

# **Agenda**

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

3701 Marconi Avenue, Suite 100  
Sacramento, California 95821

Monday, October 15, 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 Items for Discussion and/or Action.

1. Minutes of the September 17, 2018 Regular Board Meeting  
*Recommendation: Approve subject minutes.*

2. Public Works Contracting Policy (PL – Eng 002)  
*Recommendation: Approve proposed updates to subject policy.*
3. Procurement Policy (PL – Fin 005)  
*Recommendation: Approve proposed updates to subject policy.*
4. 2018 Audit Engagement Letter and Contract  
*Authorize the Finance and Audit Committee Chair, Director Thomas, to execute the Audit Engagement Letter and Contract with Richardson and Company.*

**Items for Discussion and/or Action**

5. 2018 Employee Compensation Study  
*Recommendation: Approve 2018 Employee Compensation Study.*
6. Antelope Garden Deactivation  
*Recommendation: Receive written staff report and direct staff as appropriate.*
7. Options for Providing the Board with Electronic Board Packets  
*Recommendation: Receive written staff report and direct staff as appropriate.*
8. Fiscal Year 2019 Budget – 2<sup>nd</sup> Draft  
*Recommendation: Provide direction to staff in anticipation of Budget approval at the November 19, 2018 or December 17, 2018 regular Board meeting.*

**General Manager's Report**

9. General Manager's Report
  - a. 2018 Water Transfer Update
  - b. Strategic Plan Workshop Update

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

10. a. Regional Water Authority (Director Wichert)  
None.  
  
Regional Water Authority Executive Committee (General Manager York)  
Agenda from the September 27, 2018 Meeting.
- b. Sacramento Groundwater Authority (Director Thomas)  
No report.

- c. Water Caucus Meeting (General Manager York)  
None.
- d. Water Forum Successor Effort (General Manager York)  
Agenda from the October 11, 2018 Meeting.
- e. Other Reports – AB 1234

### **Committee Reports**

- 11. a. Facilities and Operations Committee (Director Jones)  
Draft minutes from the September 13, 2018 Meeting.
- b. Finance and Audit Committee (Director Thomas)  
Draft minutes from the October 8, 2018 Meeting.
- c. San Juan Water District/Sacramento Suburban Water District Water  
Management/Re-Organization Committee (Director Locke and Director Jones)  
Draft notes from the October 3, 2018 Meeting.

### **Information Items**

- 12. Well Efficiency Testing Annual Report
- 13. 2018 Water Rate Study Update
- 14. 2018 Budget Reallocations
- 15. Environment Review for Well 79 Verner/Panorama Project
- 16. Legislative and Regulatory Update
- 17. Upcoming Water Industry Events
- 18. CEQA Notice of Exemption
  - a. Jonas Main Replacement and Plover Main Replacement
- 19. Upcoming Policy Review
  - a. Debt Obligation Continuing Disclosure Policy (PL – Fin 013)
  - b. Employee Recognition and Retention Expense Policy (PL – Adm 008)

### **Department/Staff Reports**

20. Financial Report
  - a. Financial Highlights – September 2018
  - b. Financial Statements – September 2018
  - c. Investments Outstanding and Activity – September 2018
  - d. Cash Expenditures – September 2018
  - e. Credit Card Expenditures – September 2018
  - f. Directors Compensation and Expense Accounting – Third Quarter 2018
  - g. District Reserve Balances – September 2018
  - h. Information Required by Bond Agreement
  - i. Financial Markets Report – September 2018
21. 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
22. 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)**

- 23. Conference with legal counsel – potential litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); consideration of initiating litigation involving the State Water Resources Control Board’s proceedings related to the California Water Fix and the Bay-Delta Water Quality Control Plan Update.

**Adjournment**

\*\*\*\*\*

**Upcoming Meetings**

Tuesday, October 30, 2018 at 4:30 p.m., Special Board Meeting  
Monday, November 19, 2018 at 6:00 p.m., Regular Board Meeting

\*\*\*\*\*

I certify that the foregoing agenda for the October 15, 2018 meeting of the Sacramento Suburban Water District Board of Directors was posted by October 11, 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, September 17, 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, Kathleen McPherson and Kevin Thomas.

Directors Absent: Robert Wichert.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Finance Director Dan Bills, Heather Hernandez-Fort, Dana Dean, Matt Underwood, Jim Arenz, Annette O’Leary and Legal Counsel Ryan Bezerra.

Public Present: William Eubanks and Avery Wiseman.

### Announcements

General Manager Dan York (GM York) announced:

- Wednesday, October 3, 2018, at 4:30 p.m., San Juan Water District/Sacramento Suburban Water District Water Management/Re-Organization Committee Meeting;
- Carmichael Founders Day, September 22, 2018 10:00 a.m. to 3:00 p.m.;
- September 26, 2018 ACWA Region 4 Program - Folsom Dam Presentation and Tour Antelope/Folsom, CA; and
- Congratulations to President Locke for officially being appointed as Public Works Director for the City of Woodland.

### Public Comment

None.

### Consent Items

1. **Minutes of the August 20, 2018 Regular Board Meeting**
2. **Minutes of the September 10, 2018 Special Board Workshop**
3. **General Manager and Directors Out of State Travel Request**

4. **Resolution No. 18-15 Amending District Conflict of Interest Code**
5. **Public Works Contracting Policy (PL – Eng 002)**
6. **Procurement Policy (PL – Fin 005)**

President Locke pulled Items 4, 5 and 6.

Director Thomas moved to approve the consent Items except Items 4, 5 and 6; Director Jones seconded. The motion passed by unanimous vote.

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

Regarding Item 4, William Eubanks (Mr. Eubanks) inquired if it was still the policy of the District to provide a copy of Form 700 upon request.

Staff indicated that there was an electronic file of each Director’s Form 700 available upon request.

Mr. Eubanks inquired if anything changed in the Brown Act.

Staff informed Mr. Eubanks that it was more of a legal question and they would get back to him.

Director Thomas moved to approve Item 4, Director Jones seconded. The motion passed by unanimous vote.

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

Regarding Item 5, President Locke requested to pull the Item and pointed out in the Public Works Contracting Policy, on page 2 of 3, section 3.00 Procedure; there was nothing listed about the California Public Contract Code. He wanted to be sure that it was understood that the District was bound by the Public Contract Code, and wanted State language included in the Policy.

He requested to table the Item, and bring it back to the October Regular Board Meeting including the changes he directed.

Regarding Item 6, President Locke requested to pull the Item and pointed out that in the Procurement Policy, on page 2 of 4, section 200.20 Purchase of Materials and Trade Services; he wanted to have clarification added to the cumulative cost section.

He recommended to change the language from “for non-emergency, purchases or other encumbrances up to \$100,000 per annum,” to include the following language at the end: “with any particular vendor.”

Director Jones added that when a contractor purchased materials for main replacement projects, those materials were over the listed \$100,000. Once the change was made to purchase the materials in-house, the items should have been separated in the policy.

The Board agreed to table the Item to permit staff to add further clarification and bring it back to the October Regular Board Meeting.

**Items for Discussion and/or Action**

**7. Resolution No. 18-16 Amending Regulation No. 3 of the Regulations Governing Water Service**

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

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

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

**8. Electronic Board Packet Options**

Assistant General Manager Mike Huot (AGM Huot) presented the staff report.

Avery Wiseman (Mr. Wiseman) expressed that he wanted to be sure that the District remained transparent and provided paper copies for the public.

Director Thomas reiterated that the public copies would still remain.

Mr. Eubanks echoed Mr. Wiseman’s comment, expressing that he wanted to be sure the District remained transparent. He also inquired what the plan was to ensure that any District provided laptops to Directors weren’t misused.

GM York expressed that there would be guidelines in place with any District provided laptops.

Director McPherson expressed her support, noting that it was not just about the time it took staff to produce the binders, but it was also about going green and being more friendly with the environment.

GM York expressed that it was also one of the goals of the General Manager from the Board to review the board packets.

President Locke expressed that he preferred a hard copy, but would use a laptop if that was the preferred method of the Board.

Director Jones expressed that it did take a lot of staff time to produce paper copies.

Director Thomas noted that going electronic would save time and money and he was in support of it.

Mr. Bills reminded the Board any District business used on personal equipment could be discoverable. He noted that is another reason to consider using District provided equipment when conducting District business.

Director McPherson expressed she was in favor of having access to her District email when responding to constituents. She stated she was also willing to adapt to technology in an effort to be friendlier with the environment.

President Locke expressed the Board was interested in going electronic, and that he would like for staff to bring the Item back with additional details on cost and functionality of the equipment provided. He also recommended that there be no changes to the paper copies provided to the public. He noted that once the information was provided to the Board, they can make a decision on what they would like to do.

9. **2019 Revised Budget Preparation Timeline**

Mr. Bills presented the staff report.

President Locke noted that he was concerned about CIP projects being completed in the year they were budgeted for. He further wanted to be sure that CIP reserves were not being used to fund Operations and Maintenance reserves or expenses.

Mr. Bills expressed that funding would be coming from the rate stabilization fund portion of District reserves.

President Locke noted that property costs were increasing, and that there was still a liability with McClellan Business Park, so he wanted to be sure that reserves were not diminishing to pay for these unfunded liabilities.

Mr. Bills inquired if the Board was interested in having the rate study completed before the adoption of the budget.

President Locke noted that he was interested in seeing a global solution.

Director McPherson expressed that she didn't want to rush the rate study, but that she also understood what President Locke's concerns were.

President Locke reiterated that he wanted to be sure that the CIP budget matched the anticipated projects over the next 5 years, and that he believed a rate study as well as the Master Plan were all important factors in that.

Mr. Bills expressed that staff would bring the rate study to the Board as soon as it was completed.

Director Thomas moved to approve the new proposed calendar; Director Jones seconded. The motion passed by a 3/1 vote.

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

**General Manager’s Report**

10. **General Manager’s Report**

GM York presented the staff report.

a. *City of Sacramento Wholesale Agreement*

GM York presented the staff report.

Mr. Eubanks requested clarification on the City of Sacramento’s original agreement with Arcade Water District.

Mr. Bills provided some of the history of the agreement and responded to his questions.

b. *2018 Water Transfer Update*

GM York presented the staff report.

c. *Strategic Plan Workshop*

GM York presented the staff report and discussed that staff decided to hire Strategy Driver, Inc. to provide support with the review of the Strategic Plan.

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

11. a. Regional Water Authority (Director Wichert)

The agenda from the September 13, 2018 Meeting was provided.

Regional Water Authority Executive Committee (General Manager York)

The agenda from the August 22, 2018 Meeting was provided.

b. Sacramento Groundwater Authority (Director Thomas)

No report.

- c. Water Caucus Meeting (General Manager York)  
The agenda from the September 12, 2018 Meeting was provided.
- d. Water Forum Successor Effort (General Manager York)  
No report.
- e. Other Reports – AB1234  
Director McPherson provided an oral report on the meeting she had with the General Manager on June 28, 2018.

Director Jones provided an oral report on the meetings he had with the General Manager on July 31, 2018 and August 18, 2018.

Director Thomas provided an oral report on certain meetings he attended.

### **Committee Reports**

- 12. a. Facilities and Operations Committee (Director Jones)  
The agenda for the September 13, 2018 Meeting was provided.  
  
Director Jones provided an oral report of the meeting.
- b. Finance and Audit Committee (Director Thomas)  
No report.

### **Information Items**

- 13. **Fixing the 2018 Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act Follow Up**  
A written report was provided.  
  
President Locke requested for this Item to be presented to the Finance and Audit Committee, and to be brought back to the full Board only if that Committee wished to do so.
- 14. **2018 Water Rate Study Update**  
A written report was provided.
- 15. **2018 Employee Compensation Study Update**  
A written report was provided.
- 16. **Legislative and Regulatory Update**  
A written report was provided.

17. **Upcoming Water Industry Events**

A written report was provided.

**Department/Staff Reports**

18. **Financial Report**

A written report was provided.

a. *Financial Highlights – August 2018*

A written report was provided.

b. *Financial Statements – August 2018*

A written report was provided.

c. *Investments Outstanding and Activity*

A written report was provided.

d. *Cash Expenditures – August 2018*

A written report was provided.

e. *Credit Card Expenditures – August 2018*

A written report was provided.

f. *District Reserve Balances – August 2018*

A written report was provided.

g. *Information Required by Bond Agreement*

A written report was provided.

h. *Financial Markets Report*

A written report was provided.

19. **District Activity Report**

A written report was provided.

President Locke noted the Preventative Maintenance program numbers were low compared to the numbers at City of Woodland and further expressed that the City of Woodland had additional staff assigned to the Preventative Maintenance program.

a. *Water Operations and Exceptions Report*

A written report was provided.

b. *Water Quality Report*

A written report was provided.



c. *Water Conservation and Regional Water Efficiency Program Report*  
A written report was provided.

d. *Customer Service Report*  
A written report was provided.

e. *Community Outreach Report*  
A written report was provided.

20. 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**

21. Correspondence received by the District  
A written report was provided, GM York highlighted the correspondence received.

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

None.

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

None.

#### **Adjournment**

President Locke adjourned the meeting at 7:29 p.m.

---

Dan York  
General Manager/Secretary  
Sacramento Suburban Water District



## Agenda Item: 2

**Date:** October 4, 2018

**Subject:** Public Works Contracting Policy (PL - Eng 002)

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

### **Recommended Board Action:**

Approve the revised version of the Public Works Contracting Policy (PL - Eng 002) as shown in Exhibit 2.

### **Discussion:**

The District's Public Works Contracting Policy (PL - Eng 002) was adopted by the Board in December 2004 and was most recently revised in August 2016. It was submitted to the Board last month as an Information Item.

Pursuant to staff's review of the policy, minor revisions to the policy are recommended – primarily to increase clarity. Staff received comments from Director Jones which were incorporated in this update.

The recommended changes to the policy were reviewed by General Counsel, and are summarized below:

1. Header

The portion of the header which lists revisions was updated to the current format.

2. Introduction

Minor modifications were made to improve clarity.  
“Multi-Year Contracting” was added to the list of contracting methods.

3. Section 1.00 – Purpose

Some language in this section was moved to Section 3.00 (Procedure) because it relates to implementation of the Policy.

4. Section 2.00 – Authority

Wording was modified to clarify the General Manager's authority and to reference the District's Budget Policy (PL - Fin 012).

Wording was added to clarify applicability of the District's Procurement Policy (PL - Fin 005).

Minor modifications were made to improve clarity.

5. Section 3.00 – Procedure

Some language was moved to this section from Section 1.00 (Purpose) because it relates to implementation of the Policy.

6. Section 4.00 – Incorporation of Sustainability Policy

Minor modifications were made to improve clarity.

A redline version is attached as Exhibit 1, with all changes accepted as shown in Exhibit 2.

**Fiscal Impact:**

None.

**Strategic Plan Alignment:**

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

This policy benefits District customers because it helps ensure that ratepayers will receive the best value for money spent on public works projects within the District.

**Exhibit 1**

PL - Eng 002

Sacramento Suburban Water District

**Public Works Contracting Policy**

Adopted: December 20, 2004

Revised/Approved with Changes: December 15, 2008; August 20, 2012; August 18, 2014;  
August 15, 2016, September 17, October 15, August 6, 2018

**Introduction**

Under sections 31005 and 31049 of the California Water Code, County Water Districts may contract for the construction of public works projects. Under these provisions, the Sacramento Suburban Water District has broad discretion to contract for the construction of public works. The Board of Directors desires to provide District ratepayers the best value for the revenues spent on public works projects within the District. In determining best value, District will develop procedures that will include the following, as appropriate:

- Contractor Qualifications
- Quality of Service
- Quality of Product
- Schedule
- Acceptable Contract Terms
- Contractor's Reputation, History, and/or Performance on Similar Projects
- District Costs of Contract Management including District staff costs

The Board of Directors desires to maintain flexibility for staff to contract District public works projects. Also, the Board desires to treat contractors working for the District in a fair and equitable manner, to ensure that the ratepayers procure the highest quality projects for the lowest possible ~~reasonable~~ cost and with the least likelihood of contractor claims or bid protests. Methods of awarding contracts for public works projects shall be selected to produce the greatest economic advantage to District ratepayers, and to perform and public works projects shall be transparent consistent with the method selected and produce the greatest economic advantage to District ratepayers. Public works contracting processes also will avoid providing any favoritism or unfair advantage to individual contractors. Procedures developed for this policy will ensure proper District/contractor relationships.

Depending on the circumstances driving the need for a public works project, District staff may use a variety of methods to contract for that project. These methods may include, but are not limited to, the following:

- Design/Build Contracting
- Emergency Contracting
- Force Account Contracting
- Open Bid Contracting

**Commented [JMH1]:** Director Locke apparently stated at the September 17 Board meeting that he would like a reference to the California Public Contract Code ("CPCC") in this policy. However, the policy was originally written and has been maintained without any reference to the CPCC purposely because SSWD and other county water districts are not subject to the CPCC. While the Board could require the District to follow some process imposed on other types of public agencies by the CPCC, we recommend against any such policy because of the problems with required competitive bidding as generally set forth in the CPCC. Most specifically, acceptance of the lowest apparently responsible bidder's bid is required under the CPCC, even when an agency knows or has reason to know that in fact the bidder is a bad contractor. Note that SSWD is bound by common law principles that require the District to engage in some process that ensures ratepayers are receiving value for an public works project awarded and to ensure that the award is made without fraud or corruption. The policies stated on this policy are designed for these purposes but also provide the District with more flexibility to ensure that all District public work is performed by the most qualified possible contractors.

- Multi-Year Contracting
- Pre-Qualification Bid Contracting
- Request for Qualifications/ Request for Proposal
- Sole Source Negotiations
- Solicitation of Price Quotes

The General Manager has the discretion to authorize staff to choose the appropriate contracting method, taking into consideration the project's requirements, available funds, effects on ratepayers, impacts on District operations, applicable legal and regulatory requirements, and any applicable grant or loan funding contract requirements pertaining to the particular project. Staff will document the reasons for choosing a particular contracting method and, when appropriate, report them to the Board.

### 1.00 Purpose

The primary purpose of this policy is to provide the District's ratepayers the best value for public works contracts awarded by the District. ~~Staff will utilize the method of contracting that best meets the District's needs. When time allows, the District will utilize generally accepted methods to acquire competitive pricing to achieve this objective. Specific procedures for obtaining competitive pricing from competing contractors will follow District Policies.~~

### 2.00 Authority

The General Manager is designated as the District's contracting officer with the authority to award and execute contracts binding the District to ~~the construction of public works projects. The purchasing authority and limitations of the General Manager are determined upon adoption of the annual Budget and in accordance with section 400.00 of the District's Budget Policy (PL -- Fin 012) section 400.00.~~ Board approval of contracts is required when contract amounts exceed the purchasing authority of the General Manager, ~~as specified in the District Procurement Policy (PL -- Fin 005) or the annual approval of the approved Capital Improvement Program (CIP) budget.~~ ~~The General Manager will have~~ has the authority to appoint ~~one or more~~ designees, namely the Assistant General Manager and/or the Engineering Manager, to act on his/her behalf, ~~as required~~, subject to this ~~policy~~ Policy and to the establishment of ~~proper~~ procedures and controls governing such designees' authority.

Requirements for separate purchases of materials (including supplies, inventory and equipment) and trade services are set forth in the District's Procurement Policy (PL -- Fin 005).

The Board, at its discretion, may direct the manner in which a particular public works contract is selected and/or awarded. The Board may delegate actions under this policy to a Board committee.

### 3.00 Procedure

The General Manager District staff will maintain procedures for each method of contracting, to be approved by the General Manager, and in conformance with this policy. Staff will utilize the method of contracting that best meets District needs. When time allows and it best suits the needs of the District, the District will utilize generally accepted methods to acquire competitive pricing to achieve this objective. Specific procedures for obtaining competitive pricing from competing contractors will follow District Policies.

#### **4.00 Incorporation of Sustainability Policy**

Whenever prudent, and permitted by law, staff will incorporate the applicable principles of the District's Sustainability Policy into the bid procedures and the projects constructed in accordance with this Public Works Contracting Policy.

#### **5.00 Policy Review**

This Policy will be reviewed at least biennially.

Sacramento Suburban Water District

**Public Works Contracting Policy**

Adopted: December 20, 2004

Approved with Changes: October 15, 2018

---

**Introduction**

Under sections 31005 and 31049 of the California Water Code, County Water Districts may contract for the construction of public works projects. Under these provisions, the Sacramento Suburban Water District has broad discretion to contract for the construction of public works. The Board of Directors desires to provide District ratepayers the best value for the revenues spent on public works projects within the District. In determining best value, District will develop procedures that will include the following, as appropriate:

- Contractor Qualifications
- Quality of Service
- Quality of Product
- Schedule
- Acceptable Contract Terms
- Contractor's Reputation, History, and/or Performance on Similar Projects
- District Costs of Contract Management including District staff costs

The Board of Directors desires to maintain flexibility for staff to contract District public works projects. Also, the Board desires to treat contractors working for the District in a fair and equitable manner, to ensure that the ratepayers procure the highest quality projects for the lowest reasonable cost with the least likelihood of contractor claims or bid protests. Methods of awarding contracts for public works projects shall be selected to produce the greatest economic advantage to District ratepayers, and shall be transparent consistent with the method selected. Public works contracting processes also will avoid providing any favoritism or unfair advantage to individual contractors. Procedures developed for this policy will ensure proper District/contractor relationships.

Depending on the circumstances driving the need for a public works project, District staff may use a variety of methods to contract for that project. These methods may include, but are not limited to, the following:

- Design/Build Contracting
- Emergency Contracting
- Force Account Contracting
- Open Bid Contracting
- Multi-Year Contracting

- Pre-Qualification Bid Contracting
- Request for Qualifications / Request for Proposal
- Sole Source Negotiations
- Solicitation of Price Quotes

The General Manager has the discretion to authorize staff to choose the appropriate contracting method, taking into consideration the project's requirements, available funds, effects on ratepayers, impacts on District operations, applicable legal and regulatory requirements, and any applicable grant or loan funding requirements. Staff will document the reasons for choosing a particular contracting method and, when appropriate, report them to the Board.

### **1.00 Purpose**

The primary purpose of this policy is to provide the District's ratepayers the best value for public works contracts awarded by the District.

### **2.00 Authority**

The General Manager is designated as the District's contracting officer with the authority to award and execute contracts binding the District to construction of public works projects. The purchasing authority and limitations of the General Manager are determined upon adoption of the annual Budget and in accordance with section 400.00 of the District's Budget Policy (PL - Fin 012). Board approval of contracts is required when contract amounts exceed the purchasing authority of the General Manager. The General Manager has the authority to appoint designees, namely the Assistant General Manager and/or the Engineering Manager, to act on his/her behalf, subject to this Policy and to the establishment of procedures and controls governing such designees' authority.

Requirements for separate purchases of materials (including supplies, inventory and equipment) and trade services are set forth in the District's Procurement Policy (PL - Fin 005).

The Board, at its discretion, may direct the manner in which a particular public works contract is selected and/or awarded. The Board may delegate actions under this policy to a Board committee.

### **3.00 Procedure**

The General Manager will maintain procedures for each method of contracting in conformance with this policy. Staff will utilize the method of contracting that best meets District needs. When time allows and it best suits the needs of the District, the District will utilize generally accepted methods to acquire competitive pricing to achieve this objective. Specific procedures for obtaining competitive pricing from competing contractors will follow District Policies.



#### **4.00 Incorporation of Sustainability Policy**

Whenever prudent, staff will incorporate applicable principles of the District's Sustainability Policy into the bid procedures and the projects constructed in accordance with this Policy.

#### **5.00 Policy Review**

This Policy will be reviewed at least biennially.



## Agenda Item: 3

**Date:** October 1, 2018

**Subject:** Procurement Policy (PL - Fin 005)

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

**Recommended Board Action:**

Adopt the attached updated Procurement Policy (PL – Fin 005) Exhibit 2.

**Discussion:**

The Procurement Policy (PL – Fin 005) was last reviewed by the Board in August 2016.

The attached updated Policy (Exhibit 1) has been reviewed by staff and legal counsel. Recommended substantive changes include:

- Section 100.00 – Removed citation to inapplicable provision of California Water District law.
- Section 200.10 – Removal of confusing purchasing amount language.
- Section 200.20 – Clarifying language for purchases less than \$100,000.00.

Director comments were requested by October 1, 2018. Comments were received from Directors Locke and Jones. Those comments have been incorporated into the attached Policy.

**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 purchasing of goods and services.

# EXHIBIT 1

PL - Fin 005

Sacramento Suburban Water District

## Procurement Policy

Adopted: September 20, 2004

Revised: ~~August 15, 2005, August 20, 2007, August 17, 2009, August 20, 2012, September 15, 2014, August 15, 2016~~ Approved with changes on August XX SeptemOctober 157, 2018

### 100.00 Purpose of the Policy

This document sets forth the policy of the Sacramento Suburban Water District concerning its purchases or procurement of materials (including supplies, inventory and equipment) and trade services. This Policy is adopted in accordance with the provisions of Article 7, Chapter 5, Part 1, Division 2 of Title 5 of the California Government Code (commencing with Section 54201) ~~and the provisions of Article 1, Chapter 3, Part 5 of Division 13 of the California Water Code (commencing with Section 35600).~~

The primary purpose of this Policy is to provide guidance for the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at a competitive price, consistent with the anticipated needs of the District.

When used in this Policy, the term "procurement," "purchase," or "purchases" includes the purchase, lease or rental of materials and/or trade services.

When used in this Policy, the term "trade services" means services provided to the District other than those provided by licensed contractors performing construction of public works. Public works construction services are covered under District Policy PL – Eng. 002, "Public Works Contracting Policy."

**Commented [JMH1]:** Not sure when and why a citation to inapplicable provisions of the California Water District law snuck into this policy, but these statutes are not relevant and this citation deleted accordingly.

### 200.00 Policy

#### 200.10 Authority

The General Manager of the District has the authority to make purchases, sign contracts and otherwise encumber the District for the acquisition of materials (including supplies, inventory and equipment) or trade services, ~~within the confines scope of the Board of Directors approved District's annual operating and maintenance budget, operating capital budget, or capital improvement program budget~~ Budget. The purchasing authority and limitations of the General Manager are determined upon adoption of the annual Budget and in accordance with section 400.00 of the District's Budget Policy (PL – Fin 012) ~~section 400.00. Board approval of expenditures is required when amounts exceed the purchasing authority of the General Manager. The General Manager will have~~ has the authority to appoint one or more designees to act as the

District's purchasing agent and may delegate his/her authority(ies) to District staff within established procedures and controls.

All District material or trade contract purchases, excepting those made under District Policy PL – Eng. 002, "Public Works Contracting Policy," will be made in accordance with this Policy.

Purchases from contract and/or grant funds shall ~~will~~ be approved in accordance with the sponsoring agency's contract or grant procedures in addition to this Policy.

~~The determination of the purchase amount will be under taken based on the estimated or actual cumulative cost of materials and trade services to the provider on all projects provided by the provider in a single calendar year. The General Manager has the authority to determine which purchasing process is appropriate.~~

**200.20 Purchases of Materials and Trade Services Up To/under \$100,000**

Formatted: Indent: Left: 0", First line: 0", No widow/orphan control, Tab stops: Not at 0.75" + 1.38"

~~For non-emergency, purchases or other encumbrances under up to \$100,000 per annum; per vendor, the General Manager or designee will have the authority to make the purchase, without the prior authorization of the Board of Directors and without following the procedures described in Section 200.30 of this Policy. However, disclosure of the purchase and its impact on the the District's's estimated total annual operating expenses or capital budget costs will be made to the Board of Directors at its the next regularly scheduled meeting of the Board of Directors. The General Manager may make p~~  
Purchases under this section of materials or trade services under \$100,000 may be made by negotiation, requests for proposal/qualifications or competitive bid at his or her the General Manager's discretion, provided that the method chosen is reasonable and ensures that the goods or services are procured at a price that is fair to the District and its ratepayers. The General Manager has the authority to determine which purchasing process is appropriate.

For emergency purchasing guidance, see Section 200.50.

Irrespective of monetary or other limitations specified in this section, the Board of Directors may, at its discretion, direct the manner in which a ~~known particular~~ specific purchase will be made.

**200.30 Purchases of Materials and Trade Services in Excess of \$100,000.00 by a Request for Qualifications (RFQ) or a Request for Proposal (RFP)**

Except as otherwise specified herein, all purchases of materials and trade services where the estimated expenditure is in excess of \$100,000 ~~per annum per vendor.00 per annum~~ will be made by a competitive process in the following manner.

An RFQ or RFP inviting bids for such purchases or trade services will be sent to

qualified bidders as determined by the District, at least 10 days prior to the date designated for receipt of responses to the RFQ or RFP.

For trade services, selection criteria will be established by the District, which may be based solely on qualifications (SOQ) of the candidate(s).

A written contract will be executed for all such purchases, preferably a contract prepared by the District.

The General Manager may determine and declare a bidder not to be a responsible bidder upon consideration of the following factors:

- (a) The bidder's record of performance on previous contract(s) or service(s);
- (b) The bidder's previous and existing compliance with laws and ordinances relating to the contract or service;
- (c) The bidder's ability, capacity, and skill to perform the work or provide the service required;
- (d) Whether the bidder has the facilities to perform the contract work or provide the service promptly, or within the time specified, without delay or interference;
- (e) The sufficiency of the financial resources of the bidder to perform the contract work or provide the service;
- (f) The ability of the bidder to provide future maintenance and service (if required) of the commodity purchased; and
- (g) The character, integrity, reputation, judgment, experience, and efficiency of the bidder.

Upon finding-determination that a bidder is not a responsible bidder, the General Manger will transmit to the bidder a statement of the basis for such determination, and the bidder will be given a reasonable opportunity to refute the basis for such determination, prior to awarding the contract to a responsible bidder.

Once notified, a disqualified-prospective non-responsible bidder may appeal the District's proposed determination of -disqualification. The District will provide a two-tiered appeal process, consisting of an initial appeal to the General Manager and if dissatisfied with the General Manager's decision, to the Board of Directors or a committee of Directors assigned by the Board President. The Board of Directors' ruling on a disqualification appeal is final.

**200.40 General Purchasing Guidelines**

- (a) Purchases made with the District's Purchasing Card (Cal Card) shall conform to

this Policy and Policy PL Fin 006 "Purchasing Card Policy."

- (b) Employees not designated under ~~awith~~ signed authorization, issued by the General Manager or his/her designee shall not encumber the District for materials or trade services without prior, written authorization from the General Manager or his/her designee.
- (c) Transactions greater than \$500 may be pre-authorized with a valid Purchase Order or trade service contract.
- (d) Sales, Use, and other excise taxes shall be paid ~~when~~ required by State or Federal law.
- (e) Once materials or trade services received by the District have been confirmed to be acceptable and an appropriate invoice has been received, the District shall process the invoice, obtain the necessary approvals and pay for the materials or trade services within 30 days of receipt of invoice. If the invoice received is not approved, the District will provide notification of the deficiencies to the vendor within two weeks of receipt of invoice.
- (f) All receiving orders and invoices must be approved within the terms and conditions set forth by the General Manager in appropriately established purchasing procedures and controls before payment is made.
- (g) The General Manager may establish an imprest account(s) for the purposes of paying vendors or reimbursing employees for District expenditures of materials or trade services costing \$500 or less. Appropriate controls and procedures will be established by the General Manager or his/her designee.
- (h) All District purchases shall be made for District purposes only. Commingling of District purchases with personal purchases is prohibited.

**200.50 Emergency Purchases**

In case of emergency, where a purchase has not been authorized by the Board of Directors or this Policy requires such purchase to be made by competitive process or RFQ or RFP, and the General Manager has determined that the best interests of the District require that such purchase be made before the Board of Directors can meet to authorize such purchase, the General Manager or designee is authorized to make such purchase by negotiation after first obtaining the written or verbal consent of **two members** of the Board of Directors. The General Manager will thereafter promptly report in writing to the Board of Directors at the next regularly scheduled meeting of the Board of Directors the nature and amount of the purchase and the emergency circumstances justifying such purchase.

**300.00 Policy Review**

This Policy shall be reviewed at least biennially.

## Sacramento Suburban Water District

### **Procurement Policy**

Adopted: September 20, 2004:  
Approved with changes on October 15, 2018

---

#### **100.00 Purpose of the Policy**

This document sets forth the policy of the Sacramento Suburban Water District concerning its purchases or procurement of materials (including supplies, inventory and equipment) and trade services. This Policy is adopted in accordance with the provisions of Article 7, Chapter 5, Part 1, Division 2 of Title 5 of the California Government Code (commencing with Section 54201).

The primary purpose of this Policy is to provide guidance for the purchase of materials and trade services with the objective that they will be available at the proper time, in the proper place, in the proper quantity, in the proper quality, and at a competitive price, consistent with the anticipated needs of the District.

When used in this Policy, the term “procurement,” “purchase,” or “purchases” includes the purchase, lease or rental of materials and/or trade services.

When used in this Policy, the term “trade services” means services provided to the District other than those provided by licensed contractors performing construction of public works. Public works construction services are covered under District Policy PL – Eng. 002, “Public Works Contracting Policy.”

#### **200.00 Policy**

##### **200.10 Authority**

The General Manager of the District has the authority to make purchases, sign contracts and otherwise encumber the District for the acquisition of materials (including supplies, inventory and equipment) or trade services. The purchasing authority and limitations of the General Manager are determined upon adoption of the annual Budget and in accordance with section 400.00 of the District’s Budget Policy (PL – Fin 012). Board approval of expenditures is required when amounts exceed the purchasing authority of the General Manager. The General Manager has the authority to appoint one or more designees to act as the District’s purchasing agent and may delegate his/her authority to District staff within established procedures and controls.

All District material or trade contract purchases, excepting those made under District Policy PL – Eng. 002, “Public Works Contracting Policy,” will be made in accordance with this Policy.

Purchases from contract and/or grant funds will be approved in accordance with the sponsoring agency's contract or grant procedures in addition to this Policy.

**200.20 Purchases of Materials and Trade Services  
Up To \$100,000**

For non-emergency purchases or other encumbrances up to \$100,000 per annum per vendor the General Manager or designee will have the authority to make the purchase without the prior authorization of the Board of Directors and without following the procedures described in Section 200.30 of this Policy. However, disclosure of the purchase and its impact on the District's estimated total annual operating expenses or capital budget costs will be made to the Board of Directors at its next regularly scheduled meeting. Purchases under this section may be made by negotiation, requests for proposal/qualifications or competitive bid at the General Manager's discretion, provided that the method chosen is reasonable and ensures that the goods or services are procured at a price that is fair to the District and its ratepayers. The General Manager has the authority to determine which purchasing process is appropriate.

For emergency purchasing guidance, see Section 200.50.

Irrespective of monetary or other limitations specified in this section, the Board of Directors may, at its discretion, direct the manner in which a specific purchase will be made.

**200.30 Purchases of Materials and Trade Services in Excess of \$100,000 by a Request for Qualifications (RFQ) or a Request for Proposal (RFP)**

Except as otherwise specified herein, all purchases of materials and trade services where the estimated expenditure is in excess of \$100,000 per annum per vendor will be made by a competitive process in the following manner.

An RFQ or RFP inviting bids for such purchases or trade services will be sent to qualified bidders as determined by the District, at least 10 days prior to the date designated for receipt of responses to the RFQ or RFP.

For trade services, selection criteria will be established by the District, which may be based solely on qualifications of the candidate(s).

A written contract will be executed for all such purchases, preferably a contract prepared by the District.

The General Manager may determine and declare a bidder not to be a responsible bidder upon consideration of the following factors:

- (a) The bidder's record of performance on previous contract(s) or service(s);



- (b) The bidder's previous and existing compliance with laws and ordinances relating to the contract or service;
- (c) The bidder's ability, capacity, and skill to perform the work or provide the service required;
- (d) Whether the bidder has the facilities to perform the work or provide the service promptly, or within the time specified, without delay or interference;
- (e) The sufficiency of the financial resources of the bidder to perform the work or provide the service;
- (f) The ability of the bidder to provide future maintenance and service (if required) of the commodity purchased; and
- (g) The character, integrity, reputation, judgment, experience, and efficiency of the bidder.

Upon determination that a bidder is not a responsible bidder, the General Manager will transmit to the bidder a statement of the basis for such determination, and the bidder will be given a reasonable opportunity to refute the basis for such determination, prior to awarding the contract to a responsible bidder.

Once notified, a non-responsible bidder may appeal the District's proposed determination of disqualification. The District will provide a two-tiered appeal process, consisting of an initial appeal to the General Manager and if dissatisfied with the General Manager's decision, to the Board of Directors or a committee of Directors assigned by the Board President. The Board of Directors' ruling on a disqualification appeal is final.

#### **200.40 General Purchasing Guidelines**

- (a) Purchases made with the District's Purchasing Card (Cal Card) shall conform to this Policy and Policy PL Fin 006 "Purchasing Card Policy."
- (b) Employees not designated under a signed authorization issued by the General Manager or his/her designee shall not encumber the District for materials or trade services without prior, written authorization from the General Manager or his/her designee.
- (c) Transactions greater than \$500 may be pre-authorized with a valid Purchase Order or trade service contract.
- (d) Sales, Use, and other excise taxes shall be paid when required by State or Federal law.
- (e) Once materials or trade services received by the District have been confirmed to

be acceptable and an appropriate invoice has been received, the District shall process the invoice, obtain the necessary approvals and pay for the materials or trade services within 30 days of receipt of invoice. If the invoice received is not approved, the District will provide notification of the deficiencies to the vendor within two weeks of receipt of invoice.

- (f) All receiving orders and invoices must be approved within the terms and conditions set forth by the General Manager in appropriately established purchasing procedures and controls before payment is made.
- (g) The General Manager may establish an imprest account(s) for the purposes of paying vendors or reimbursing employees for District expenditures of materials or trade services costing \$500 or less. Appropriate controls and procedures will be established by the General Manager or his/her designee.
- (h) All District purchases shall be made for District purposes only. Commingling of District purchases with personal purchases is prohibited.

#### **200.50 Emergency Purchases**

In case of emergency, where a purchase has not been authorized by the Board of Directors or this Policy requires such purchase to be made by competitive process or RFQ or RFP, and the General Manager has determined that the best interests of the District require that such purchase be made before the Board of Directors can meet to authorize such purchase, the General Manager or designee is authorized to make such purchase by negotiation after first obtaining the written or verbal consent of **two members** of the Board of Directors. The General Manager will thereafter promptly report in writing to the Board of Directors at the next regularly scheduled meeting of the Board of Directors the nature and amount of the purchase and the emergency circumstances justifying such purchase.

#### **300.00 Policy Review**

This Policy shall be reviewed at least biennially.



## Agenda Item: 4

**Date:** October 9, 2018

**Subject:** 2018 Audit Engagement Letter and Contract

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

### **Recommended Board Action:**

As approved by the Finance and Audit Committee on October 8, 2018, recommend approval of the 2018 Audit Engagement Letter and Contract with Richardson & Company, LLP, authorizing the Finance and Audit Committee Chair (Director Thomas) to execute the Engagement Letter and Contract.

### **Discussion:**

The District has received the “Engagement Letter” for the December 31, 2018 audit from Richardson & Company, LLP (see Exhibit 1). The Engagement Letter is the scope of work for the audit and serves as Exhibit 1 to the contract agreement between the District and the auditors and is renewable annually. The District’s contract for the engagement is attached as Exhibit 2.

Staff has reviewed the Engagement Letter and confirmed it meets all the services requested by the Board in previous years, including the expanded expenditure testing that has requested for the past thirteen years over and above that required for a standard public agency audit (see the third paragraph on page 2 of Exhibit 1) and the Federal Grant Single Audit. As noted on page 9 of the Engagement Letter, the cost of the expanded testing will be \$6,495, while the cost for the Single Audit, if one is deemed necessary, will be \$4,330.

Per the District’s “Engagement of Auditor Policy” (PL – Fin 001), “the Finance and Audit Committee is responsible for recommending the District’s independent auditor to the full Board for appointment and compensation, and administering the relationship between the District and independent auditor during the course of the audit...” Therefore, the Finance and Audit Committee will review audit results as the audit progresses. At the conclusion of the audit, the auditors will provide a report to the Finance and Audit Committee and the Board of Directors.

