - Invoices:1	\$	150.00	BMP Rebates
JOSH B MASTRONARDE - Invoices:1	\$	100.00	BMP Rebates
LAMON CONSTRUCTION - Invoices:1	\$	2,281.76	Hydrant Permit Refund
LES SCHWAB TIRE CENTER/MADISON -	\$	1,757.73	Equipment Maintenance Services
MANSOUR MONEMAN - Invoices:1	\$	110.00	BMP Rebates
MICHAEL PHILLIPS LANDSCAPE CORP -	\$	4,410.00	Building Service Expense - Office &
MUELLER SYSTEMS - Invoices:1	\$	568.31	Equipment Maintenance Services
NDS SOLUTIONS INC - Invoices:1	\$	1,467.68	Public Relations
NICOLE HUGH - Invoices:1	\$	138.00	BMP Rebates
NM RANCH - Invoices:1	\$	3,130.00	Contract Services
OFFICE DEPOT INC - Invoices:6	\$	1,942.88	Office Supplies
ONE STOP TRUCK SHOP - Invoices:4	\$	1,201.48	Vehicle Maintenance Services
PACIFIC COPY & PRINT - Invoices:1	\$	223.00	Employee Retention/Morale
PACIFIC UTILITY CONSTRUCTION -	\$	2,122.48	Hydrant Permit Refund
PALADIN PRIVATE SECURITY - Invoices:1	\$	674.16	Building Service Expense - Office &
PEOPLEREADY - Invoices:5	\$	3,709.87	Temporary Help
PEST PROS - Invoices:1	\$	258.00	Building Service Expense - Office &
R&S OVERHEAD DOORS & GATES -	\$	621.63	Building Maintenance - Office &
RAUL PALOMAR - Invoices:1	\$	116.80	Other Training
RAY MORGAN CO - Invoices:1	\$	174.20	Equipment Maintenance Services
ROBERT ROSCOE - Invoices:1	\$	293.35	Membership & Dues
RUE EQUIPMENT INC - Invoices:7	\$	903.28	Equipment Maintenance Services
SACRAMENTO SUBURBAN WATER	\$	374.77	Required Training
SHARON L SANBORN - Invoices:1	\$	150.00	BMP Rebates
SHAWN CHANEY - Invoices:1	\$	220.95	Uniforms
SHRED-IT - Invoices:1	\$	70.25	Contract Services
SIGNS IN 1 DAY - Invoices:1	\$	129.30	Building Maintenance - Office &

SILICON VALLEY SHELVING AND EQUIP -	\$	93.63	Building Maintenance - Office &
SONITROL - Invoices:2	\$	1,767.49	Building Service Expense - Office &
SUTTER MEDICAL FOUNDATION -	\$	500.00	Employment Cost
TEICHERT CONSTRUCTION - Invoices:1	\$	2,216.78	Hydrant Permit Refund
THINK, INC - Invoices:1	\$	15,242.03	Printing
TINA LYNN DESIGN - Invoices:1	\$	225.00	Contract Services
TULLY & YOUNG - Invoices:2	\$	6,170.00	Consulting Services
US BANK CORPORATE PAYMENT SYSTEM -	\$	11,110.52	Vehicle Maintenance Supplies
VALLEY REDWOOD & YARD SUPPLY -	\$	176.72	Operating Supplies
VERIZON WIRELESS/DALLAS TX -	\$	4,739.80	Communication
WASTE MANAGEMENT - Invoices:3	\$	520.65	Building Service Expense - Office &
WATERWISE CONSULTING, INC. -	\$	3,325.00	Consulting Services
WELLS SWEEPING -Monthly - Invoices:1	\$	97.63	Building Service Expense - Office &
<hr/>			
CITY OF SACRAMENTO WATER - Invoices:1	\$	413.79	Purchased Water-City of
PG&E - Invoices:3	\$	465.02	Utilities
SMUD - Invoices:3	\$	55,565.32	Electrical Charges
Total:	\$	<u>2,493,579.88</u>	