### **Fiscal Impact:**

\$42,815 for the audit, comprised of \$34,500 for the financial statement audit, \$1,020 for reviewing GASB No. 68 retirement disclosures, \$800 for the new OPEB (GASB No. 75) disclosure requirements, and \$6,495 for the District requested additional procedures. An additional \$4,330 may be needed if the Federal Grant Single Audit is deemed necessary.

**Strategic Plan Alignment:**

Finance – 4.G. Produce annual financial statements and supporting documentation to allow outside auditors to provide the District with unqualified audit opinions.

Benefit to District customer - is having an independent audit that is managed directly by the Board provides customers with greater assurance that District funds are being handled appropriately and in accordance with District policies.



550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

September 20, 2018

Finance and Audit Committee  
Sacramento Suburban Water District  
3701 Marconi Avenue  
Sacramento, California 95821

We are pleased to confirm our understanding of the services we are to provide the Sacramento Suburban Water District (the District). We will audit the financial statements, including the notes to the financial statements which collectively comprise the basic financial statements of the District as of and for the year ended December 31, 2018. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Schedule of funding progress for the other postemployment benefits plan
2. Schedule of Proportionate Share of the Net Pension Obligation
3. Schedule of Contributions to the Pension Plan
4. Schedule of Changes in the Net OPEB Liability and Related Ratios
5. Schedule of Contributions to the OPEB Plan

We have also been engaged to report on supplementary information other than RSI that accompanies the District's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of expenditures of federal grants (if applicable).

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

1. Transmittal Letter
2. Statistical Section

At the request of the District, we will perform additional procedures by expanding the scope of our expense testing to include additional sample sizes for general cash disbursements, payroll disbursements, wire and ACH transfers, petty cash, and purchasing card payments. This testing will include verifying payments to the District employees and Board members on a sample basis. Payment verification will include verifying the pay rates for at least one period of senior management, finance staff, anyone involved in the payroll processing function and a sample of ten other employees. The results of our work will be reported in the governance letter issued as part of the audit.

### **Audit Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The

Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of the District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement, or may withdraw from the engagement.

### **Management Responsibilities**

Management is responsible for the basic financial statements, schedule of expenditures of federal grants and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal grants received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal grants (including notes and noncash assistance received) in accordance with the requirements of Uniform Guidance.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation in the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we

may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Management's responsibilities also include, including identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by Uniform Guidance, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

Management is responsible for preparation of the schedule of expenditures of federal grants (including notes and noncash assistance received) in conformity with Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal grants in any document that contains and indicates that we have reported on the schedule of expenditures of federal grants. Management also agrees to make the audited financial statements readily available to intended users of the schedule of expenditures of federal grants no later than the date the schedule of expenditures of federal grants is issued with our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) Management is responsible for presentation of the schedule of expenditures of federal grants in accordance with Uniform Guidance; (2) Management believes the schedule of expenditures of federal grants, including its form and content, is fairly presented in accordance with Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) Management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal grants.

Management is responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary



information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that (1) Management is responsible for presentation of the supplementary information in accordance with GAAP; (2) Management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) Management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as planned corrective actions, for the report, and for the timing and format for providing that information.

### **Audit Procedures-General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will

include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about their responsibilities for the financial statements; schedule of expenditures of federal grants; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards. Because of the importance of oral and written management representations to an effective audit, the District releases and indemnifies Richardson & Company, LLP and its personnel from any and all claims, liabilities, costs and expenses attributable to any active negligence on the part of the District.

#### **Audit Procedures-Internal Control**

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards*, and Uniform Guidance.

#### **Audit Procedures-Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide

an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of test of transactions and other applicable procedures described in the *Uniform Guidance Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of those procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to Uniform Guidance.

#### **Audit Administration and Other**

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to the District; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal grants, summary schedule of prior audit findings, auditors' reports, and a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The workpapers for this engagement are the property of Richardson & Company, LLP and constitute confidential information. The workpapers for this or any engagement for you will be retained for a minimum of seven years after the date the auditor's report is issued, or longer if required by generally accepted auditing standards. The firm will make available its workpapers and respond to all reasonable inquiries of successor auditors and others to review workpapers of the District, upon the District's written request or consent. Access to such workpapers will be provided under the supervision of Richardson & Company personnel at a location designated by our Firm. Furthermore, upon your request or consent, we may provide photocopies of selected workpapers to the successor auditors or others. All professional and administrative services and expenses relating to such access will be charged as an additional expense to the District.

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our workpapers or our personnel to respond to inquiries or serve as witnesses with respect to this or any engagement for you, you will, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, in responding to such a request. If such a request is made, and unless we are obligated by law or legal process to the contrary, we will inform you prior to providing such access.

If the District intends to publish or otherwise reproduce in any document our report on the District's financial statements, or otherwise make reference to our Firm in a document that contains other information in addition to the audited financial statements (e.g., in a debt offering circular for example), the District agrees that prior to making any such use of our report, or reference to our Firm, management will provide us with a draft of the document to read and obtain our approval for the inclusion or incorporation by reference of our report, or the reference to our Firm, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report and any request by the District to reissue our report or to consent to its inclusion or incorporation by reference in an offering or other document will be considered based on the facts and circumstances existing at the time of such request. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request to make use of our report, or reference to our Firm; fees for such services would be based upon the rates for additional services as described in the Professional Fees section of this letter.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, if applicable, you understand that electronic sites are a means to distributed information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Our Firm, as well as all other accounting firms with a significant audit practice, participates in a "peer review" program, covering our audit and accounting practices. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us.

Ingrid Shepline will serve as the engagement partner and is responsible for supervising the engagement and may sign the auditor's reports or authorize another individual to sign them.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our current peer review report accompanies this letter.

**Professional Fees**

Our total not-to-exceed cost for the year ended December 31, 2018 is as follows:

Financial Audit	\$ 34,500
Additional fee for auditing net pension liability and related disclosures	1,020
Additional fee for GASB 75 implementation	800
Single Audit, one major program	4,330
Additional Procedures	<u>6,495</u>
Total	<u>\$ 47,145</u>

The fees quoted include ten hours per year for occasional consultation with auditing and tax staff regarding accounting, sales tax, arbitrage liabilities or other issues that might arise at the District during the year.

Changes in Scope That Could Result in a New Fee Arrangement: In the event that the scope of the audit increases due to changes in accounting or auditing pronouncements and standards, laws or regulations, material weaknesses in the internal control environment, the loss of key accounting personnel or significant changes in the scope of the District's operations, we will discuss the situation with you and arrive at a new mutually agreed upon fee arrangement.

Additional Services: The fee for additional services provided under this engagement letter or otherwise requested by the District, if any, will be based on a rate per hour by staff classification as follows:

<u>Classification</u>	<u>Rate Per Hour</u>
Partner	\$ 180
Senior Manager	120
Managers and Supervisors	110
Seniors	100
Staff	80

If any provision in this letter is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

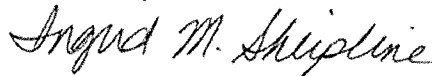
\*\*\*\*\*

Sacramento Suburban Water District  
September 20, 2018  
Page 10 of 11

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know.

Very truly yours,

RICHARDSON & COMPANY, LLP



Ingrid Sheipline, CPA  
Managing Partner

Response:

This letter correctly sets forth the understanding of the Sacramento Suburban Water District and is signed by the officer authorized by the Board of Directors to enter into this agreement on the District's behalf.

By: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_



First Financial Bank Building  
400 Pine Street, Ste. 600, Abilene, TX 79601  
325.672.4000 / 800.588.2525 / f: 325.672.7049  
www.dkcpa.com

## System Review Report

July 15, 2015

To the Partners of  
**Richardson & Company, LLP**  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** (the firm) in effect for the year ended March 31, 2015. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Richardson & Company, LLP** in effect for the year ended March 31, 2015, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. **Richardson & Company, LLP** has received a peer review rating of *pass*.

*Davis Kinard & Co, PC*

Certified Public Accountants

## EXHIBIT 2

### SACRAMENTO SUBURBAN WATER DISTRICT SERVICES AGREEMENT

THIS AGREEMENT is entered into as of the date last signed and dated below by and between Sacramento Suburban Water District, a local government agency ("District"), and Richardson & Company, LLP, a public accounting firm ("Contractor"), who agree as follows:

**1. Scope of Work.** Contractor shall perform the work and render the services described in the attached Exhibit A (the "Work"). Contractor shall provide all labor, services, equipment, tools, material and supplies required or necessary to properly, competently and completely perform the Work. Contractor shall determine the method, details and means of doing the Work.

**2. Payment.**

a. District shall pay to Contractor a fee based on:

The fee arrangement described on the attached Exhibit A.

The total fee for the Work shall not exceed \$47,147. There shall be no compensation for extra or additional work or services by Contractor unless approved in advance in writing by District. Contractor's fee includes all of Contractor's costs and expenses related to the Work.

b. At the end of each month, Contractor shall submit to District an invoice for the Work performed during the preceding month. The invoice shall include a brief description of the Work performed, the dates of Work, number of hours worked and by whom (if payment is based on time), payment due, and an itemization of any reimbursable expenditures. If the Work is satisfactorily completed and the invoice is accurately computed, District shall pay the invoice within 30 days of its receipt.

**3. Term.**

a. This Agreement shall take effect on the above date and continue in effect until completion of the Work, unless sooner terminated as provided below. Time is of the essence in this Agreement. If Exhibit A includes a Work schedule or deadline, then Contractor must complete the Work in accordance with the specified schedule or deadline, which may be extended by District for good cause shown by Contractor. If Exhibit A does not include a Work schedule or deadline, then Contractor must perform the Work diligently and as expeditiously as possible, consistent with the professional skill and care appropriate for the orderly progress of the Work.

b. This Agreement may be terminated at any time by District upon 10 days advance written notice to Contractor. In the event of such termination, Contractor shall be fairly compensated for all work performed to the date of termination as calculated by District based on the above fee and payment provisions. Compensation under this subsection shall not include any termination-related expenses, cancellation or demobilization charges, or lost profit associated with the expected completion of the Work or other such similar payments relating to Contractor's claimed benefit of the bargain.



## EXHIBIT 2

**4. Professional Ability of Contractor.** Contractor represents that it is specially trained and experienced, and possesses the skill, ability, knowledge and certification, to competently perform the Work provided by this Agreement. District has relied upon Contractor's training, experience, skill, ability, knowledge and certification as a material inducement to enter into this Agreement. All Work performed by Contractor shall be in accordance with applicable legal requirements and meet the standard of care and quality ordinarily to be expected of competent professionals in Contractor's field.

**5. Conflict of Interest.** Contractor (including principals, associates and professional employees) represents and acknowledges that (a) it does not now have and shall not acquire any direct or indirect investment, interest in real property or source of income that would be affected in any manner or degree by the performance of Contractor's services under this agreement, and (b) no person having any such interest shall perform any portion of the Work. The parties agree that Contractor is not a designated employee within the meaning of the Political Reform Act and District's conflict of interest code because Contractor will perform the Work independent of the control and direction of the District or of any District official, other than normal contract monitoring, and Contractor possesses no authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel.

### **6. Contractor Records.**

a. Contractor shall keep and maintain all ledgers, books of account, invoices, vouchers, canceled checks, and other records and documents evidencing or relating to the Work and invoice preparation and support for a minimum period of three years (or for any longer period required by law) from the date of final payment to Contractor under this Agreement. District may inspect and audit such books and records, including source documents, to verify all charges, payments and reimbursable costs under this Agreement.

b. In accordance with California Government Code section 8546.7, the parties acknowledge that this Agreement, and performance and payments under it, are subject to examination and audit by the California State Auditor for three years following final payment under the Agreement.

**7. Ownership of Documents.** All works of authorship and every report, study, spreadsheet, worksheet, plan, design, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software and any other document or thing prepared, developed or created by Contractor under this Agreement and provided to District ("Work Product") shall be the property of District, and District shall have the rights to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product without further compensation to Contractor or any other party. Contractor may retain a copy of any Work Product and use, reproduce, publish, display, broadcast and distribute any Work Product and prepare derivative and additional documents or works based on any Work Product; provided, however, that Contractor shall not provide any Work Product to any third party without District's prior written approval, unless compelled to do so by legal process. If any Work Product is copyrightable, Contractor may copyright the same, except that, as to any Work Product that is copyrighted by Contractor, District reserves a royalty-free, nonexclusive and irrevocable license to use, reuse, reproduce, publish, display, broadcast and

## EXHIBIT 2

distribute the Work Product and to prepare derivative and additional documents or works based on the Work Product. If District reuses or modifies any Work Product for a use or purpose other than that intended by the scope of work under this Agreement, then District shall hold Contractor harmless against all claims, damages, losses and expenses arising from such reuse or modification. For any Work Product provided to District in paper format, upon request by District at any time (including, but not limited to, at expiration or termination of this Agreement), Contractor agrees to provide the Work Product to District in a readable, transferable and usable electronic format generally acknowledged as being an industry-standard format for information exchange between computers (e.g., Word file, Excel spreadsheet file, AutoCAD file).

### **8. Confidentiality of Information.**

a. Contractor shall keep in strict confidence all confidential, privileged, trade secret, and proprietary information, data and other materials in any format generated, used or obtained by the District or created by Contractor in connection with the performance of the Work under this Agreement (the "Confidential Material"). Contractor shall not use any Confidential Material for any purpose other than the performance of the Work under this Agreement, unless otherwise authorized in writing by District. Contractor also shall not disclose any Confidential Material to any person or entity not connected with the performance of the Work under this Agreement, unless otherwise authorized in advance in writing by District. If there is a question if Confidential Material is protected from disclosure or is a public record or in the public domain, the party considering disclosure of such materials shall consult with the other party concerning the proposed disclosure.

b. Contractor, and its officers, employees, agents, and subcontractors, shall at all times take all steps that are necessary to protect and preserve all Confidential Material. At no time shall Contractor, or its officers, employees, agents, or subcontractors in any manner, either directly or indirectly, use for personal benefit or divulge, disclose, or communicate in any manner, any Confidential Material to any person or entity unless specifically authorized in writing by the Agency or by order of a court or regulatory entity with jurisdiction over the matter. Contractor, and its officers, employees, agents, and subcontractors shall protect the Confidential Material and treat it as strictly confidential in accordance with applicable law, District policies and directives, and best industry security practices and standards.

c. If any person or entity, other than District or Contractor, requests or demands, by subpoena, discovery request, California Public Records Act request or otherwise, Confidential Material or its contents, the party to whom the request is made will immediately notify the other party, so that the parties may collectively consider appropriate steps to protect the disclosure of those materials. The parties agree to take all steps reasonably necessary to preserve the confidential and privileged nature of the Confidential Material and its content. In the event that the parties cannot agree whether to oppose or comply with a disclosure demand, the opposing party may oppose the demand at its sole cost and expense, in which event the party favoring disclosure will refrain from disclosing the demanded Confidential Material until such time as a final agreement regarding disclosure is reached or, if an agreement is not reached, a judicial determination is made concerning the demand.

d. Unless otherwise directed in writing by the District, upon contract completion or termination, Contractor must destroy all Confidential Materials (written, printed and/or

## EXHIBIT 2

electronic) and shall provide a written statement to the District that such materials have been destroyed.

### 9. Compliance with Laws.

a. General. Contractor shall perform the Work in compliance with all applicable federal, state and local laws and regulations. Contractor shall possess, maintain and comply with all federal, state and local permits, licenses and certificates that may be required for it to perform the Work. Contractor shall comply with all federal, state and local air pollution control laws and regulations applicable to the Contractor and its Work (as required by California Code of Regulations title 13, section 2022.1). Contractor shall be responsible for the safety of its workers and Contractor shall comply with applicable federal and state worker safety-related laws and regulations.

#### b. Pre- and Post-Construction Related Work.

(1) Applicability. This subsection (b) applies if the Work includes labor performed during the design and pre-construction phases of construction, including, but not limited to, inspection and land surveying work, and labor performed during the post-construction phases of construction, including, but not limited to, cleanup work at the jobsite. (See California Labor Code section 1720(a).) If the Work includes some labor as described in the preceding sentence and other labor that is not, then this subsection (b) applies only to workers performing the pre-construction and post-construction work.

(2) Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, employment of apprentices, hours of work and overtime, keeping and retention of payroll records, and other requirements applicable to public works as may be required by the Labor Code and applicable state regulations. (See California Labor Code division 2, part 7, chapter 1 (sections 1720-1861), which is incorporated in this Agreement by this reference.) The state-approved prevailing rates of per diem wages are available at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Contractor also shall comply with Labor Code sections 1775 and 1813, including provisions that require Contractor to (a) forfeit as a penalty to District up to \$200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any labor done under this Agreement in violation of the Labor Code, (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage, and (c) forfeit as a penalty to District the sum of \$25 for each worker (whether employed by Contractor or any subcontractor) for each calendar day during which the worker is required or permitted to work more than 8 hours in any one day and 40 hours in any one calendar week in violation of Labor Code sections 1810 through 1815.

#### c. Maintenance of Public Facility, Plant or Structure.

(1) Applicability. This subsection (c) applies if the Work includes "maintenance" work. "Maintenance" means (a) routine, recurring and usual work for the preservation, protection and keeping of any District facility, plant, building, structure, utility system or other property ("District Facility") in a safe and continually usable condition, (b) carpentry, electrical,

## EXHIBIT 2

plumbing, glazing, touchup painting, and other craft work designed to preserve any District Facility in a safe, efficient and continuously usable condition, including repairs, cleaning and other operations on District machinery and equipment, and (c) landscape maintenance. "Maintenance" excludes (a) janitorial or custodial services of a routine, recurring or usual nature, and (b) security, guard or other protection-related services. (See California Labor Code section 1771 and 8 California Code of Regulations section 16000.) If the Work includes some "maintenance" work and other work that is not "maintenance," then this subsection (c) applies only to workers performing the "maintenance" work.

(2) Contractor shall comply with the California Labor Code provisions concerning payment of prevailing wage rates, penalties, keeping and retention of payroll records, and other prevailing wage and related requirements as may be required by the Labor Code section 1771 and applicable state regulations. The state-approved prevailing rates of per diem wages are available at <http://www.dir.ca.gov/oprl/DPreWageDetermination.htm>. Contractor also shall comply with Labor Code section 1775, including provisions that require Contractor to (a) forfeit as a penalty to District up to \$200 for each calendar day or portion thereof for each worker (whether employed by Contractor or any subcontractor) paid less than the applicable prevailing wage rates for any Work done under this Agreement in violation of the Labor Code, and (b) pay to each worker the difference between the prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof for which the worker was paid less than the prevailing wage.

**Indemnification.** Contractor shall indemnify, defend, protect, and hold harmless District, and its officers, employees and agents from and against any claims, liability, losses, damages and expenses (including attorney, expert witness and Contractor fees, and litigation costs) that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Contractor or its employees, agents or subcontractors. The duty to indemnify, including the duty and the cost to defend, is limited as provided in this section. However, this indemnity provision will not apply to any claims, liability, losses, damages and expenses arising from the sole negligence or willful misconduct of District or its employees or agents. Contractor's obligations under this indemnification provision shall survive the termination of, or completion of Work under, this Agreement.

### 10. Insurance.

**Types & Limits.** Contractor at its sole cost and expense shall procure and maintain for the duration of this Agreement the following types and limits of insurance:

<i>Type</i>	<i>Limits</i>	<i>Scope</i>
Commercial general liability	\$1,000,000 per occurrence	at least as broad as ISO CG 0001
Automobile liability	\$1,000,000 per accident	at least as broad as ISO CA 0001, code 1 (any auto)
Workers' compensation	Statutory limits	
Employers' liability	\$1,000,000 per accident	
Professional liability*	\$1,000,000 per claim	

## EXHIBIT 2

\*Required only if Contractor is a licensed engineer, land surveyor, geologist, architect, doctor or attorney.

a. **Other Requirements.** The general and automobile liability policy(ies) shall be endorsed to name District, its officers, employees, volunteers and agents as additional insureds regarding liability arising out of the Work. Contractor's coverage shall be primary and apply separately to each insurer against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability. District's insurance or self-insurance, if any, shall be excess and shall not contribute with Contractor's insurance. Each insurance policy shall be endorsed to state that coverage shall not be canceled, except after 30 days (10 days for non-payment of premium) prior written notice to District. Insurance is to be placed with admitted insurers with a current A.M. Best's rating of A-VII or better unless otherwise acceptable to District. Workers' compensation insurance issued by the State Compensation Insurance Fund is acceptable. Contractor agrees to waive subrogation that any insurer may acquire from Contractor by virtue of the payment of any loss relating to the Work. Contractor agrees to obtain any endorsement that may be necessary to implement this subrogation waiver. The workers' compensation policy must be endorsed to contain a subrogation waiver in favor of District for the Work performed by Contractor.

b. **Proof of Insurance.** Upon request, Contractor shall provide to District the following proof of insurance: (a) certificate(s) of insurance evidencing this insurance; and (b) endorsement(s) on ISO Form CG 2010 (or insurer's equivalent), signed by a person authorized to bind coverage on behalf of the insurer(s), and certifying the additional insured coverage.

**11. Entire Agreement; Amendment.** The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the Work. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the Work, except those other documents (if any) that are expressly referenced in this Agreement. This Agreement may be amended only by a subsequent written contract approved and signed by both parties.

**12. Independent Contractor.** Contractor's relationship to District is that of an independent contractor. All persons hired by Contractor and performing the Work shall be Contractor's employees or agents. Contractor and its officers, employees and agents are not District employees, and they are not entitled to District employment salary, wages or benefits. Contractor shall pay, and District shall not be responsible in any way for, the salary, wages, workers' compensation, unemployment insurance, disability insurance, tax withholding, and benefits to and on behalf of Contractor's employees. Contractor shall, to the fullest extent permitted by law, indemnify District, and its officers, employees, volunteers and agents from and against any and all liability, penalties, expenses and costs resulting from any adverse determination by the federal Internal Revenue Service, California Franchise Tax Board, other federal or state agency, or court concerning Contractor's independent contractor status or employment-related liability.

**13. Subcontractors.** No subcontract shall be awarded nor any subcontractor engaged by Contractor without District's prior written approval. Contractor shall be responsible for requiring and confirming that each approved subcontractor meets the minimum insurance requirements specified in Section 11 of this Agreement. Any approved subcontractor shall

EXHIBIT 2 .

obtain the required insurance coverages and provide proof of same to District in the manner provided in Section 11 of this Agreement.

**14. Assignment.** This Agreement and all rights and obligations under it are personal to the parties. The Agreement may not be transferred, assigned, delegated or subcontracted in whole or in part, whether by assignment, subcontract, merger, operation of law or otherwise, by either party without the prior written consent of the other party. Any transfer, assignment, delegation, or subcontract in violation of this provision is null and void and grounds for the other party to terminate the Agreement.

**15. No Waiver of Rights.** Any waiver at any time by either party of its rights as to a breach or default of this Agreement shall not be deemed to be a waiver as to any other breach or default. No payment by District to Contractor shall be considered or construed to be an approval or acceptance of any Work or a waiver of any breach or default.

**16. Severability.** If any part of this Agreement is held to be void, invalid, illegal or unenforceable, then the remaining parts will continue in full force and effect and be fully binding, provided that each party still receives the benefits of this Agreement.

**17. Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of California. The county and federal district court where District's office is located shall be venue for any state and federal court litigation concerning the enforcement or construction of this Agreement.

**18. Notice.** Any notice, demand, invoice or other communication required or permitted to be given under this Agreement must be in writing and delivered either (a) in person, (b) by prepaid, first class U.S. mail, (c) by a nationally-recognized commercial overnight courier service that guarantees next day delivery and provides a receipt, or (d) by email with confirmed receipt. Such notices, etc. shall be addressed as follows:

District:

Sacramento Suburban Water District  
Attn: Dan Bills  
3701 Marconi Avenue, Suite 100  
Sacramento, CA 95821-5346  
E-mail: [dbills@sswd.org](mailto:dbills@sswd.org)

Contractor:

Richardson & Company, LLP  
Attn: Ingrid Shepline  
550 Howe Avenue, Suite 210  
Sacramento, CA 95825  
E-mail: [isheipline@richardsoncpas.com](mailto:isheipline@richardsoncpas.com)

Notice given as above will be deemed given (a) when delivered in person, (b) three days after deposited in prepaid, first class U.S. mail, (c) on the date of delivery as shown on the overnight courier service receipt, or (d) upon the sender's receipt of an email from the other party confirming the delivery of the notice, etc. Any party may change its contact information by notifying the other party of the change in the manner provided above.

**19. Signature Authority.** Each party warrants that the person signing this Agreement is authorized to act on behalf of the party for whom that person signs. The Parties may execute and deliver this Agreement and documents necessary to perform it, including task orders and amendments, in any number of original or facsimile counterparts. When each Party has signed and delivered at least one counterpart to the other Party, each counterpart shall be

EXHIBIT 2

deemed an original and, taken together, the counterparts shall constitute one and the same document, which shall be binding and effective.

---

SACRAMENTO SUBURBAN WATER DISTRICT:

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Kevin M. Thomas  
Chair, Finance and Audit Committee

RICHARDSON & COMPANY, LLP:

Dated: 9/25/18

By: Ingrid M. Shepline  
Ingrid Shepline  
Managing Partner



## Agenda Item: 5

**Date:** October 11, 2018

**Subject:** 2018 Employee Compensation Study

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

### Recommended Board Action:

Approve the following:

1. Updated Employee Compensation Policy - Exhibit 1.
2. 2018 Employee Compensation Study (Study) – Exhibit 2.
3. Remedial actions proposed by staff (see Section “How Did We get Here?”)
  - a. Establish a policy target in Section 200. a) of the District’s Employee Compensation Policy, PL – HR 002. See Exhibit 1.
  - b. Evaluate each position individually to the market when performing compensation studies.
  - c. Consistently approve annual COLA increases in line with the Bureau of Labor Statistics West Region - West – Size Class A Index at annual budget time. See Exhibit 3.
  - d. Perform compensation studies every two years, especially in rising labor markets.
4. Direct staff regarding effect on Fiscal Year 2019 Budget.

### Background:

The District last conducted an employee compensation study in 2016. After consideration of the information in the study, the Board approved changing the pay ranges for four positions. Per section 300.00 of the District’s Employee Compensation Policy (PL – HR 002), the General Manager is to periodically “provide pay/salary and benefit benchmarking information and surveys for Board review,” and “may change or alter the labor budget during the year by...submitting an amended labor budget, explaining reasons for the change, and receiving Board approval for the change.”

Upon approval of the 2018 Operations and Maintenance Budget in November 2017, the Board approved performing and funding an employee compensation study in 2018. With a new General Manager and actual and announced retirements of certain managerial staff and seasoned employees, it was decided to review the District’s Organization Chart in its entirety. After reviewing the Organization Chart and as part of standard District practices of reviewing job descriptions and assignments for positions upon employee severance, it quickly became apparent that a full-review of District staffing was necessary. Accordingly, as the Board has been updated on all year, the Study was defined and split between two consultants.

The first consultant was Bryce Consulting who was asked to provide input on the District’s Organization Chart and to review employee job descriptions. Bryce Consulting has been providing



such services to the District for many years. In fact, Bryce Consulting conducted the 2016 Compensation Study. The results of Bryce Consulting's work was a new set of revised and updated job descriptions for nearly every position in the District. Comments were also received on the Organization Chart.

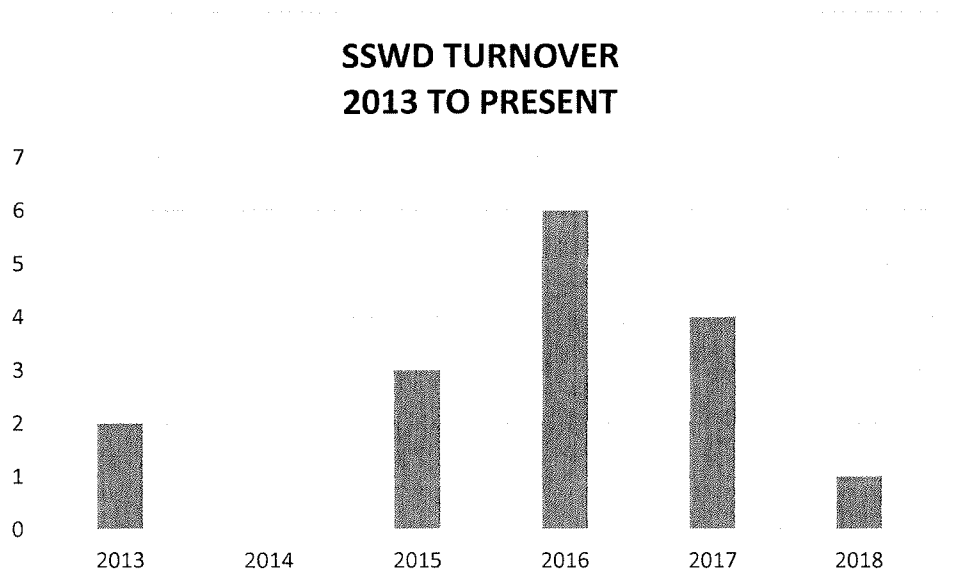
The second consultant was hired to perform the Market Compensation Survey (Survey) portion of the Study. This Consultant was selected through the Request-for-Proposal (RFP) process out of four firms that proposed (five were invited). The winning firm was Ralph Andersen & Associates located in Rocklin, CA. The results of their Survey are presented in Exhibit 1.

Ralph Andersen & Associates has over 44 years of local government consulting experience with cities, counties, utilities, special districts, community colleges, schools, non-profit organizations and state governments. Mr. Doug Johnson, Vice President of the Human Resources Consulting and Executive Search division is the Project Manager for the District's Survey and has over 31 years of experience performing such studies.

Both the Finance and Audit Committee and Board approved the Study, Scope and Schedule of the Study on April 4 and April 23, 2018, respectively. On May 16, 2018 the Finance and Audit Committee approved the Request for Proposals and the firms invited to participate. The contract was executed with Ralph Andersen & Associates on August 15, 2018.

**Discussion/Analysis:**

Noticeably out-of-character for the District has been the number of employees who have left SSWD for other entities in our labor market. See graph below. Note that the graph does not include retirees or terminated employees. This information along with job announcements posted by other water agencies and their respective compensation programs relative to that offered by SSWD, coupled with the inability for SSWD to attract qualified candidates in sufficient numbers for posted positions, led staff to conclude, anecdotally, there is a compensation anomaly between SSWD and its peers.



Referring to the graph above, of the 16 positions that were vacated, the District was unable to attract any staff from the comparable labor market to fill those positions.

### Survey Results

Survey results are based on the exact same “market” as utilized in the 2016 Survey (see Exhibit 2, page 3 for a list of comparative agencies used in the Survey.)

The results of the Survey are dramatic and striking. In reviewing Exhibit 2, slide 7, for Non-Exempt positions, the District currently falls at the very bottom in compensation relative to other water agencies in the market, or 15<sup>th</sup> out of 15. Meaning all other surrounding agencies/cities will out recruit SSWD when competing for new hires and attract District employees we need to retain. For Exempt positions, referring to the same slide, the District currently falls at the second from the bottom in compensation relative to other water agencies/cities in the market or 19<sup>th</sup> out of 20.

From Slide 11 it can be seen that District total compensation is roughly 11.5% below the median, the target level provided to the Consultant by the General Manager. Comparatively, as shown on Slide 9, District total compensation is 20.2% below the top of the 3<sup>rd</sup> quartile.

Other interesting items to note from the Survey are:

1. Referring to slides 15 and 16, cash based benefits (Deferred Comp., Retirement Pickup) and Insurance benefits (Health, Dental, Vision, Life, LTD) are better than many of our peers offer. However, our retirement benefits (FICA, health, dental and vision) are less than SSWD’s peers offer.
2. As discussed on slides 17 and 18, the internal relationship ratios between hierarchal positions are recommended to be different than the District has historically utilized.

### How did we get here?

Staff has not been able to identify a single causal factor that has led to the market decline. Instead, what is evident is that the District got to the bottom of the market based on the culmination of various past practices and decisions. Some of these practices and their respective remedies are:

1. For many years the District’s Employee Compensation Policy specified a target market range for the General Manager to maintain employee salaries within. This was changed in 2011 to no target at all. Absence of a target is a factor in the current results of the District.
2. Years ago, the District’s 42 individual positions were grouped into one of 22 position classes – 11 exempt and 11 non-exempt. This practice continued up to the current Study. Staff is unaware of the basis or logic for such groupings. The current Study voided such groupings. Based on the current Study, such prior groupings have led to greater increases for some positions and less for others. Staff recommends each position be evaluated individually to the market.
3. Cost-of-living-adjustments (COLAs) have infrequently been approved by the Board based on Staff recommendations. COLAs are intended to keep District salary bands “current” with the market in between compensation studies. Staff recommends approving annual COLA increases in line with the Bureau of Labor Statistics West Region - West – Size Class A Index at annual budget time. See Exhibit 3.
4. As the general economy has continued to improve, the labor market has grown with it reducing unemployment to a level not seen since 1969. Since the last compensation study was performed in 2016, many other agencies/cities in the market increased their pay bands

and individual salaries within those bands. The District, being late to respond or not having a set schedule to review pay that is more closely aligned with other Districts is another contributing factor in the results. Staff recommends performing compensation studies every two years, especially in rising labor markets.

Past District practices:

In prior years the District's practices regarding Compensation Studies was as follows:

1. **Timing** - By definition, Survey results are indicative of the market today. Therefore, historically upon Board acceptance of the Survey, salary bands and employee salaries within the salary bands moved commensurate with the new results and were effective upon Survey acceptance.
2. **Study Frequency** – Compensation Studies occurred typically every three years.

**Conclusion:**

Per the Board's adopted Strategic Plan (PL – BOD 001), one of the "Values" of the District is to "Achieve high levels of staff professionalism through career development, including training opportunities, and retention of skilled staff with competitive compensation." For awhile now, compensation has not been competitive. Anecdotally, staff has been aware of this problem through the lack of qualified respondents to job announcements and the number of District staff who leave District service for another competing agency within the District's market. Staff's recommended Board Action above, is the first phase in addressing this issue.

As far as timing and consideration of implementing the results of the Study, Staff notes the following upcoming activities:

1. October 30, 2018 – Water Rate Study discussion with Rate Consultant.
2. November 19, 2018 – Board deadline for adoption of Fiscal Year 2019 Budget.
3. Job Announcement distribution for possibly four announced retirements tentatively set to occur by January 31, 2019 – Senior Inspector, Production Operator II, Administrative Services Manager and Distribution Superintendent.

**Fiscal Impact:**

Study costs - \$38,495 - \$8,500 for Bryce Consulting; \$29,995 for Ralph Andersen & Associates.

Labor cost increases, if any, are dependent on future Board actions.

**Strategic Plan Alignment:**

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.

Finance – 4.H. Produce and monitor an annual budget for system operations, maintenance and replacements. By maintaining competitive compensation in the labor market benefits District customers to ensure they are provided the highest level of service and safe reliable water supply.

## Sacramento Suburban Water District

**Employee Compensation Policy**

Adopted: July 19, 2004; Approved with changes on October XX, 2018  
Revised: ~~September 15, 2008; April 18, 2011; May 20, 2013; April 17, 2017~~

---

**100.00 Purpose of the Policy**

The purpose of this policy is to state the intention of the District in regards to employee compensation, delineate the process, and clarify the role and responsibility of the General Manager in the process. A compensation program is necessary to provide each employee with fair and equitable compensation for the value of the skills the employee brings to the District and the position. In order to provide each employee with fair and equitable compensation, it is desirable to develop a systematic method of establishing and maintaining a compensation program. Pursuant to California Water Code Section 30580(d), the General Manager has the responsibility to “fix and alter the compensation of employees and assistants subject to approval by the board” as given during the annual budget process.

**200.00 Policy**

It is the District’s policy to provide all of its employees fair and equitable compensation defined in terms of comparison to other positions within the District and the local labor market for the value of the skills the employee brings to the position and the District.

- a) It is the District’s policy to remain competitive within the local labor market. To accomplish this, the General Manager will target a level \_\_\_\_\_ of compensation in the appropriate labor market when setting compensation for District positions. This includes retirement, health and dental insurance, life insurance, holidays and other benefits, including vacation and sick leave.
- b) The compensation program will include, in addition to direct wages (regular, overtime and stand-by pay), all District holidays and other paid time off benefits, and contributions toward medical/dental/vision insurance, life insurance, short and long term disability, retirement, incentive program and training/educational programs. The total compensation program will be used when comparing the District’s pay level to the current labor market.
- c) It is the District’s policy to provide a program for advancement of its employees within the pay/salary range of their position using a merit-based system based on objective, regular goal setting and performance evaluations.

### **300.00 Authority and Responsibility**

The Board of Directors has the responsibility and authority to establish annual budgetary guidelines for the District that include the annual labor budget.

- a) As part of the proposed annual Operations and Maintenance Budget, the General Manager will prepare and present to the Board of Directors a proposed annual labor budget that will consist of: 1) a detailed annual compensation budget; 2) a proposed merit pool percentage increase; 3) an annual cost-of-living adjustment (COLA); and 4) revised pay/salary bands.
- b) The Board of Directors will consider, amend as needed, and approve the annual labor budget.
- c) The General Manager will have the authority to fix and alter employee compensation within the approved annual labor budget.

The General Manager may change or alter the labor budget during the year by either: 1) requesting the Board of Directors to authorize the General Manager to make such changes at budget adoption; or 2) submitting an amended labor budget, explaining reasons for the change, and receiving Board approval for the change.

The General Manager will have full authority to implement this policy up to the limits of the approved labor budget, which includes:

- Determining staffing requirements, titles, positions, responsibilities and organization structure.
- Setting goals and conducting performance reviews.
- Proposing and, as approved, implementing annual pay/salary adjustments that include annual merit and COLA increases.
- Creating incentive pay programs.
- Creating programs for position upgrades and special assignments.
- Providing pay/salary and benefit benchmarking information and surveys for Board review.
- Creating dual or multiple grade positions as needed.

The General Manager will insure the equitable and uniform implementation of this policy, which includes reporting to the Board on at least an annual basis, typically during the budget process.

### **400.00 Policy Review**

This Policy will be reviewed at least biennially.

**Ralph Andersen &  
Associates**

**October 11, 2018**

# Sacramento Suburban Water District

## 2018 Compensation Survey Report

# Why Surveys Are Done

---

Compensation surveys are a necessary part of assessing and updating an organization's compensation plan.

- Anticipate and understand what labor market is doing
- Data-driven framework for allocating resources to wages and benefits
- Provide defensibility and public accountability employee compensation
- Optimize the District's ability to recruit and retain employees
- Processes such as fact-finding are data-driven

Public and Private employers both use market data to assess compensation; just a difference in accessibility and transparency of data.

# Survey Agencies & Selection Criteria

- Historical Practices
- Natures of Services
- Geographic Proximity
- Size
- Economic Similarity

Carmichael Water District  
Citrus Heights Water District  
City of Davis  
City of Folsom  
City of Roseville  
City of Sacramento  
City of West Sacramento  
City of Woodland  
El Dorado Irrigation District  
Elk Grove Water District  
Fair Oaks Water District  
Placer County Water Agency  
Sacramento County  
San Juan Water District

## Supplemental Management Agencies

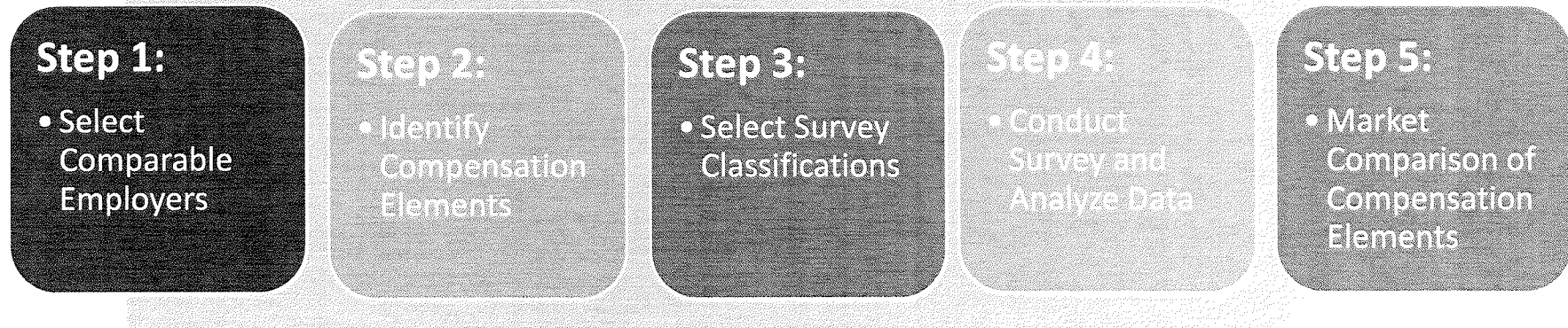
Amador Water Agency  
City of Lodi  
San Luis and Delta Mondata WA  
Stockton East Water District  
Stockton Municipal Utility (City)





# Survey Process

---



Compensation survey data was collected by the project consultants and included the collection and analysis of the following:

- Organization charts, budgets, and position control documents
- Job descriptions
- Salary schedules
- Follow-up information provided by each survey agency
- Additional survey research based on District feedback

Survey job matches were determined by the project consultants and went beyond title comparisons.

# Matching Job Classifications

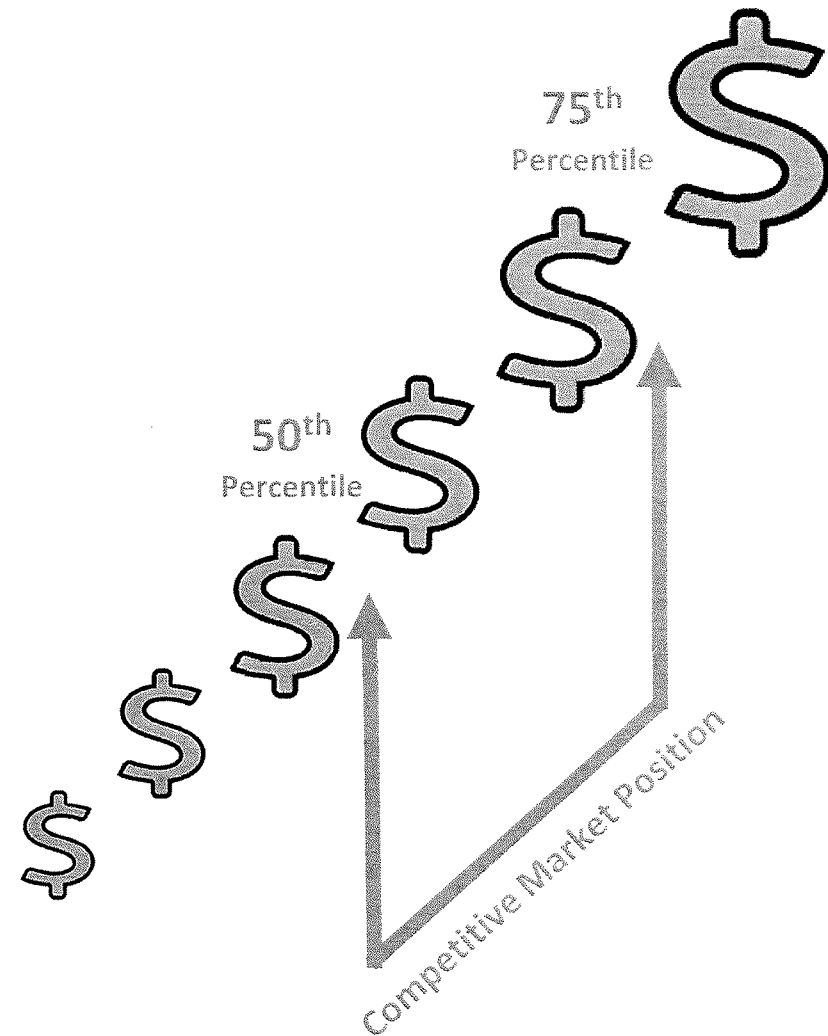
---

Matching job classifications relies on a number of source documents beyond comparisons of job descriptions.

- Job matches only occur if a position exists and is allocated in the budget (and staffed). Some agencies may have legacy job descriptions or titles in their salary schedules that are not used.
- Job matches are based on a review of major and essential job duties along with a comparison of qualifications. Significant differences can result in no comparable job being matched. Examples of differences include:
  - Mismatches in qualification requirements such as requiring specific certifications or a four-year degree
  - Different organization structures such as layers of supervisory and management and broader responsibilities
  - Position allocations that demonstrate working versus advanced levels
- Factors not considered in matching jobs:
  - Staffing, equipment, facility, and resource differences that don't impact required skills and abilities
  - Job functions performed within a broad classification that is used in many assignments
  - Job classifications performing the same duties but in a different department
  - Employee performance or unique qualifications that are beyond what is required
- The survey data will include matches that are similar as well as those that will be slightly higher or lower in role and responsibility.

# Market Position

- Establishes competitive position
- Historical practices is an important consideration; change in practice requires explanation
- \$ or % differences between percentiles depends on the array of data; can be very small if data is tightly arrayed
- Recruitment and retention goals



# Survey Agency Rank (by percentile)

## Non-Exempt

Pctile	Agency
96	San Juan Water District
89	Citrus Heights Water District
65	City of Folsom
63	Elk Grove Water District
60	City of Roseville
57	City of Sacramento
56	Fair Oaks Water District
53	El Dorado Irrigation District
51	Placer County Water Agency
50	City of West Sacramento
48	Sacramento County
35	City of Davis
26	City of Woodland
22	Carmichael Water District
<b>19</b>	<b>Sacramento Suburban WD</b>

62.5 P



## Exempt

Pctile	Agency
90	San Juan Water District
87	Citrus Heights Water District
67	City of Roseville
67	City of Sacramento
67	El Dorado Irrigation District
61	City of Folsom
57	Placer County Water Agency
55	Elk Grove Water District
54	Fair Oaks Water District
52	Sacramento County
44	City of West Sacramento
41	Stockton Municipal Utility (City)
39	San Luis and Delta Mondata WA
34	Stockton East Water District
25	City of Lodi
25	City of Woodland
25	City of Davis
20	Carmichael Water District
<b>19</b>	<b>Sacramento Suburban WD</b>
16	Amador Water Agency

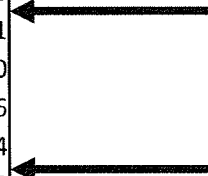
62.5 P



# Sample Data – Base Salary

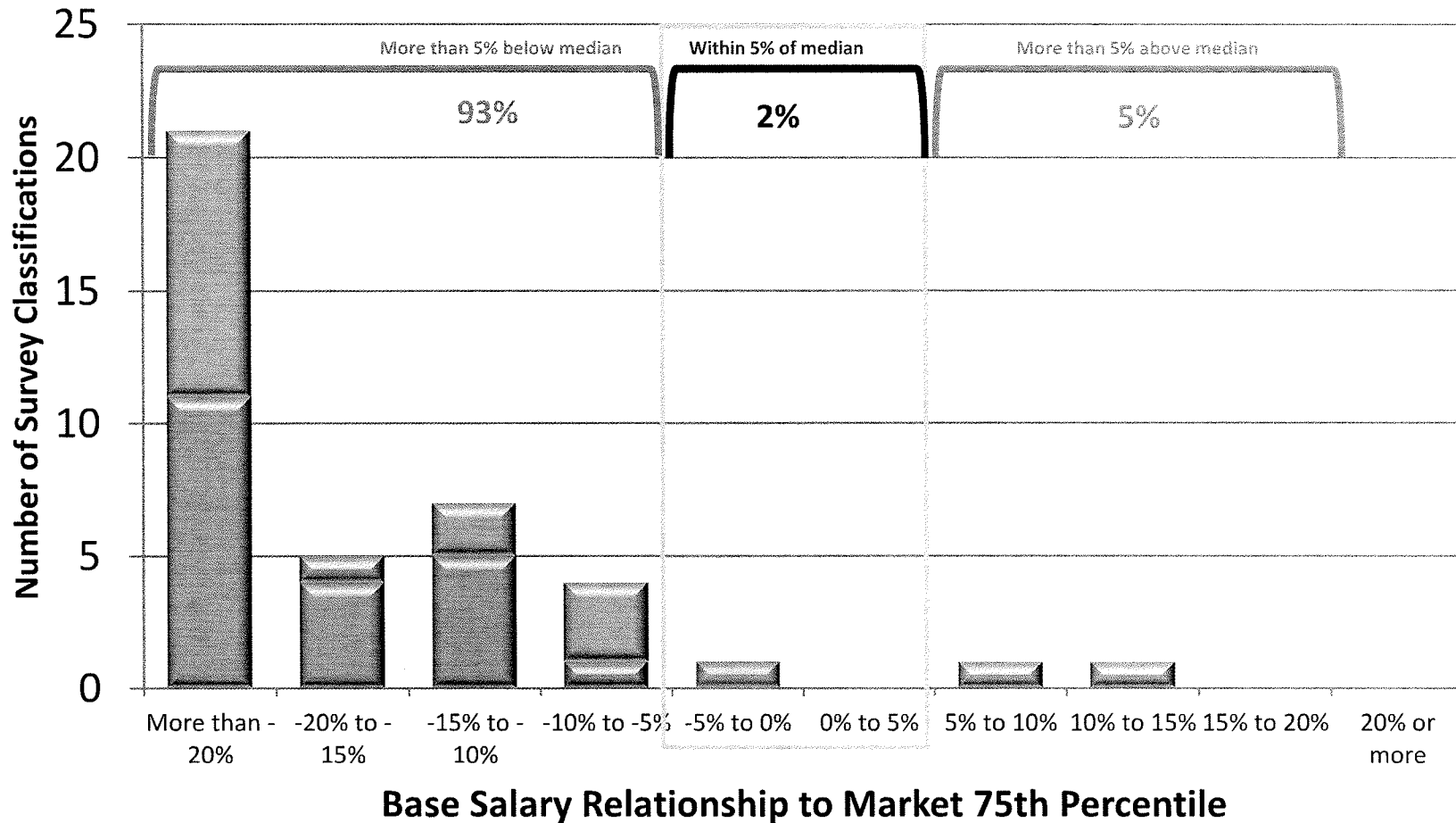
Agency	Comparable Title	Range Max
Citrus Heights Water District	Associate Civil Engineer	\$11,454
San Juan Water District	Associate Civil Engineer	\$11,063
San Luis and Delta Mondata WA	Associate Civil Engineer	\$9,807
Sacramento County	Associate Civil Engineer	\$9,556
Elk Grove Water District	Associate Civil Engineer	\$9,441
El Dorado Irrigation District	Associate Civil Engineer	\$9,360
Placer County Water Agency	Associate Engineer	\$9,326
City of Sacramento	Associate Civil Engineer	\$9,294
Amador Water Agency	Resident Engineer	\$9,090
City of Folsom	Associate Civil Engineer	\$8,965
City of West Sacramento	Associate Civil Engineer	\$8,707
<b>Sacramento Suburban WD</b>	<b>Associate Engineer (Registered)</b>	<b>\$8,578</b>
Stockton East Water District	Associate Engineer II	\$8,491
City of Woodland	Associate Civil Engineer	\$8,178
City of Lodi	Associate Civil Engineer	\$8,178
Stockton Municipal Utility (City)	Associate Engineer	\$7,979
City of Davis	Associate Civil Engineer	\$7,963
	<b>75th Percentile</b>	<b>\$9,470</b>
	% '+/-'	-10.4%
	<b>62.5 Percentile</b>	<b>\$9,339</b>
	% '+/-'	-8.9%
	<b>Median (50th Percentile)</b>	<b>\$9,192</b>
	% '+/-'	-7.2%

3<sup>rd</sup> Quartile Range



# Market Summary – 75th Percentile

20.2% Below 75<sup>th</sup> Percentile on Average

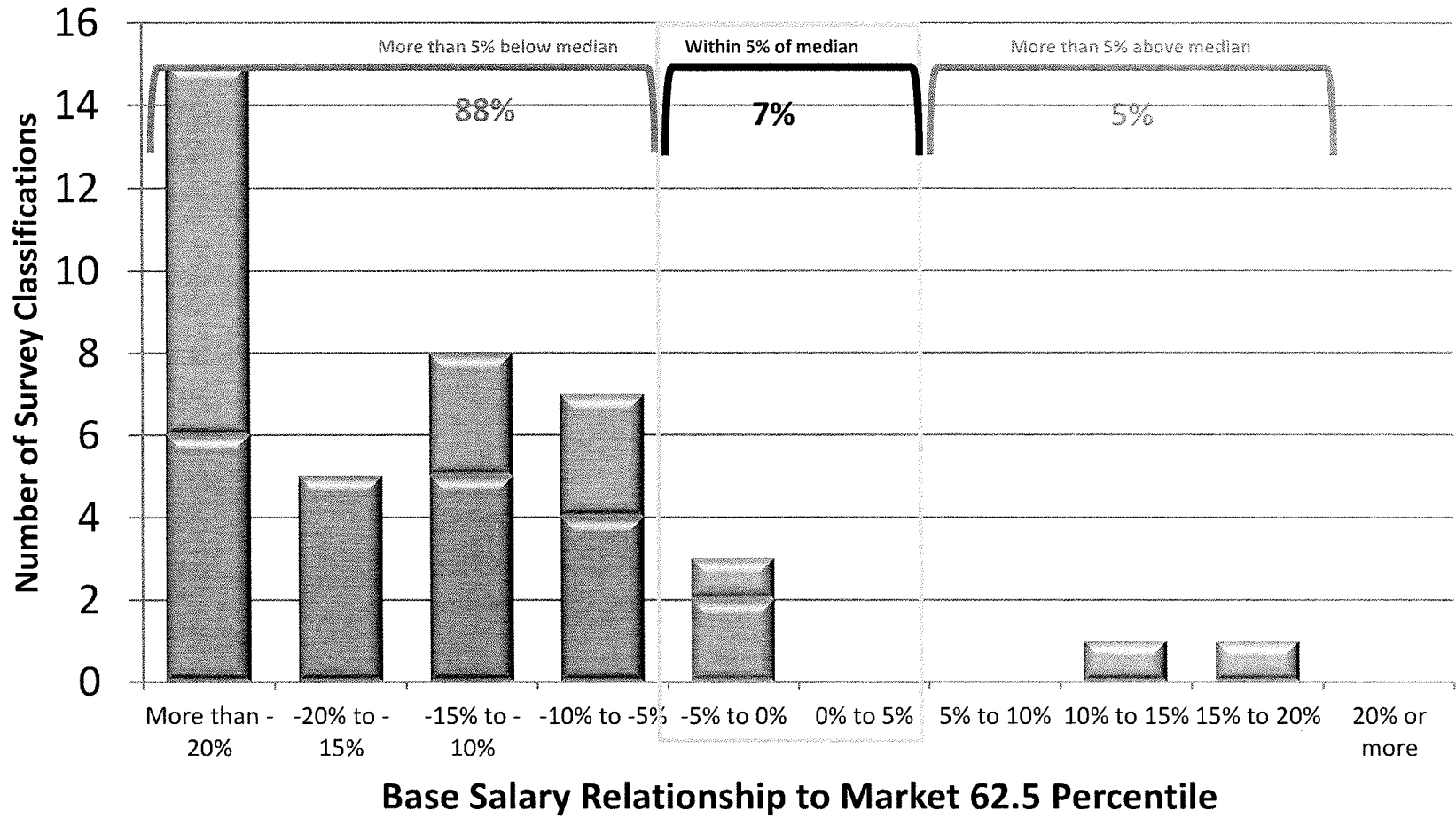


Strongest trend of the survey jobs should be in shaded region

■ Non-Exempt ■ Exempt

# Market Summary – 62.5 Percentile

16.0% Below 62.5 Percentile on Average

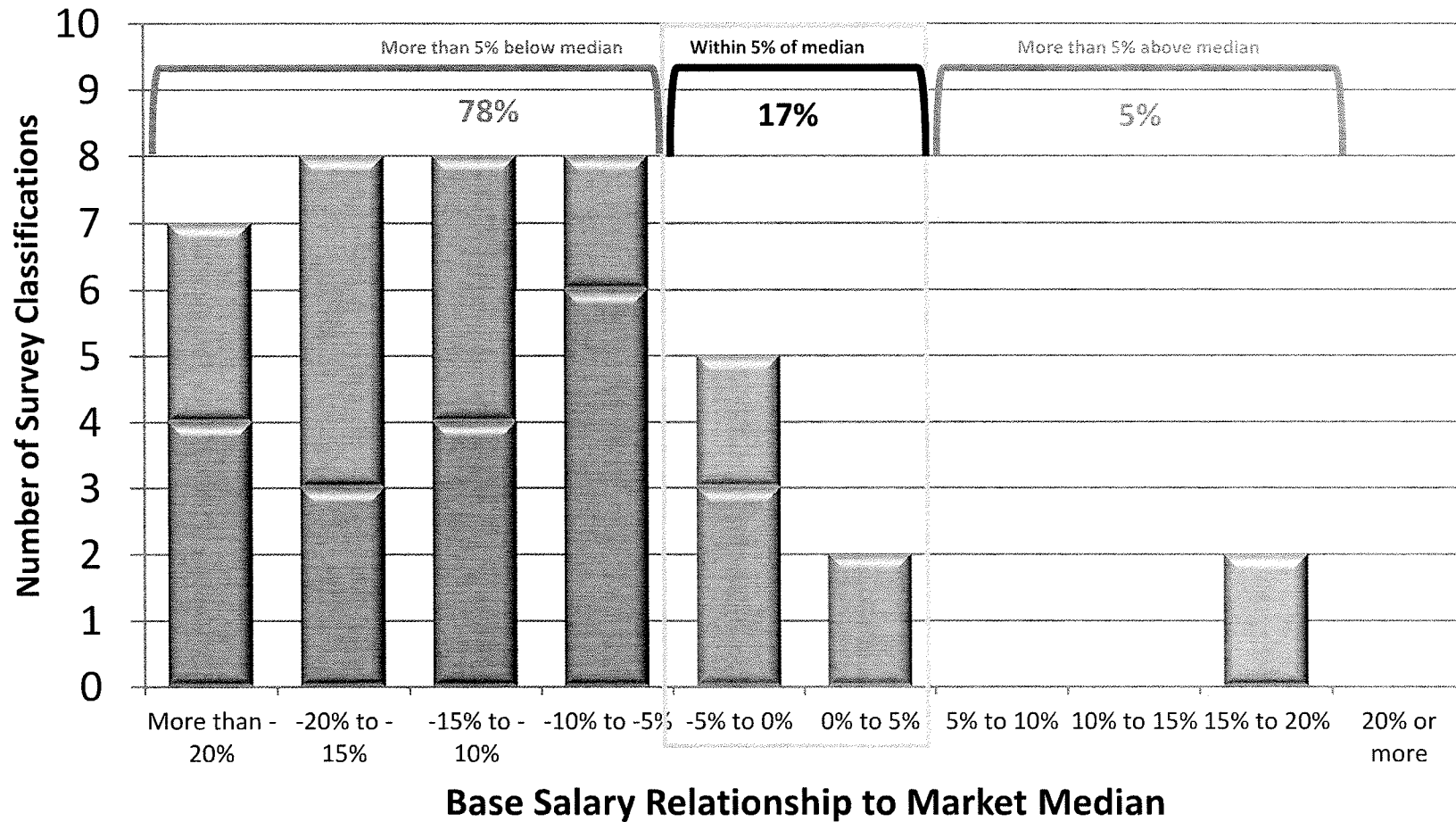


Strongest trend of the survey jobs should be in shaded region

■ Non-Exempt ■ Exempt

# Market Summary – 50<sup>th</sup> Percentile

11.5% Below Median on Average



Strongest trend of the survey jobs should be in shaded region

■ Non-Exempt ■ Exempt



# Sample Data – Cash Benefits

Survey Agency	Comparable Class	Range Max.	Long.	Other Cash	Def. Comp.	Ret. Pickup	Base + Cash
Carmichael Water District	No Comparable Class						
Citrus Heights Water District	Associate Civil Engineer	\$11,454					\$11,454
City of Davis	Associate Civil Engineer	\$7,963	\$398				\$8,362
City of Folsom	Associate Civil Engineer	\$8,965			\$350		\$9,315
City of Roseville	No Comparable Class						
City of Sacramento	Associate Civil Engineer	\$9,294	\$25		\$186		\$9,505
City of West Sacramento	Associate Civil Engineer	\$8,707					\$8,707
City of Woodland	Associate Civil Engineer	\$8,178	\$67		\$164		\$8,408
El Dorado Irrigation District	Associate Civil Engineer	\$9,360					\$9,360
Elk Grove Water District	Associate Civil Engineer	\$9,441	\$472				\$9,913
Fair Oaks Water District	No Comparable Class						
Placer County Water Agency	Associate Engineer	\$9,326	\$466			\$326	\$10,119
Sacramento County	Associate Civil Engineer	\$9,556					\$9,556
San Juan Water District	Associate Civil Engineer	\$11,063					\$11,063
Amador Water Agency	Resident Engineer	\$9,090					\$9,090
City of Lodi	Associate Civil Engineer	\$8,178			\$245		\$8,423
San Luis and Delta Mondata WA	Associate Civil Engineer	\$9,807		\$785	\$490		\$11,082
Stockton East Water District	Associate Engineer II	\$8,491					\$8,491
Stockton Municipal Utility (City)	Associate Engineer	\$7,979					\$7,979
Sacramento Suburban WD	Associate Engineer (Registered)	\$8,578				\$600	\$9,178
	<b>Median</b>	<b>\$9,192</b>					<b>\$9,337</b>
	<b>% +/-</b>	<b>-7.2%</b>					<b>-1.7%</b>

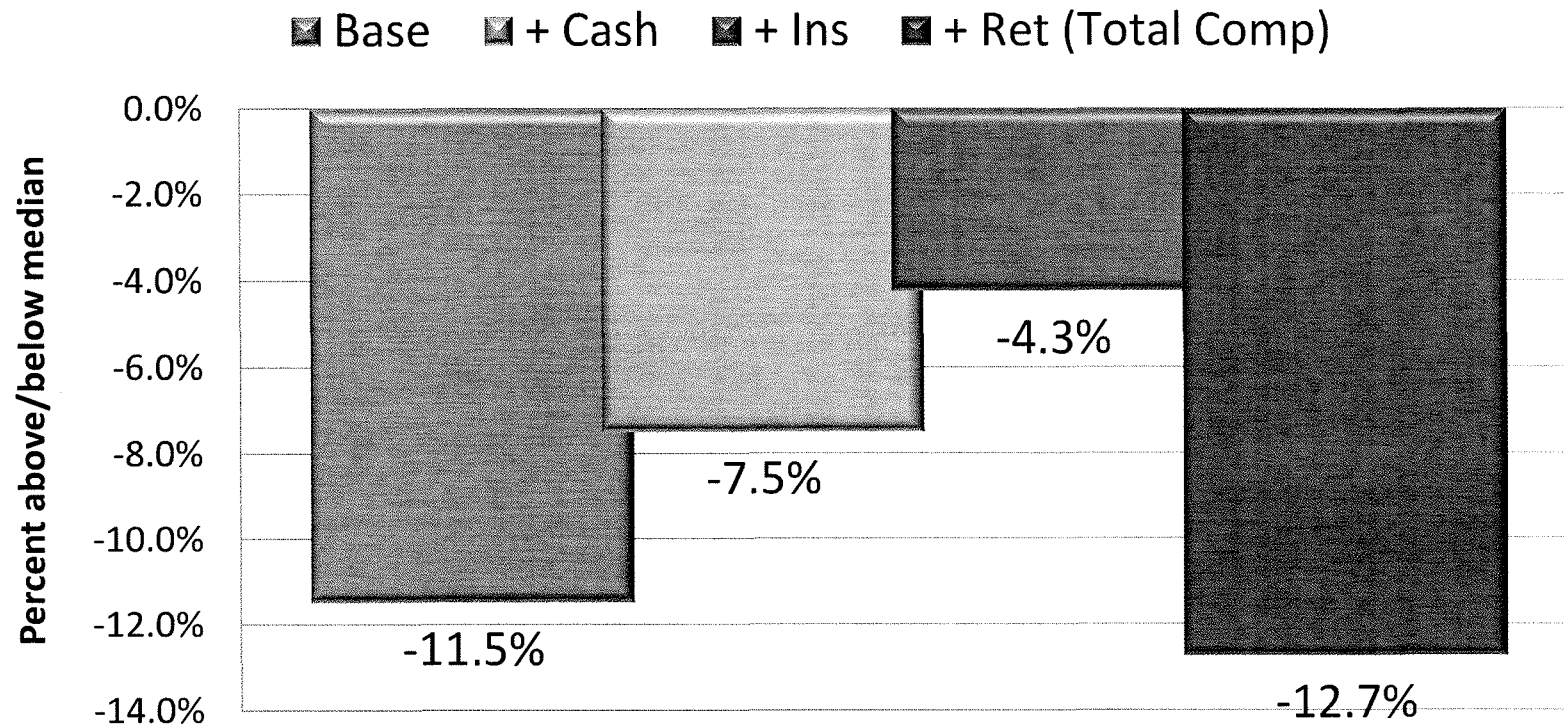
# Sample Data – Insurance Benefits

Survey Agency	Comparable Class	Range Max.	Base + Cash	Health	Dental	Vision	Life	LTD	Base + Cash + Ins.
Carmichael Water District	No Comparable Class								
Citrus Heights Water District	Associate Civil Engineer	\$11,454	\$11,454	\$1,800	\$143	\$31	\$17	\$59	\$13,504
City of Davis	Associate Civil Engineer	\$7,963	\$8,362	\$1,744	\$214		\$8	\$40	\$10,368
City of Folsom	Associate Civil Engineer	\$8,965	\$9,315	\$1,526	\$150	\$22	\$11	\$53	\$11,076
City of Roseville	No Comparable Class								
City of Sacramento	Associate Civil Engineer	\$9,294	\$9,505	\$1,587	incl.	incl.	\$3		\$11,095
City of West Sacramento	Associate Civil Engineer	\$8,707	\$8,707	\$950	incl.	incl.		\$1	\$9,658
City of Woodland	Associate Civil Engineer	\$8,178	\$8,408	\$1,877	\$154	\$19	\$14	\$35	\$10,507
El Dorado Irrigation District	Associate Civil Engineer	\$9,360	\$9,360	\$1,630	\$142	\$19	\$3		\$11,154
Elk Grove Water District	Associate Civil Engineer	\$9,441	\$9,913	\$2,264	\$128	\$23	\$41		\$12,369
Fair Oaks Water District	No Comparable Class								
Placer County Water Agency	Associate Engineer	\$9,326	\$10,119	\$1,859	\$58	\$18	\$36	\$42	\$12,133
Sacramento County	Associate Civil Engineer	\$9,556	\$9,556	\$1,453	\$125		\$1		\$11,136
San Juan Water District	Associate Civil Engineer	\$11,063	\$11,063	\$2,097	\$149	\$19	\$37	\$77	\$13,442
Amador Water Agency	Resident Engineer	\$9,090	\$9,090	\$1,808	\$123	\$24	\$1	\$44	\$11,089
City of Lodi	Associate Civil Engineer	\$8,178	\$8,423	\$1,709	\$83	\$17	\$35		\$10,267
San Luis and Delta Mondata WA	Associate Civil Engineer	\$9,807	\$11,082	\$2,220	\$164	\$24			\$13,490
Stockton East Water District	Associate Engineer II	\$8,491	\$8,491	\$2,488	\$123	\$23	\$28		\$11,152
Stockton Municipal Utility (City)	Associate Engineer	\$7,979	\$7,979	\$1,557	incl.	incl.	\$7	\$50	\$9,594
Sacramento Suburban WD	Associate Engineer (Registered)	\$8,578	\$9,178	\$1,830	\$175	\$20	\$3	\$35	\$11,241
	<b>Median</b>	<b>\$9,192</b>	<b>\$9,337</b>						<b>\$11,115</b>
	<b>% +/-</b>	<b>-7.2%</b>	<b>-1.7%</b>						<b>1.1%</b>

# Sample Data – Retirement Benefits

Survey Agency	Comparable Class	Range Max.	Base + Cash	Base + Cash + Ins.	Emp. Ret.	EE Cont to ER	Ret. Form.	FICA	Base + Cash + Ins. + Ret.
Carmichael Water District	No Comparable Class								
Citrus Heights Water District	Associate Civil Engineer	\$11,454	\$11,454	\$13,504	\$1,030		2@55	\$663	\$15,198
City of Davis	Associate Civil Engineer	\$7,963	\$8,362	\$10,368	\$2,875		2.5@55		\$13,242
City of Folsom	Associate Civil Engineer	\$8,965	\$9,315	\$11,076	\$3,008		2@55	\$556	\$14,640
City of Roseville	No Comparable Class								
City of Sacramento	Associate Civil Engineer	\$9,294	\$9,505	\$11,095	\$1,755		2@55	\$576	\$13,426
City of West Sacramento	Associate Civil Engineer	\$8,707	\$8,707	\$9,658	\$1,840		2 @ 60		\$11,498
City of Woodland	Associate Civil Engineer	\$8,178	\$8,408	\$10,507	\$2,769	(\$491)	2 @ 60		\$12,785
El Dorado Irrigation District	Associate Civil Engineer	\$9,360	\$9,360	\$11,154	\$2,926		2 @ 55	\$580	\$14,660
Elk Grove Water District	Associate Civil Engineer	\$9,441	\$9,913	\$12,369	\$1,581		2 @ 55		\$13,950
Fair Oaks Water District	No Comparable Class								
Placer County Water Agency	Associate Engineer	\$9,326	\$10,119	\$12,133	\$2,537		2.7 @ 55	\$578	\$15,248
Sacramento County	Associate Civil Engineer	\$9,556	\$9,556	\$11,136	\$1,716	(\$182)	2.43@65	\$592	\$13,263
San Juan Water District	Associate Civil Engineer	\$11,063	\$11,063	\$13,442	\$1,438		3 @ 60	\$663	\$15,544
Amador Water Agency	Resident Engineer	\$9,090	\$9,090	\$11,089	\$2,030		2@55	\$564	\$13,682
City of Lodi	Associate Civil Engineer	\$8,178	\$8,423	\$10,267	\$2,171		2 @ 55		\$12,438
San Luis and Delta Mondata WA	Associate Civil Engineer	\$9,807	\$11,082	\$13,490	\$1,808		2.5 @ 55	\$608	\$15,906
Stockton East Water District	Associate Engineer II	\$8,491	\$8,491	\$11,152	\$947	(\$1,129)	2@55		\$10,970
Stockton Municipal Utility (City)	Associate Engineer	\$7,979	\$7,979	\$9,594	\$2,127		2 @ 55		\$11,720
Sacramento Suburban WD	Associate Engineer (Registered)	\$8,578	\$9,178	\$11,241	\$922		2 @ 55	\$532	\$12,695
	<b>Median</b>	<b>\$9,192</b>	<b>\$9,337</b>	<b>\$11,115</b>					<b>\$13,554</b>
	<b>% +/-</b>	<b>-7.2%</b>	<b>-1.7%</b>	<b>1.1%</b>					<b>-6.8%</b>

# Benefits Survey Summary – All Jobs



Benefits analysis based on snap-shot trends of major benefit categories

- When base salary ranges are compared, the District is 11.5% below median overall
- When cash benefits are added to base salary and the cumulative totals analyzed, the District is 7.5% below market median. This means the District's cash benefits are slightly higher than market, but not significantly so (differences of 3% are not significant)
- When insurance benefits are cumulatively added to base and cash benefits, the District is 4.3% below the market median which indicates a slight gain due to higher insurance benefits (employer cost)
- When retirement benefits are added, the District is 12.7% below market median, a loss of 8.5% due to weaker retirement benefits
- **Overall, the District loses 1.2% in market position when benefits are added.**

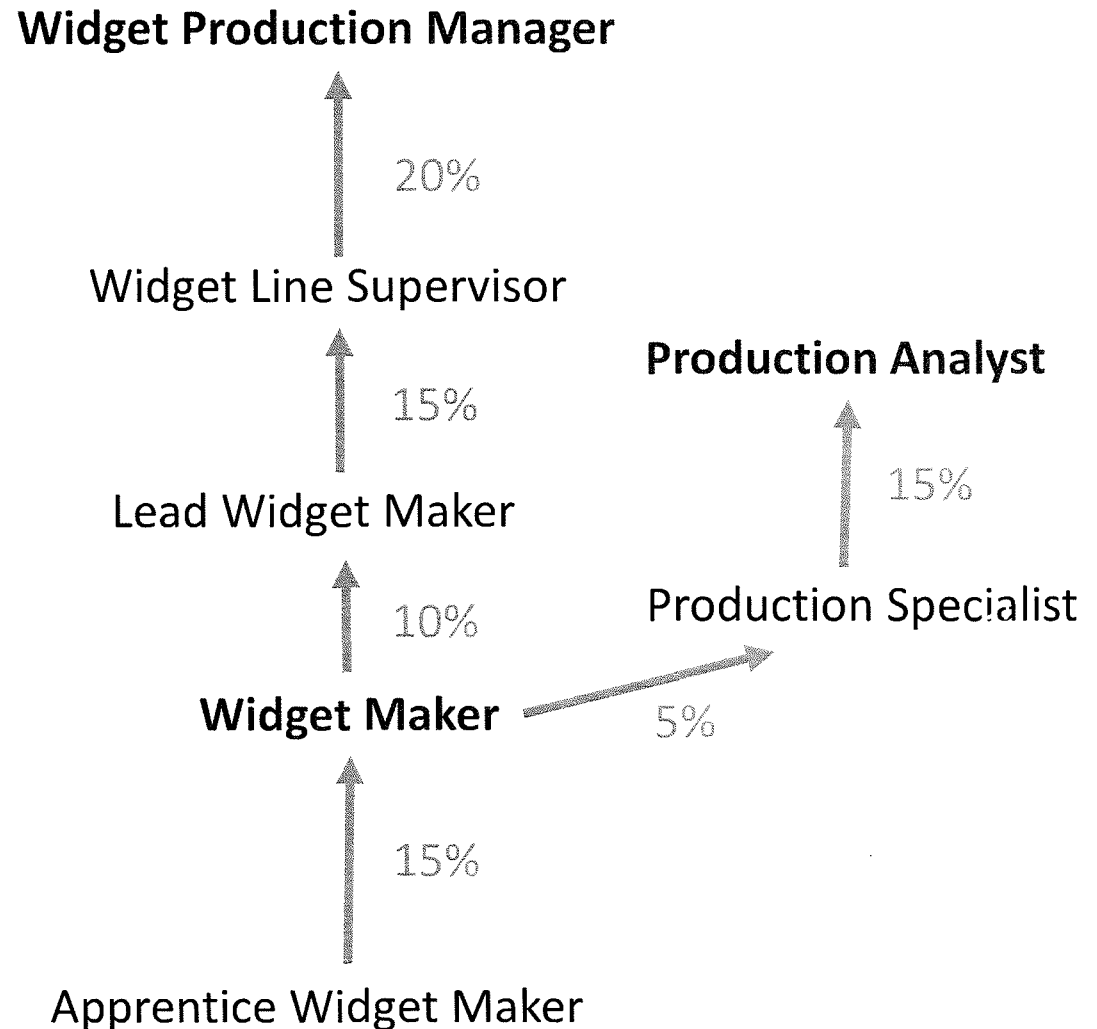
# Summary of Benefit Differences

---

- Cash Benefits
  - District pays 7% of the employee retirement contribution (EPMC). Only two other agencies pay a portion of the employee contribution.
- Insurance Benefits
  - On average, the District's combined Health, Dental, and Vision insurance costs are \$130 more than the market.
- Retirement Benefits
  - The District's employer retirement contribution costs are significantly lower than the market average.
  - Just over half of the market agencies have Social Security benefits (FICA).
- Overall, the District's benefits don't significantly impact it's competitive market position.

# Benchmarking - Example

- Establish market benchmarks
  - Best job matches
  - High number of comparables
  - Best data statistically
- Analyze internal relationship
- Establish % differentials
- Result: salary range adjustments

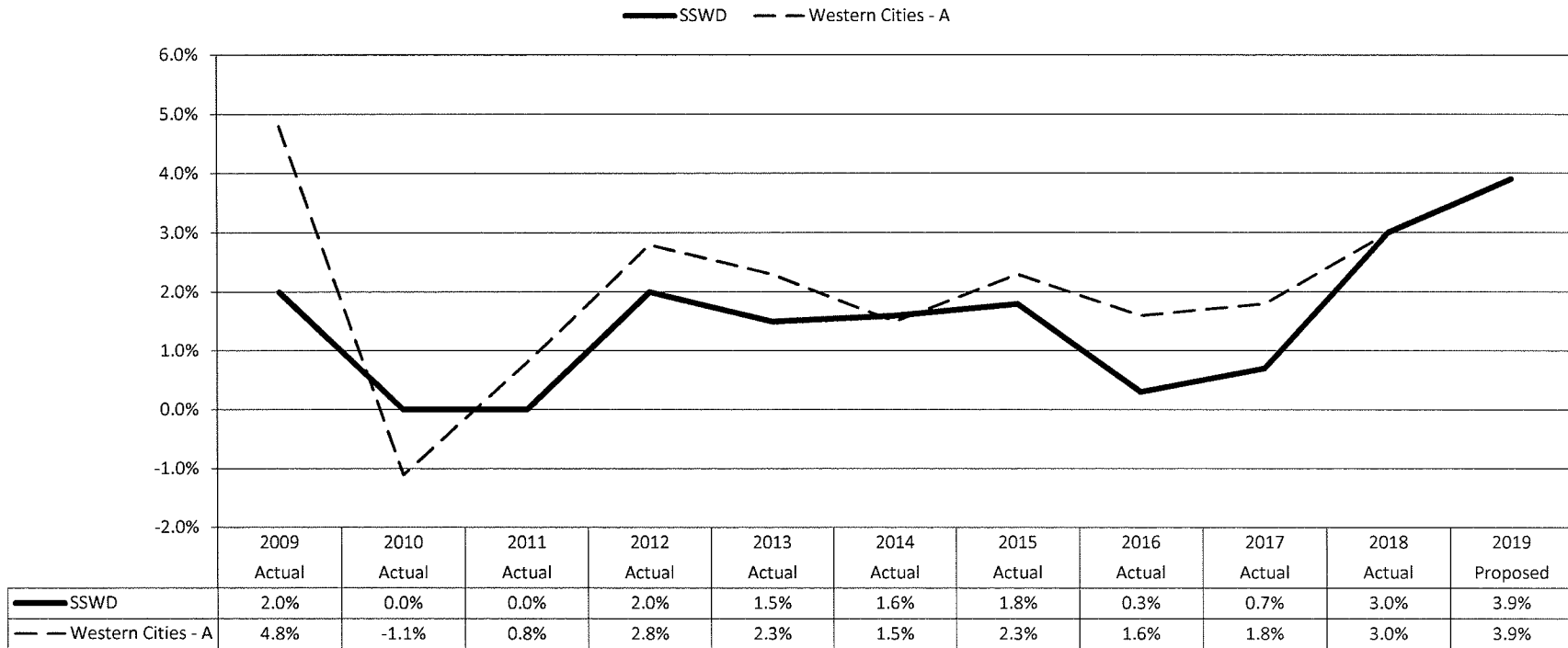


# Salary Range Recommendations

---

- Benchmark positions tied to market median
  - Not all jobs need market ties
  - Tied to range maximum
- Internal relationships
  - Assessment of differences and similarities in duties, role, responsibilities, qualifications, and resources
    - 5% difference between jobs when minor differences exist
    - 10% between classes in a series where moderate differences exist
    - 15% - 20% minimum over subordinates and between job classes with significant differences
- Internal salary alignments for internal equity where important
  - Some market relationships may be ignored due to internal ties and better market benchmarks
- Adjusted to fit the District's salary table, as needed

# EXHIBIT 3







## Agenda Item: 6

**Date:** October 2, 2018

**Subject:** Antelope Gardens Deactivation

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

**Recommended Board Action:**

Staff recommends demolishing the Garden in CY2019 and rough grading the site and seeding with native grasses to mitigate soil erosion and dust.