**Credit Card Expenditures
June 2018**

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

Vendor Name	Description	Amount	Proj/GLAcct
PLACER PROPANE	2 EACH ALUM. PROPANE TANK AND FILL THREE TANKS	\$ 438.75	12-52101
AMAZON.COM	CELL PHONE CASE FOR SAMSUNG 8	\$ 10.99	12-53503
THE HOME DEPOT	4" MALE ABS ADAPTER FOR SUCTION TUBE - TRAILER VAC #159	\$ 13.73	12-54003
BUBBA'S CAR WASH	5 EACH CAR WASH CARDS WITH 11 WASHES EACH	\$ 300.00	12-54005
AWARDS BY KAY INC.	ENGRAVING SHAWN CHANEY'S METER MADNESS PLAQUE	\$ 16.24	12-54008
AMAZON.COM	POWER STRIP FOR CHARGING RADIOS - SHAWN CHANEY	\$ 24.91	12-52101
AMERAPRODUCTS, INC.	PLASTIC FIRE EXTINGUISHE CABINET FOR NEW GENERATOR AT MARCONI	\$ 147.83	12-54008
HARBOR FREIGHT TOOLS	4" LED REPLACEMENT LIGHTS - BRAKE/TURN FOR VEHICLES	\$ 32.30	12-54006
MYSAFETYSIGN	SAFETY SIGNS FOR COMPRESSOR AT WALNUT	\$ 11.90	12-54008
AMAZON.COM	4 EACH FIRST AID KITS FOR NEW VEHICLES 2018	\$ 180.92	12-54006
AMAZON.COM	12 VOLT VEHICLE CHARGERS FOR CELL PHONES	\$ 99.90	12-53503
FINDITPARTS.COM	A/C FUSE/BRAKER FOR VEHICLE #55	\$ 38.14	12-54005
FLASHPOINT STUDIOS	MONTHLY FEE FOR ON HOLD RECORDINGS	\$ 79.00	04-54508
LOGMEIN	ANNUAL MAINTENANCE FOR LOGMEIN	\$ 249.99	18-54509
AMAZON	FLASH DRIVES FOR EMERGENCY MAPS	\$ 130.40	18-52101
AMAZON	ACCIDENTAL EMPLOYEE PURCHASE	\$ 12.49	
BLUESNAP	ANNUAL MAINTENANCE FOR SMARTFTP	\$ 299.70	18-54509
PAYPAL	ROB ROSCOE RETIREMENT EVENT MUSIC	\$ 205.00	03-51403
MICHAELS	ROB ROSCOE RETIREMENT EVENT FRAME FOR RESOLUTION	\$ 21.32	03-51403
MICHAELS	ROB ROSCOE RETIREMENT EVENT RESOLUTION HOLDERS	\$ 38.73	03-51403
HILTON	ROB ROSCOE RETIREMENT EVENT DRINK	\$ 3,168.00	03-51403
SOUTHWEST	DAN YORK CHANGE OF FLIGHT FEE	\$ 38.90	02-55001
EXCALIBUR HOTEL	DAVE JONES ROOM HOLD FEE FOR AWWA CONFERENCE	\$ 45.35	01-55001
RALEY'S	ALL HANDS BREAKFAST	\$ 19.00	02-51403
COSTCO	ALL HANDS BREAKFAST	\$ 84.68	02-51403
MICHAELS	FOAM BOARD & ADHESIVE SPRAY FOR ROB ROSCOE'S RETIREMENT PARTY	\$ 170.09	03-51403
ACADEMY X TRAINING	MICROSOFT EXCEL INTRO TRAINING - SARAH DAINS	\$ 250.00	05-51407
ACADEMY X TRAINING	MICROSOFT EXCEL INTERMEDIATE TRAINING - SARAH DAINS	\$ 250.00	05-51407
SMART & FINAL	KITCHEN SUPPLIES: COFFEE, CREAMER, SUGAR, NAPKINS	\$ 120.19	03-52108
CA-NV SECTION AWWA	BACKFLOW REFRESHER COURSE - HANNAH DUNRUD	\$ 195.00	06-51406
NYNY-ADV. DEP.	ACE 2018 LAS VEGAS ROOM DEPOSIT - JOE CROCKETT	\$ 134.92	05-55001
NYNY-ADV. DEP.	ACE 2018 LAS VEGAS ROOM DEPOSIT - KYLE JIVIDEN	\$ 134.92	08-55001
NYNY-ADV. DEP.	ACE 2018 LAS VEGAS ROOM DEPOSIT - SHAWN CHANEY	\$ 134.92	05-55001
NORTHERN TOOL	HAND TRUCK	\$ 134.25	08-52101

AWWA	WATER AUDIT VALIDATOR CERTIFICATE	\$	2,000.00	13-51407
HARBOR FREIGHT TOOLS	REFUND- WOOD CHIPPER (2)	\$	(301.68)	SC18-019C
HOME DEPOT	WAREHOUSE SUPPLIES	\$	16.13	05-52101
HOME DEPOT	WAREHOUSE SUPPLIES	\$	51.66	05-52101
HOME DEPOT	SOCKET SET- PRODUCTION	\$	90.43	06-52101
HOME DEPOT	WAREHOUSE SUPPLIES	\$	150.54	05-52101
HOME DEPOT	WAREHOUSE SUPPLIES	\$	30.00	05-52101
HOME DEPOT	PIN PUNCHES-FIELD SERVICES	\$	39.13	08-52101
HOME DEPOT	REFUND-PIN PUNCHES- FIELD SERVICES	\$	(39.13)	08-52101
HOME DEPOT	SAFETY HASP-PRODUCTION	\$	5.36	06-52101
HOME DEPOT	TOILET TANK FLAPPERS	\$	271.68	13-52101
HOME DEPOT	REFUND-SAFETY HASP-PRODUCTION	\$	(5.36)	06-52101
HOME DEPOT	REFUND-TOILET TANK FLAPPERS	\$	(34.52)	13-52101
HOME DEPOT	SOD	\$	7.09	07-52101
TAQUERIA LOS CANTARITOS	ATP BBQ	\$	82.98	02-51403
COSTCO	ATP BBQ	\$	36.51	02-51403
SMART & FINAL	ATP BBQ	\$	21.84	02-51403
LA SUPERIOR	ATP BBQ	\$	25.01	02-51403
COSTCO	ATP BBQ	\$	15.98	02-51403
BEL AIR	ATP BBQ	\$	58.86	02-51403
MI TIERRA MERCADO Y CARNI	ATP BBQ	\$	112.69	02-51403
U HAUL	ATP BBQ	\$	15.90	02-51403
MANDALAY BAY RESORT	HOTEL DEPOSIT (MATT UNDERWOOD) ACE '18	\$	201.82	05-55001
MANDALAY BAY RESORT	HOTEL DEPOSIT (TODD ARTRIP) ACE '18	\$	201.82	08-55001
PIT PAL PRODUCTS	TOUNGE JACK WHEEL DOCK	\$	190.90	06-52101
LOWES	WAREHOUSE SUPPLIES	\$	77.28	05-52101
LOWES	WHEELBARROW	\$	96.95	06-52101
HOME DEPOT	CABLE WHEEL WIRE	\$	150.62	06-52101
Totals:		\$	<u>10,802.95</u>	

**Directors Compensation and Expense Accounting –
Through June 2018**

Sacramento Suburban Water District
Board of Directors Meetings Attended (1)
Pay Rate per Diem is \$100.00
2nd Quarter 2018

Director Locke:

Director McPherson:

Director Wichert:

No Pay – Verbal Report

Director Jones:

04/14/2018 Creek Week Outreach Event
04/23/2018 SSWD Regular Board Meeting
05/03/2018 Del Paso Manor Water Board Meeting
05/08/2018 ACWA Conference
05/09/2018 ACWA Conference
05/10/2018 ACWA Conference
05/11/2018 ACWA Conference
05/21/2018 SSWD Regular Board Meeting
05/22/2018 SSWD Finance and Audit Committee Meeting
05/23/2018 2X2 Committee Meeting with San Juan Water District
05/30/2018 Finance and Operations Committee

Director Thomas:

04/20/2018 Meeting with Dan York, GM
04/23/2018 SSWD Regular Board Meeting
05/08/2018 ACWA Conference
05/09/2018 ACWA Conference
05/10/2018 ACWA Conference
05/15/2018 Meeting with Dan York, GM
05/21/2018 SSWD Regular Board Meeting
05/22/2018 SSWD Finance and Audit Committee Meeting
05/30/2018 SSWD Special Board Meeting
06/04/2018 Special Board Meeting
06/08/2018 Meeting with Dan York, GM
06/14/2018 Sacramento Groundwater Authority Meeting
06/18/2018 SSWD Regular Board Meeting
06/19/2018 Meeting with Dan York, GM

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(1) Meetings attended during the current month as reported by individual directors.

This report meets the reporting requirements of Government Code section 53065.5. This information will be included with the agenda materials for each regular monthly Board of Directors meeting.

Directors Expense Report
Calendar Year 2018
Current Quarter

Event/Purpose	Jones	Locke	McPherson	Thomas	Wichert	Schild	Total
Local Meeting Mileage							-
Reimbursed by District							-
Local Meeting Expenses							-
Reimbursed by District							-
Paid Directly by District							-
Conferences							-
Reimbursed by District	1,379.13	1,327.37					2,706.50
Paid Directly by District	940.00	739.00			40.00		1,719.00
Total	2,319.13	2,066.37	-	-	40.00		4,425.50

Directors Expense Report
2018 Year to Date

Event/Purpose	Jones	Locke	McPherson	Thomas	Wichert	Schild	Total
Local Meeting Mileage							-
Reimbursed by District						51.24	51.24
Local Meeting Expenses							-
Reimbursed by District							-
Paid Directly by District							-
Conferences							-
Reimbursed by District	1,379.13	1,327.37		370.36			3,076.86
Paid Directly by District	900.00	4,184.00					5,084.00
Total	2,279.13	5,511.37	-	370.36	-		8,160.86

This report meets the reporting requirements of Government Code sections 53065.5 and 53232.3 and is in conformance with District Policy. Per section 300.10 of the Director's Compensation and Expense Reimbursement Policy (PL-BOD003), a Director's total annual reimbursable expenses, excluding registration fees, may not exceed \$4,000.00.

**District Reserve Balances
June 31, 2018**

**Sacramento Suburban Water District
Reserve Fund Balance**

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Debt Service Reserve	\$ 12,531	\$ 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	21,680,213	17,733,285
TOTAL	\$ 46,582,244	\$ 45,669,205

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

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Cash and cash equivalents	\$ 10,306,505	\$ 6,084,811
Investments	36,263,208	36,036,224
Restricted assets	12,531	3,548,170
TOTAL	\$ 46,582,244	\$ 45,669,205

Information Required by Bond Agreement

Sacramento Suburban Water District
6 - Months Debt Service Schedule
6/30/2018

Month	Total SSWD Debt Service				Debt Service
	Principal	Interest Adjustable/Fixed/Swap	Facility Fee	Remarketing	
July-18	-	97,142.75	-	-	97,142.75
Aug-18	-	97,142.75	-	-	97,142.75
Sept-18	-	97,142.75	50,400.00	13,125.00	160,667.75
Oct-18	-	97,142.75	-	-	97,142.75
Nov-18	4,425,000.00	733,665.75	-	-	5,158,665.75
Dec-18	-	97,142.75	50,400.00	13,125.00	160,667.75

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

Month	Series 2009A Adjustable Rate COPs (\$42,000,000.00)				Debt Service
	Principal	Interest, Adjustable 1.30%	Facility Fee 0.480%	Remarketing 0.125%	
July-18	\$ -	\$ 45,500.00	\$ -	\$ -	\$ 45,500.00
Aug-18	-	45,500.00	-	-	45,500.00
Sept-18	-	45,500.00	50,400.00	13,125.00	109,025.00
Oct-18	-	45,500.00	-	-	45,500.00
Nov-18	-	45,500.00	-	-	45,500.00
Dec-18	-	45,500.00	50,400.00	13,125.00	109,025.00

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

Month	2012 SWAP Interest, Net (\$33,000,000.00)				Debt Service
	Principal	Interest, Swap Net (3.283-1.2420-.18)%			
July-18		\$ 51,642.75	-	-	51,642.75
Aug-18		\$ 51,642.75	-	-	51,642.75
Sept-18		\$ 51,642.75	-	-	51,642.75
Oct-18		\$ 51,642.75	-	-	51,642.75
Nov-18		\$ 51,642.75	-	-	51,642.75
Dec-18		\$ 51,642.75	-	-	51,642.75

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

As Of

	<i>Actual</i> <i>Year-To-Date</i> <i>6/30/2018</i>	<i>Budget</i> <i>Year-To-Date</i> <i>6/30/2018</i>
REVENUES		
Water sales charges	\$8,629,390.62	\$10,231,498.00
Capital facilities charge	11,910,761.95	12,278,500.00
Facility development charges	116,284.00	150,000.00
Interest and investment income	66,078.66	449,500.00
Rental & other income	254,721.49	133,000.00
TOTAL REVENUES	20,977,236.72	23,242,498.00
EXPENSES		
Source of supply	855,956.27	1,747,600.02
Pumping	2,103,133.40	2,221,049.22
Transmission and distribution	1,690,145.84	1,907,869.08
Water conservation	179,063.40	247,235.56
Customer accounts	617,545.10	654,800.82
Administrative and general	3,394,091.23	3,981,460.54
TOTAL EXPENSES	8,839,935.24	10,760,015.24
NET REVENUE	12,137,301.48	12,482,482.76