**Background:**

The District has had a rich history of promoting landscape water use efficiency. Antelope Gardens (Garden) was commissioned in the late 1990's in an effort to demonstrate and teach the water use efficiencies the District has promoted for nearly five decades. Though the Garden has served as the District's banner of landscape water use efficiency and public education, the time has come to review its current purpose. Currently, there is an abundance of information and resources available to the public providing them with many different avenues for information regarding landscape water use efficiency. Thus, at a Regular Board meeting held on November 20, 2017, the Board of Directors (Directors) discussed the proposed \$70,000 maintenance study of the Garden. The Board requested that District staff review the purpose and use of the Garden and bring those findings to the Facilities and Operations Committee (Committee). Staff reported to the Committee on September 13, 2018, with a recommendation that the Garden be deactivated and demolished in CY2019. The Committee directed staff to prepare a report with discussion of possible future uses of the site.

**Discussion:**

An Antelope Gardens Ad Hoc Committee (Committee) was formed to evaluate the current use of the Garden, and determine the best course of action for the Garden going forward.

The Committee consists of the following members:

- Greg Bundesen, Water Conservation Supervisor (Chair)
- Dave Morrow, Senior Engineer
- Dan Bills, Finance Director
- Michelle Hirt, Facilities and Fleet Specialist
- Kerry Smith, Customer Service Representative

The Committee met to discuss the costs and benefits of the Garden. Though the Garden has public education benefits regarding sustainable landscape practices, based on the excessive required repair and maintenance costs for the Garden and the low turnout when the Garden is

open to the public, the Committee feels that the Garden no longer provides the benefit it once provided to District customers. The items in need of attention/upgrades are the gazebo structures, roofing of the buildings, the bridge, the waterfall, irrigation system, irrigation system controllers, and the replanting of various plants at an estimated cost of \$280,000. Also, the Garden's annual maintenance cost is approximately \$35,000. With the high cost of upgrades and maintenance in mind, the Committee came to the conclusion that it is time to move on from the Garden and that it be repurposed for other District use.

The Garden occupies about 56,000 square feet (1.3 acres) exclusive of a paved driveway on its southeast side and overflow the parking and landscaping beyond. The Garden site has many potential alternate uses such as a well site, material storage yard, operator training area for use of various equipment, and parking for the adjacent Antelope Facility. Staff would need time to assess and vet these options for the site's future use before developing a recommendation to present to the Board. To avoid constructing improvements prematurely, the Committee has considered what minimal temporary action could be taken in the interim. The Committee is recommending that staff begin the process of repurposing the Garden by removing all structures (gazebos, kitchen, arbors, bath and storage rooms, bridge, etc.), landscaping (vegetation, waterfall, pathways, etc.), and irrigation system (drip lines, controller, valves, etc.) while the Committee continues to vet alternate use options for the site. In its place, staff recommends rough grading the site and seeding with native grasses to mitigate soil erosion and dust. Native grasses are perennial plants that do not require irrigation. The site would be mowed once or twice a year as needed to mitigate potential fire hazards.

Due to the timing of the decision to repurpose the Garden, initial information regarding its destruction and repurposing will be distributed to the public in January 2019. Staff will make another announcement regarding the process in April 2019, when advertisements for the Garden normally begin. Once repurposing plans are approved, staff will distribute information on those decisions through future bill inserts. Also, the District's website will be updated immediately stating that the Garden is closed until further notice.

**Fiscal Impact:**

Approving the Committee's recommendation would cost approximately \$50,000. Funds are budgeted in the CY2019 budget.

**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 resource sustainability and lifecycle cost analysis into the framework.

The heavy cost for bringing the facility up to current standards is outweighed by the possible alternate uses listed above which staff will continue to vet in the coming months. At the conclusion of this process, the District will have a functional space for District operations while customers can continue to benefit from other existing cost effective District demonstration gardens such as the Garden on Eden.



## Agenda Item: 7

**Date:** September 26, 2018

**Subject:** Options for Providing the Board with Electronic Board Packets

**Staff Contact:** Mike Huot, Assistant General Manager

### Recommended Board Action:

Staff recommends the following for distributing Board Packets:

1. Board – An option to view Board Packets on a District provided electronic device, view Board Packets by hard copy, or view Board Packets both electronically or by hard copy.
2. Public – Print three (two for public copies at the meeting, one for Customer Service – walk-in customers) Board Packets and ten agendas for the Board meetings. Additional copies can be purchased prior to the Board meeting.

### Background:

Traditionally, the Board of Directors, staff, and the public have received Board Packets in paper copy form. As technology advances, companies are going green and paper copies are being replaced by electronic technology.

On September 17, 2018, staff presented options for distributing Board Packets as follows:

- Status Quo Option – continue printing paper Board Packets for the Board, staff, and the public.
- Electronic Option – provide electronic devices for the Board and staff to view Board Packets, provide paper agendas for the public, and provide a hard copy Board Packet if requested for purchase by the public.
- Hybrid Option – an option to allow the Board and Staff to choose between viewing Board Packets electronically or continue receiving hard copy Board Packets while continuing to provide hard copies for the public.

Generally, the Board was open to transitioning over to viewing the Board Packets electronically but would like to test it before committing to going solely electronic. The Board also requested staff to review costs for the electronic equipment more closely because the quote of \$1,700 for each device, including accessories, seemed too expensive.

The public had comments and opposed changing to electronic only for the Public. There was also a comments about the risks of material being discoverable on the electronic devices.

### Discussion:

Following the September 17, 2018, Board meeting, staff recommends the public receive two paper Board Packets and be provided ten agendas at Board meetings. Per the Records

Inspection, Retention and Disposal Policy, one paper Board Packet will continue being provided at the front entrance in the Customer Service Department. The Board will be provided the option of receiving electronic equipment to review Board Packets and have access to email and an option to continue receiving paper Board Packets as well. Staff has elected to use electronics to view Board Packets and will no longer receive full copies of Board Packets.

Our IT department reviewed costs of electronic equipment for viewing Board Packets and accessing e-mail. Costs vary depending on the type of device and size of the screen. Our IT staff found a few options for the Board to consider:

- (1) Surface Laptop with a 13.5-inch screen (2.76 pounds) - \$999
- (2) Surface Pro with a 12.3-inch screen, can be used as a tablet or laptop (1.69 pounds) - \$999
- (3) Dell Latitude laptop with a 15.6-inch screen (4.45 pounds) - \$589
- (4) Dell Inspiron laptop with a 17-inch screen (6.15 pounds) - \$649

An Acceptable Use Agreement form will be required to be signed by Board members if they elect to receive an electronic device.

Reducing or eliminating paper copies has many benefits. In addition to being more efficient, it will allow our administrative staff to reallocate their time towards other District business needs, which is about 20 hours a month. Going electronic will also promote our “going green” objective by reducing use of printing supplies and paper.

By continuing to provide hard copies of Board Packets to the public, there is no reduction in transparency, which is a high priority of the District.

### **Fiscal Impact:**

A laptop or surface and accessories will cost up to \$999 for each Director that chooses this option. The number of Board members and staff that need a laptop or surface will dictate the initial cost.

### **Strategic Plan Alignment**

Facilities and Operations – 2.C. Develop cost-effective strategies utilizing technology and available resources to optimize delivery of water and enhance service.

Facilities and Operations – 2.E. Continue with information technology systems that will provide the availability of timely and accurate information allowing a provision of superior service to our customers.

Changing from paper copies to electronic Board Packets provides the District rate payers a benefit by improving efficiencies and promote the District’s promotion of “going green” by reducing printing supplies and paper.



## Agenda Item: 8

**Date:** October 11, 2018

**Subject:** Fiscal Year 2019 Budget – 2<sup>nd</sup> Draft

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

### Recommended Board Action:

Staff recommends postponing Budget approval until either the November or December regularly scheduled Board meetings.

### Discussion:

Attached is the proposed Fiscal Year 2019 Budget – 2<sup>nd</sup> Draft. Based on pending results of the 2018 Compensation Study and Water Rate Study.

Changes since the first draft that was presented on September 10, 2018 include:

1. Recommend addition of a Production Foreman position instead of a Production Operator.
2. Deferred completion of \$1.2 million of CIP project expenditures in 2018 to 2019.

The 2019 Budget and 2020 Forecast materials are presented in the following order in the attached PowerPoint presentation:

1. District Goals and Budget Process
2. 2019 Key Assumptions
3. 2018 Highlights and 2019 Goals
4. Proposed 2019 Budget and 2020 Forecast
5. Total Revenue, Expense and Reserve Balance Analysis
6. Operation & Maintenance (O&M) Budget
7. Capital Improvement Program (CIP) Budget
8. Operating Capital Budget (OCB)
9. Debt Service Forecast

As required by the District's Budget Policy (PL Fin-012), the proposed 2019 Budget is balanced (revenues equaling expenses) when \$3.9 million of reserves are utilized. As adopted by the Board at the August 20, 2018 Board meeting, the target reserve balance level is to be \$36.5 million. The reserve balance is projected to be \$43.1 million at the end of 2018 or \$6.6 million above target. Absent the results of the Water Rate Study, Staff recommends utilizing \$3.9 million of Rate Stabilization Reserves to balance the 2019 Budget.

The 2019 financial impact of the Studies below have not been taken into consideration in this 2<sup>nd</sup> Draft:

1. The 2018 Water Rate Study is in process with results not expected until later in the year.
2. The 2018 Employee Compensation Study is in process with results pending.

Once these studies are complete, the new information will be incorporated in the 2019 Budget.

**Fiscal Impact:**

If adopted as presented, the 2019 O&M budget would be \$22.8 million (including funding other post-employment benefits of \$0.58 million); the 2019 CIP budget would be \$20.8 million; the 2019 OCB budget would be \$0.9 million, and the 2019 debt service forecast would be \$7.4 million. The total of all four budgets would be \$52.0 million. Revenues are projected to be \$48.1 million resulting in a potential drawdown of reserves of \$3.9 million.

**Strategic Plan Alignment:**

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

# 2019 Budget Second Draft

Board Meeting  
October 15, 2018

# Mission Statement

- *To deliver a high quality, reliable supply of water and superior customer service at the lowest responsible price.*



# 2019 Budget Development Process

- June Board Meeting – 06/18/18, 6:00 pm
  - Budget Preparation Timeline Approved
- Finance and Audit Committee – 07/10/18, 4:00 pm
  - Consider Budget Assumptions; Provide Direction to Staff
- July Board Meeting – 07/16/18, 6:00 pm
  - Approve Budget Assumptions; Provide Direction to Staff
- August Board Meeting – 08/20/18, 6:00 pm
  - Status Report; Provide Direction to Staff
- Board Workshop – 09/10/18, 6:00 pm
  - First Draft Presentation; Provide Direction to Staff
- September Board Meeting – 09/17/18, 6:00 pm
  - Updates from Board Workshop; Provide Additional Direction to Staff
- October Board Meeting – 10/15/18, 6:00 pm
  - Provide Additional Direction to Staff
- November Board Meeting – 11/19/18, 6:00 pm
  - Budget Approval or Provide Additional Direction to Staff
- December Board Meeting – 12/17/18, 6:00 pm
  - Budget Approval

# Budget Periods

- O&M and OCB Budget
  - Projects and Budget Adopted for One Year
- CIP Budget
  - Projects Approved for Two Year Period
  - Budget Adopted for one Year Plus Encumbrances for Second Year

# 2019 Budget Assumptions

Key Assumptions	2017		2018		2019	
1 Rate Increase	4.00% \$1,700,000		4.00% \$1,800,000		In Process (D)	??
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)	\$ 559.00	1,000 AF	\$ 483.50	1,000 AF	\$ 507.68	1,000 AF
c. SSA Groundwater (City)					\$ - 0-	3,800 AF
d. SSA Groundwater (Variable costs)	\$ 110.65	15,000 AF	\$ 121.43	13,000 AF	\$ 136.51	9,200 AF
e. NSA Surface Water (PCWA)	\$ 35.00	12,000 AF	\$ 36.65	12,000 AF	\$ 38.48	12,000 AF
f. NSA Surface Water (Bureau)	\$ 30.68	12,000 AF	\$ 21.26	12,000 AF	\$ 22.32	12,000 AF
g. NSA Surface Water (SJWD Treatment)	\$ 161.92	12,150 AF	\$ 176.49	12,150 AF	\$ 192.37	12,150 AF
h. NSA Groundwater (Variable costs)	\$ 97.33	6,850 AF	\$ 112.30	6,850 AF	\$ 117.12	6,850 AF
i. NSA Bureau 215 Water	\$ 74.55	150 AF	\$ 78.28	150 AF	\$ 80.26	150 AF
j. NSA Wheel Water to Cal-AM, RLEVWD (Revenue)	\$ (337.05)	1,935 AF	\$ (356.14)	2,000 AF	\$ (366.71)	2,000 AF
5 Anticipated Outside Water Sales, Net		None	\$ 684,000	4,000 AF	None	None
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%		3.90%
10 Merit Program		3.00%		3.00%		3.00%
11 Construction Inflation (B)		2.80%		3.00%		8.00%
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		-		3
17 Funding of Post Retirement Benefits		\$ 472,200		\$ 560,000		\$ 580,000
18 2018 Compensation Study is included						
<b>Footnotes:</b>						
(A) SSA = South Service Area; NSA = North Service Area						
(B) 20 Cities CCI Index, Source: ENR						
(C) From UnitedHealthcare to HealthNet Smart Care HMO						
(D) 2018 Rate Study is currently in process						

# 2018 Projected Actual and Highlights

	Approved 2018 Budget \$ Millions	Projected 2018 Actual \$ Millions	Projected Unspent %
Operations & Maintenance Budget	\$21.9	\$21.3	(3)
Capital Improvement Program Budget	19.2	17.5	(9)
Operating Capital Program Budget	1.2	1.2	-
Debt Service Budget	<u>7.7</u>	<u>7.5</u>	<u>(2)</u>
Total	<u>\$50.0</u>	<u>\$47.8</u>	<u>(4)</u>

## 2018 Projected Results:

- Water Deliveries of 32,850 AF
  - Comprised of 30,850 AF to Customers and Wheeled Water Deliveries of 2,000 AF
- Follow modified asset management plans for replacing water infrastructure assets, to include:
  - For 2018 expect to replace 4.3 miles of Distribution Main Lines, including approximately 670 Meters
  - Install (Retrofit) an additional 1,285 Water Meter Retrofits – (1,270 Meter Retrofit Program, 15 Voluntary)
  - Replace 1,200 Old Water Meters that have outlived their useful life (estimated at 20 Years)
  - Continue Work on Palm Avenue Well – Site Work and Pumping Facilities
  - Continue Work on Design and Construction of Butano, Palm and Verner Wells
  - Began Multi-Year Process to Acquire Future Well Sites

# 2019 Goals

## **Budget Will Allow the District to Accomplish the Following:**

- Water Deliveries of 33,000 AF
  - 31,000 AF to Customers
  - 2,000 AF Wheeled to Cal-American
- Follow modified asset management plans for replacing water infrastructure assets, to include:
  - For 2019, replace up to 4.3 miles of Distribution Main Lines, including approximately 312 Meters
  - Install (Retrofit) an Additional 1,207 Water Meter Retrofits plus 15 Voluntary
  - Complete Palm Well – Pumping Facility Construction
  - Continue Work on Butano Well – Pumping Facility Design & Construction
  - Continue Work on Verner Well – Pumping Facility Design & Construction
  - Rehab River College Well and Northrop Well
  - Destroy 3 - 5 Abandoned Well Sites

# 2019 Budget

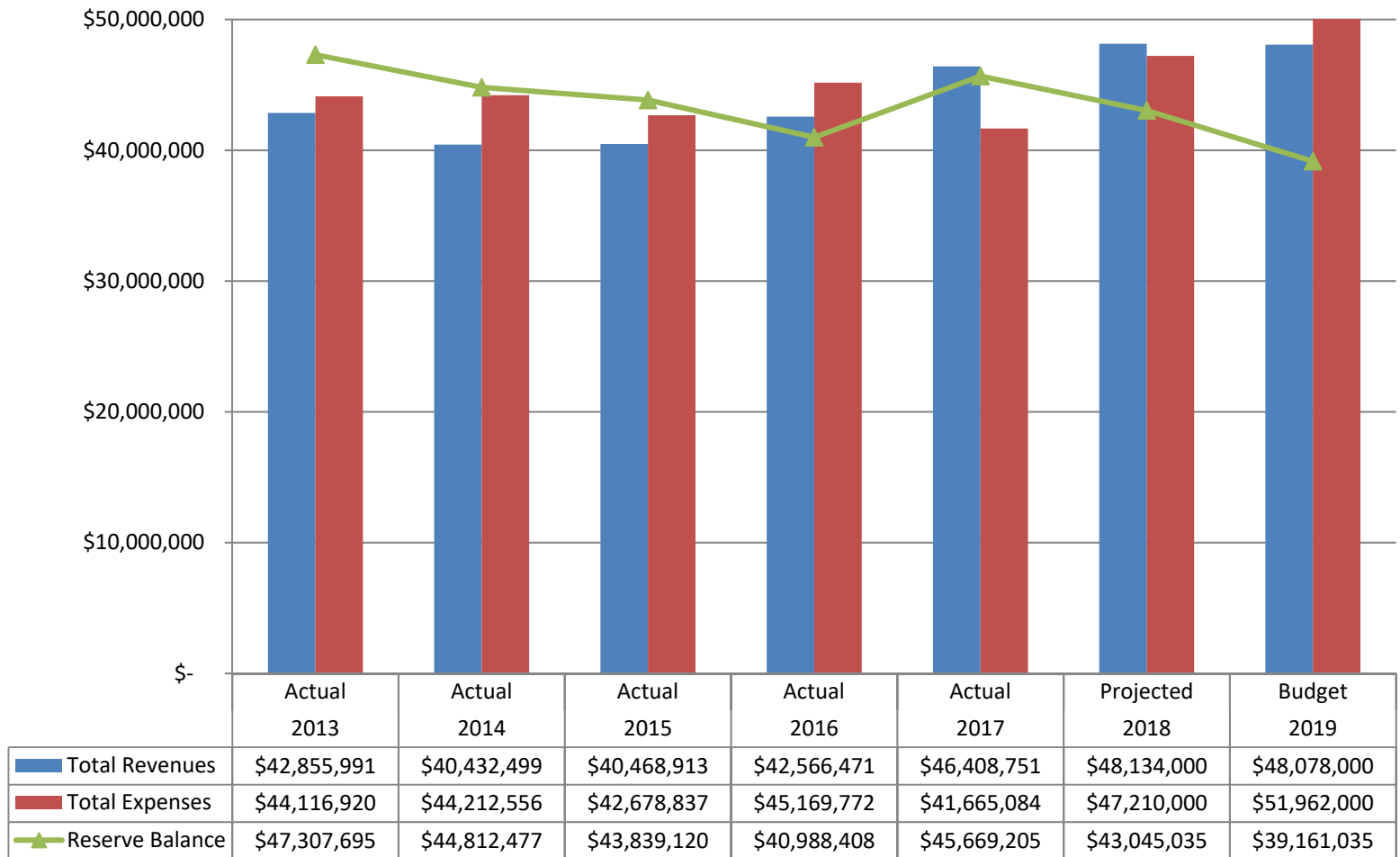
	<u>2017 Actual</u>	<u>2017 Amended Budget</u>	<u>Actual As Of 09/30/18</u>	<u>2018 Projected</u>	<u>2018 Approved Budget</u>	<u>2019 Proposed Budget</u>
Water Sales Charge	\$ 12,543,644	\$ 11,952,000	\$ 9,889,238	\$ 13,235,000	\$ 12,489,000	\$ 13,304,000
Water Service Charge	6,365,984	7,146,000	4,743,791	6,458,000	6,752,000	6,492,000
Capital Facilities/Debt Repayment	23,498,931	22,977,000	18,029,403	24,444,000	24,557,000	24,571,000
Wheeling Water Charge	675,830	633,000	262,781	530,000	175,000	730,000
Other Charges for Services	1,077,174	1,018,000	759,945	1,068,000	1,047,000	1,074,000
Income From Customers	44,161,563	43,726,000	33,685,158	45,735,000	45,020,000	46,171,000
Water Transfers	-	1,992,000	-	684,000	-	-
Interest Income	571,716	820,000	562,817	965,000	899,000	932,000
Other Income (Leases, Cells, Etc.)	452,653	250,000	370,581	450,000	266,000	400,000
Facility Development Charges	135,073	500,000	116,284	300,000	300,000	300,000
Grant Income	1,087,746	210,000	17,053	-	-	275,000
Total Other Income	2,247,188	3,772,000	1,066,735	2,399,000	1,465,000	1,907,000
Total Revenue	<u>\$ 46,408,751</u>	<u>\$ 47,498,000</u>	<u>\$ 34,751,893</u>	<u>\$ 48,134,000</u>	<u>\$ 46,485,000</u>	<u>\$ 48,078,000</u>
<b>Budgets:</b>						
<b>Operations and Maintenance</b>	19,424,311	21,311,000	14,125,488	21,024,000	21,860,000	<b>22,832,000</b>
<b>Capital Improvement Program</b>	13,585,527	16,975,000	9,884,400	17,460,000	19,160,000	<b>20,842,000</b>
<b>Operating Capital Program</b>	1,135,278	1,166,000	545,388	1,161,000	1,161,000	<b>868,000</b>
<b>Debt Service (Forecast)</b>	7,519,968	7,770,000	1,920,518	7,565,000	7,700,000	<b>7,420,000</b>
<b>Total Costs</b>	<u>41,665,084</u>	<u>47,222,000</u>	<u>26,475,794</u>	<u>47,210,000</u>	<u>49,881,000</u>	<u><b>51,962,000</b></u>
Change in Reserve Balance	4,743,667	276,000	8,276,099	924,000	(3,396,000)	(3,884,000)
Reserve (Cash) Balance	<u>\$ 45,669,205</u>	<u>\$ 41,264,408</u>	<u>\$ 47,812,028</u>	<u>\$ 46,593,205</u>	<u>\$ 41,566,409</u>	<u>\$ 39,161,035</u>
Refunding 2009B			\$ (3,548,170)	\$ (3,548,170)		
	<u>\$ 45,669,205</u>	<u>\$ 41,264,408</u>	<u>\$ 44,263,858</u>	<u>\$ 43,045,035</u>	<u>\$ 41,566,409</u>	<u>\$ 39,161,035</u>

Note: Bolded lines are the Budgets – O&M, CIP, OCB, and Debt Service Forecast

# 2019 Budget Changes

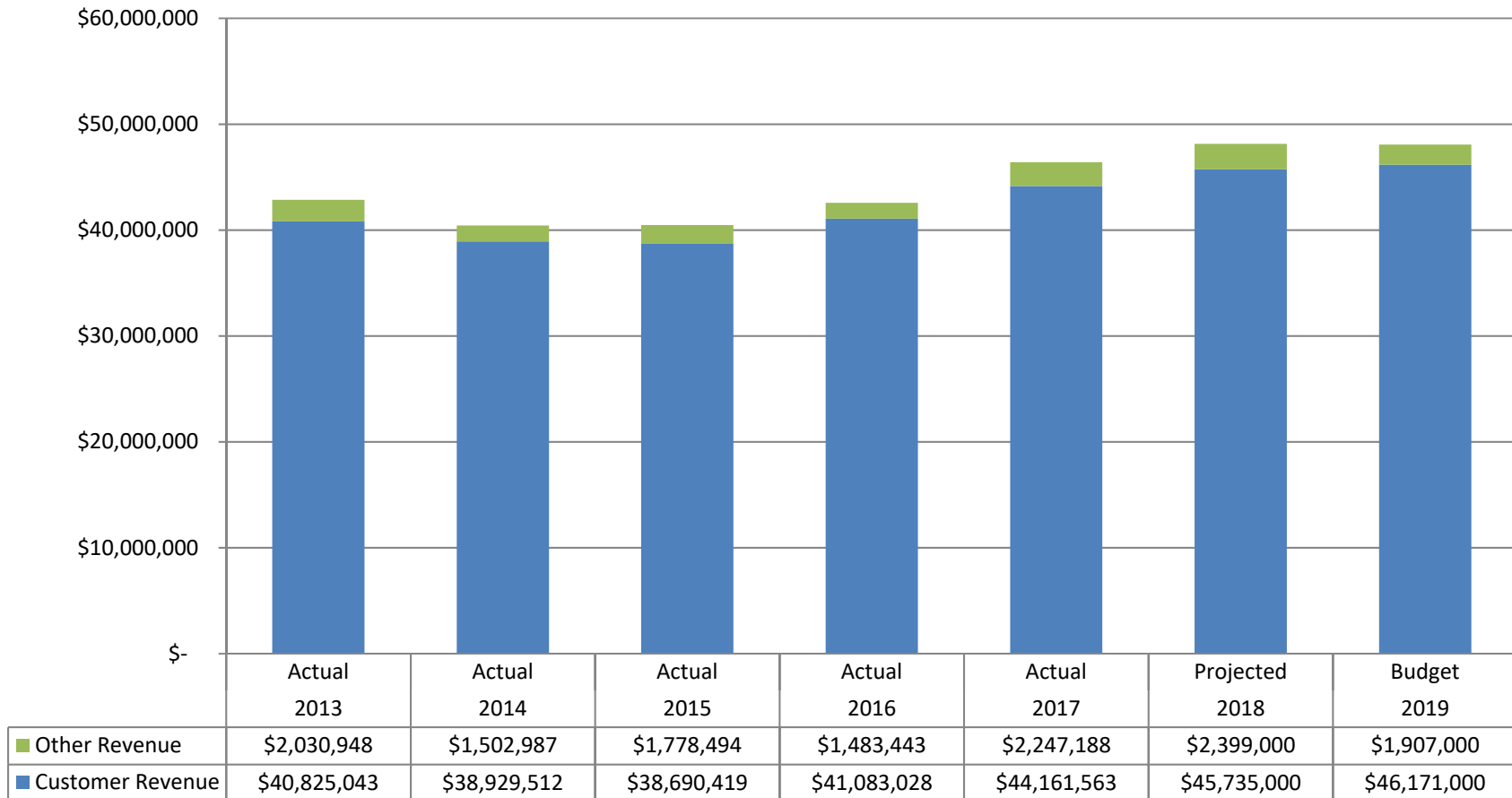
- Operations and Maintenance – Increasing by \$1.8 Million
  - NSA Surface Water Treatment Costs increasing by \$19/AF (\$228,000)
  - SSA Surface Water Cost increasing by 5% (\$25,000)
  - Groundwater electrical and chemicals (\$45,000)
  - Salaries – Increases: 3 New Positions (\$241,000); Merit & COLA (\$323,000);  
Decrease: Former GM Salary (-\$215,000); Clerical and Intern Positions removed (-\$45,000)
  - Employee Benefits & Taxes Increase – Pension (\$220,000); 3 New Positions (\$97,000);  
Taxes (\$50,000)
  - Reclass Small Meters from CIP Budget to O&M Budget (\$250,000)
- Capital Improvement Program
  - Carryover from 2018 CIP Projects \$1.2 Million to Be Completed in 2019
  - Increase of \$0.5 Million compared to 2018 Budget; \$3.4 Million Compared to  
Projected 2018
  - Increase is primarily in Distribution and Well Projects
- Operating Capital Budget
  - Decreasing by \$300,000
- Debt Service Forecast
  - Decreasing by \$150,000 due to Refunding the 2009B COP

# Total Revenues Vs Total Expenditures 2013 to 2019



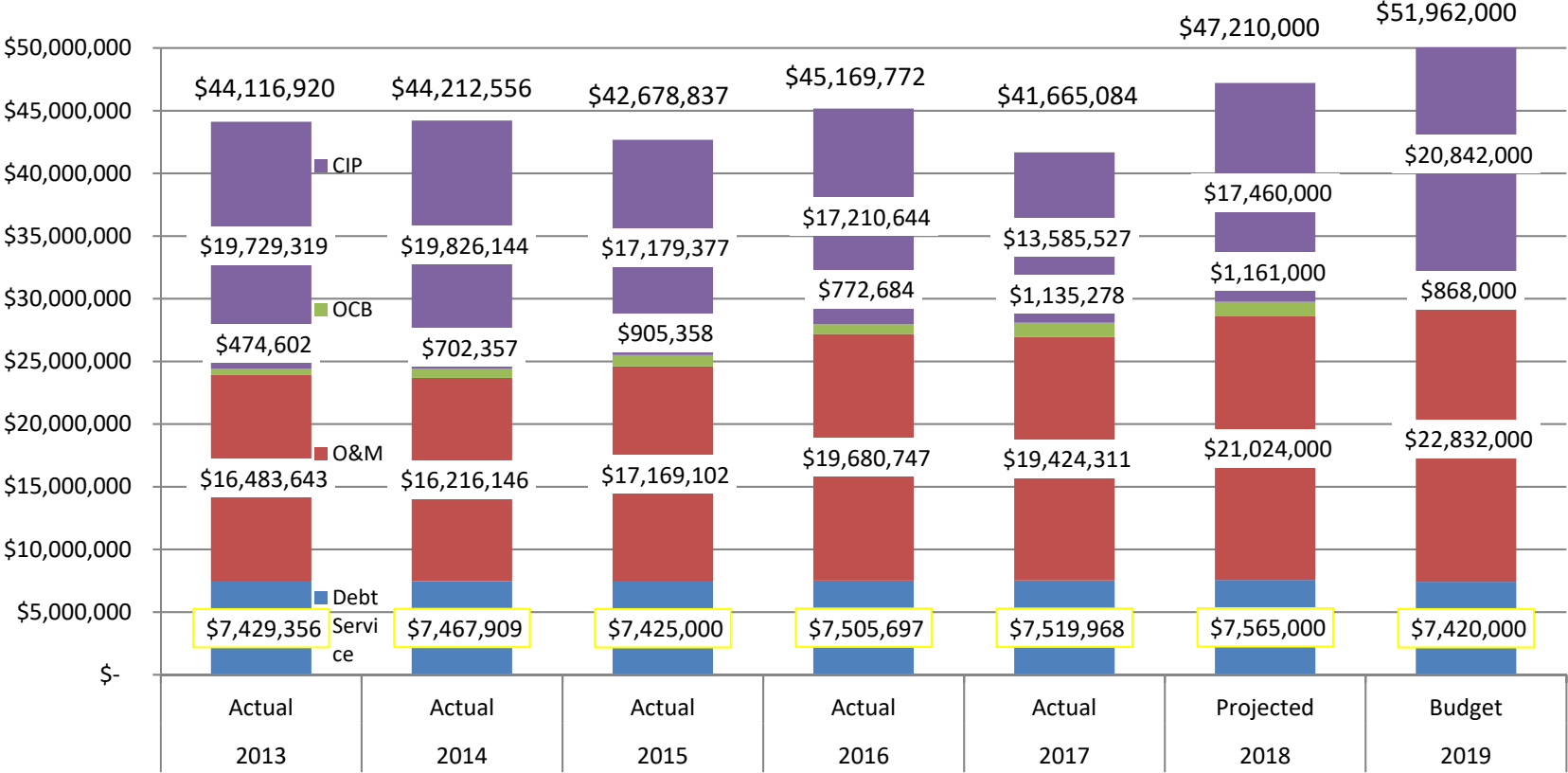


# Total Revenues 2013 to 2019



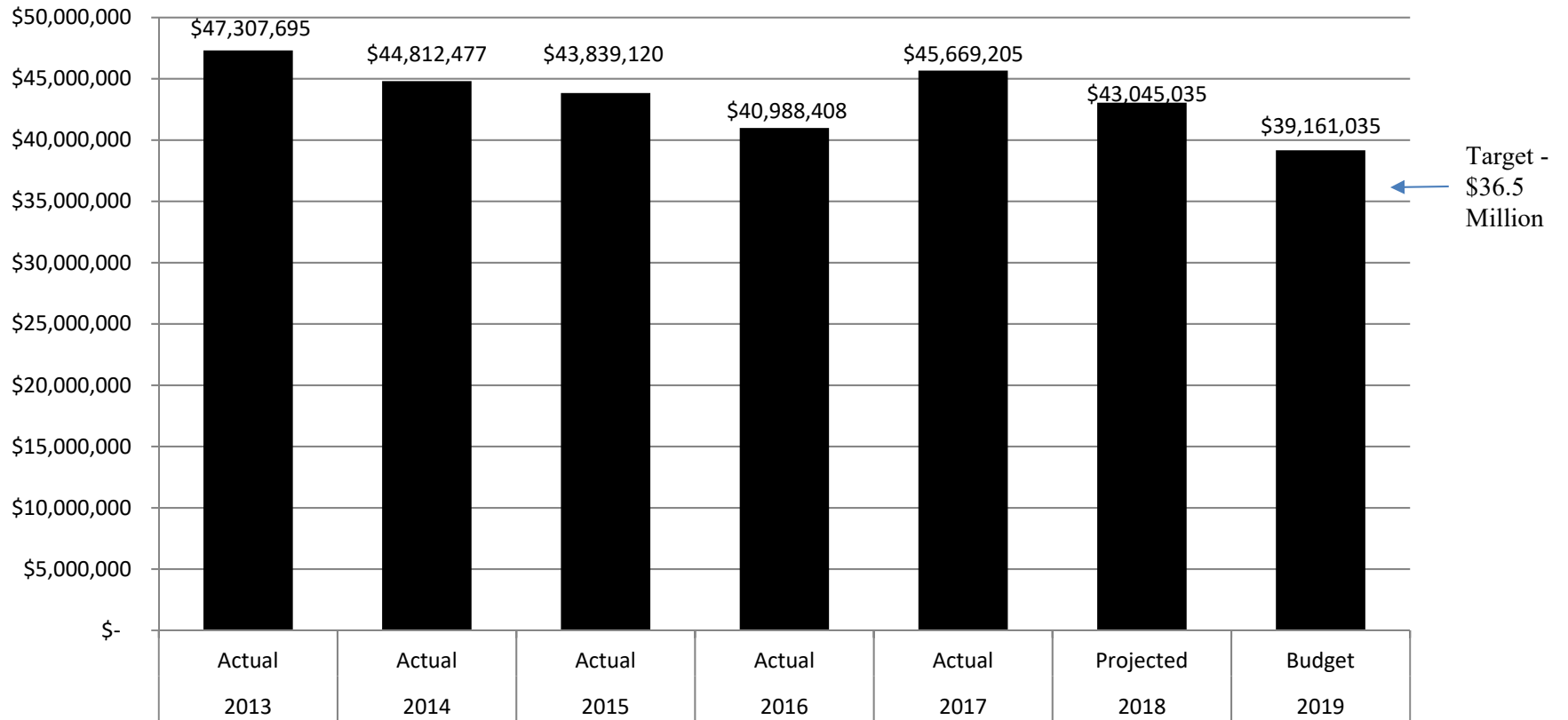
The 2018 Rate Study is in process. No rate changes assumed for 2019 at this point.

# Total Expenditures 2013 to 2019



The increase in 2018 is due primarily to two 2017 deferred CIP Projects - \$3.69 million.

# Reserve Balance 2013 to 2019



From a high of \$57.7 million at the end of 2009, the Board has strategically lowered the reserve balance to roughly \$40 million. With the pay-off of the 2009B COP in 2018, the Debt Service Reserve Fund of \$3.5 million was liquidated. The new reserve balance target is \$36.5 million.

# Reserve Balance Detail

## 2013 to 2019

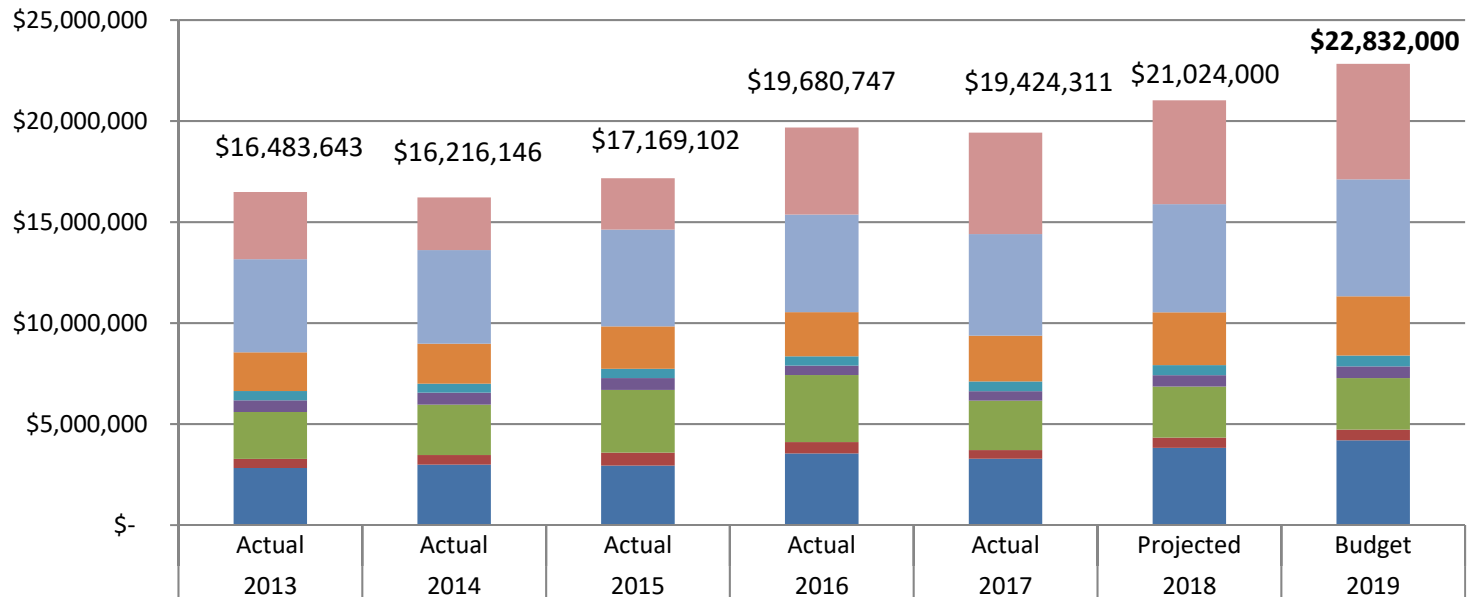
	Actual	Actual	Actual	Actual	Actual	Projected	Budget
	<u>12/31/2013</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>12/31/2019</u>
Debt Service Reserve	\$ 3,520,472	\$ 3,540,082	\$ 3,523,427	\$ 3,540,038	\$ 3,548,170	\$ 12,531	\$ -
Facilities Reimbursement	42,968	21,873	21,873	-	-	-	-
Emergency/Contingency	10,317,750	10,758,000	10,758,000	10,387,000	10,931,500	11,255,000	11,542,750
Operating	6,466,000	6,468,857	6,468,857	6,490,750	7,270,250	7,390,000	7,563,000
Rate Stabilization	5,525,000	5,870,000	5,870,000	5,630,000	5,976,000	5,044,500	2,768,000
Interest Rate Risk	-	-	-	-	-	-	-
Grant	3,832,000	654,000	654,000	1,068,000	210,000	-	-
Capital Asset	17,603,505	17,499,665	16,542,963	13,872,620	17,733,285	19,343,004	17,287,285
<b>TOTAL</b>	<b>\$ 47,307,695</b>	<b>\$ 44,812,477</b>	<b>\$ 43,839,120</b>	<b>\$ 40,988,408</b>	<b>\$ 45,669,205</b>	<b>\$ 43,045,035</b>	<b>\$ 39,161,035</b>

Projected \$3.9 million shortfall is primarily due to O&M increases. Rate Stabilization Fund utilized. Individual reserve account changes based on approved 2019 budget.

Actual fluctuations (2013 to 2017) are due to changes in CIP costs and/or Consumption Revenues. Reduction in 2018 due to pay-off of 2009B COP and liquidation of DSRF - \$3.5 million.