Financial Markets Quarterly Report

Summary of District's Debt Portfolio:

Debt	Original Par	Outstanding	Issuance	Credit Enhancement	Final Maturity
2009A	\$ 42,000,000	\$ 42,000,000	Adjustable Rate Revenue COP's	Sumitomo Bank*	11/1/2034
2012A	\$ 29,200,000	\$ 17,490,000	Fixed Rate Revenue Bond		11/1/2027
2018A	\$ 19,615,000	\$ 19,615,000	Fixed Rate Revenue Bond		11/1/2028
	<u>\$ 90,105,000</u>	<u>\$ 79,105,000</u>			

* Credit enhancement expires 6/30/2023

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

Debt	Outstanding	Credit Enhancement	Bank Owned	Sold in Market	Market Rate
2009A	\$42,000,000	Sumitomo Bank LOC	None	\$42,000,000	1.30%
	Notional Amount	Counterparty	FMV	Receive Rate	Fixed Rate
Swap	\$33,300,000	Wells Fargo Bank, N.A.	(\$4,945,918)	1.422%	3.283%

Current Status of District's Investment Portfolio (June 30, 2018):

Fair Market Value	Security Type	Yield
\$ 4,186,326.98	LAIF	1.78%
2,092,609.40	commercial paper	1.90%
2,826,435.46	Supra-National Agency Bond	1.68%
8,211,138.11	Certificates of Deposit	2.19%
9,161,180.82	Corporate Notes	2.31%
1,459,224.05	Agency Securities Bonds/Notes	1.28%
228,438.30	Municipal Bonds	1.90%
9,720,779.54	Treasury Bonds/Notes	1.88%
761,305.50	Agency Collateralized Mortgage Obligation	1.77%
3,690,658.42	Asset-Backed Securities/CMOs	2.09%
\$ 42,338,096.58		2.01%

Market:

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

Current Bond Markets

- The U.S. Treasury yield curve flattened noticeably throughout May, as short-term yields rose while yields on longer maturities fell. For example, the yield of the three-month Treasury bill (T-bill) rose 10 bps to end the month at 1.90%, while the 10-year note fell nine bps to 2.86%. After breaching the psychological barrier of 3% during the month, the 10-year Treasury retreated by 37 bps from an intra-month high of 3.12% to an intra-month low of 2.75%, ending the month at 2.86%.

- As a result of the flight-to-quality trade near month-end, longer-maturity fixed-income indices outperformed their short-term counterparts in May. For example, the 10-year constant maturity Treasury index returned 1.11% for the month, while the three-month T-bill returned just 0.15%.
- Despite marginally wider credit spreads, investment-grade corporate bonds performed generally in line with Treasury indices with comparable durations, as incremental income earned on corporates mitigated the adverse price impact of wider spreads.

PFM Outlook

- The combination of at least two more expected Fed rate hikes in 2018, with the potential for additional hikes following in 2019, supports our view that interest rates will trend higher over the near-term. As a result, we believe a defensive portfolio structure – with durations modestly shorter than indices – is warranted to both mitigate interest rate risks and position portfolios for increased future earnings from higher reinvestment rates.
- The Federal Agency spread curve, which is the incremental yield relative to similar maturity U.S. Treasury securities, remains extremely narrow, as the majority of maturities of less than five years offer less than five bps of incremental return. As a result, we continue to reduce holdings of these “rich” issues.
- With Agency spreads narrow, we have strongly favored purchases of supranationals during the past several months. However, new issuance ground to a halt in May, causing spreads to collapse. While increased allocations have added value YTD, we expect any future purchases of supranationals to be limited and more strategic.
- Our view of the corporate sector remains constructive as healthy fundamentals continue to outweigh potential headwinds. Our outlook on value and risk, however, has become more industry-and company-specific as broad categories, such as credit rating groups, can mask important details. AAA-rated Asset-Backed Securities (ABS) are a defensive alternative to gain credit exposure.
- Short-term money market investors continue to reap the rewards of current monetary policy tightening and higher overnight target rates. Yields on high-quality commercial paper (CP) and negotiable certificates of deposit (CDs) are attractive, especially in three- to six-month maturities.

(Source: PFMAM June 2018 Monthly Market Review).

Debt Portfolio:

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

Investment Portfolio:

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



Agenda Item: 25

Date: July 2, 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.

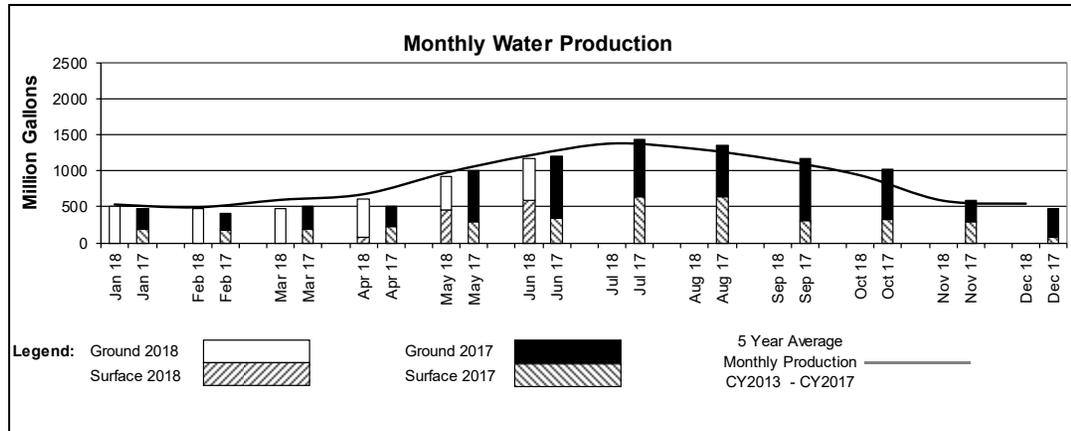
iii. Claims Update – Exhibit WO-3

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.