# O&M Budget

# O&M Expenses 2013 to 2019

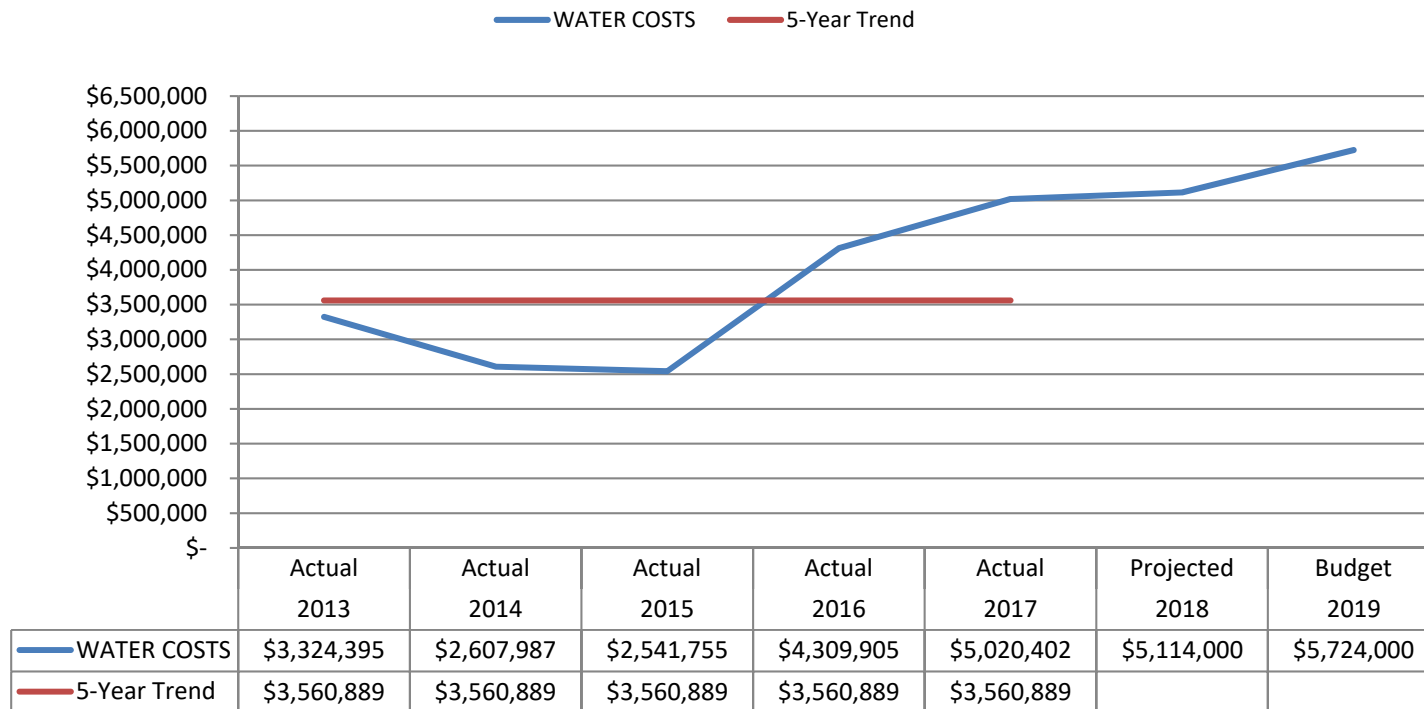


	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	Projected 2018	Budget 2019
■ WATER COSTS	\$3,324,395	\$2,607,987	\$2,541,755	\$4,309,905	\$5,020,402	\$5,144,000	\$5,724,000
■ SALARIES	\$4,610,564	\$4,633,287	\$4,794,117	\$4,833,627	\$5,031,276	\$5,352,000	\$5,787,000
■ EMPLOYEE BENEFITS	\$1,915,889	\$1,980,390	\$2,096,685	\$2,187,134	\$2,267,113	\$2,614,000	\$2,933,000
■ EMPLOYER TAXES & INSURANCE	\$457,888	\$439,159	\$460,746	\$458,614	\$476,780	\$500,000	\$535,000
■ OPEB	\$576,300	\$592,700	\$591,000	\$470,000	\$472,200	\$560,000	\$580,000
■ ENGINEERING & CONSTRUCTION SERVICES	\$2,323,246	\$2,501,575	\$3,102,132	\$3,314,420	\$2,449,179	\$2,526,000	\$2,552,000
■ PUBLIC OUTREACH & CONSERVATION	\$452,250	\$469,571	\$641,111	\$565,157	\$427,633	\$506,990	\$530,000
■ OTHER	\$2,823,111	\$2,991,477	\$2,941,556	\$3,541,890	\$3,279,728	\$3,821,010	\$4,191,000

Discussion of individual line items variances appear on subsequent pages.

# O&M Expense Detail

## Water Costs



Water costs fluctuate based on hydrological conditions. Due to the conditions in 2013 - 2015, SW was largely unavailable. 2019 assumes the purchase of 13,150 AF of SW (SSA - 1,000 AF and NSA 12,150 AF).

GW pumping is expected to produce 19,850 AF, (SSA - 13,000\* AF and NSA - 6,850 AF).

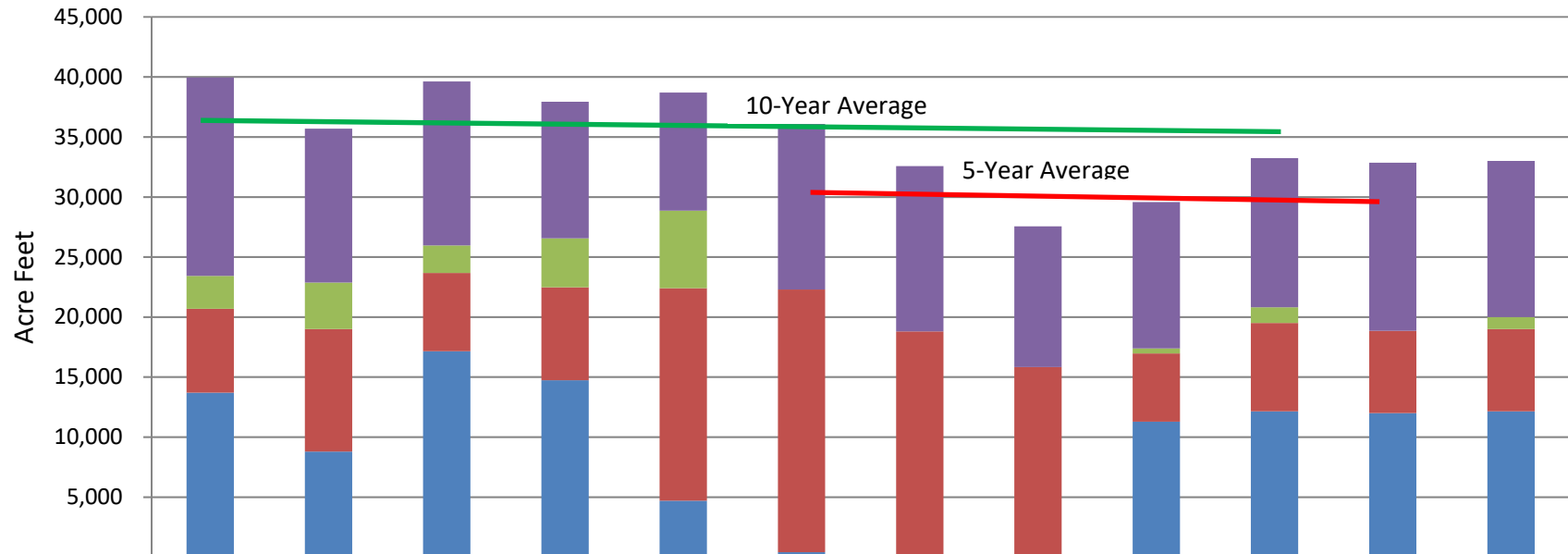
\* In 2019, 3,800 AF from 13,000AF (SSA) will be supplied by City at no cost.

SW = Surface Water; GW = Ground Water

# O&M Expense Detail

## Water Production

■ NSA Surface Water ■ NSA Ground Water ■ SSA Surface Water ■ SSA Ground Water



	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Projected	2019 Proposed
■ SSA Ground Water	16,531	12,818	13,656	11,380	9,833	16,607	13,771	11,719	12,185	12,427	14,000	13,000
■ SSA Surface Water	2,743	3,872	2,289	4,084	6,463	-	-	-	423	1,301	-	1,000
■ NSA Ground Water	6,985	10,203	6,522	7,741	17,697	21,886	18,790	15,702	5,678	7,364	6,850	6,850
■ NSA Surface Water	13,697	8,799	17,150	14,729	4,705	409	11	131	11,289	12,146	12,000	12,150

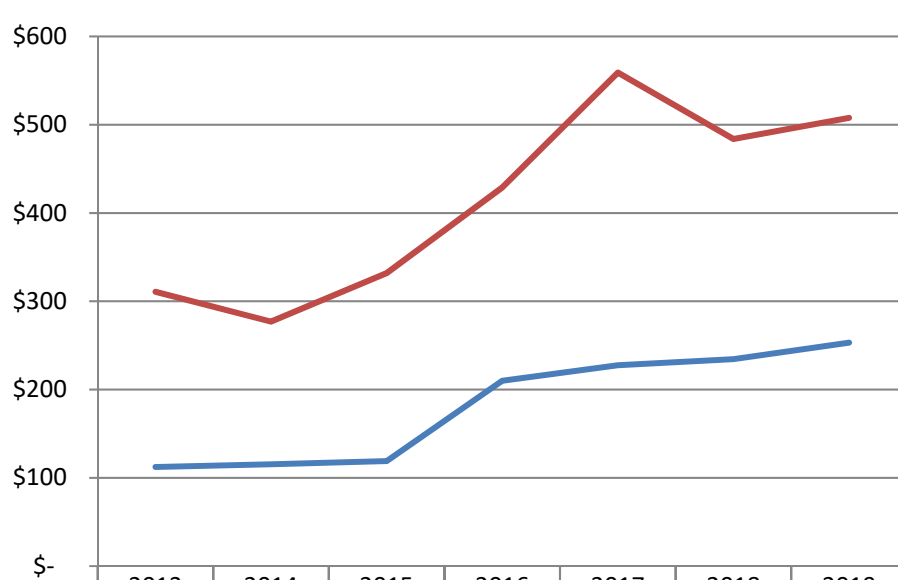
Production amounts for 2018 – Per Budget - 33,000 AF; Projected Actual – 32,850 AF.  
 Production estimate for 2019 – 33,000 AF.



# Surface Water vs Ground Water Costs

## Variable Surface Water Costs

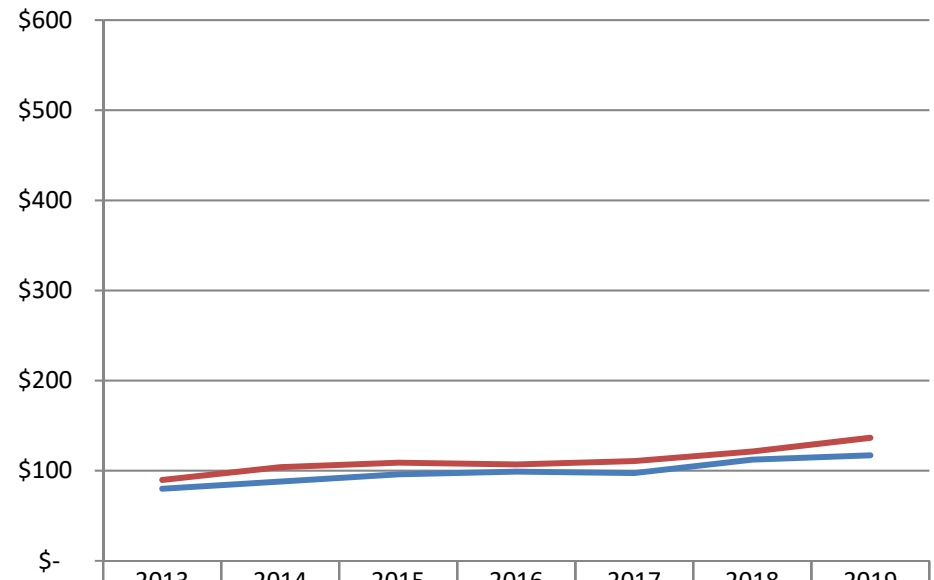
— NSA — SSA



	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Projecte d	Budget
— NSA	\$112	\$115	\$119	\$210	\$228	\$234	\$253
— SSA	\$311	\$277	\$332	\$429	\$559	\$484	\$508

## Variable Ground Water Costs

— NSA — SSA



	2013	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Projecte d	Budget
— NSA	\$80	\$88	\$96	\$99	\$97	\$112	\$117
— SSA	\$90	\$104	\$109	\$107	\$111	\$121	\$137

SSA - SW cost is projected to increase 5% to \$508 per AF in 2019.

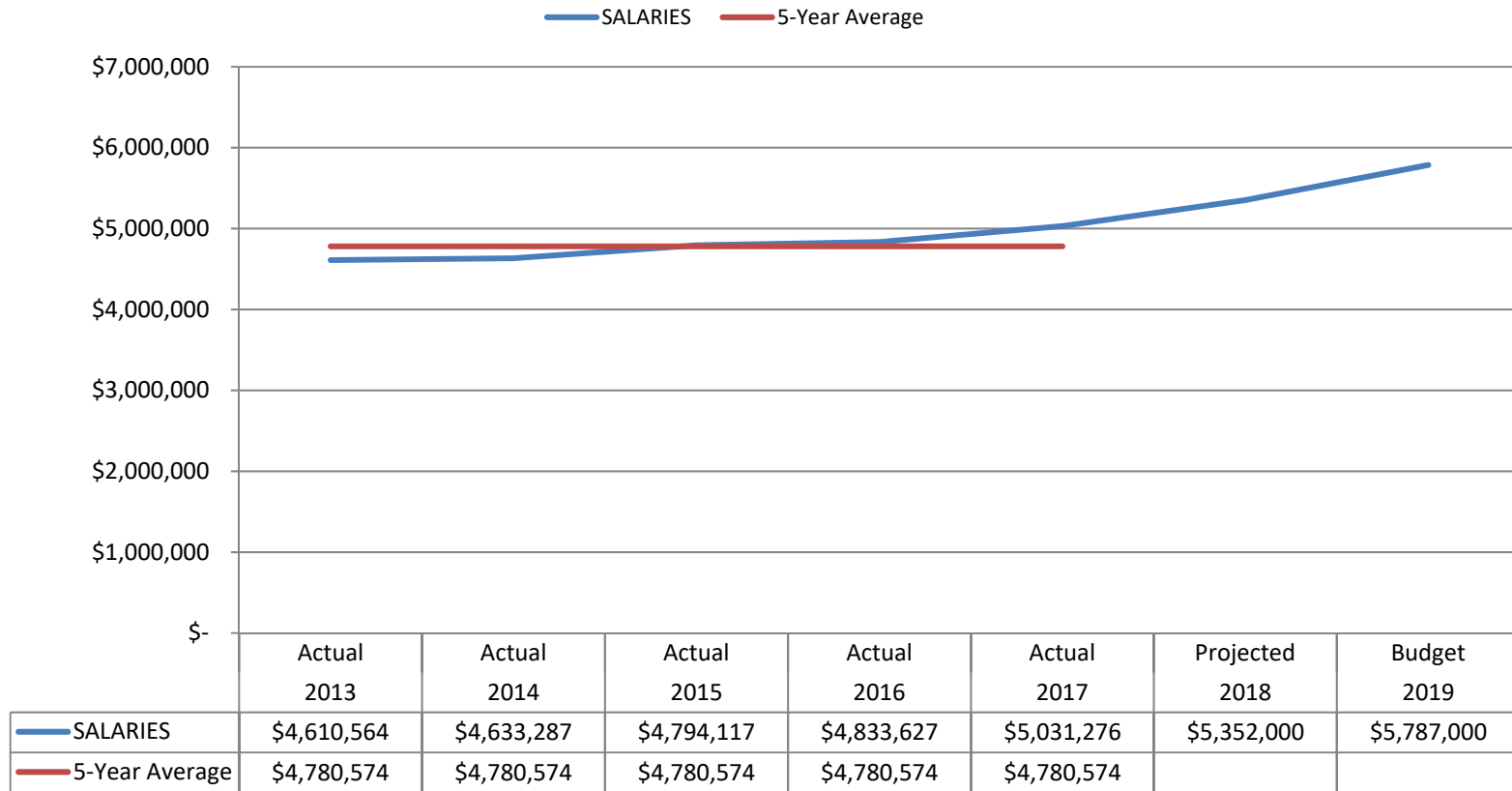
NSA –SW cost for 2019 expected to be \$253/AF, compared to \$234/AF in 2018.

SSA/NSA - GW costs increasing due to - 1.0% electricity and 3.0% chemical cost increases.

SW = Surface Water; GW = Ground Water

# O&M Expense Detail

## Salaries



2019 increase due to budgeting for 3 new positions (\$241,000), 3% Merit and 3.9% COLA increase (\$323,000; ½ year AGM’s salary (\$75,000); net of the reduction in former GM’s salary of \$215,000.

# O&M Expense Detail

## New Position Requests

➤ New Position Requests:

1. Information Technology Analyst
2. Production Foreman
3. Assistant Engineer

➤ New Positions Cost:

	<u>Annual Cost</u>
Salaries	\$ 241,000
Employer Taxes	22,000
Employer Benefits	97,000
Annual Cost of New Positions	<u><u>\$ 360,000</u></u>

# NEW POSITION SUPPORT

- Information Technology Analyst
  - To Replace IT Consultant (Consulting costs savings of ~ \$80k/annum)
  - Duties To Perform Include:
    - Data Analysis and Cleanup
    - SQL Queries and Programming
    - System Integration
    - System Security – Hardware, Software and Recovery
    - Implementation and Maintenance of Apps and Programs
    - SCADA Software Management
    - Database and Software Updates
    - Resolves System Problems

# NEW POSITION SUPPORT

## ➤ Production Foreman

- The current Production Foreman has seven direct reports. The Instrumentation/Electrician Technician is reporting directly to the Production Superintendent as the Production Foreman is in excess of the number of desired direct reports to be effective and efficient. Additionally, Production Department staffing is projected to increase adding to the number of current direct reports. This addition will allow each Production Foreman the bandwidth to develop staff properly and efficiently by having 4 direct reports each. Production staff performed a comprehensive 10 week task audit of the current Production Foreman. The current Production Foreman is only able to spend 4% of time mentoring and training staff. This has resulted in poorly trained staff in vital areas (e.g., automated control valves, SCADA, etc.)
- Since 2014 overtime hours/annum for this position have increased from 72 to 307 in 2017.
- Benefits from this position include better communication and staff training plus an improved balance in workload.

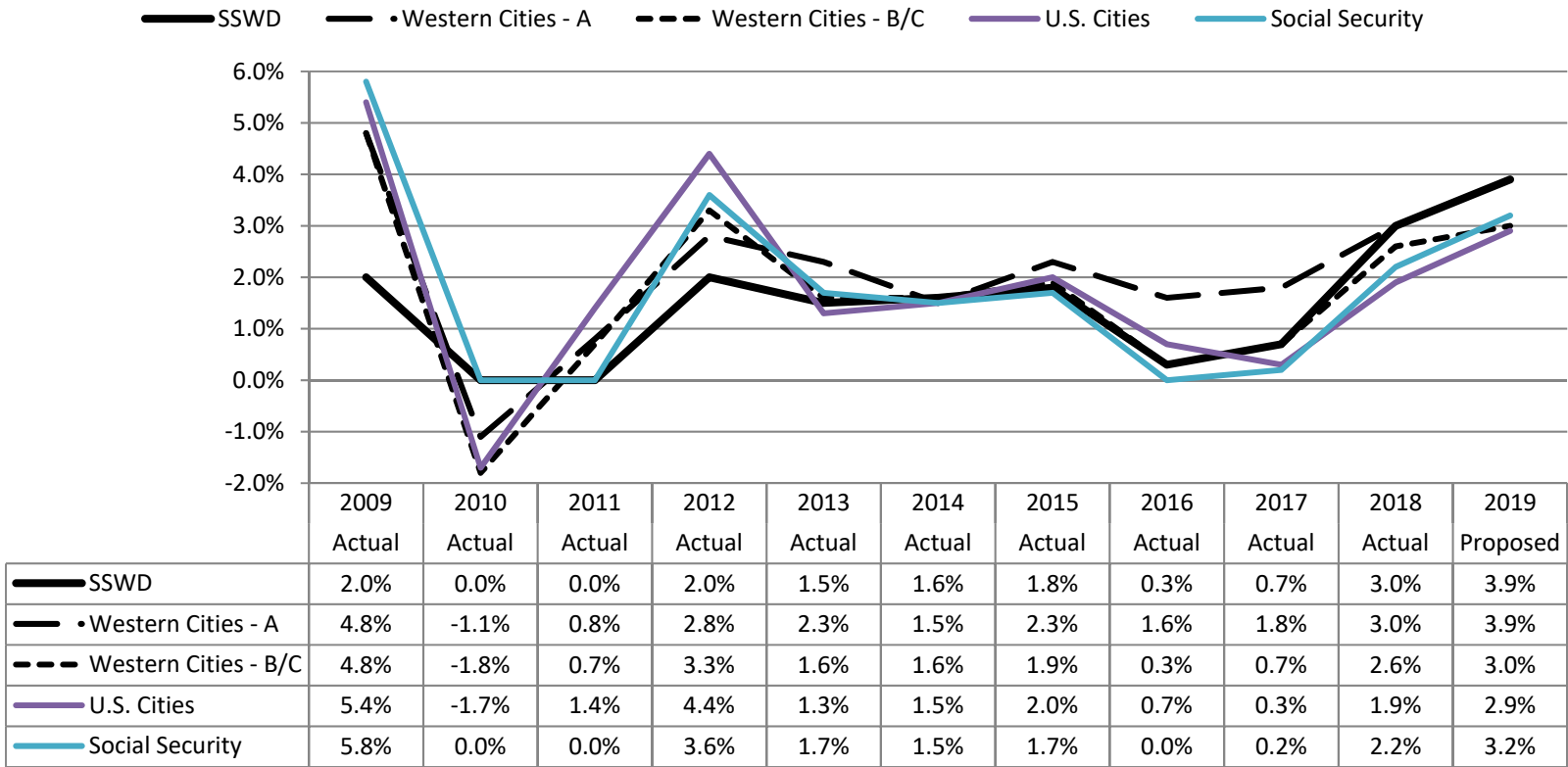
# NEW POSITION SUPPORT

## ➤ Assistant Engineer

- Needed for demands of planning, design and construction of District structures and facilities, improvements to groundwater wells and water production and storage, and distribution facilities
- Full-Time Attention for Many Recurring Tasks Currently Performed By Interns
- 3 Engineering Intern Positions eliminated. Salary cost of savings of ~ \$45k/annum

# O&M Expense Detail

## COLA



As was done in the prior year, SSWD COLA is proposed to equal the Western Cities – A Index as published by the US Bureau of Labor Statistics.

# O&M Expense Detail

## COLA – 10 Year Average

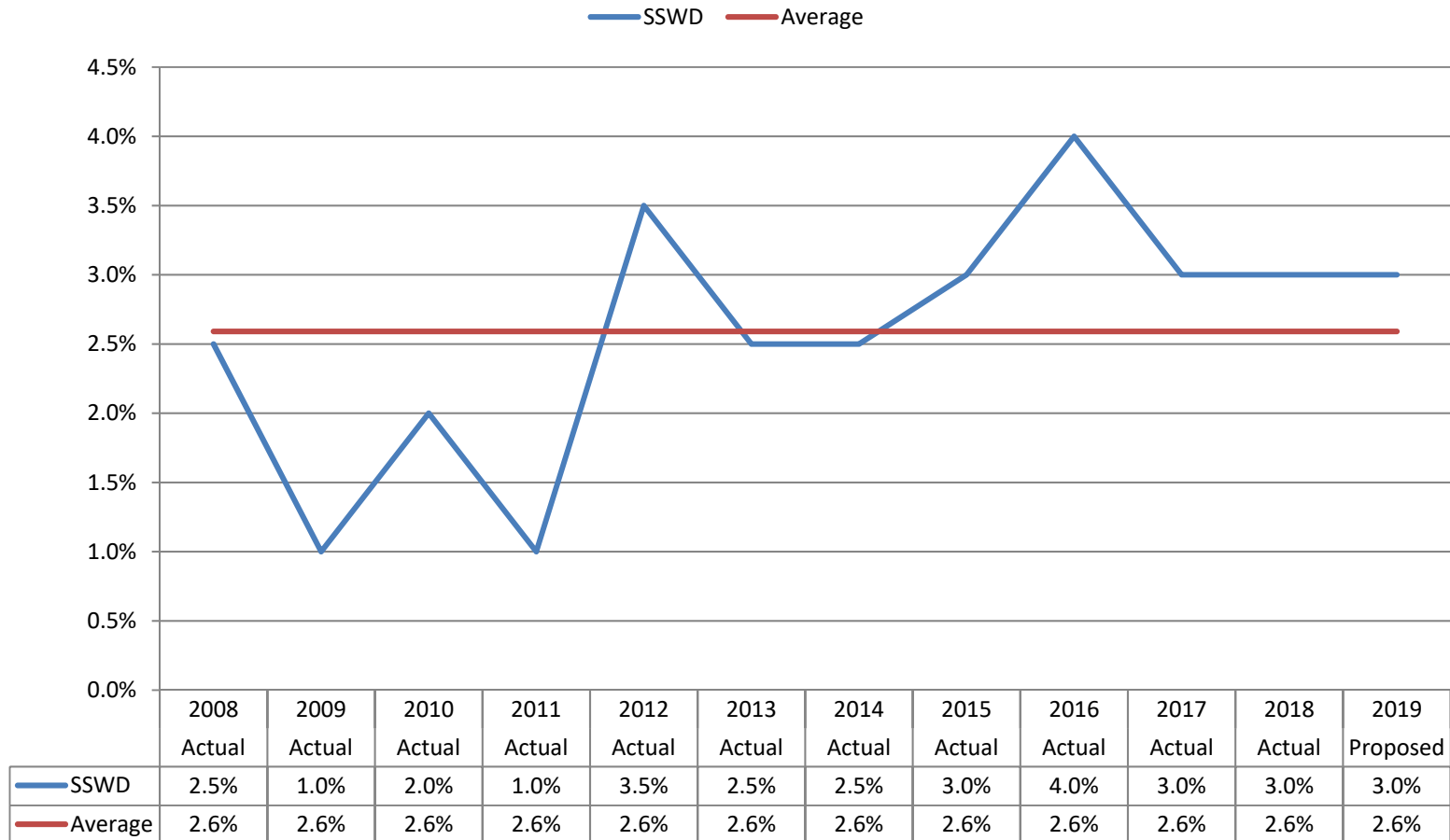
Index	Average	SSWD Average	SSWD Award%
Social Security	1.7%	1.3%	76%
U.S. Cities	1.7%	1.3%	76%
Western Cities	2.0%	1.3%	65%
Average	1.8%	1.3%	72%

SSWD Average COLA Increase over the past 10 years has been 72% of the average Western Cities, Social Security and US Cities COLAs.



# O&M Expense Detail

## Merit



Discussion of how merit is administered appears on the two following slides.

# O&M Expense Detail

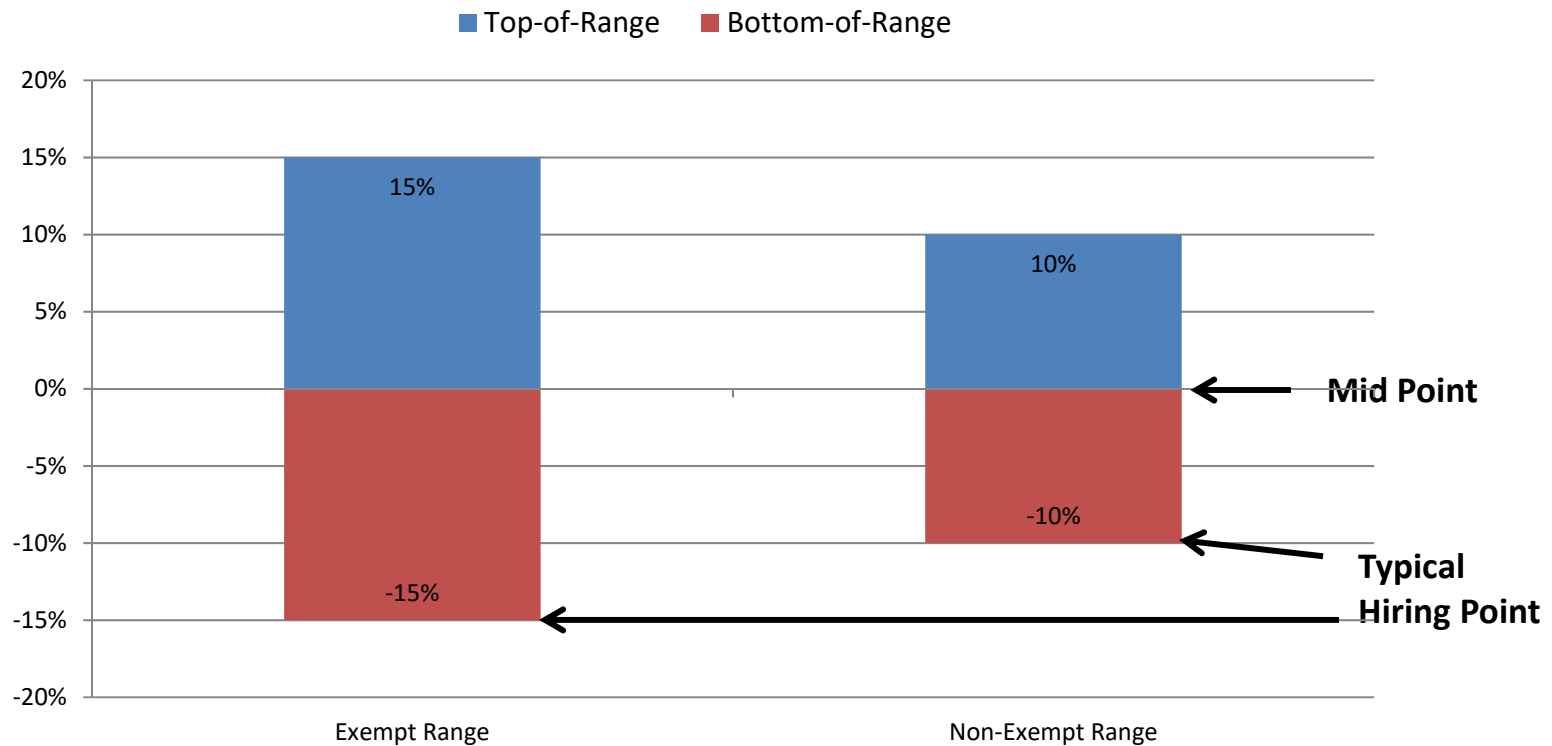
## Salary Band Data

	<u>No. of</u> <u>Employees</u>	<u>At Salary Cap</u>	<u>Percentage</u>
Exempt	17	9	53%
Non-Exempt	50	22	44%
Total Employees	67	31	46%

Salary-Capped employees do not receive any change in base salary, but are eligible for a one-time vacation bonus.

# O&M Expense Detail

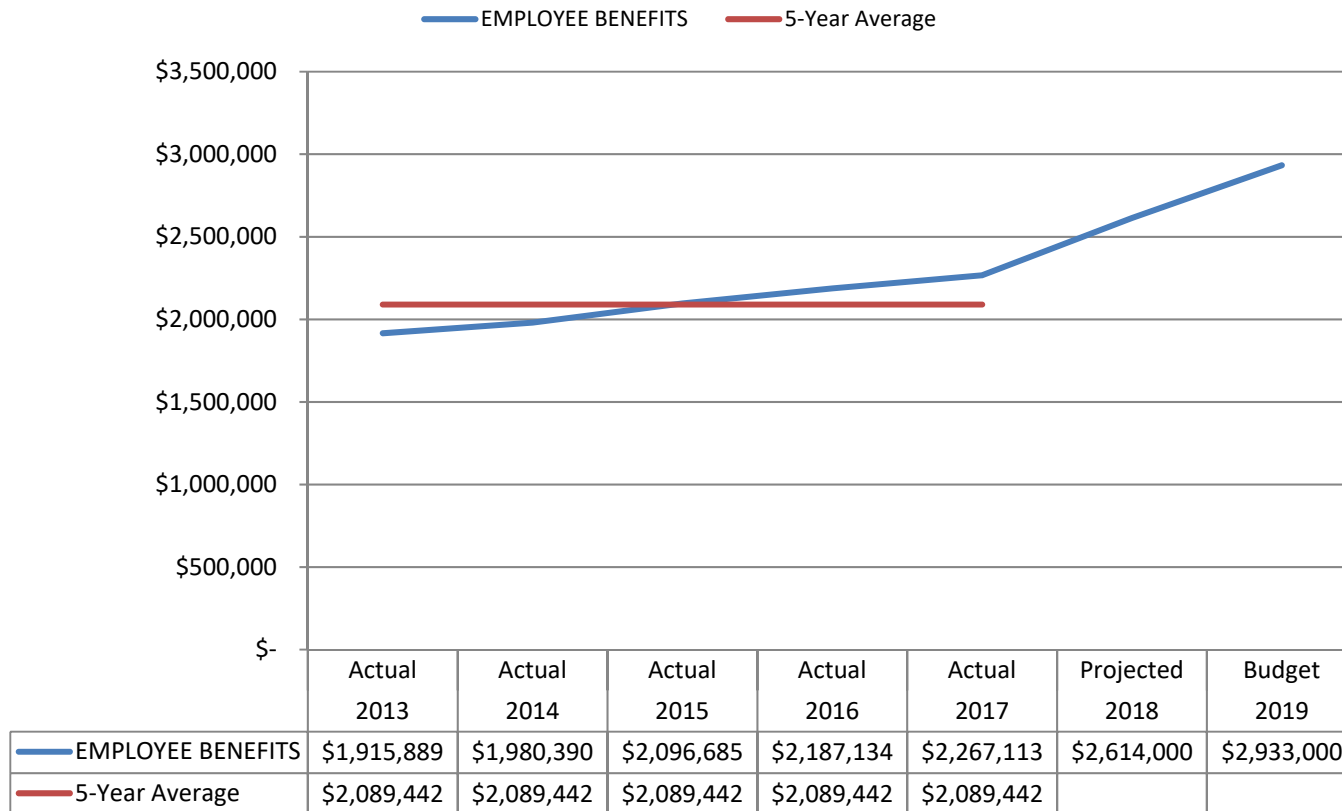
## Salary Bands



New employees typically hired at or near bottom of salary range. Based on performance, an average merit increase of 4.0% will move a good performing non-exempt employee through their salary range in 5 years and an exempt employee in 7.5 years.

# O&M Expense Detail

## Employee Benefits



2019 increase due primarily to increased pension costs (\$220,000), and 3 new positions (\$97,000).

# O&M Expense Detail

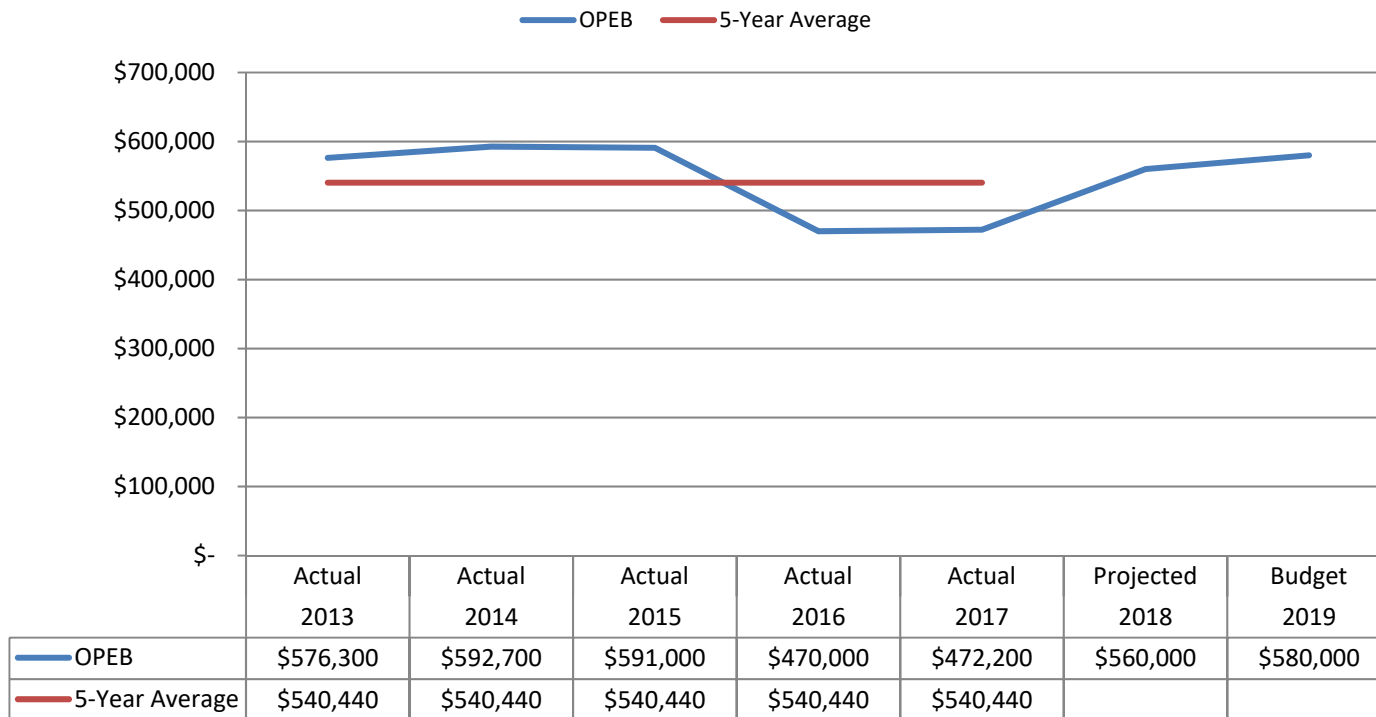
## Employee Benefits

	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Projected	2019 Budget
<b>EMPLOYEE BENEFITS</b>	\$ 1,915,889	\$ 1,980,390	\$ 2,096,685	\$ 2,187,134	\$ 2,267,113	\$ 2,614,000	\$ 2,836,000
Medical Insurance	\$ 797,192	\$ 846,251	\$ 905,832	\$ 922,772	\$ 968,600	\$ 1,074,700	\$ 1,079,000
Dental Insurance	82,640	96,894	102,555	94,682	100,119	120,437	123,000
Vision Insurance	16,304	15,065	13,845	14,083	8,167	16,320	16,000
Life Insurance	16,648	17,090	17,731	17,708	20,266	22,472	24,000
LTD Insurance	23,147	22,050	22,966	22,970	26,050	29,696	31,000
CalPERS Pension	940,005	944,510	1,007,417	1,081,615	1,099,669	1,289,844	1,504,000
Miscellaneous *	39,953	38,530	26,339	33,304	44,242	60,778	59,000
<b>Total Employee Benefits</b>	<u>\$ 1,915,889</u>	<u>\$ 1,980,390</u>	<u>\$ 2,096,685</u>	<u>\$ 2,187,134</u>	<u>\$ 2,267,113</u>	<u>\$ 2,614,247</u>	<u>\$ 2,836,000</u>

\* Miscellaneous includes - Unemployment costs (\$15k), CalPERS Admin Fees (\$6k), LT Care for Former GM/Spouse (\$11k), Employee Morale (19k), EAP Program (\$2k), Education Assistance (\$3k), OT Meals (\$3k).