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	12.269
Feb	0.000	271.513	271.513	0.000	203.539	203.539	475.052	16.966	11.386
Mar	0.000	282.333	282.333	0.000	192.666	192.666	474.999	15.323	11.384
Apr	82.525	277.599	360.124	0.000	253.253	253.253	613.377	20.446	14.701
May	459.997	68.243	528.240	0.000	399.628	399.628	927.868	29.931	22.238
Jun	590.922	66.521	657.443	0.000	511.774	511.774	1,169.217	37.717	28.023
July									
Aug									
Sep									
Oct									
Nov									
Dec									
MG	1133.444	1265.645	2,399.089	0.000	1773.327	1,773.327	4172.416	23.052	
AF	3,478.412	3,884.122	7,362.534	0.000	5,442.141	5,442.141	12,804.675		



* 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 S.JWD'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	590.922	578.295	1,169.217	-41.395
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

	Jan	June	Monthly Avg	Total	Total # in	% Completed
		2018	CY 2018	CY 2018	System	CY 2018
<u>Production Department</u>						
<u>Service Orders</u>						
<u>Water Quality</u>						
Complaints		0	2	10		
Inquiries		9	16	95		
Taste & Odor Complaints		0	0	0		
Taste & Odor Inquiries		3	5	29		
<u>Distribution Department</u>						
<u>Service Orders</u>						
Main Leaks		3	3	19		
Service Line Leaks		2	6	38		
<u>Water Main Shutdown</u>						
-- Emergency		1	1	8		
-- Scheduled		0	1	3		
<u>Preventive Maintenance Program</u>						
Fire Hydrants Inspected		38	7	43	6,486	0.7%
Fire Hydrant Valves Inspected		34	15	87	5,759	1.5%
Fire Hydrant Valves Exercised		34	15	87	5,759	1.5%
Mainline Valves Inspected		270	149	891	11,132	8.0%
Mainline Valves Exercised		252	132	791	11,132	7.1%
<u>After Hours Activity (On-Call Technician)</u>						
Calls Received		59	45	272		
Calls Responded		37	30	180		
Overtime Hours		54	55	328		
<u>Field Services Department</u>						
<u>Meters</u>						
PM - Meters Tested (3 - 10 inch)		9	8	45	451	10.0%
PM - Meters Replaced (⁶ / ₈ - 1 inch)		0	1	4	35,728	0.0%
PM - Meter Re-Builds (1 ¹ / ₂ - 2 inch)		20	37	221	2,441	9.1%
Customer Pressure Inquiries		16	10	60		
<u>Field Operations Department</u>						
Service Requests Generated		1,503	1,552	9,310		
Work Orders Generated		963	1,024	6,145		

Exhibit WO-3

Date: July 2, 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.

b. Water Quality Report

Total Coliform Rule Monitoring – E. coli Detection Reported

In accordance with state and federal Total Coliform Rule (TCR) requirements, 30 bacteriological samples are collected every Tuesday at specific locations throughout the District's distribution system. The samples are collected by staff from the District's contract laboratory and analyzed for Total Coliform and E. coli. In addition, (free) chlorine residuals are field-checked and recorded at each dedicated sample location.

Following collection of the June 5, 2018, TCR samples, the laboratory reported that E. coli was detected in the sample collected from Sample Station 5B (see Exhibit 1). Anytime total coliform or E. coli is detected in a sample, State Water Resources Control Board, Division of Drinking Water (DDW) notification and Repeat TCR and Groundwater Rule (GWR) monitoring are required. Repeat TCR and GWR sampling are performed by District staff. Repeat sampling involves collecting samples for bacteriological analysis at the location with the reported detection, as well as at one location upstream and another downstream. GWR monitoring involves collecting bacteriological samples at wells that may be hydraulically connected (may have supplied water) to the area of concern. Repeat TCR sampling was performed on June 6, 2018 and GWR sampling was performed on June 7, 2018. Repeat TCR and GWR samples were absent for both total coliform and E. coli.

It is important to note that no Production or Compliance staff have ever had to respond to a TCR sample where E. coli was reported to be present. A bacteriological detection of any kind in a TCR sample is a rare occurrence for the District. The last time a TCR sample was reported to be present for total coliform was in 2014. In consideration of the preceding and the fact that the sample had a free chlorine residual of 0.65 mg/L, District staff suspected that the sample had been compromised by either the sampler or the laboratory.

Investigation

Whenever a TCR sample is reported as present for E. coli, DDW requires a public water system to complete an extensive source water and distribution system investigation that is designed to find the probable cause. District staff subsequently determined it would be prudent to conduct an external investigation to assess laboratory conditions as well as the sampling technique employed by the sampler.

On Wednesday, June 13, 2018, District Production and Environmental Compliance staff visited the laboratory, met staff, discussed processes and observed work flow. On Tuesday, June 19, 2018, District Production staff met with the laboratory's sampler for a limited time during weekly TCR sampling to observe the beginning-to-end sample collection process. Sanitary concerns ranging from minor to significant were observed during the District's external investigations. Furthermore, the initial (and subsequently

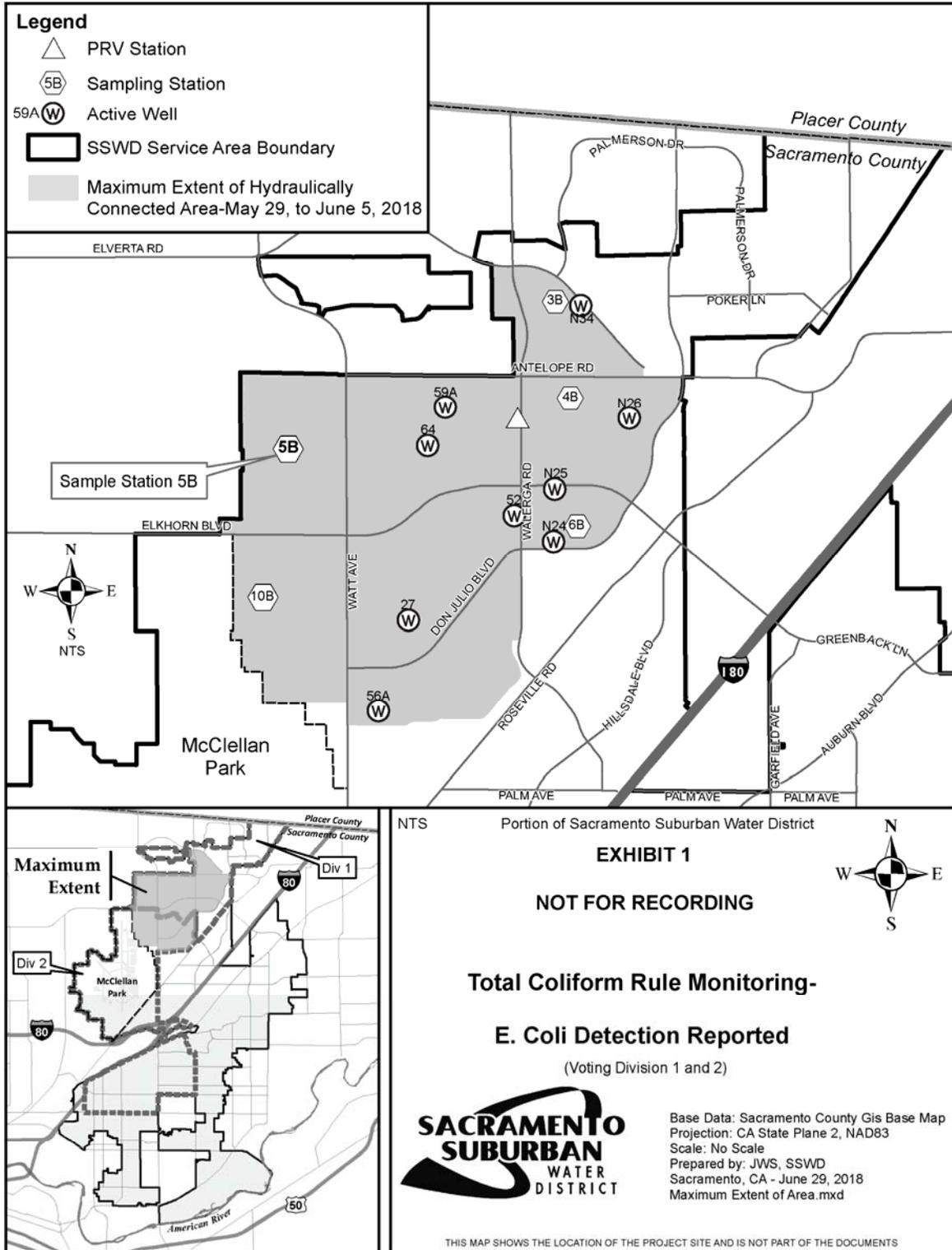
final) internal investigation did not reveal any potentially causative factors or other supporting data that would indicate that the water supply had been compromised¹.

Investigative Response

Following an internal discussion amongst District staff and reporting of the findings to senior management, the General Manager directed the Operations Manager to immediately terminate the District's relationship with the laboratory. Prior to that, the Operations Manager and other staff visited another local, State-certified laboratory to inspect the area used for bacteriological sample handling and analysis. One of those laboratories has been selected to temporarily provide bacteriological analytical services for the District until a more thorough laboratory vetting process can be conducted. Until then, District Production staff will be conducting weekly TCR sampling.

Future Actions

Going forward, before the District enters into an agreement with a laboratory for bacteriological sampling and analytical services, select staff will visit the laboratory to inspect the area used for bacteriological sample handling and analysis. Any laboratory with sanitary, housekeeping or procedural concerns that are not readily mitigated will not be considered to provide those services. In addition, the District intends to routinely inspect/audit the contract laboratory's facility and sample collection process. Doing so will help reduce the likelihood of external factors impacting bacteriological samples and help ensure that they are representative of their intended purpose.



c. Water Conservation and Regional Water Efficiency Program Report

i. Program Overview for June 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 June 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 14% reduction in June 2018 (when compared to June 2013), exceeding the District's 10% monthly goal. Since the Emergency Drought Regulations were enacted¹ in June 2015, the District has maintained a 24% reduction in water use when compared to 2013.
- b. Customer Leak Notifications – Staff sent out 1,235 notifications of 72-hour continuous flow events in June 2018 and conducted 14 customer leak investigations.
- c. Public Outreach – The District utilized various info graphics for public outreach in June 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 372 clicks and left 117,355 impressions. The District's primary focus for June 2018 was the opening of Antelope Gardens.

ii. Water Conservation Program and Results

District staff continues to promote water conservation. During the month of June 2018, District staff and our contract company performed 38 Single Family Residential Water-Wise House Calls (WWHC), 5 Multi-Family WWHCs, and 2 Commercial WWHCs.