# O&M Expense Detail

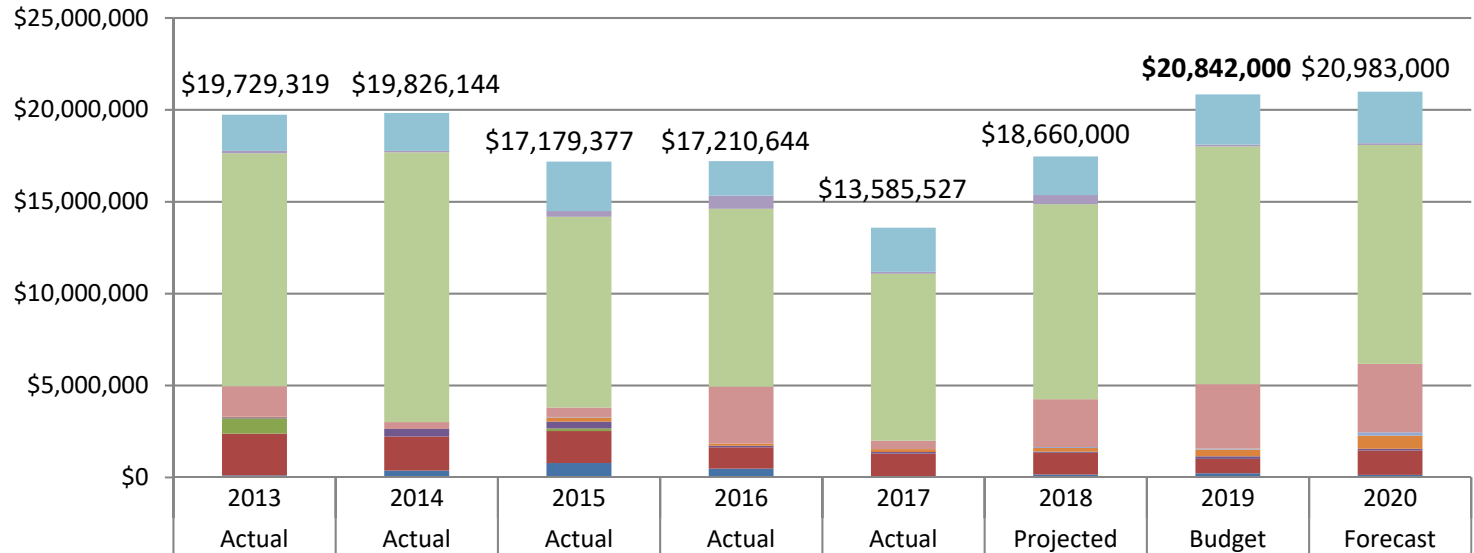
## OPEB



2016 - 2017 reduction due to a combination of – reduced projected liability and higher earnings inception-to-date; offset by a reduced UAAL amortization from 22 years down to 10 years. 2018 and 2019 increase due to a reduced discount rate (7.0% in 2015, 6.5% in 2017, 2018 and 2019); increased health care costs; increased participants, and a change in demographic assumptions.

# CIP Budget

# CIP Project Costs 2013 to 2019



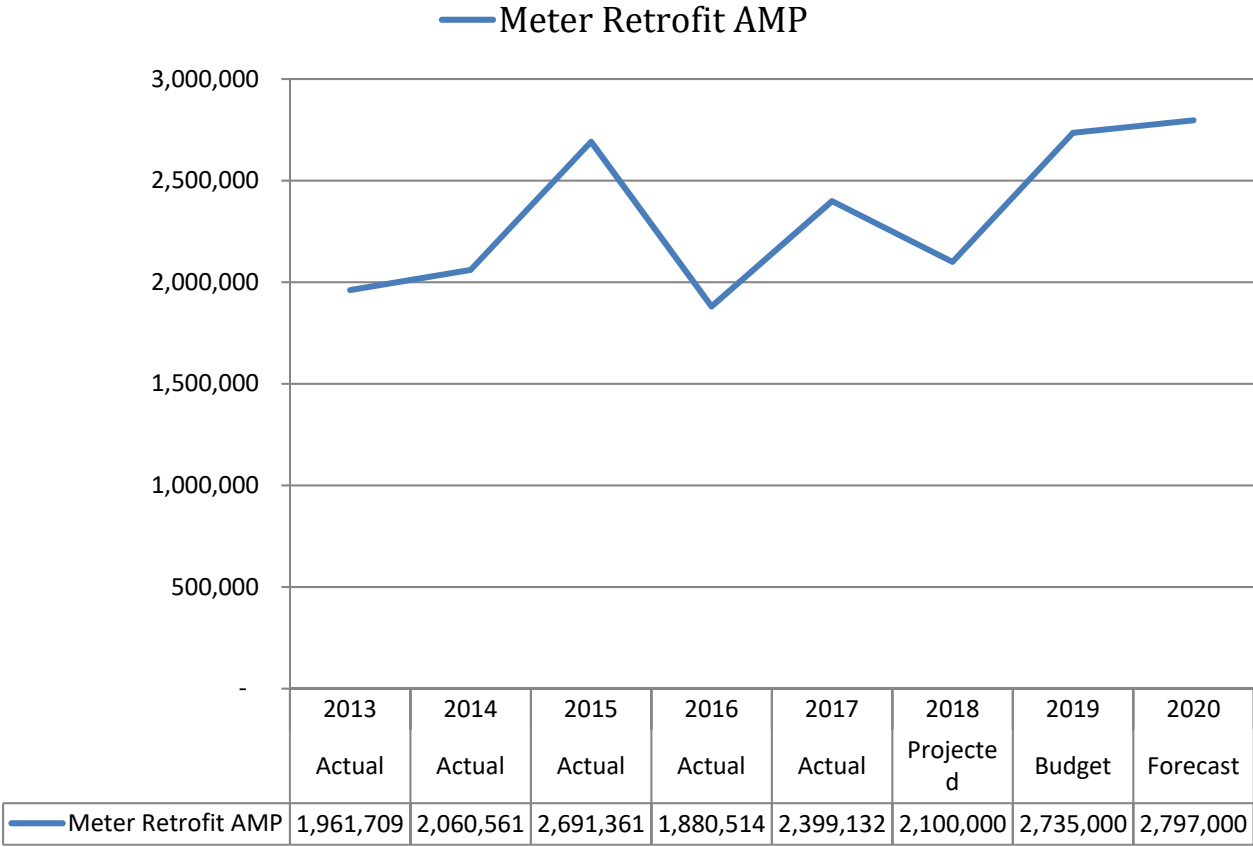
	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Projected	2019 Budget	2020 Forecast
Meter Retrofit AMP	1,961,709	2,060,561	2,691,361	1,880,514	2,399,132	2,100,000	2,735,000	2,797,000
Meter Replacement & Repair AMP	132,922	80,975	307,870	715,337	107,278	490,000	100,000	100,000
Dist. Main Replacement AMP	12,674,933	14,672,460	10,381,851	9,674,096	9,077,465	10,620,000	12,935,000	11,908,000
Well Replacement AMP	1,655,646	377,974	507,393	3,099,875	460,816	2,600,000	3,510,000	3,727,000
Transmission Main AMP	-	-	31,866	-	-	50,000	50,000	180,000
Reservoir and Booster P.S. AMP	36,373	-	221,300	116,901	160,494	200,000	365,000	715,000
Buildings and Structures AMP	-	-	-	-	-	-	-	-
SCADA AMP	54,245	404,802	378,687	94,243	85,495	60,000	142,000	100,000
From 2009 Water System Master Plan	833,148	-	133,676	-	-	-	-	-
Other Re-Occurring Annual Capital Costs	2,274,474	1,859,724	1,745,028	1,149,924	1,241,934	1,190,000	780,000	1,321,000
Other Capitalized Projects	105,869	369,648	780,345	479,754	52,913	150,000	225,000	135,000

Discussion of individual line items appears on subsequent pages.



# CIP Budget

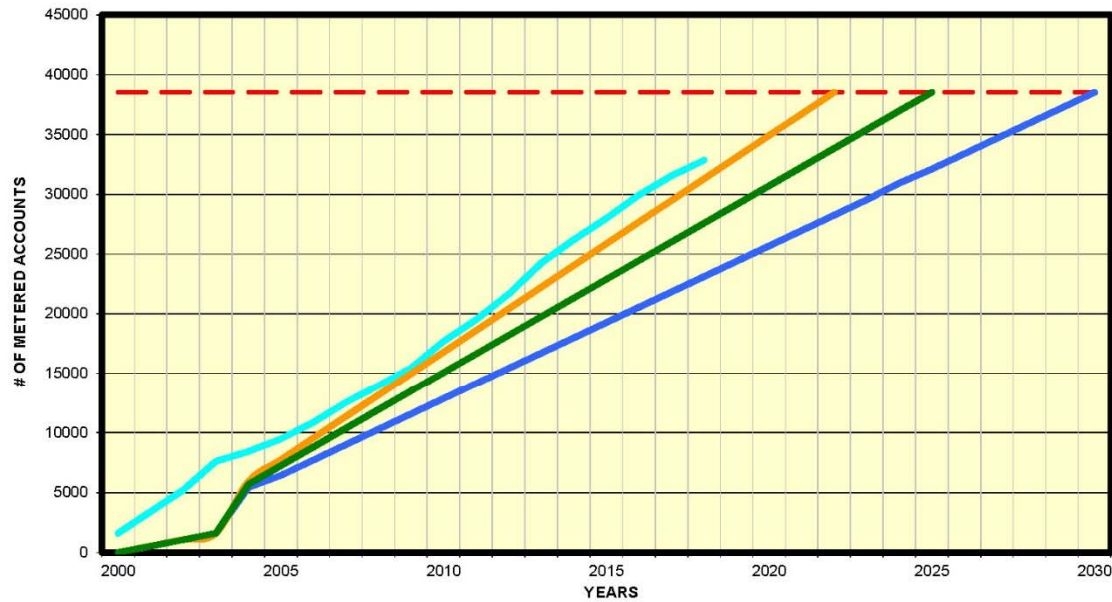
## Water Meter Retrofit Program



Meters installed in 2018 are expected to be 1,285. Meters expected to be installed in 2019 and 2020 is 1,222 and 1,015, respectively.

# Water Meter Retrofit Program

## SSWD 30 YEAR METERING PLAN (RESIDENTIAL)



2018 Meters added – 1,955; 1,270 meter retrofit program, 15 voluntary and 670 main replacement project.  
 2019 Meters added – 1,534; 1,207 meter retrofit program, 15 voluntary and 312 main replacement project.

# CIP Project Detail

## Meter Replacement & Repair Costs

5-Year Low	5-Year High	5-Year Average	AMP 2019	Budget 2019	Forecast 2020
\$ 80,975	\$ 715,337	\$ 268,900	\$ 404,926	\$ 100,000	\$ 100,000

### 2019/20 Projects

Replace obsolete large meters (>3")	100,000	100,000
	\$ 100,000	\$ 100,000

Per Water Meter Asset Management Plan, beginning in 2016 a new program to replace large water meters (>3") installed as far back as the 1990's began.

# CIP Project Detail

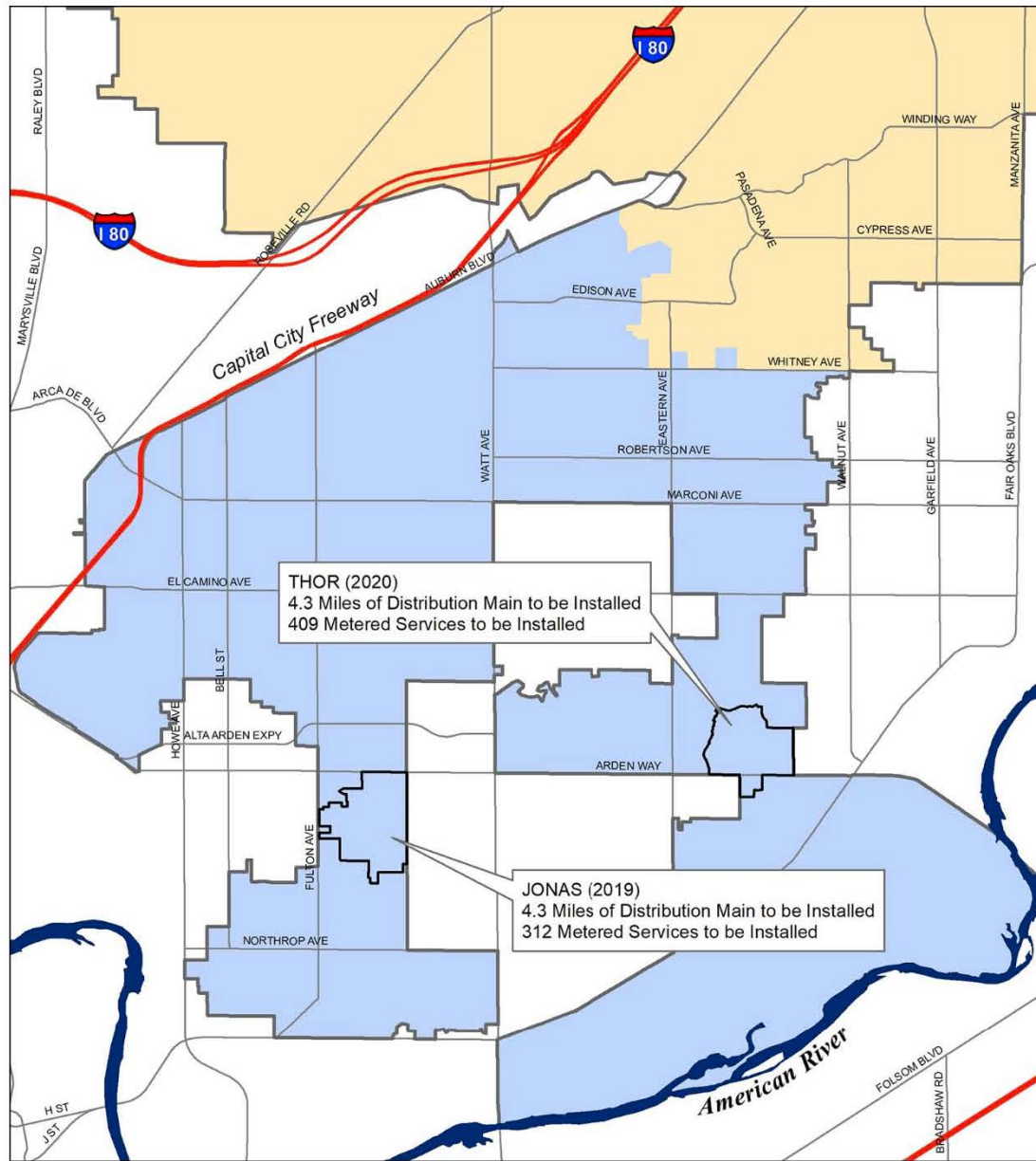
## Distribution Main Replacement Costs

5-Year Low	5-Year High	5-Year Average	AMP 2019	Budget 2019	Forecast 2020
\$ 9,077,465	\$ 14,672,460	\$ 11,296,200	\$ 13,402,435	\$ <b>12,935,000</b>	\$ 11,908,000

### 2019/20 Projects

Edison Meadows	\$ 755,000	\$ -
Jonas (Area 48)	<b>11,095,000</b>	
Albatross (Area 42B)	<b>275,000</b>	-
Thor (Area 90B/C/D)	<b>330,000</b>	11,363,000
Various small main replacement projects	<b>400,000</b>	400,000
McClellan line replacements	<b>80,000</b>	145,000
	<b>\$ 12,935,000</b>	<b>\$ 11,908,000</b>

See next slide for further details



**Legend**

-  Distribution Main Replacement Areas
-  North Service Area
-  South Service Area



**Proposed 2019-2020  
Distribution Main Projects**

Prepared by: JWS, SSWD  
 Sacramento, CA - September 5, 2018  
 Main Replacements-2019-2020.mxd

# CIP Project Detail

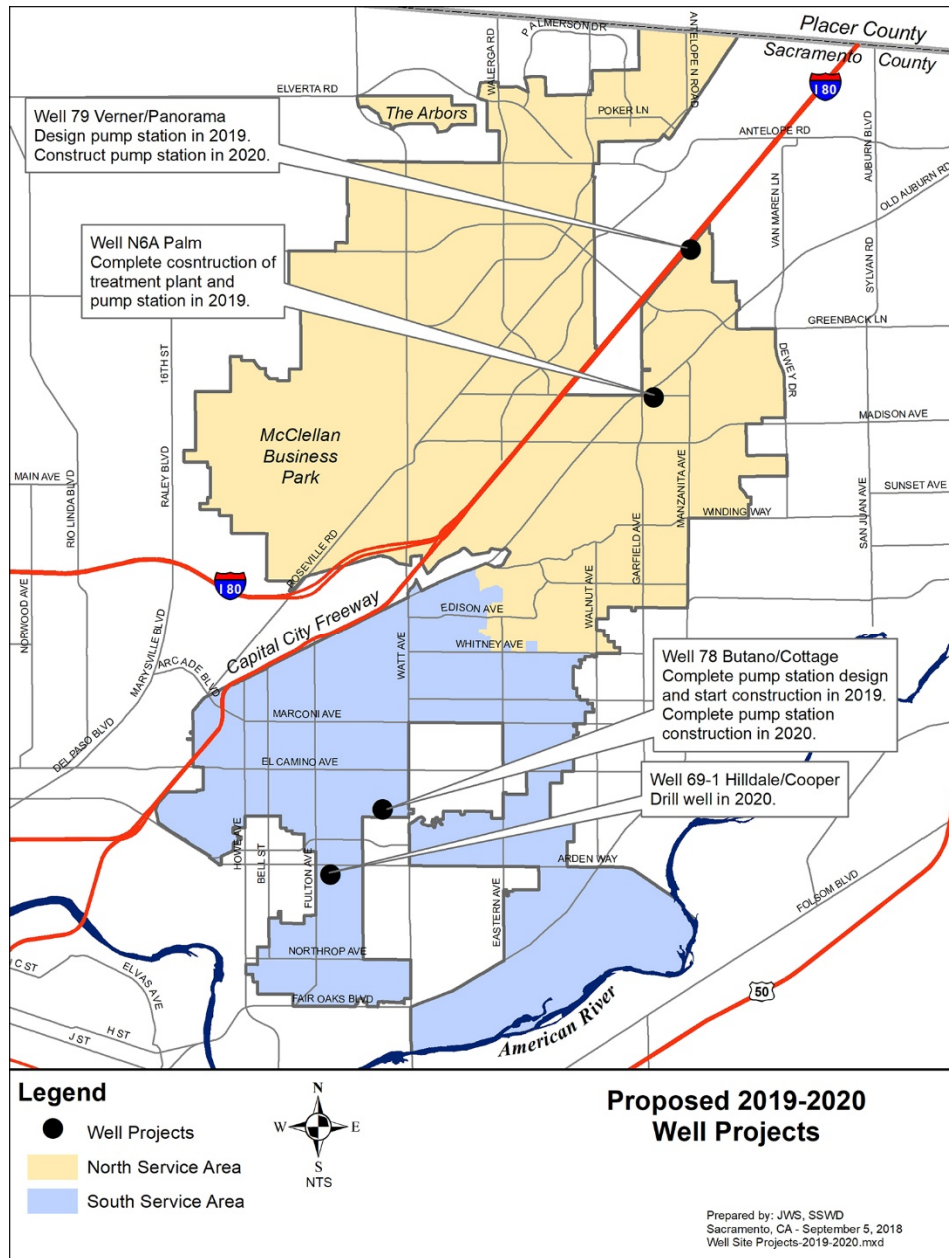
## Well Replacement Costs

5-Year Low	5-Year High	5-Year Average	AMP 2019	Budget 2019	Forecast 2020
\$ 377,974	\$ 3,099,875	\$ 1,220,300	\$ 3,716,129	\$ 3,510,000	\$ 3,727,000

### 2019/20 Projects

Well #N6A - Palm	\$ 1,280,000	\$ -
Well #78 - Butano/Cottage	1,230,000	1,090,000
Well #79 - Verner/Panorama	500,000	2,040,000
Well #69-1 - Hilldale/Cooper	.	572,000
Property Acquisition (TBD)	500,000	25,000
	<b>\$ 3,510,000</b>	<b>\$ 3,727,000</b>

See next slide for further details



Well Design and Construction Planned for 2019 and 2020 are shown in the Map above.

# CIP Project Detail

## Transmission Main Costs

5-Year Low	5-Year High	5-Year Average	AMP 2019	Budget 2019	Forecast 2020
\$ -	\$ 31,866	\$ 6,400	\$ 182,760	\$ <b>50,000</b>	\$ 180,000

### 2019/20 Projects

Corrosion Control-Variou s Protection and/or Cathodic Protection for existing transmission mains

\$ <b>50,000</b>	\$ 180,000
\$ <b>50,000</b>	\$ 180,000

Corrosion Control on Transmission Mains is comprised of planning activities in 2019 and construction in 2020.



# CIP Project Detail

## SCADA System Costs

5-Year Low	5-Year High	5-Year Average	AMP 2019	Budget 2019	Forecast 2020
\$ 54,245	\$ 404,802	\$ 203,500	-	\$ <b>142,000</b>	\$ 100,000

### 2019/20 Projects

SCADA Radio Evaluation	\$	<b>100,000</b>	\$	100,000
Install PLC from Well 20 to Well N20		<b>42,000</b>		
	<b>\$</b>	<b>142,000</b>	<b>\$</b>	<b>100,000</b>

Projects include SCADA Radio Evaluation (2019 – SSA, 2020 – NSA) and installation of SCADA equipment on Well N20.

# CIP Project Detail

## Reservoir and Booster P.S. Costs

5-Year Low	5-Year High	5-Year Average	AMP 2019	Budget 2019	Forecast 2020
\$ -	\$ 221,300	\$ 107,000	\$ -	\$ 365,000	\$ 715,000

### 2019/20 Projects

Tank Inspections and Repairs - Inspect Walnut Tank, Tank 216, Caphart Tank and Enterprise Reservoir and repairs/modify to storage facilities as needed	\$ 80,000	\$ 100,000
Antelope Reservoir Exterior and Interior Coating	250,000	580,000
Hydropneumatic Tanks Interior Coating	35,000	35,000
	<b>\$ 365,000</b>	<b>\$ 715,000</b>

# CIP Project Detail

## Other Re-Occurring Capital Costs

5-Year Low	5-Year High	5-Year Average	Estimate 2019	<b>Budget 2019</b>	Forecast 2020
\$ 1,149,924	\$ 2,274,474	\$ 1,654,200	\$ 3,825,785	<b>780,000</b>	\$ 1,321,000

### 2019/20 Projects

Well Rehabilitation - Rehab well 68 & N22 in 2019 and well 70& N5 in 2020; Remove natural gas engines at 3 sites in 2019 and 4 sites in 2020; Destroy 3-5 abandoned wells each year	<b>\$ 560,000</b>	\$ 1,071,000
Lowering/Raising Valve Boxes (Based on County provided information)	<b>220,000</b>	250,000
	<b><u>\$ 780,000</u></b>	<b><u>\$ 1,321,000</u></b>

# CIP Project Detail

## Other Capitalized Project Costs

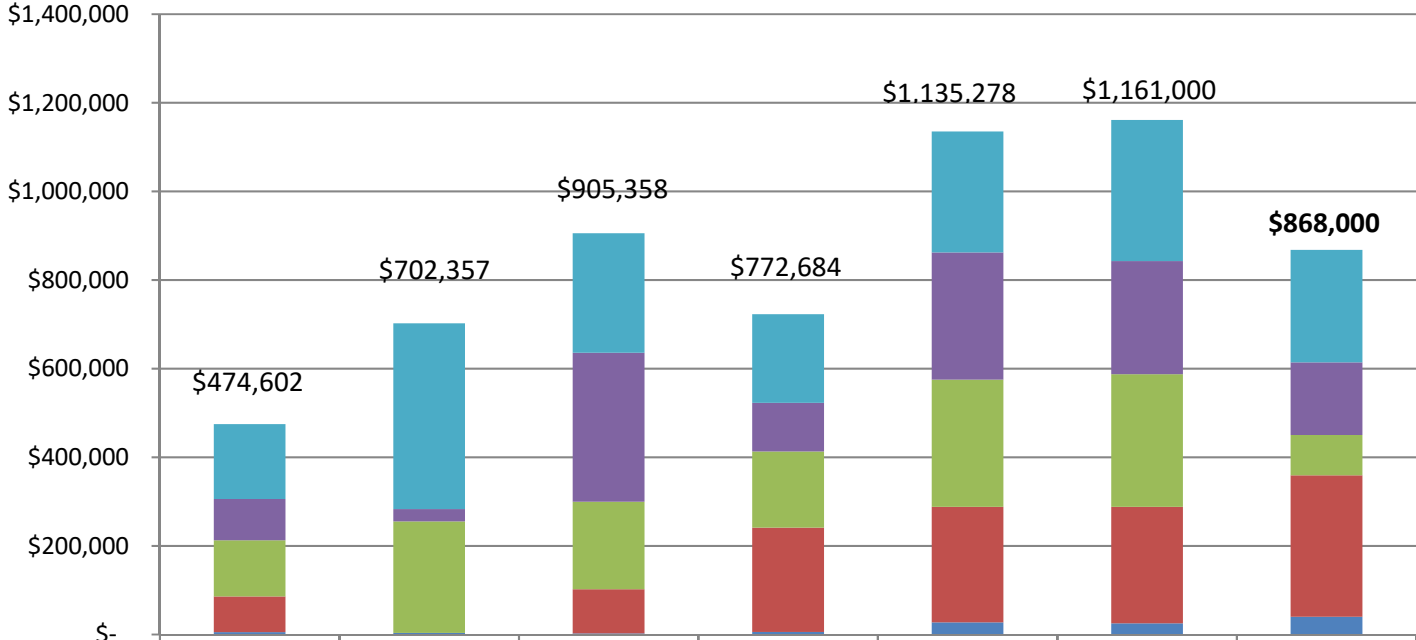
5-Year Low	5-Year High	5-Year Average	Estimate 2019	<b>Budget 2019</b>	Forecast 2020
\$ 52,913	\$ 780,345	\$ 357,700	\$ -	<b>\$ 225,000</b>	\$ 135,000

### 2019/20 Projects

Electrical Improvements at Marconi facility	\$	<b>220,000</b>	\$	130,000
Right of way/easement acquisitions		<b>5,000</b>		5,000
	<b>\$</b>	<b>225,000</b>	<b>\$</b>	<b>135,000</b>

# OCB Budget

# OCB Project Costs 2013 to 2019



	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Projected	2019 Budget
Information Technology	\$168,850	\$419,552	\$269,607	\$200,060	\$273,286	\$318,500	\$254,000
Maintenance	\$93,321	\$27,660	\$336,293	\$109,647	\$286,800	\$255,000	\$164,000
Operations	\$126,581	\$251,745	\$197,310	\$171,914	\$287,120	\$299,500	\$91,000
Vehicles/Fleet	\$80,500	\$-	\$99,729	\$235,576	\$260,890	\$263,000	\$319,000
Office Furniture/Equipment	\$5,350	\$3,400	\$2,419	\$5,487	\$27,182	\$25,000	\$40,000

Discussion of individual line items appear on subsequent pages.

# OCB Project Detail

## Information Technology Costs

	5-Year Low		5-Year High		5-Year Average		Budget 2019
\$	168,850	\$	419,552	\$	266,300	\$	<b>254,000</b>
 <u>2019 Projects</u>							
						\$	<b>107,000</b>
							<b>55,000</b>
							<b>5,000</b>
							<b>35,000</b>
							<b>30,000</b>
							<b>9,000</b>
							<b>13,000</b>
						<b>\$</b>	<b>254,000</b>

2018 budget was \$318,500

# OCB Project Detail Maintenance

5-Year Low	5-Year High	5-Year Average	Budget 2019
\$ 27,660	\$ 336,293	\$ 170,700	\$ 164,000

2019 Projects

Well Site and Building Structures Maintenance	\$ 60,000
HVAC/Roof/Building Repairs	50,000
Removing Antelope Garden	54,000
	\$ 164,000

2018 Budget was \$255,000.



# OCB Project Detail

## Operations Project Costs

5-Year Low	5-Year High	5-Year Average	Budget 2019
\$ 126,581	\$ 287,120	\$ 206,900	\$ 91,000

2019 Projects

Fence Replacement - 3 Well Sites	\$ 21,000
UCMR 4 Monitoring	70,000
	\$ 91,000

2018 budget was \$260,500

# OCB Project Detail Vehicles/Fleet

5-Year Low	5-Year High	5-Year Average	Budget 2019
\$ -	\$ 260,890	\$ 135,300	\$ 319,000
 <u>2019 Projects</u>			
Trailer Replacement/Upgrade/Addition			\$ 30,000
Vehicle Replacement - Truck #3			30,000
Vehicle Replacement - Truck 21			34,000
Vehicle Replacement - Truck # 12			31,000
Vehicle Replacement - Truck # 45			31,000
Vehicle Replacement - Truck # 51			45,000
Vehicle Replacement - Truck # 6			42,000
Vehicle Addition - Production Operator I			45,000
Vehicle Addition - Safety Officer			31,000
			\$ 319,000

2018 budget was \$230,000 – Replaced four Trucks and two trailers.

# OCB Project Detail

## Office Furniture & Equipment

5-Year Low	5-Year High	5-Year Average	Budget 2019
\$ 2,419	\$ 27,182	\$ 8,800	\$ 40,000

2019 Projects

Office Furniture/Workstations	\$ 40,000
	\$ 40,000

2019 budget is for Walnut Facility remodel and new staff.

# Debt Service Forecast

# Debt Service Forecast

5-Year	5-Year	5-Year	Budget
Low	High	Average	2019
\$ 7,425,000	\$ 7,509,550	\$ 7,467,502	<b>\$ 7,420,000</b>

	2013	2014	2015	2016	2017	2018	2019
Principal	\$ 3,580,000	\$ 3,675,000	\$ 3,795,000	\$ 3,945,000	\$ 4,060,000	\$ 4,425,000	<b>\$ 4,570,000</b>
Interest	3,849,356	3,792,909	3,630,000	3,560,697	3,449,550	3,140,000	<b>2,850,000</b>
Total Debt Service	<u>\$ 7,429,356</u>	<u>\$ 7,467,909</u>	<u>\$ 7,425,000</u>	<u>\$ 7,505,697</u>	<u>\$ 7,509,550</u>	<u>\$ 7,565,000</u>	<u><b>\$ 7,420,000</b></u>

2019 forecast assumes a variable interest rate of 3.86%.

2018 and 2019 reflect the refunding of the 2009B COP and the issuance of the 2018A Bond.

# 2019 Budget Summary

	<u>2017 Actual</u>	<u>2017 Amended Budget</u>	<u>Actual As Of 09/30/18</u>	<u>2018 Projected</u>	<u>2018 Approved Budget</u>	<u>2019 Proposed Budget</u>
Income From Customers	\$ 44,161,563	\$ 43,726,000	\$ 33,685,158	\$ 45,735,000	\$ 45,020,000	\$ 46,171,000
Water Transfers	-	1,992,000	-	684,000	-	-
Total Other Income	<u>2,247,188</u>	<u>1,780,000</u>	<u>1,066,735</u>	<u>1,715,000</u>	<u>1,465,000</u>	<u>1,907,000</u>
Total Revenue	<u>\$ 46,408,751</u>	<u>\$ 47,498,000</u>	<u>\$ 34,751,893</u>	<u>\$ 48,134,000</u>	<u>\$ 46,485,000</u>	<u>\$ 48,078,000</u>
<b>Budgets:</b>						
<b>Operations and Maintenance</b>	19,424,311	21,311,000	14,125,488	21,024,000	21,860,000	<b>22,832,000</b>
<b>Capital Improvement Program</b>	13,585,527	16,975,000	9,884,400	17,460,000	19,160,000	<b>20,842,000</b>
<b>Operating Capital Program</b>	1,135,278	1,166,000	545,388	1,161,000	1,161,000	<b>868,000</b>
<b>Debt Service (Forecast)</b>	<u>7,519,968</u>	<u>7,770,000</u>	<u>1,920,518</u>	<u>7,565,000</u>	<u>7,700,000</u>	<b>7,420,000</b>
<b>Total Costs</b>	<u>41,665,084</u>	<u>47,222,000</u>	<u>26,475,794</u>	<u>47,210,000</u>	<u>49,881,000</u>	<b>51,962,000</b>
Change in Reserve Balance	<u>4,743,667</u>	<u>276,000</u>	<u>8,276,099</u>	<u>924,000</u>	<u>(3,396,000)</u>	<b>(3,884,000)</b>
Reserve (Cash) Balance	<u>\$ 45,669,205</u>	<u>\$ 41,264,408</u>	<u>\$ 47,812,028</u>	<u>\$ 46,593,205</u>	<u>\$ 41,566,409</u>	<u>\$ 39,161,035</u>
Refunding 2009B			\$ (3,548,170)	\$ (3,548,170)		
	<u>\$ 45,669,205</u>	<u>\$ 41,264,408</u>	<u>\$ 44,263,858</u>	<u>\$ 43,045,035</u>	<u>\$ 41,566,409</u>	<u>\$ 39,161,035</u>



## Agenda Item: 9

**Date:** October 10, 2018

**Subject:** General Manager's Report

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

**a. 2018 Water Transfer Update**

The 2018 Water Transfer Program was officially over as of September 30, 2018. As previously reported, the transfer period was July 1, 2018 through September 30, 2018. The City of Sacramento, who is the lead agency on the transfer, has received the first 50% of the transfer funds. The District will be receiving a check during the second week of October, in the amount of \$431,480, for the first installment. The second invoice will provide for 90% of actual transfer water. The City is in the process of preparing that invoice, which will be in the amount of \$397,083, for a total of \$828,563. Once the final transfer numbers are calculated and confirmed by the State, the District will receive the final payment, in the amount of \$91,437. That will result in the District receiving \$920,000 for the 2018 Water Transfer Program.

Through the improvements the District made at the Enterprise Northrop intertie (made possible with funds from the Regional Drought Contingency Planning and Regional Reliability Planning), the water was delivered into the City's system on a consistent basis over the entire transfer period. The daily volume never shifted more than about 1 million gallons per day (<10% daily changes). Due to this, the District received accolades from the regional transfer partners who participated in the subject water transfer. Comments received included "Everything should be so reliable."

**b. Strategic Plan Workshop Update**

As reported at the September 2018 regular Board meeting, the District is in the process of reviewing/updating its Strategic Plan. There have been significant changes to the region and state since 2011. Therefore, it is very important to review the District's Strategic Plan to address potential changes and develop goals, both short and long term.

The District has contracted with Ellen Cross, with Strategy Driver, to facilitate/moderate the process of reviewing/updating the Strategic Plan. Below is a proposed schedule to achieve the goal of reviewing the District's Strategic Plan:

- October 2018: Consultant to meet with management staff

General Manager's Report

October 10, 2018

Page 2 of 2

- October 2018: Staff input
- October 17-31: Consultant interviews Directors individually
- November 2018: Survey – Staff and stakeholders
- December 2018: Staff workshop
- January 2019: Board workshop
- February 2019: Board approval



## ITEM 10. a.

### REGIONAL WATER AUTHORITY EXECUTIVE COMMITTEE AGENDA

September 27, 2018; 8:30 a.m.  
5620 Birdcage Street, Suite 110  
Citrus Heights, CA 95610  
(916) 967-7692

### AGENDA

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

1. **CALL TO ORDER AND ROLL CALL**
2. **PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.
3. **CONSENT CALENDAR**
  - a. Minutes of the August 22, 2018 Executive Committee meeting
  - b. Recommend RWA Board approval of RWA Affiliate application from Fracta, Inc.**Action: Approve Consent Calendar items**
4. **INTRODUCTION OF AUDITORS GILBERT ASSOCIATES, INC.**  
Information Presentation: John Woodling, Executive Director
5. **RETIREE HEALTH BENEFITS**  
Information Presentation: John Woodling, Executive Director.
6. **UPDATE OF POLICY 400.2 EMPLOYEE COMPENSATION**  
Information Presentation and Discussion: John Woodling, Executive Director  
**Action: Recommend Board Approval of amended Policy 400.2**
7. **SUBCOMMITTEE UPDATES**  
Information Presentation and Discussion: Conference and Membership Subcommittees
8. **EXECUTIVE DIRECTOR'S REPORT**
9. **DIRECTORS' COMMENTS**

### ADJOURNMENT

**Upcoming meetings:**

**Upcoming Executive Committee Meetings** – October 24, 2018 and December 5, 2018 at 8:30 a.m. at the RWA office

**Next RWA Board of Directors' Meeting** – Thursday, November 8, 2018, at 9:00 a.m. in the RWA conference room, 5620 Birdcage Street, Ste. 110, Citrus Heights, CA 95610

# ITEM 10. d.

## WATER FORUM SUCCESSOR EFFORT

Thursday, October 11, 2018

5:30 PM – 7:30 PM

### WATER FORUM

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

Sacramento, CA 95811

#### Agenda

5:30 DINNER

5:45 INTRODUCTIONS

6:00 DISCLOSURES/ REPORT BACKS / ANNOUNCEMENTS

6:15 PRESENTATION

E. Coli Monitoring & Assessment in the LAR  
- Alisha Wenzel, Water Board

6:45 PRESENTATION

LAR Gravel Budget  
- Chris Hammersmark, cbec, engineering

7:15 UPDATES

Flow Management Standard – Tom Gohring  
River and Water Supply Conditions – Tom Gohring  
Habitat Management – Lilly Allen  
Groundwater Facilitation – John Lowrie

7:30 ADJOURN

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

Minutes

Sacramento Suburban Water District  
Facilities and Operations Committee  
Thursday, September 13, 2018

Call to Order

Chair Jones called the meeting to order at 2:00 p.m.

Pledge of Allegiance

Chair Jones led the Pledge of Allegiance.

Roll Call

Directors Present: Dave Jones and Robert Wichert.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Amy Bullock, Matt Underwood, David Morrow, Dana Dean, Mitchell McCarthy, Jim Arenz, David Espinoza and David Armand.

Public Present: William Eubanks.

Announcements

None.

Public Comment

None.

Consent Items

1. Minutes of the August 1, 2018, Facilities and Operations Committee Meeting

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

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

Items for Discussion and/or Action

2. Distribution Main Asset Management Plan Update

Dana Dean (Mr. Dean) presented the staff report.

Director Wichert inquired what version of the draft Distribution Main Asset Management Plan he had: was it a revised version that incorporated Chair Jones comments from the last Facilities and Operations Committee meeting?

Mr. Dean confirmed that the version presented in the meeting packet is an updated version that incorporated Chair Jones' comments from the last Facilities and Operations Committee meeting. Mr. Dean further noted that he recently met with Chair Jones and Assistant General Manager Mike Huot (AGM Huot) and addressed further questions in the revised Distribution Main Asset Management Plan.

Director Wichert inquired how close staff is in assessing the condition of the distribution piping before it is replaced.

Mr. Dean stated that staff is not close and bases the decision to replace distribution main on leak data, age, other factors, and limited physical data.

Director Wichert inquired if anyone in the industry is doing significantly more towards assessing condition prior to replacement.

Mr. Dean stated that he believes East Bay Municipal Utility District (East Bay MUD) is doing something to assess condition.

General Manager Dan York (GM York) stated that Chair Jones and John Valdes went down to East Bay MUD about 7 years ago where the City of Las Vegas was doing a presentation on AC pipe and coupon sampling. Consultants in the past have done coupon sampling for the District, but it had been a few years since a coupon sample has been collected and analyzed.

Director Wichert stated that in the industry if there is a way to assess the condition other than age, then he has to think that method would be preferable.

AGM Huot stated that when he was with the Sacramento County Water Agency (SCWA) they had a consultant to do some leak detection work and there is a lot of new technology coming out on ways to evaluate the lines. The new technology is expensive. AGM Huot further noted that he can reach out to SCWA and see what they are currently doing.

Chair Jones stated that he thinks the District should get the ODS out of our system.

Director Wichert inquired what it costs to replace ODS.

Chair Jones stated that it's \$2 million per mile to replace ODS.

GM York stated that the plan right now is that in 2 years the District will be done with replacing ODS.

Director Wichert stated that he would like staff to do everything they can to assess the condition of the other pipe types without damaging them.

AGM Huot requested clarification regarding Director Wichert's request that a condition assessment element be added to the Distribution Main Asset Management Plan.

Director Wichert confirmed that he would like a condition assessment element added to the plan.

Chair Jones requested that technology information be added to the Distribution Main Asset Management Plan as well.

Public comment from William Eubanks (Mr. Eubanks) stated that he does not understand how staff can disrupt pipe without major adverse issues. He further noted that disturbing the pipe opens up potential issues with leaks and blowouts.

### **3. Review Draft Language for 2018 Consumer Confidence Report**

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

Chair Jones inquired if Mr. Armand presented any of this draft language to the State Water Resources Control Board (SWRCB) to see how it might be received.

Mr. Armand stated that this draft letter and language has not been presented or run past the SWRCB.

AGM Huot confirmed Mr. Armand's response and is requesting that the Directors confirm the proposed language before reaching out to SWRCB.

Director Wichert stated that he is good with the draft language with a few modifications. Changing some language to read: does not facilitate lead dissolving from customer pipes or fixtures.

Chair Jones inquired if any of the draft language needs to be run past legal.

Mr. Armand stated that legal has not reviewed any of this information in the past and the State is the one who puts this information out. The District is required to follow State Regulations.

Public comment from Mr. Eubanks. Mr. Eubanks stated that the language regarding Nitrate seems ridiculous. Mr. Eubanks further noted that the language that reads check with your health care provider should really read that pregnant woman or other groups sensitive to Nitrates should be directed to not drink the water.

GM York stated that the District's main goal is ensuring the District supplies safe and reliable water. The District is to follow guidelines of the State and EPA. If customers have any questions the Consumer Confidence Report (CCR) has a link and phone number to contact District staff to pose such questions.

Director Wichert stated that his request was to help clarify the language so that the customer can clearly understand it.

The Committee recommended staff make the requested modifications to the draft language and send the proposed draft language to legal if needed. If legal does not need to review the draft language, then the letter can be sent to SWRCB.

#### **4. McClellan Business Park Update**

David Morrow (Mr. Morrow) presented the staff report and went through a PowerPoint presentation.

Chair Jones inquired if there is an intertie agreement with CalAm.

Mr. Morrow stated that there is an opportunity for an emergency intertie, but the plan has yet to be completed.

Chair Jones inquired if the pipe material is asbestos (AC).

GM York stated that if a leak does occur with AC, it is typically at the joints.

Chair Jones inquired about the fire hydrants and whether it included spacing.

Mr. Morrow stated that he is unsure if the fire hydrants included spacing.

Director Wichert inquired if backflow devices are on sprinklers.

Mr. Morrow stated that any fire connection would have backflow devices.

GM York stated that when this was brought to the full Board about a year ago one of the issues was that former Director Schild strongly felt that McClellan Business Park be treated like everyone else. The take away from this presentation is an update to the Committee that staff is trying to figure out the cost to install backflows for fire services.

Director Wichert inquired if staff has the draft agreement available.

GM York stated he can provide the draft agreement to the Directors.

Director Wichert requested that he would like to see a status of where staff is with the agreement, discussions and negotiations.

GM York stated that the plan is to bring before the Board in the next two months the agreements with McClellan Business Park and the County and recommendations for installing backflows on fire services.

Public comment from Mr. Eubanks. Mr. Eubanks stated that staff has done a great job making sure McClellan Business Park is treated like everyone else.

#### **5. Antelope Gardens**

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

Chair Jones inquired if there would be a benefit of selling or leasing the property or pushing the rental use by advertising it's available for rent for events like weddings.

Mr. Underwood stated that there are parking issues for large wedding-type events.

Chair Jones inquired if there has been a random survey of what the customers think about potentially demolishing the garden.

Mr. Underwood stated that the District has not done a customer based survey; all of the discussions have been at a Committee level.

Director Wichert stated that he would be comfortable supporting staff's recommendation and moving the item to the full Board meeting as a Consent Item.

Chair Jones stated he is not comfortable with the item as Consent, and that it should be an item for discussion.

Public comment from Mr. Eubanks. Mr. Eubanks stated that the \$1.2 million spent on constructing the garden and the money spent yearly to maintain it seem like a waste of public money and it should have been torn down 10 years ago.

**Adjournment**

Chair Jones adjourned the meeting at 3:29 p.m.

---

Dan York  
General Manager/Secretary  
Sacramento Suburban Water District



# ITEM 11. b.

## Minutes

Sacramento Suburban Water District

### Finance and Audit Committee

Monday, October 8, 2018

#### Call to Order

Chair Thomas called the meeting to order at 2:07 p.m.

#### Roll Call

Directors Present: Kevin Thomas.

Directors Absent: Kathleen McPherson (arrived at 2:11 p.m.)

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Finance Director Dan Bills, Heather Hernandez-Fort, Lynn Pham, Robin Geiger, Annette O'Leary, Matt Underwood and Dana Dean.

Public Present: District Legal Counsel Josh Horowitz, William Eubanks, David Cousins, and Doug Johnson with Ralph Andersen and Associates.

#### Announcements

General Manager Dan York (GM York) announced:

- The Sacramento Groundwater Association's 20 Year Anniversary Luncheon was on Thursday, October 18, 2018.

#### Public Comment

None.

#### Items for Discussion and Action

Chair Thomas requested to present Item 3 first.

#### 3. 2018 Audit Engagement Letter and Contract

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

Director McPherson joined the meeting at 2:11 p.m.

William Eubanks (Mr. Eubanks) complimented staff on the success of the audits in previous years.

The Committee supported the staff recommendation of approval of the 2018 Audit Engagement Letter and Contract with Richardson & Company, LLP and recommended it be presented to the full Board of Directors to request authorization for the Finance and Audit Committee Chair (Director Thomas) to execute the Engagement Letter and Contract.

1. **Fixing the 2018 Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act Follow Up**  
Mr. Bills presented the staff report.

Legal Counsel Josh Horowitz (Mr. Horowitz) provided a summary of the memorandum and provided answers to clarifying questions.

Director McPherson requested staff to continue to research cost projections for different options.

Mr. Bills expressed that staff would separate out the retirement rules from healthcare rules for improved clarity in the future.

2. **2018 Employee Compensation Study Update**

Mr. Bills presented the background of the 2018 Employee Compensation Study.

He introduced Doug Johnson (Mr. Johnson) with Ralph Andersen and Associates, who prepared the Compensation Study and presented the PowerPoint presentation and reviewed the Compensation Study.

Director McPherson requested a copy of the salary structure, the current versus proposed salary bands, and the report which included the data collected from the Study. She also requested District staff provide information, on the recent turnover rate. She inquired about the agencies used in the study, noting that she was unsure if those agencies were being fiscally responsible. She expressed that she was surprised that other entities such as the State of California were not included in the Study, as they are the largest employer in the area. She was also unsure how the District went from being level and competitive with the market two years ago, to being at the bottom of the market. She further noted that the morale at the District was really good, which was a huge factor, as that morale alone was worth as much as compensation. She expressed that she would never advocate for staff not making a wage comfortable to live in the area, as she valued the employees, however she recognized that the District is a public agency, and she has a responsibility to the ratepayers to make good financial decisions.

GM York expressed that the Board previously showed concern with ensuring there was proper succession planning. He explained that if the District didn't resolve the situation, succession planning could fail. He noted one of the "Values" of the District is to "Achieve high levels of staff professionalism through career development, including training opportunities, and retention of skilled staff with competitive compensation." He further expressed he didn't want the District to become a "training ground," only to lose good employees to higher paying jobs in the neighboring area. He emphasized that it was important to compensate appropriately in an effort to retain employees.

Mr. Bills expressed District staff were underpaid for years due to being placed in "classes", instead of matching each position to the market. He expressed that the Board always intended for the District to be within the third quartile, which is between the 50<sup>th</sup> and 75<sup>th</sup> percentile. He noted that the Compensation Policy was inadequate in certain areas and stated that each position needed to be benchmarked to the market.

Mr. Eubanks encouraged the Board to hold a workshop on the item, as there was a lot of information. He expressed that Sub-Committees were established to make decisions and recommendations. He concluded with stating that he didn't believe that the Board valued the employees.

Mr. Bills expressed that anecdotally, staff had been aware for a while of the problem through the lack of qualified respondents to job announcements, and the number of District staff who leave District service for another competing agency within the District's market. He recapped that staff was proposing three items to change in order to bring the District back up from the bottom of the market to a range previously targeted by the Board.

1. Update the Employee Compensation Policy,
2. Direct the General Manager to select the "midpoint of the third quartile" in the labor market for District compensation,
3. Accept the Compensation Survey.

Director McPherson expressed that she was not comfortable making a decision on the Policy by targeting a number for future salary levels that was unsustainable. She expressed that she didn't understand the methodology of the study enough to base the Policy on it. She further expressed that she didn't feel that she had enough information and wanted to ensure that the resources of the District were well managed.

The Committee recommended for staff to bring the Item to the full Board at the Monday October 15, 2018 regular Board meeting with more information for discussion and direction.

### **Adjournment**

Chair Thomas adjourned the meeting at 4:37 p.m.

---

Dan York  
General Manager/Secretary  
Sacramento Suburban Water District

# ITEM 11. c.

## Notes

### **Sacramento Suburban Water District and San Juan Water District 2x2 Water Management / Re-Organization Committee Meeting**

Sacramento Suburban Water District

3701 Marconi Avenue

Sacramento, CA 95821

October 3, 2018 at 4:30 p.m.

#### **Call to Order**

Director Locke called the meeting to order at 4:30 p.m.

#### **Pledge of Allegiance**

Director Locke led the Pledge of Allegiance.

#### **Roll Call**

Committee Members:

Craig Locke, SSWD Director

Dave Jones, SSWD Director

Marty Hanneman, SJWD Director

Ted Costa, SJWD Director

Staff Present:

Dan York, SSWD General Manager

Heather Hernandez-Fort, SSWD Executive Assistant to the G.M.

Paul Helliker, SJWD General Manager

Public Present:

Kathleen McPherson, SSWD Board Member

Mike Huot, SSWD Assistant General Manager

Dan Bills, SSWD Finance Director

Matt Underwood, SSWD Operations Manager

Dana Dean, SSWD Engineering Manager

Greg Zlotnick, SJWD Water Resources & Strategic Affairs

Hilary Straus, CHWD General Manager

Susan Sohal, CHWD Human Resources Manager

Debra Sedwick, Del Paso Manor W.D. (DPMWD) General Manager

Joe Duran, OVWC General Manager

Mark DuBose, OVWC Operations Manager

Tom Gray, FOWD General Manager

William Eubanks, SSWD Ratepayer

Avery Wiseman, SSWD Ratepayer

## **Announcements**

Director Locke announced:

- All members of the public to sign in on the sign-in sheet;
- Kathleen McPherson, a Director with Sacramento Suburban Water District (SSWD) was in the audience.

## **Public Comment**

None.

### **1. Background of 2X2 Committee – SSWD and SJWD**

SSWD's General Manager Dan York (GM York) provided the staff report and PowerPoint presentation. He reviewed the chronology of the reorganization study up to June 2015, when the Committee last met, and descriptions of Phases 1 and 2A.

Director Locke expressed that he was interested in redefining what the objectives were and to review the possibilities going forward.

Director Hanneman expressed that he was surprised that SSWD decided not to move forward with reorganization discussions back in 2015.

Director Locke explained that SSWD was concerned that there was not enough engagement and involvement with Fair Oaks Water District (FOWD), Citrus Heights Water District (CHWD), Orangevale Water Company (OVWC) and City of Folsom (COF) (SJWD family) with regards to their guarantee on continued reliability of water supply and inclusion on potential merger discussions.

Director Hanneman explained that he was interested in hearing from some of the other SJWD family general managers on their concerns.

Director Locke noted that he would like to allow the Committee an opportunity for discussion before requesting public comment.

Director Costa expressed that he supported the idea of keeping all meetings regarding the potential for a reorganization in accordance with the Brown Act, both open and transparent.

He further expressed that he was concerned that the SJWD's 40 year central valley contract, which was negotiated for roughly 15 years, could be jeopardized by reopening it for amendments. His concern was that they would determine that SJWD was not making beneficial use of the water, and reduce their allotment.

Director Costa additionally expressed that SJWD's pre-1914 water right belonged to the property owners of SJWD and the SJWD family, and that he was not confident that the citizens of those water agencies would want to give it away for nothing.

Director Jones expressed that he was looking forward to uncovering more details and getting answers to questions regarding a reorganization. He also noted that he was interested in seeing how this could potentially impact SSWD ratepayers and that he was not interested in anything that would be adverse to them. He concluded by stating that he was interested to see what the State was going to do regarding unsecured water rights.

Tom Gray, FOWD General Manager (GM Gray) expressed that he was in support of Director Costa's comments about the pre-1914 water. He further expressed that the written comments FOWD submitted in the past regarding the potential for a reorganization were still valid and that he was hopeful that the Committee would review those comments.

He expressed that the three concerns of the FOWD were the pre-1914 water rights, the infrastructure of SJWD and what the buy-in would be for SSWD, and finally what benefit would SSWD be providing to SJWD, noting that the water supply was not equal. He expressed that the majority of the wells that SSWD owned were built in the 1960's and on small properties.

The Committee expressed they were interested in seeing the written comments; GM York noted that he would provide them.

William Eubanks (Mr. Eubanks) expressed that GM Gray encapsulated the position of the SSWD ratepayers, noting that the rates would increase if the two districts were to merge. He stated SSWD spent roughly \$80 million on infrastructure that had not been put to full use, and there would be no benefit to SSWD customers to merge with SJWD, other than potential access to surface water, that SSWD could purchase presently.

Hillary Straus, CHWD General Manager (GM Straus) commented they were open and flexible and very interested in being a part of the process as well as helping to find a solution. He noted he believed it should be a multi-lateral discussion, involving several local agencies; and noted CHWD was prepared to support in the efforts financially as well, as long as they were given an opportunity to participate.

Director Hanneman clarified if GM Straus was suggesting that CHWD be included in merger discussions.

GM Straus stated that he wouldn't preclude themselves, but that he believed the focus should be on what the issues were and how to solve them, with a merger being one of the potential options, noting that it would be a more successful conclusion to include other agencies in the overall discussion.

Director Jones commented that it might be a more efficient approach for the SJWD family to discuss their concerns with SJWD, then have SJWD bring those concerns to SSWD.

GM Straus expressed that was an option, and further expressed that a lot has changed since 2015, and that working as a group would provide the best solution for all.

Director Costa inquired how many agencies GM Straus thought should be allowed into the discussion.

GM Straus provided the Committee with a handout (see Exhibit 1 below) that offered his suggestion on how to evaluate the process going forward. He explained that the tier one group would consist of participants from SSWD, SJWD, and all four of the SJWD family. He explained that the tier two group would consist of all participants from the tier one group, and additionally include all other agencies that were interested in participating.

Director Locke expressed that he supported the idea of taking a step back and redefining what the objectives were, and doing it at a regional level. He stated that he believed the objective was to make sure that we were able to use all of the water available to the area that was allocated.

Director Hanneman stated that he was interested to find out why the two districts were looking into this, and inquired about what was not working.

GM Straus suggested to start by getting everyone together in a room with a facilitator to revisit any issues including; water supply management, terms of governance and opportunities for cost efficiency.

Director Locke pointed out that one of the most compelling arguments that he heard toward having merger discussion, was that each agency had redundancies, such as the regions water supply reliability, and that opening up discussion among the agencies was a potential opportunity to work together to secure them.

Director Costa expressed that there were important reasons for opening up merger discussions such as the State was reevaluating water rights and having a larger agency, provided a larger voice with the State in those discussions. He stated that another reason was to secure that water in the American River provided beneficial use through the Cooperative Transmission Pipeline (CTP) to the region.

GM Straus stated the more people you have around the table, the more minds you have to discuss and find solutions to the concerns. He continued with explaining his handout, highlighting the formation phase, the evaluation phase and the implementation phase and described how he believed the process should work.

Dan Bills (Mr. Bills) expressed he believed that a holistic approach was not the way to go, as it was more issues driven at this point. He stated some key questions were all that was needed to be answered in order to determine if moving forward was the best way to go. He further stated that SSWD never had as compelling a reason to merge with SJWD, as the District had surface water contract rights until 2045 for the North Service Area and

water contract rights in perpetuity for the South Service Area. He stated that if conditions had changed since 2015 that changed the reasons for or against merging, that is such a very short timeframe and not relevant to long-term decisions that form the basis for merging. He concluded with encouraging the Committee to seek the answers to questions from the Phase 2B study and they would provide the Committee with the needed direction.

Director Costa commented that the CTP was built for a purpose, and inquired who owned the pipeline if neither agency was going to use it for the intended purpose.

Mr. Bills explained that SSWD bought out the pipeline and that ownership had already been established up to C-Bar-C Park, and that SSWD owned capacity in the CTP from C-Bar-C Park to the Hinkle Reservoir.

Director Costa expressed that he believed that the SJWD Financing Corporation owned the pipeline.

GM Gray commented that sharing water supply north of the American River was very important and that each agency had been involved in regional water transfers which was the first step in establishing a regional water bank. He stated that eventually it would end up in blurred lines where all agencies would be able to move water within the geographical area. He further expressed that if the SJWD families all got together and worked jointly, that they could approach SSWD to work all together.

Paul Helliker, SJWD General Manager (GM Helliker) expressed that his impression of the Phase 1 study was that some of the underlying drivers at the time were done during the middle of a drought, and the agencies were facing new state regulatory requirements. He noted he believed there were still fundamental issues that were outlined in the study. He pointed out that not optimizing the use of the various facilities was an important issue, as well as future climate change and, potential future water quality regulatory requirements. He stated that if what was being proposed was to come with a comprehensive solution that would provide benefits, than he didn't think that they should stop at the SJWD and SSWD borders, if there were other partners that were willing to join in the effort. He expressed that if other agencies were willing to become partners, that there be a stipulation that they were full partners, open to all options. He also stated to redefine the context and issues.

GM York expressed that the Phase 1 report went very fast. He stated that although SSWD had surface water contract rights, they were not permanent water rights. He further expressed that with SGMA, there were a lot of potential changes to regulations on the horizon. He additionally supported the idea of other agencies working together to analyze and discuss all future opportunities. He noted that SSWD spent over \$100 million dollars towards conjunctive use, which contributed to the higher rates. He concluded with expressing that it was time to get the region together to discuss the long term issues.



Debra Sedwick, Del Paso Manor Water District General Manager (GM Sedwick) inquired if the discussion would be about consolidating equipment or resources, etc., that she would be interested in that, but not much further.

The Committee unanimously agreed to direct the SSWD and SJWD General Managers to hold a meeting, extending an invitation to all General Managers regionally with no commitment, with the objective of defining the problems and opportunities, as well as prepare some options and recommendations. They suggested to include an option of hiring a facilitator to assist with discussions.

The Committee additionally requested for the General Managers to try to have the meeting held within a month, and then to attempt to schedule the next Sacramento Suburban Water District and San Juan Water District 2x2 Water Management / Re-Organization Committee Meeting before Thanksgiving.

Mr. Eubanks discouraged bringing more people into the discussion as he stated the more input you get the longer it takes.

- 2. Discuss Further Analysis of Inter-Agency Partnerships or Re-Organization  
Paul Heliker**
- 3. Discuss Agreement on Cost Sharing**
- 4. Regional Participation**
- 5. Meeting Locations**
- 6. Next Meeting**

The meeting was adjourned at 5:53 p.m.

EXHIBIT 1

WATER SUPPLY MANAGEMENT COLLABORATIVE—PROPOSED

WHAT

WHO

OUTCOMES

FORMATION

Initial Scoping

Principal Agencies' Designated Electeds and Key Staff

Identify & Develop Consensus on Problem Statements

Technical Advisory Committee (TAC) Formation

Staff from Principal Agencies, Tier 1 Agencies (Wholesale Water Supply Agencies) Tier 2 Agencies (Carmichael, Rio Linda, etc.)

Develop scope, schedule, budget, & cost sharing arrangement to study the Problem Statements

Principal & Stakeholder Agency Study Approval

TAC; Governing Boards of All Agencies

Seek approval of scope/schedule/budget from Governing Boards of all agencies who will participate in the Study

Explore Options/ Alternatives, Criteria

TAC; Outside Facilitator; Project Consultant(s)

Identify evaluative factors; Identify Options/Solutions; Evaluate Options Using Factors

EVALUATION

Identify Preferred Option

TAC; Outside Facilitator; Project Consultant(s)

Narrow from Multiple Alternatives to a Single Alternative; Create Implementation Plan

Plan Adoption

TAC; Principal Agencies & Stakeholder Agencies, Governing Boards

Seek approval of Plan from all Participating Agencies

IMPLEMENTATION

Plan Implementation

TAC; Principal Agencies & Stakeholder Agencies

Implement Plan; Participating Agencies coordinate implementing work program identified using ongoing TAC meetings



## Agenda Item: 12

**Date:** October 3, 2018

**Subject:** Well Efficiency Testing Annual Report

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

In a continuing effort to maintain the Sacramento Suburban Water District pumps/motors at peak efficiency, and to ensure mechanical integrity, the District conducts annual Well Pump Efficiency Tests. The data gathered from these annual tests is vital in assessing the condition of A well and/or pump over time. Decreasing efficiency can be indicative of a worn pump, failing motor, or plugging of the well screens. The data will also be used for validating water production for SB-555, which requires urban water utilities to submit a validated Water Loss Audit of 2018 by October 2019.

The Production Department has a goal of completing an annual Well Pump Efficiency Test on each well. “Lead” wells are considered to be main runners. The remaining active wells with electric motor drives are designated as “Lag” or fire demand. The designation of Lead or Lag for each well is determined by a number of criteria, including, but not limited to, yield, well pump efficiency, water quality, localized pressure needs, and the overall hydraulic needs of the distribution system. Staff assesses these designations on a regular basis to assure production facilities operate as efficiently as possible to meet system demands.

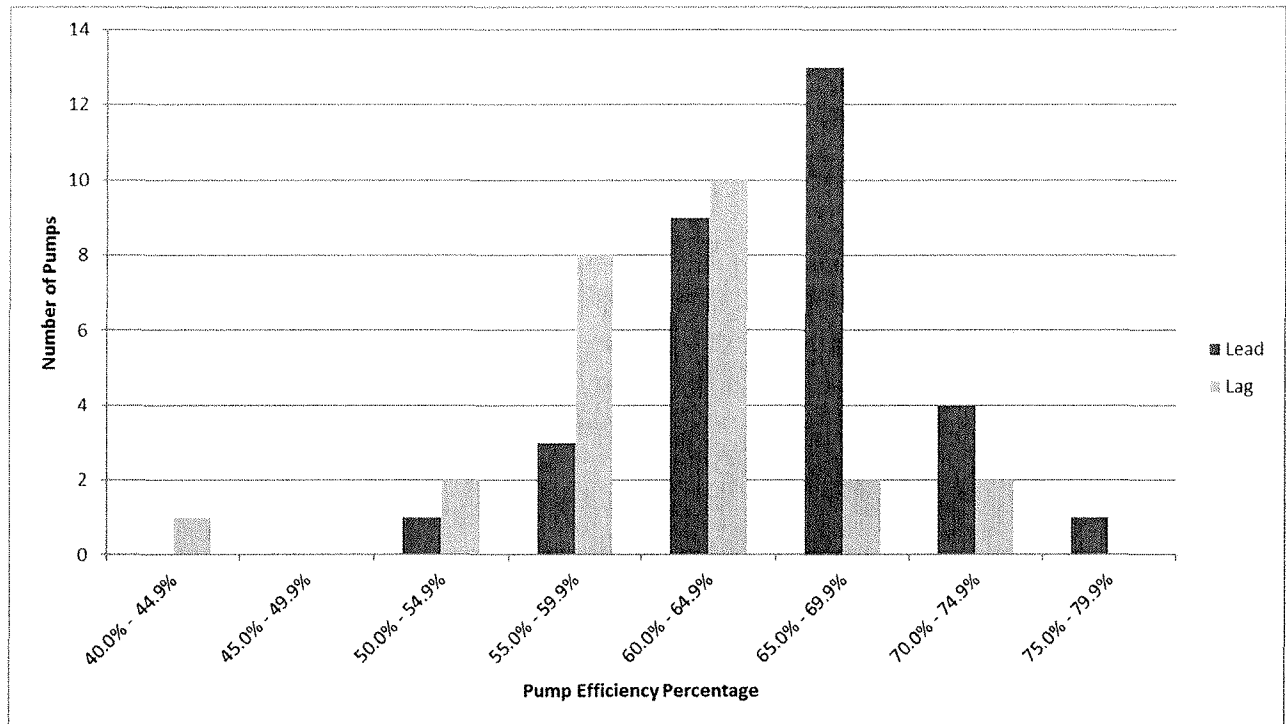
The majority of the Well Pump Efficiency Tests consist of a two-point test; one test is performed at normal operating pressure, and the other is performed against a head that is equal to 10 psi greater than normal operating pressure. Utilizing two data points to determine an average efficiency over varying operating conditions provides the District better data to more accurately assess the condition of each pump/well. A summary of the results of this year’s testing are shown in the graph below.

The results indicate that the majority (87%) of the District’s main runners tested are producing water at efficiencies at or above 60%. This indicates that the District’s well maintenance and rehabilitation program continues to have an overall positive effect on the District’s ability to reliably provide groundwater to our customers. Utilizing the most efficient wells as Lead wells helps to reduce the overall cost of producing groundwater. Active wells that fall below 60% efficiency are examined to see if pump or motor repairs or well rehabilitation might be viable options to improve efficiency. Lag wells generally do not fare as well with only 25% of the wells tested in 2018 achieving efficiencies above 60%. In part, this is because, as previously mentioned, well efficiency is one of the criteria used to determine which wells are designated as Lead. Lag wells are generally older wells close to the end of their useful life that do not produce a great deal of water annually. They are kept in service to meet either peak demand or fire demand situations.

# Well Efficiency Testing Annual Report

October 3, 2018

Page 2 of 2





## Agenda Item: 13

**Date:** October 1, 2018

**Subject:** 2018 Water Rate Study Update

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

The 2018 Water Rate Study is proceeding in line with the Scope and Schedule approved by the Board on April 23, 2018.

As the Board will recall, completion of the Study was set to occur late in 2018 or early 2019. Major steps necessary to complete the Study are:

<b>TASK</b>	<b>COMPLETED ON</b>
1. Prepare/distribute Request for Proposals (RFP)	May 23, 2018
2. Receive Proposals	June 13, 2018
3. Select Consultant	July 16, 2018
4. Execute contract	July 19, 2018
5. Consultant begins study	August 8, 2018
6. Kick-Off Meeting with Consultant	August 28, 2018
<b>7. Intermittent discussions with Committee and Board</b>	<b>October 30, 2018*</b>
8. Study completed	
9. Board approval	
10. 218 Hearing (only if increases are necessary)	

---

\*A Special Board Meeting has been scheduled for Tuesday, October 30, 2018 to review the first phase of the Study, which is the multi-year financial plan as well as to introduce the consultants from Raftelis to the Board.



## Agenda Item: 14

**Date:** October 1, 2018

**Subject:** 2018 Budget Reallocations

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

### **Discussion:**

As required by Board actions taken upon adoption of the 2018 Budget, staff is reporting the following Budget actions taken by the General Manager:

#### CIP Budget Reallocations

At budget adoption, the Board authorizes “the General Manager to adjust and/or reallocate amongst the project type cost categories as necessary within the total CIP Budget amount.” Over the past few months, the General Manager authorized transfers between various projects as described in Exhibit 1. The total amended CIP budget of \$19,160,000 is unchanged.

#### OCB Budget Reallocations

Similar to the CIP budget, the Board authorizes “the General Manager to adjust and/or reallocate amounts amongst the project type cost categories as necessary during the budget year within the total OCB Budget amount.” Necessary reallocations related to various projects are described in Exhibit 2. The total amended OCB budget of \$1,161,000 is unchanged.

#### O&M Budget Reallocations

Similar to the above, the Board authorizes “the General Manager to adjust and/or reallocate amounts amongst the account categories as necessary during the budget year within the total O&M Budget amount.” Necessary reallocations related to various departments are described in Exhibit 3. The total amended O&M budget of \$21,860,000 is unchanged.

**EXHIBIT 1 - CY2018 CIP Budget Transfers**

<b>Project Number</b>	<b>Project Name</b>	<b>Amended or Reallocated Budget Estimate</b>	<b>Reallocated Amount</b>	<b>Current Budget Estimate</b>	<b>Reason for Transfer</b>
SC18-019	Distribution Main Improvement	\$600,000	(\$60,000)	\$540,000	Funds are available as work for small main improvement projects were less than budgeted.
SC18-024	Meter Retrofit	\$2,100,000	\$60,000	\$2,160,000	Both material and construction costs exceeded budget estimate.
SC18-009	Well Rehabilitation and Pump Station Improvements	\$1,000,000	(\$31,000)	\$969,000	Funds are available as a portion of this budget is allotted each year as a contingency for unplanned well rehab projects.
SC18-011	Wellhead Treatment/Chemical Feed	\$150,000	\$31,000	\$181,000	Costs for Well 32A's Manganese Treatment System Upgrade came in higher than budget.
SC18-013	Electrical Improvement at Various Well Sites	\$200,000	(\$100,000)	\$100,000	Funds transferred to Marconi Generator project as electrical work budgeted in this project number is also associated with the Marconi Generator project.
SC18-040	Engine Generator Compliance	\$240,000	\$100,000	\$340,000	Some construction work for Marconi Generator Phase I was not completed in 2017 and the 2018 budget is insufficient for the additional costs.
<b>Total</b>		<b>\$4,290,000</b>	<b>\$0</b>	<b>\$4,290,000</b>	

**EXHIBIT 2 – 2018 OCB Budget Transfers**

<b>Project Number</b>	<b>Project Category</b>	<b>Amended Budget Estimate</b>	<b>Reallocated Amount</b>	<b>Amended Budget Estimate</b>	<b>Reason for Transfer</b>
SF18-435	Rekey All Facilities	\$12,000	(\$9,900)	\$2,100	Due to completing the project primarily in late 2017, funds are available for reallocation.
SF18-445	Fence Replacement – 4 Well Sites	\$28,000	\$9,900	\$37,900	There have been three security breaches at Well Site 75 of late. Most likely due to the close proximity of well site to levee and river. Project replaces 769' of chain link fence with high security mini-mesh fence.
SF18-449	Software Upgrades/ Modules/Enhancement	\$160,000	(\$50,000)	\$110,000	Due to losing the District's software consultant to CHWD, the Board Packet Creation Software project was deferred to 2019.
SF18-450	Server Room	\$50,000	\$50,000	\$100,000	Extra work and costs for the new server room are needed to conform to County Permit requirements.
<b>Total</b>		<b>\$250,000</b>	<b>\$0</b>	<b>\$250,000</b>	



**EXHIBIT 3 - CY2018 O&M Budget Transfers**

<b>Account Number</b>	<b>Account Name</b>	<b>Amended or Reallocated Budget Estimate</b>	<b>Reallocated Amount</b>	<b>Current Budget Estimate</b>	<b>Reason for Transfer</b>
05-54507	Construction	\$150,000	(\$29,000)	\$121,000	Funds are available as this account was budgeted for contingency/emergency needs.
08-54003	Equipment Maintenance Supplies & Services	\$10,000	\$29,000	\$39,000	Increase due to unexpected repairs and maintenance needed on the District AMI meter-reading collectors.
03-55500	Use Tax	\$60,000	(\$50,000)	\$10,000	Actual costs came in under budget due to the reduction in purchases of meter and meter components from manufacturers outside of California.
18-54509	Software Licenses	\$415,200	\$33,000	\$448,200	Increase needed to upgrade to full-use licenses to access SCADA Virtual Server Environment.
17-54506	HR Consulting	\$23,500	\$17,000	\$40,500	Increase due to cost for the employee compensation survey.
<b>Total</b>		<b>\$658,700</b>	<b>\$0</b>	<b>\$658,700</b>	



## Agenda Item: 15

**Date:** October 1, 2018

**Subject:** Environment Review for Well 79 Verner/Panorama Project

**Staff Contact:** David Morrow, P.E., Senior Engineer

To comply with the California Environmental Quality Act (CEQA), an Initial Study/Mitigated Negative Declaration has been prepared by the District's consultant, Wood Rodgers. Based on the evaluation of the Initial Study, a Mitigated Negative Declaration is proposed because the proposed project would have no significant impacts on the environment.

The Initial Study/Mitigated Negative Declaration must be circulated to various State agencies through the State Clearinghouse. Additionally, to comply with CEQA Public Review requirements, a Notice of Intent to Adopt (NOI) a Mitigated Negative Declaration has been prepared (Exhibit 1).

In early October 2018, the NOI will be mailed to property owners located within 1,000 feet of the project site. The NOI will also be posted on the District's website and at the project site. As stated in the NOI, a 25-day public review period will begin on October 16, 2018, and end at 3:00 pm on November 16, 2018. A Public Hearing will be held at the November 19, 2018, Board meeting prior to Board action on the proposed Mitigated Negative Declaration. Following the Board Hearing, staff will recommend that the Board adopt a Mitigated Negative Declaration for Well 79 Verner/Panorama at the November 19, 2018, Board meeting.

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

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

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

1. **Name of Project:** Municipal Supply Well 79 Verner/Panorama
  
2. **Project Proponent and Lead Agency:** Sacramento Suburban Water District, 3701 Marconi Avenue, Suite 100, Sacramento, CA 95821; Contact: David Morrow, P.E., Senior Engineer ([dmorrow@sswd.org](mailto:dmorrow@sswd.org)) or Mitchell McCarthy, Assistant Engineer ([mmccarthy@sswd.org](mailto:mmccarthy@sswd.org)), 916-972-7171.
  
3. **Project Description:** The District proposes to construct and install a municipal groundwater supply well and pump station on an existing well site as described below. For more information concerning the project, see the Initial Study/Proposed Mitigated Negative Declaration ("IS/MND"), which is available for review and copying during regular business hours at the District office at the above address. An electronic copy of the IS/MND is also available for review on the District's website at [www.sswd.org](http://www.sswd.org).
  
4. **Project Location:** Well 79 Verner/Panorama would be located on an existing well site parcel located at north-east corner of Verner Avenue and Panorama Drive in the City of Citrus Heights, California, as further described in the IS/MND.
  
5. **Proposed Findings:** Based on the IS, the District proposes to adopt a MND with the following findings:
  1. The Proposed Project would have no impacts on: agriculture, biological resources, cultural resources, mineral resources, geology and soils, land use planning, mineral resources, population and housing, public services, recreation, transportation and traffic.
  2. The Proposed Project would have less-than-significant impacts on: aesthetic resources, air quality, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, noise, and utilities and service systems.
  
6. **Initial Study:** A copy of the IS/MND is available for public review at the District office at the above address. The reference documents referred to in the Initial Study are also available for public review at the District office. An electronic copy of the IS/MND is also available for review on the District's website at [www.sswd.org](http://www.sswd.org).
  
7. **Public Review:** Public comments on this proposal to adopt a Mitigated Negative Declaration will be received by the District at the above address beginning on October 16, 2018 and ending at 3:00 p.m. on November 16, 2018. The District's Board of Directors will consider the proposed MND at its November 19, 2018 meeting, at 6:00 p.m. at the District's offices at the above address. Public comments will also be received at this meeting prior to Board action.

Dated: October 1, 2018

  
\_\_\_\_\_  
David Morrow, P.E., Senior Engineer



## Agenda Item: 16

**Date:** October 2, 2018

**Subject:** Legislative and Regulatory Update

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

**RWA Government Affairs Committee**

The 2018 Legislative Session ended on August 31, 2018. Table 1 shows a listing of the results from the Bills the District and the Regional Water Authority (RWA) have been tracking.

In September 2018, the U.S. House of Representatives and the U.S. Senate released legislation pertaining to water infrastructure. S.3021, a combination of H.R. 3387 and S.2800, reauthorizes the state revolving loan fund (SRF) program and the Water Infrastructure Finance and Innovation (WIFIA) program for two years, both very positive outcomes according to the American Water Works Association. S.3021 will affect the District because it includes a provision from the Environmental Protection Agency (EPA) to require Consumer Confidence Reports (CCR) to be distributed twice per year, instead of once per year. Staff is reviewing the potential impact of distributing the District’s CCR twice per year and will budget accordingly if S.3021 becomes a requirement.

S.3021 also formally authorizes the voluntary WaterSense conservation program. Unlike the Energy Star program, WaterSense has never been formally authorized by Congress and has been funded at the will of the Administrator of the EPA. If S.3021 passes and is signed by the President, the WaterSmart program will become a permanently funded program within the EPA’s budget.

**Table 1: Updates Regarding Previously Reported Legislation**

Bill Number	Name	House Location	Date	Action	Comments	Results
SB 623	Safe and Affordable Drinking Water Fund	NA	NA	Rewritten and assigned as SB 845		Rewritten
SB 845	Safe & Affordable Drinking Water Fund	Assembly	8/24/18	Not Passed	Died in committee process	Oppose Unless Amended

Legislative and Regulatory Update

October 2, 2018

Page 2 of 2

<b>SB 998</b>	Discontinuation of Residential Water Service	Senate	8/29/18	Passed	Enrolled	Oppose Unless Amended
<b>SB 1422</b>	California Safe Drinking Water Act: Micro-plastics	Assembly	8/23/18	Passed	Enrolled	Oppose unless Amended
<b>AB 2370</b>	Lead Exposure: Child Day Care Facilities: Family Day Care Homes	Senate	6/28/18	Passed	Enrolled	Watch
<b>AB 3206</b>	Water Conservation: Water Meters: Accuracy and Performance Standards	Senate	8/16/18	Not Passed.	Placed on suspense file	Oppose Unless Amended
<b>H.R. 434</b>	New WATER Act	U.S. Congress	7/27/18	Natural Resources Committee	In committee process	Support recommended
<b>S.3021</b>	America's Water Infrastructure Act of 2018	U.S. Congress	9/17/18	Environmental and Public Works	In committee process	Support recommended



## Agenda Item: 17

**Date:** October 3, 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. Sacramento Suburban Water District Open House  
October 17, 2018  
SSWD Office  
[www.sswd.org](http://www.sswd.org)
2. SGA Board Meeting  
October 18, 2018  
SGA Office  
<http://www.sgah2o.org/meetings/board-meetings/>
3. SGA 20<sup>th</sup> Anniversary Event  
October 18, 2018  
Sacramento, CA  
<http://www.sgah2o.org/>
4. AWWA Annual Fall Conference  
October 22-25, 2018  
Palm Springs, CA  
<http://ca-nv-awwa.org/>

## Upcoming Water Industry Events

October 3, 2018

Page 2 of 3

5. RWA Executive Committee Meeting  
October 24, 2018  
RWA Office  
<http://rwah2o.org/>
6. California Groundwater Association's 2018 Annual Convention and Trade Show  
October 25-27, 2018  
Reno, NV  
<https://cdn.ymaws.com/www.groundh2o.org/resource/resmgr/files/forms/cga-2018-registration-brochu.pdf>
7. ACWA San Joaquin River Restoration Tour  
November 7, 2018  
Fresno, California  
<https://www.acwa.com/events/san-joaquin-river-restoration-tour/>
8. RWA Board Meeting  
November 8, 2018  
RWA Office  
<http://rwah2o.org/>
9. ACWA Regions 2 & 4 Program and Tour – A Lesson in Functional Flow  
November 15, 2018  
Woodland, CA  
<https://www.acwa.com/events/acwa-regions-2-4-program-tour-a-lesson-in-functional-flow/>
10. ACWA 2018 Fall Conference  
November 27-30, 2018  
San Diego, CA  
<https://www.acwa.com/events/2018-fall-conference-exhibition/>
11. CSDA Extraordinary Leader Workshop  
December 4, 2018  
Sacramento, CA  
<https://members.csda.net/imis1/EventDetail?EventKey=EXLE120418>
12. RWA Executive Committee Meeting  
December 5, 2018  
RWA Office  
<http://rwah2o.org/>
13. 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 3<sup>rd</sup> Monday of the month
- Citrus Heights Water District: <http://chwd.org/> - Every 2<sup>nd</sup> Tuesday of the month
- Del Paso Manor Water District: (916)487-0419 - Every 1<sup>st</sup> Monday of the month
- El Dorado County Water Agency - <http://www.edlafco.us/> - Every 2<sup>nd</sup> Wednesday of the month
- El Dorado Irrigation District - <http://www.eid.org/> - Every 2<sup>nd</sup> and 4<sup>th</sup> Monday's of the month
- Fair Oaks Water District: <http://www.fowd.com/> - Every 2<sup>nd</sup> Monday of the month
- Natomas Mutual Water Company - <http://natomaswater.com/> - Every 2<sup>nd</sup> Tuesday of the month
- Orangevale Water Company - <https://orangevalewater.com/> - Every 1<sup>st</sup> Tuesday of the month
- Placer County Water Agency: <https://pcwa.net/> - Every 1<sup>st</sup> and 3<sup>rd</sup> Thursdays of the month
- Rio Linda/Elverta Community WD: <http://www.rlecwd.com/> - Every 3<sup>rd</sup> Monday of the month
- San Juan Water District: <http://www.sjwd.org/> - Every 4<sup>th</sup> Wednesday of the month





## Agenda Item: 18 a.

**Date:** October 10, 2018

**Subject:** CEQA Exemptions for Water Facility Projects: Jonas Main Replacement and Plover Main Replacement

**Staff Contact:** Dana Dean, P.E., Engineering Manager –via–  
David Espinoza, P.E., Senior Engineer

**Discussion:**

To comply with the California Environmental Quality Act (CEQA), the District has prepared a “Notice of Exemption” for two Distribution Main Replacement Program projects as “Categorical Exemptions”: the Jonas Main Replacement Project; and the Plover Water Main Replacement Project.