Staff received 29 calls and 19 reports via the District's website regarding water waste. Staff issued 44 Information Only Water Waste Notices, 134 Notices of Violation (NOV), 6 Warning NOVs, and 1 First Violation that did not result in a monetary assessment.

The District issued rebates for 7 toilets, 6 Weather Based Irrigation Controllers, 4 Clothes washers, 2 Irrigation Efficiency Upgrades, and 1 Pool Cover in June 2018.

¹ Though the Emergency Drought Regulations were rescinded in June 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

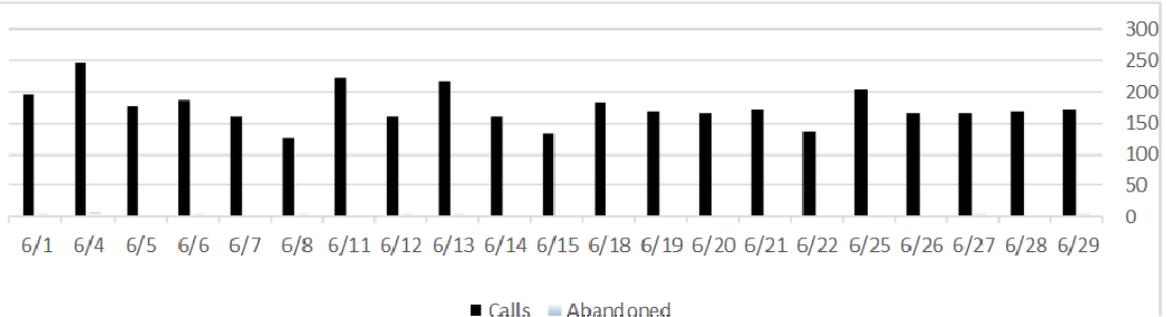
1. Customer Service Activity Report shows Customer Service activity for the month of June 2018.
2. Call Volume Report shows number of calls received, abandoned calls, and queue times.

Exhibit CS-1

	<u>June 2018</u>		<u>Calendar Year 2018</u>	
Billing				
Connections-Total Active	46,236			
E-billing	3,598			
Payments				
Cash/Check	1,281	3.1%	7,321	3.0%
Credit Card	754	1.8%	4,437	1.8%
Web	5,524	13.4%	30,964	12.9%
Auto-Pay (Checking)	4,489	10.9%	26,371	11.0%
Auto-Pay (Credit Card)	3,958	9.6%	23,475	9.8%
IVR (Auto Phone)	1,607	3.9%	9,487	3.9%
Online Banking	11,393	27.6%	65,935	27.4%
LockBox	12,266	29.7%	72,672	30.2%

Monthly Calls

Date	Total Calls	Calls Abandoned	% of Calls Abandoned	Avg Wait On Queue	Max Wait on Queue	Avg Talk Time
6/1/2018	195	5	2.56%	40s	6m, 38s	2m, 50s
6/4/2018	245	7	2.86%	45s	8m, 28s	2m, 30s
6/5/2018	179	2	1.12%	54s	5m, 41s	3m, 5s
6/6/2018	187	4	2.14%	33s	6m, 9s	2m, 19s
6/7/2018	159	0	0.00%	28s	4m, 3s	3m, 4s
6/8/2018	126	5	3.97%	39s	6m, 18s	2m, 52s
6/11/2018	222	2	0.90%	22s	5m, 46s	2m, 25s
6/12/2018	160	4	2.50%	30s	6m, 9s	2m, 25s
6/13/2018	215	5	2.33%	29s	4m, 18s	2m, 27s
6/14/2018	161	1	0.62%	19s	3m, 25s	2m, 36s
6/15/2018	133	2	1.50%	33s	6m, 54s	2m, 25s
6/18/2018	184	3	1.63%	33s	4m, 14s	3m, 2s
6/19/2018	168	1	0.60%	33s	5m, 43s	2m, 34s
6/20/2018	167	1	0.60%	20s	4m, 45s	2m, 56s
6/21/2018	171	2	1.17%	29s	7m, 17s	2m, 37s
6/22/2018	135	1	0.74%	25s	4m, 13s	3m, 45s
6/25/2018	203	3	1.48%	26s	8m, 5s	3m, 2s
6/26/2018	165	0	0.00%	32s	6m, 48s	2m, 38s
6/27/2018	167	5	2.99%	41s	8m, 59s	2m, 33s
6/28/2018	169	2	1.18%	20s	3m, 54s	2m, 32s
6/29/2018	172	6	3.49%	23s	5m, 5s	3m, 4s
Group Total	3683	61	1.66%	31s	6m, 0s	2m, 56s



e. Community Outreach Report

i. August Bill Insert

The August bill insert will begin on July 22, 2018 and continue until August 26, 2018. A sample of the bill insert has been included with this report.

ii. August Envelope Message

The August envelope informs customers to use WaterSense products to save water and energy. The envelope will begin on July 22, 2018 and continue until August 26, 2018.

iii. 2017 Consumer Confidence Report

At the end of June, the 2017 Consumer Confidence Report was mailed to all customers. In addition, the report was placed on the District's website. This report is required by the state and contains detailed information about the quality of the District's drinking water.

00206786



H₂O on the Go

August 2018

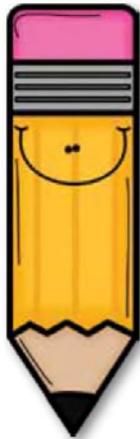
Water Wisdom for Back to School

Summer is almost over and kids will soon be returning to their classrooms. You can prepare them and shake off the summer brain drain by teaching them about water, the many ways we use it, and how to use it efficiently.

Hey Teachers!

WaterSense has lots of great resources for the classroom. They have facts, tips and even a game you can share with your young ones on ways to be better stewards of this important resource. You can download teacher's guides for Fix a Leak Week, A Day in the Life of a Drop and other fact sheets on the connections between energy and water.

It's all available online at www.epa.gov/watersense/watersense-kids and at www.epa.gov/watersense/watersensekids#tab-4.



H₂O Hero | Setting Up Housecalls to Be Water-Wise

Ira knows the benefits of regular check ups and each year has SSWD do a complementary Water-Wise House Call. During the hour-long visit, SSWD checks his sprinkler system for problems and also how the water-using fixtures are working inside his house. This year during the house call it was discovered that one of his toilets had a bad valve.

"I feel we all need to be smart about using water," Ira said. "And the Water-Wise House Call is an easy way to find problems and make sure everything is running correctly."

Ira applied for the SSWD toilet rebate a couple of years ago and installed high-efficiency dual flush toilets. He's also installed WaterSense-labeled aerators on his faucets and showerheads. He's now in the process of upgrading his sprinkler system with high-efficiency rotor sprinklers. Ira said it's pretty simple work to do and he's looking forward to the water savings.

He already installed a drip irrigation system for his fruit trees (orange, plum and peach nectarine). They produce a lot of fruit each year, which his mom makes into delicious jams that are highly coveted by friends and family.

Are you a H₂O Hero? Let us know and you could be featured in the next bill insert.

sswd.org

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3701 Marconi Avenue, Suite 100

Sacramento, CA 95821-5346

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



We're Connected | The Role of Backflow Prevention Devices in Our Water System

One of the ways SSWD maintains the delivery of high-quality water is by preventing backflow – a condition when water reverses direction away from a home or business, flowing back into the water system, potentially carrying particles.

Backflow can occur under two conditions: One is when pressure on the customer side goes higher than the water system's pressure (called backpressure). Another is when the District's pressure drops from an unusual occurrence such as a water main break, power outage or during firefighting (called back-siphonage).

To prevent backflow, special devices are installed at the point where the water main is connected to a home or business. These devices allow water to flow in one direction and close off when the flows reverse.

State law mandates each water supplier have an approved cross-connection control program and to test backflow prevention devices annually.

Backflow prevention devices ensure that SSWD is delivering a high-quality, reliable supply of water to our customers at all times.



Water Use | How We Use Water Will Astound You

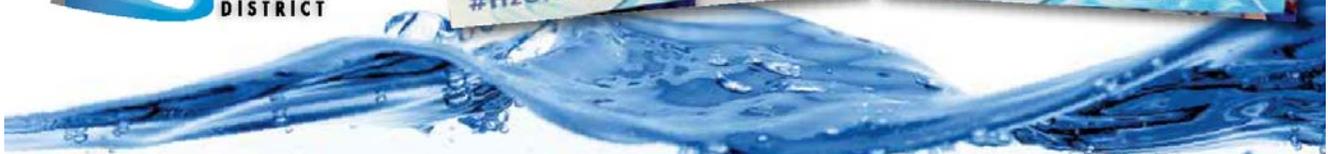
There's a common misconception that most of the water we use at home goes toward household activities like showering, washing dishes and clothes or flushing the toilet, but in fact most household water is used outside on our landscapes.

Hot, dry summers and triple-digit temperatures have a huge impact on our water use in the Sacramento region. An average household uses about 250 gallons of water per day with the majority going toward watering lawns and yards. And, studies show about 30 percent of water used outdoors is wasted because of overwatering and evaporation.

Make sure to check before you water by testing the moisture level in the soil. You can get a free moisture meter at the SSWD Administrative offices (while supplies last) or simply use an eight-inch screwdriver. Push the screwdriver into the ground. If it can go easily in three inches beneath the soil you don't need to water.

Creek Week Photo Booth Was a Hit

At April's Creek Week Celebration, SSWD's booth was a popular attraction. We handed out WaterSense-labeled aerators, hose shut-off nozzles, shower timers and moisture meters. Lots of our customers stopped by to have their photo taken and show how they are H2O Heroes.





Agenda Item: 26

Date: June 29, 2018

Subject: Engineering Report

Staff Contact: Dana Dean, P.E., Engineering 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)

Construction of the pump station and treatment plant will begin the week of July 9th. Work is expected to be completed and on line in Spring 2019.

Well 78 – Butano/Cottage (New Well Site)

Construction of the new well is expected to begin in early July 2018. Pumping plant design is anticipated to be completed in the second half of 2018, with construction of above ground facilities beginning in Spring 2019. The well is anticipated to be completed and on line by the end of 2019 or early 2020.

Well N36A – Verner (New Well Site)

Well design is anticipated to be completed in August and well construction is expected to be completed by December 2018.

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 back on line in late July 2018.
- Well 30 – Rockbridge/Keith. This well is offline for discharge piping and pump control modifications. It is expected to be back on line in late July 2018.

- Well 69 – Hilldale/Cooper. This well is offline for evaluation of a water quality issue related to raw water positive coliform sampling results. An estimated return to service date has not yet been made.

2) Distribution

Parkland Estates Phase 2 Main Replacement Project

Installation of distribution main and fire hydrants has been completed. Approximately 90% 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 is approximately 50% complete. Approximately 50% of services have been installed. This project is expected to be completed in late-2018 to early-2019.

Meter Retrofit Project

Of the approximately 1,200 meters in the 2018 Meter Retrofit Project, approximately 150 meters (12 percent) have been successfully installed. Work is expected to be completed in late 2018.

b. Other

New Engine Generator for Administration Building

- Work related to installation of the new generator, including electrical work, landscaping, and irrigation, is nearly complete with some punch-list items remaining. This phase of the project is expected to be completed in fall 2018.
- Work related to Phase 2 of the project, which includes permitting and coordination with SMUD for the construction of a new transformer pad and related site grading, installation of a new SMUD transformer, new underground primary and secondary electrical conduit, electrical panel upgrades, and related re-wiring, is expected to be completed in late 2019.