Article 15302 of the California Environmental Quality Act allows a “Class 2” Categorical Exemption for “replacement or reconstruction of existing structures and facilities where the new structure would be located in the same site as the structure replaced and will have substantially the same purpose and capacity of the structure replaced.” The water mains are being relocated from the back yard to the front street, but the mains are serving the same parcels and the relocation is not considered to be significant. In addition, there are no growth or increased capacity issues. Therefore, this project satisfies the criteria to qualify as categorically exempt.

A description of each project is listed below:

Jonas Main Replacement Project

The Jonas Main Replacement project consists of the installation of 23,000 feet of 6-, 8-, and 12-inch water main. As a result of this project, a total of 367 customers will be switched to the new water mains to be constructed in the street in the public right-of-way. Each of these properties will receive new water services. 40 fire hydrants will also be installed or upgraded. The project is bound by Arden Way, Morse Avenue, Hurley Way, and Fulton Avenue.

The “Notice of Exemption” for the Jonas Main Replacement Project has been signed, endorsed and recorded by Sacramento County Clerk’s Office.

Plover Main Replacement Project

The Plover Main Replacement Project consists of the installation of 1,600 feet of 8-inch water main. As a result of this project, approximately 30 homes will be converted to the new water main constructed in the street.

The “Notice of Exemption” for the Plover Main Replacement Project has been signed and sent to the Sacramento County Clerk’s Office for recording.

**Fiscal Impact:**

There is no significant cost in making these determinations and filing costs are nominal fees.

**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.

The main replacement projects align with these goals through the planned replacement of water mains and service lines that outlived their useful life and will improve water system reliability. These projects will also contribute to the District’s compliance with the State requirement to meter all services by 2025.



## Agenda Item: 19. a.

**Date:** October 9, 2018

**Subject:** Upcoming Policy Review – Debt Obligation Continuing Disclosure Policy (PL – Fin 013)

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

The Debt Obligation Continuing Disclosure Policy (PL – Fin 013) was last reviewed by the Board in November 2016.

Staff has no recommended changes to the Policy, but is presenting the Policy to the Board for Director comment.

The Policy is out for review with Bond Counsel – Stradling, Yocca, Carlson & Rauth, but no comments have been received as of this date. The Policy was not reviewed by General Counsel.

The Policy is scheduled for Board consideration and adoption at the November Board meeting. If a Director wishes to have their comments included in Board packet, please provide those comments to staff by Thursday, November 1, 2018.

## Sacramento Suburban Water District

**Debt Obligation Continuing Disclosure Policy**Adopted: March 16, 2015; Ratified without changes on November XX, 2018

Revised: November 21, 2016

**100.00 Purpose of the Policy**

The purpose of this Debt Obligation Continuing Disclosure Policy (“Policy”) is to memorialize and communicate Board direction in connection with obligations, including notes, bonds and certificates of participation, issued by or on behalf of the Sacramento Suburban Water District (the “District”) so as to ensure that the District continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

**200.00 Policy**

The District from time to time issues certificates of participation, revenue bonds, notes or other obligations (collectively, “Obligations”) in order to fund or refund capital investments or other long-term programs. Certain obligations are executed and delivered through the Sacramento Suburban Water District Financing Corporation (the “Financing Corporation”) and others are incurred directly by the District. In offering Obligations to the public, and at other times when the District makes certain reports, the District must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the District must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the District’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

In connection with the issuance or execution and delivery of Obligations, the District has entered and may enter into a number of contractual agreements (“Continuing Disclosure Certificates”) to provide annual reports related to its financial condition

(including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The District must comply with the specific requirements of each Continuing Disclosure Certificate. The District's Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the District's fiscal year, and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require "material event" notices are set forth in each particular Continuing Disclosure Certificate.

The District Treasurer shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Certificates. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

### **300.00 Policy Review**

This Policy shall be reviewed at least biennially.



## **Agenda Item: 19. b.**

**Date:** September 26, 2018

**Subject:** Upcoming Policy Review – Employee Recognition and Retention Expense Policy (PL – Adm 008)

**Staff Contact:** Mike Huot, Assistant General Manager

Included with this report is the updated Budget Policy (PL - Fin 012) for the Board's review and comment. The Employee Recognition and Retention Expense Policy (PL – Adm 008) was originally adopted by the Board on September 15, 2003 and last revised on December 19, 2016. Staff has edits to Sections 100.00 and 200.00:

Section 100.00 - Staff recommends removing significant events of employee's lives from being recognized monetarily. The intention of the employee recognition and retention policy is to recognize job related accomplishments. Significant employee life events will be acknowledged and congratulated during recognition events or other venues, such as all hands meetings, but will not be rewarded monetarily nor the main purpose for the event. There are additional minor wording changes to provide more clarity but do not change the intent of the policy.

Section 200.00 – Staff recommends removing retirements, birth of an employee's child, and bereavement acknowledgments for the death of an employee or their immediate family member from this policy to be consistent with modifications to Section 100.00. The list for types of expenses authorized was removed since it is more procedural.

The policy is scheduled for Board review and approval at the November Board meeting. If a Director wishes to have their comments included in hard copy for Board review and consideration, please provide those comments to staff by Monday, October 29, 2018.

## Sacramento Suburban Water District

**Employee Recognition and Retention Expense Policy**

Adopted: September 15, 2003

Revised: ~~December 15, 2008; April 18, 2011; May 20, 2013; December 19, 2016.~~ Approved with  
Changes on November 19, 2018

---

**100.00 Purpose of the Policy**

The purpose of this policy is to promote employee morale, efficiency, initiative, and retention. In the normal course of District operations, the Board of Directors recognizes that District employees accomplish various achievements and other job related successes for which recognition is both desirable and warranted. ~~Also, significant events may occur in the lives of employees during their term of employment with the District that would warrant District recognition.~~

~~The recognition of such accomplishments and milestones can improve employee safety, morale and job performance.~~ encourages job satisfaction, long-term employment, and improves ~~promote~~ employee morale, teamwork, and a positive working relation ~~environment.~~ Because the District is a direct beneficiary of increased employee safety, morale, and job performance, the Board of Directors has established a policy for discretionary employee recognition and retention-related expenses.

**200.00 Policy**

The Board of Directors authorizes the General Manager to spend monies, not to exceed \$250.00 per full-time employee equivalent (FTE) per annum, for the following purposes:

1. Employee job-related achievement or superior performance recognition.
2. Employee exemplary safety record.
3. Employee superior customer service, outstanding teamwork, and/or exceptional efforts to display and exemplify the District's Mission Statement, and Values, and its Strategic Plan Goals.
4. Employment anniversary dates, and retirements, birth of an employee's child, and bereavement acknowledgments for the death of an employee or his/her immediate family member.
5. ~~Other similar~~ employee milestones, successes, achievements, and/or events as deemed appropriate by the General Manager and in accordance with applicable law.

~~Types of expenses authorized under this policy are for items such as: plaques, flowers, cards, refreshments, or other minor items.~~

**300.00 Policy Review**

This policy is consistent with State law and will be reviewed at least biennially. Further, this policy will be utilized in the District's annual budgeting process.





## Agenda Item: 20

**Date:** October 9, 2018

**Subject:** Financial Report

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

Nine reports are attached for your information. Please note formatting changes and additional reports:

- Financial Highlights – September 2018
- Financial Statements – September 2018
- Investments Outstanding and Activity – September 2018
- Cash Expenditures – September 2018
- Credit Card Expenditures – September 2018
- Directors Compensation and Expense Accounting – Third Quarter 2018
- District Reserve Balances – September 2018
- Information Required by LOC Agreement
- Financial Markets Report – September 2018

### **Financial Highlights**

The Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position are presented in this report. It is gleaned from the financial statements presented on subsequent pages. Key information from this report indicates the District's cash balance is \$0.3 million lower than its prior year balance at the same date; investments, however, are \$2.1 million more than on September 30, 2017; liabilities have decreased by \$8.0 million due to the payment of bond principal in October 2017 and the refunding of the 2009B COP in May 2018; and net position has increased by \$11.2 million in the last 12 months as the District continues to replace capital infrastructure without incurring additional 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**

#### **Statements of Net Position:**

District cash and cash equivalents increased to \$12.5 million as of September 30, 2018, up from \$6.1 million at December 31, 2017. Cash held in the District's bank accounts (\$5.3 million as of September 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 \$0.4 million to a total of \$36.2 million, reflecting the reinvestment of interest received off-set by unrealized market value losses. Investment portfolio balances and activity are reported on subsequent pages.

Capital assets grew \$10.8 million to \$469.3 million as of September 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 \$254.3 million as of September 30, 2018, compared to \$245.4 million at December 31, 2017 for an increase of \$8.9 million.

Statements of Revenues, Expenses and Changes in Net Position:

The net position increase of \$8.9 million in 2018, when compared to \$9.2 million for the same year-to-date period in 2017, shows:

1. Water Consumption Sales increased by \$0.4 million (4.0 percent) compared to the same period in 2017 due primarily to the 4.0 percent rate increase that occurred on January 1, 2018. Water deliveries decreased 3.5 percent as 23,965 acre-feet was delivered in 2018 compared to 24,829 acre-feet in 2017.
2. Total operating revenues also increased due to Capital Facility Charges increasing by \$1.2 million in line with the 4.0 percent rate increase referred to above.
3. Operating expenses increased by \$0.1 from the same period in 2017 due to the net effect of – 1) a decrease of \$0.1 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; 2) an increase of \$0.3 million in groundwater pumping costs; and 3) a decrease of \$0.1 million in transmission and distribution costs.
4. Interest and investment income decreased \$0.3 million compared to the same period a year ago primarily due to unrealized holding losses in the first nine months of 2018 that is a result of increasing market rates.
5. Interest expense and debt related costs decreased \$0.2 million compared to the same period a year ago primarily due to the savings from refunding the 2009B COP to a lower interest rate with the issuance of the 2018A Revenue Bond.

Budgets:

The District’s operating and maintenance expenditures for 2018 came in less than the budget by \$2.2 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 cost of surface water in the South Service Area and the shutdown of the ATP and water availability in the North Service Area. The District still 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 September were \$0.5 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, \$9.9 million has been spent, while \$7.3 million is under contract. Expenditures continue to be primarily in distribution system replacements, well improvements and meter retrofit projects.

### **Debt – September 2018**

The District completed refunding the Series 2009B COP with the 2018A Revenue Refunding Bond in May, saving the District \$1.3 million (NPV) over the next 10 years. This report shows the Series 2009B COP with outstanding principal of \$22,065,000, 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 \$19,615,000.

Scheduled 2018 principal payments of \$4.4 million are not due until the end of October. Total principal outstanding as of September 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 nine months ended September 30, 2018, the District has incurred interest expense of \$1,920,517 versus a forecast of \$2,595,000 or a \$674,482 positive variance. This is primarily due to: 1) expected Federal Reserve interest rate increases occurring later in the year than originally anticipated, and 2) savings from refunding the Series 2009B COP to a lower interest rate with the issuance of the 2018A Revenue Bond.

### **Investments Outstanding and Activity – September 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, asset-backed securities, collateralized mortgage obligations 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, analytics and proposes strategies for the District. The market portfolio is currently earning a rate of 2.13% per annum, while LAIF is earning 2.0% 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 month of September, the District purchased one US Treasury Note for \$1.2 million (par) and sold one Federal Agency Note for \$0.5 million (par). The District received principal paydowns on four Federal Agency Collateralized Mortgage Obligations of \$30,785 (par) and seven Asset-Backed Security Obligations of \$43,424 (par). One Federal Agency Collateralized Mortgage

Obligations investment matured for \$1,758 (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 – September 2018**

During the month of September, the District made cash payments totaling \$3.2 million. The primary expenditures were – \$2.0 million for 2018 capital improvement projects, \$0.1 million for debt service, \$0.2 million for water costs including pumping and chemical costs, \$0.1 million for customer billing, printing and postage and \$0.6 million for payroll, pension and health benefits.

**Purchasing Card Expenditures – September 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 \$15,388 for various purchases on the six District purchasing cards. Details by vendor and purpose are included in this report.

**Directors Compensation and Expense Accounting – Third Quarter 2018**

Director meetings attended during the 3<sup>rd</sup> 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 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 September 30, 2018 are \$48,935,238 compared to \$45,669,205 at December 31, 2017. In May, \$3.5 million of reserves were liquidated due to refunding the 2009B COP.

**Information Required by LOC 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.

**Financial Statements  
September 30, 2018**

Sacramento Suburban Water District  
Financial Highlights  
Period Ended

STATEMENTS OF NET POSITION

	<u>Month</u> 9/30/2018	<u>Year-To-Date</u> 9/30/2018	<u>Month</u> 9/30/2017	<u>Year-To-Date</u> 9/30/2017
<b>LIQUIDITY</b>				
Cash and cash equivalents		\$12,504,826.83		\$12,808,994.38
<b>INVESTMENT</b>				
Investments		36,221,711.29		34,109,838.00
<b>CAPITAL ASSETS</b>				
Property, plant and equipment		469,279,170.71		453,912,861.51
Accumulated depreciation		(177,573,067.17)		(168,107,355.60)
		<u>291,706,103.54</u>		<u>285,805,505.91</u>
<b>LIABILITIES</b>				
Long Term Debt		(85,998,952.95)		(94,012,410.78)
<b>NET POSITION</b>				
Net Position		<u>254,341,322.11</u>		<u>243,099,892.26</u>

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>Month</u> 9/30/2018	<u>Year-To-Date</u> 9/30/2018	<u>Month</u> 9/30/2017	<u>Year-To-Date</u> 9/30/2017
<b>NET INCOME</b>				
Operating Revenue	\$4,583,186.91	\$33,685,158.23	\$4,173,612.45	\$32,495,307.24
Operating Expense	(1,762,357.62)	(14,135,087.70)	(1,703,098.02)	(13,991,345.17)
Other, Net	(892,426.52)	(10,640,200.72)	(278,632.69)	(9,264,526.05)
<b>Change in Net Position</b>	<u>\$1,928,402.77</u>	<u>\$8,909,869.81</u>	<u>\$2,191,881.74</u>	<u>\$9,239,436.02</u>

**Sacramento Suburban Water District  
Statements of Net Position**

	<i>As Of</i>		<u>Month End</u>	<u>Year End</u>
			<u>9/30/2018</u>	<u>12/31/17</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents			\$12,496,663.01	\$6,084,811.39
Restricted Cash and cash equivalents			8,163.82	12,504.34
Accounts receivable, net of allowance for uncollectible accounts			3,159,098.26	3,220,813.91
Interest receivable			208,699.58	175,718.91
Restricted Interest receivable				7,982.27
Grants receivables			135,446.55	135,446.55
Other receivables				139,520.00
Inventory			726,909.51	687,361.49
Prepaid expenses and other assets			996,404.10	596,878.92
<b>TOTAL CURRENT ASSETS</b>			<u>17,731,384.83</u>	<u>11,061,037.78</u>
<b>NONCURRENT ASSETS</b>				
Investments			36,221,711.29	35,860,505.32
Restricted Investments				3,527,683.79
Fair value of interest rate swaps			487,057.00	487,057.00
<b>TOTAL NONCURRENT ASSETS</b>			<u>36,708,768.29</u>	<u>39,875,246.11</u>
Property, plant and equipment			469,279,170.71	458,488,252.58
Accumulated depreciation			<u>(177,573,067.17)</u>	<u>(168,222,020.00)</u>
<b>TOTAL CAPITAL ASSETS</b>			<u>291,706,103.54</u>	<u>290,266,232.58</u>
<b>TOTAL ASSETS</b>			<b><u>346,146,256.66</u></b>	<b><u>341,202,516.47</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on long-term debt refunding			6,189,410.30	6,678,090.23
Pension contribution subsequent to measurement date			2,623,682.00	2,807,227.00
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			<b><u>354,959,348.96</u></b>	<b><u>350,687,833.70</u></b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Current portion of long-term debt and capital leases			4,425,000.00	4,240,000.00
Accounts payable			779,445.20	1,799,258.35
Accrued interest			521,921.38	426,439.43
Deferred revenue and other liabilities			1,030,705.69	895,650.62
Accrued expenses			1,123,199.92	1,194,890.42
<b>TOTAL CURRENT LIABILITIES</b>			<u>7,880,272.19</u>	<u>8,556,238.82</u>
<b>NONCURRENT LIABILITIES</b>				
Long-term debt			81,573,952.95	85,548,384.48
Compensated absences			1,031,823.71	1,019,780.10
Net pension liability			8,997,648.00	8,997,648.00
<b>TOTAL NONCURRENT LIABILITIES</b>			<u>91,603,424.66</u>	<u>95,565,812.58</u>
<b>TOTAL LIABILITIES</b>			<b><u>99,483,696.85</u></b>	<b><u>104,122,051.40</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow of effective swaps			487,057.00	487,057.00
Employee pensions			647,273.00	647,273.00
<b>NET POSITION</b>				
Invested in capital assets, net of related debt			207,155,938.33	207,155,938.33
Restricted			3,548,170.40	3,548,170.40
Unrestricted			43,637,213.38	34,727,343.57
<b>TOTAL NET POSITION</b>			<b><u>254,341,322.11</u></b>	<b><u>245,431,452.30</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			<b><u>354,959,348.96</u></b>	<b><u>350,687,833.70</u></b>

**Sacramento Suburban Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**

*Period Ended*

	<u>Month</u> <u>9/30/2018</u>	<u>Year-To-Date</u> <u>9/30/2018</u>	<u>Month</u> <u>9/30/2017</u>	<u>Year-To-Date</u> <u>9/30/2017</u>
<b>OPERATING REVENUES</b>				
Water consumption sales	\$1,912,332.52	\$9,889,238.07	\$1,579,224.41	\$9,472,433.54
Water service charge	537,523.69	4,743,791.26	533,460.20	4,755,380.18
Capital facilities charge	2,040,010.27	18,029,403.07	1,960,219.02	17,329,300.48
Wheeling water charge	790.02	262,780.64	845.88	166,634.06
Other charges for services	92,530.41	759,945.19	99,862.94	771,558.98
<b>TOTAL OPERATING REVENUES</b>	<u>4,583,186.91</u>	<u>33,685,158.23</u>	<u>4,173,612.45</u>	<u>32,495,307.24</u>
<b>OPERATING EXPENSES</b>				
Source of supply	337,202.39	2,158,451.53	280,373.20	2,247,920.18
Pumping	360,591.01	3,022,954.69	331,611.13	2,746,146.74
Transmission and distribution	443,802.60	2,619,274.47	362,147.69	2,712,674.35
Water conservation	35,803.07	298,932.87	30,007.48	334,940.93
Customer accounts	114,534.54	926,842.32	113,714.54	954,743.94
Administrative and general	466,657.51	5,099,031.92	585,285.65	4,996,038.67
<b>TOTAL OPERATING EXPENSES</b>	<u>1,758,591.12</u>	<u>14,125,487.80</u>	<u>1,703,139.69</u>	<u>13,992,464.81</u>
Operating income before depreciation	2,824,595.79	19,559,670.43	2,470,472.76	18,502,842.43
Depreciation and amortization	(1,037,584.75)	(9,351,047.17)	(1,015,163.48)	(9,147,499.45)
<b>OPERATING INCOME</b>	<u>1,787,011.04</u>	<u>10,208,623.26</u>	<u>1,455,309.28</u>	<u>9,355,342.98</u>
<b>NON-OPERATING REV. (EXP.)</b>				
Rental income	16,378.49	179,615.17	23,435.15	195,533.28
Interest and investment income	(16,302.61)	244,468.57	(54,415.35)	540,952.09
Interest expense and debt related costs	(208,819.64)	(2,397,242.43)	(310,354.85)	(2,626,169.54)
Other non-operating revenues	33.50	151,916.04	647.22	179,909.10
Grant revenue pass-through to sub recipients				389,100.55
Other non-operating expenses		12,019.81	(10.00)	3,667.07
Sub recipient grant expenses				(389,100.55)
Gain(loss) on disposal of capital assets		27,030.00		
<b>NON-OPERATING REV. (EXP.)</b>	<u>(208,710.26)</u>	<u>(1,782,192.84)</u>	<u>(340,697.83)</u>	<u>(1,706,108.00)</u>
<b>NET INCOME (LOSS) BEFORE CAPITAL</b>	<u>1,578,300.78</u>	<u>8,426,430.42</u>	<u>1,114,611.45</u>	<u>7,649,234.98</u>
<b>CAPITAL CONTRIBUTIONS</b>				
Facility development charges		116,284.00		91,097.00
Developer contributions	350,101.99	350,101.99		413,977.00
Federal, state and local capital grants		17,053.40	1,077,270.29	1,085,127.04
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<u>350,101.99</u>	<u>483,439.39</u>	<u>1,077,270.29</u>	<u>1,590,201.04</u>
<b>CHANGE IN NET POSITION</b>	<u>1,928,402.77</u>	<u>8,909,869.81</u>	<u>2,191,881.74</u>	<u>9,239,436.02</u>
Net position at beginning of period	252,412,919.34	245,431,452.30	240,908,010.52	233,860,456.24
<b>NET POSITION AT END OF PERIOD</b>	<u><b>254,341,322.11</b></u>	<u><b>254,341,322.11</b></u>	<u><b>243,099,892.26</b></u>	<u><b>243,099,892.26</b></u>



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

	<i>Month Of September</i>			<i>2018 YTD</i>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>BUDGETED OPERATING EXPENSES</b>						
Board of Directors	\$1,729.38	\$2,853.07	\$1,123.69	\$27,472.98	\$47,677.63	\$20,204.65
Administrative	176,859.32	210,886.08	34,026.76	1,660,914.85	1,900,974.72	240,059.87
Finance	69,128.18	79,394.09	10,265.91	662,311.64	764,546.81	102,235.17
Customer Services	114,534.54	109,133.47	(5,401.07)	926,842.32	982,201.23	55,358.91
Field Operations	(4,978.53)	67,647.78	72,626.31	383,720.45	582,830.02	199,109.57
Production	697,793.40	730,941.54	33,148.14	5,181,406.22	6,191,481.86	1,010,075.64
Distribution	136,637.28	190,377.02	53,739.74	1,422,213.23	1,713,393.18	291,179.95
Field Services	307,165.32	124,648.16	(182,517.16)	1,195,402.79	1,092,933.48	(102,469.31)
Maintenance	48,227.55	56,159.34	7,931.79	453,745.37	505,433.46	51,688.09
Water Conservation	35,803.07	41,189.26	5,386.19	298,932.87	370,753.34	71,820.47
Engineering	90,233.98	113,963.15	23,729.17	920,200.95	1,030,323.35	110,122.40
GIS/CAD	21,902.77	33,714.97	11,812.20	255,243.25	311,938.73	56,695.48
Human Resources	16,108.06	19,705.32	3,597.26	141,002.08	188,527.88	47,525.80
Information Technology	47,446.80	74,937.21	27,490.41	596,078.80	682,934.89	86,856.09
<b>TOTAL OPERATING EXPENSES</b>	<u><u>1,758,591.12</u></u>	<u><u>1,855,550.46</u></u>	<u><u>96,959.34</u></u>	<u><u>14,125,487.80</u></u>	<u><u>16,365,950.58</u></u>	<u><u>2,240,462.78</u></u>

SACRAMENTO SUBURBAN WATER DISTRICT  
OPERATING CAPITAL AMENDED BUDGET  
9/30/2018

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 ##	15,200.00	40,386.25	41,300.00	\$ 13,313.75
SF18-430	HVAC/ROOFS/BUILDING REPAIRS	\$ 30,000.00		30,000.00 ##		7,500.00	4,932.00	\$ 17,568.00
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	(38,000.00) <sup>3</sup>	32,000.00 <sup>3</sup>		-	15,631.00	\$ 16,369.00
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	(9,900.00) <sup>2</sup>	2,100.00 <sup>2</sup>	590.00	590.00	-	\$ 1,510.00
SF18-436	REPLACE TRAILERS 168 & 169	\$ 20,000.00		20,000.00 ##		-	-	\$ 20,000.00
9 SF18-437	VEH REPL - RIGHT SIZE TRUCK# 2	\$ 75,000.00		75,000.00 ##		71,854.00	-	\$ 3,146.00
SF18-438	VEH REPL-RIGHT SIZE/TRUCK#11	\$ 33,000.00		33,000.00 ##	3,229.00	30,935.00	-	\$ 2,065.00
SF18-439	VEH REPL-RIGHT SIZE/TRUCK#14	\$ 45,000.00		45,000.00 ##	33,721.00	33,721.00	6,621.00	\$ 4,658.00
SF18-440	VEH REPL-RIGHT SIZE/TRUCK#47	\$ 45,000.00		45,000.00 ##	33,721.00	33,721.00	5,497.00	\$ 5,782.00
SF18-441	VEH REPL-RIGHT SIZE/TRUCK#48	\$ 45,000.00		45,000.00 ##	4,372.00	38,093.00	-	\$ 6,907.00
SF18-442	COMPACT MINI EXCAVATOR	\$ 62,000.00		62,000.00 ##		59,370.00	-	\$ 2,630.00
SF18-443	METER VAULT LIDS REPLACEMENT	\$ 32,000.00		32,000.00 ##		11,100.00	12,075.00	\$ 8,825.00
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	9,900.00 <sup>2</sup>	37,900.00 <sup>2</sup>		7,317.00	30,570.00	\$ 13.00
SF18-446	PERISTALTIC CHEM DOSING PUMPS	\$ 27,500.00		27,500.00 ##		4,518.00	17,250.00	\$ 5,732.00
SF18-447	UCMR 4 MONITORING	\$ 120,000.00		120,000.00 ##		-	-	\$ 120,000.00
SF18-448	HARDWARE REFRESH PROGRAM	\$ 108,500.00		108,500.00 ##		64,759.25	26,376.00	\$ 17,364.75
SF18-449	SOFTWARE ENHANCEMENTS/MODULES	\$ 160,000.00	(50,000.00) <sup>1</sup>	110,000.00 <sup>1</sup>	612.00	72,929.00	2,820.00	\$ 34,251.00
SF18-450	SERVER ROOM	\$ 50,000.00	50,000.00 <sup>1</sup>	100,000.00 <sup>1</sup>	1,488.00	1,488.00	71,429.00	\$ 27,083.00
SF18-451	SECURITY @ ENTERPRISE RESERVOIR FACIL	\$ -	38,000.00 <sup>3</sup>	38,000.00 <sup>3</sup>		-	37,310.00	\$ 690.00
<b>TOTAL</b>		<b>\$ 1,161,000.00</b>	<b>\$ -</b>	<b>\$ 1,161,000.00</b>	<b>\$ 92,933.00</b>	<b>\$ 545,388.04</b>	<b>\$ 271,811.00</b>	<b>\$ 343,800.96</b>

**Sacramento Suburban Water District  
Capital Improvement Project Amended Budget  
9/30/2018**

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	(\$31,000.00) <sup>2,4</sup>	\$969,000.00	\$ 30,097.00	\$ 387,615.00	\$226,052.00	\$ 355,333.00
SC18-010	SCADA RTU/COMMUN IMPROVEMENT	\$ 60,000.00		60,000.00		-	-	\$ 60,000.00
SC18-011	WELLHEAD TREATMENT/CHEM FEED	\$ 150,000.00	31,000.00 <sup>2,4</sup>	181,000.00	16.00	159,080.00	16,375.00	\$ 5,545.00
SC18-012	WELL REPLACEMENTS	\$ 3,300,000.00		3,300,000.00	265,801.00	657,088.41	2,074,234.00	\$ 568,677.59
SC18-013	ELECTRICAL IMPROV @WELL SITES	\$ 200,000.00	(100,000.00) <sup>3</sup>	100,000.00	-	11,804.50	35,545.00	\$ 52,650.50
SC18-018	DISTRIBUTION MAIN REPLACEMENTS	\$ 10,470,000.00		10,470,000.00	1,194,507.00	7,073,488.02	3,178,284.00	\$ 218,227.98
SC18-019	DIST MAIN IMPRV/EXT/INTERTIES	\$ 600,000.00	(60,000.00) <sup>1</sup>	540,000.00	6,495.00	297,996.79	148,392.00	\$ 93,611.21
SC18-020	MCCLELLAN LINE REPL	\$ 50,000.00		50,000.00	-	11,575.00	1,496.00	\$ 36,929.00
SC18-022	WTR RELATED STREET IMPRV	\$ 200,000.00		200,000.00	26,670.00	360,693.00	34,296.00	\$ (194,989.00)
SC18-024	METER RETROFIT PROGRAM	\$ 2,100,000.00	60,000.00 <sup>1</sup>	2,160,000.00	233,170.00	682,272.69	1,494,470.00	\$ (16,742.69)
SC18-034	RESERVIOR/TANK IMPROVMENT	\$ 100,000.00		100,000.00		4,285.00	21,565.00	\$ 74,150.00
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		23,510.00	82,270.00	\$ 34,220.00
SC18-040	ENGINE GENERATOR COMPLIANCE	\$ 240,000.00	100,000.00 <sup>3</sup>	340,000.00		206,930.00	34,231.00	\$ 98,839.00
SC18-042	METER REPLACE/REPAIR - WMP	\$ 350,000.00		350,000.00	8,062.00	8,062.00	-	\$ 341,938.00
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
		<b>\$ 19,160,000.00</b>	<b>\$ -</b>	<b>\$ 19,160,000.00</b>	<b>\$ 1,764,818.00</b>	<b>\$ 9,884,400.41</b>	<b>\$ 7,366,410.00</b>	<b>\$ 1,909,189.59</b>

**Sacramento Suburban Water District  
Debt  
9/30/2018**

**Principal Current Month**

	Series 2009A COP	Series 2009B COP	Series 2012A	Series 2018A	Total
Beginning Balance	\$ 42,000,000	\$ -	\$ 17,490,000		\$ 59,490,000
Additions:				\$ 19,615,000	19,615,000
Reductions: Payment	-	-	-	-	-
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	\$ 173,730	\$ 1,920,518	\$ 2,595,000	\$ 674,482

**Investments Outstanding and Activity  
September 2018**



**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>U.S. Treasury Bond / Note</b>											
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	294.37	247,529.94	243,300.75
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	128.45	76,925.44	73,497.08
US TREASURY NOTES DTD 05/02/2016 1.375% 04/30/2021	912828Q78	175,000.00	AA+	Aaa	01/03/17	01/05/17	171,527.34	1.86	1,006.96	172,891.55	168,546.88
US TREASURY NOTES DTD 05/31/2016 1.375% 05/31/2021	912828R77	100,000.00	AA+	Aaa	03/15/17	03/17/17	97,402.34	2.02	462.09	98,330.21	96,171.90
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	2,016.39	306,132.00	293,296.80
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	941.99	562,419.06	536,550.85
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	1,027.62	603,115.89	585,328.20
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	1,541.44	903,885.74	877,992.30
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	1,798.34	1,051,959.84	1,024,324.35
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	2,397.79	1,410,783.63	1,365,765.80
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	1,438.52	271,132.19	261,754.90
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	2,484.71	466,570.29	452,122.10
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	6,277.17	1,185,874.16	1,142,203.20
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	3,530.91	446,165.16	434,197.35



**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>U.S. Treasury Bond / Note</b>											
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	3,923.23	494,701.60	482,441.50
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	7,454.14	922,549.65	916,638.85
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	1,050,000.00	AA+	Aaa	07/03/18	07/06/18	1,018,992.19	2.69	8,238.79	1,020,834.05	1,013,127.15
US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022	912828TJ9	1,150,000.00	AA+	Aaa	09/05/18	09/07/18	1,101,753.91	2.76	2,386.72	1,102,516.20	1,095,330.15
<b>Security Type Sub-Total</b>		<b>11,450,000.00</b>					<b>11,348,166.02</b>	<b>2.03</b>	<b>47,349.63</b>	<b>11,344,316.60</b>	<b>11,062,590.11</b>
<b>Supra-National Agency Bond / Note</b>											
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	741.48	898,576.38	876,359.70
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	5,867.36	704,476.05	688,537.50
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	2,657.81	224,576.78	222,955.88
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	750,000.00	AAA	Aaa	07/18/18	07/25/18	748,245.00	2.83	3,781.25	748,348.46	745,369.50
<b>Security Type Sub-Total</b>		<b>2,575,000.00</b>					<b>2,577,078.37</b>	<b>2.13</b>	<b>13,047.90</b>	<b>2,575,977.67</b>	<b>2,533,222.58</b>
<b>Municipal Bond / Note</b>											
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	201.79	230,076.51	228,785.60
<b>Security Type Sub-Total</b>		<b>230,000.00</b>					<b>230,646.30</b>	<b>1.90</b>	<b>201.79</b>	<b>230,076.51</b>	<b>228,785.60</b>



**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>Federal Agency Collateralized Mortgage Obligation</b>											
FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	9,585.84	AA+	Aaa	11/06/15	11/30/15	9,681.70	1.20	15.16	9,585.84	9,550.57
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQD00	68,321.00	AA+	Aaa	10/07/15	10/30/15	69,005.16	1.08	93.71	68,411.75	68,061.11
FNMA SERIES 2015-M12 FA DTD 09/01/2015 2.502% 04/01/2020	3136AP3Z3	119,243.88	AA+	Aaa	09/10/15	09/30/15	119,200.97	0.54	248.67	119,243.88	119,171.05
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	236,025.29	AA+	Aaa	04/11/18	04/30/18	240,720.07	2.27	700.21	240,205.37	238,251.72
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	201,492.40	199,338.38
<b>Security Type Sub-Total</b>		<b>633,176.01</b>					<b>640,311.03</b>	<b>1.91</b>	<b>1,572.75</b>	<b>638,939.24</b>	<b>634,372.83</b>
<b>Federal Agency Bond / Note</b>											
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	2,346.09	971,649.40	929,709.30
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	198.61	129,740.19	124,180.55
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	641.67	419,006.17	401,198.70
<b>Security Type Sub-Total</b>		<b>1,525,000.00</b>					<b>1,516,925.30</b>	<b>1.28</b>	<b>3,186.37</b>	<b>1,520,395.76</b>	<b>1,455,088.55</b>
<b>Corporate Note</b>											
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	433.33	49,973.09	49,810.95
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	2,816.67	324,959.75	323,771.18





**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>Corporate Note</b>											
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	941.29	144,982.38	144,285.73
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	300,000.00	A+	A2	09/04/14	09/09/14	299,445.00	2.29	862.50	299,896.94	298,610.10
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	4,700.00	206,378.79	203,584.40
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	2,205.00	399,930.60	396,508.00
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	2,125.00	498,864.99	494,883.50
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	1,457.22	400,773.20	395,265.20
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	367.89	214,892.16	212,592.00
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	283.68	250,670.51	247,599.00
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	2,442.92	274,933.96	270,846.95
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	1,015.00	174,942.57	172,202.63
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	2,245.83	300,545.05	297,748.50
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	1,868.75	375,810.41	371,280.00
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	275,000.00	A	A3	09/05/17	09/07/17	274,769.00	1.88	381.56	274,849.78	268,332.35



**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>Corporate Note</b>											
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	3,066.67	399,760.88	392,881.20
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	2,097.92	374,613.66	367,018.13
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	1,416.53	350,735.41	343,294.35
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	268.75	74,974.32	73,201.28
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	1,648.89	399,845.27	395,493.20
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	569.01	374,790.02	372,057.75
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	193.33	149,866.41	148,956.00
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	290.00	224,197.12	223,434.00
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	2,075.00	224,966.95	218,992.05
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	4,322.92	379,494.44	368,205.38
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	413.44	35,202.38	34,438.15
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	3,888.89	350,846.11	341,969.60
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	2,053.13	224,718.86	219,318.53



**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>Corporate Note</b>											
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	1,605.83	199,929.42	193,743.40
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	1,821.25	149,909.76	149,942.85
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	786.50	109,747.33	106,426.54
CHARLES SCHWAB 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	2,911.46	249,993.25	250,031.00
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	2,793.60	240,000.00	234,804.72
BANK OF AMERICA CORP NOTES 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	1,172.17	90,000.00	89,950.59
<b>Security Type Sub-Total</b>		<b>8,785,000.00</b>					<b>8,816,216.35</b>	<b>2.31</b>	<b>57,541.93</b>	<b>8,795,995.77</b>	<b>8,671,479.21</b>
<b>Commercial Paper</b>											
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	699,286.00	699,114.50
MUFG BANK LTD/NY COMM PAPER DTD 07/20/2018 0.000% 04/16/2019	62479MRG0	750,000.00	A-1	P-1	07/20/18	07/20/18	735,543.75	2.62	0.00	739,452.29	739,245.75
DEXIA CREDIT LOCAL SA NY COMM PAPER DTD 08/09/2018 0.000% 04/29/2019	25214PKO5	500,000.00	A-1+	P-1	08/08/18	08/09/18	490,685.42	2.60	0.00	492,562.50	492,370.50
<b>Security Type Sub-Total</b>		<b>1,950,000.00</b>					<b>1,915,558.84</b>	<b>2.42</b>	<b>0.00</b>	<b>1,931,300.79</b>	<b>1,930,730.75</b>
<b>Certificate of Deposit</b>											
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	4,288.78	724,953.20	724,293.13
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	4,395.11	725,000.00	724,674.48



**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>Certificate of Deposit</b>											
SVENSKA HANDELSBANKEN NY 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	3,268.13	750,000.00	748,065.00
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	3,561.35	375,000.00	373,677.00
SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	700,000.00	A-1	P-1	05/03/17	05/04/17	700,000.00	2.05	6,019.03	700,000.00	698,206.60
SKANDINAV ENSKILDA BANKEN NY CD DTD 08/04/2017 1.840% 08/02/2019	83050FXT3	700,000.00	A-1	P-1	08/03/17	08/04/17	699,727.00	1.85	2,146.67	699,885.63	695,464.00
MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	350,000.00	A-1	P-1	09/25/17	09/27/17	350,000.00	2.07	120.75	350,000.00	347,126.15
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	6,480.31	375,000.00	374,833.13
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	870.00	400,000.00	400,957.60
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	375,000.00	A+	Aa2	06/05/18	06/07/18	374,857.50	3.10	3,657.50	374,879.37	376,810.88
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	1,921.88	625,000.00	616,028.75
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	670,000.00	A+	Aa2	08/01/18	08/03/18	670,000.00	3.23	3,502.80	670,000.00	669,140.39
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	6,091.17	700,000.00	686,223.30
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	650,000.00	AA-	Aa2	06/07/18	06/08/18	650,000.00	3.24	6,610.50	650,000.00	653,499.60
<b>Security Type Sub-Total</b>		<b>8,120,000.00</b>					<b>8,119,019.00</b>	<b>2.30</b>	<b>52,933.98</b>	<b>8,119,718.20</b>	<b>8,089,000.01</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	37,418.92	NR	Aaa	07/15/15	07/22/15	37,415.95	1.34	22.29	37,418.16	37,336.38



**Managed Account Detail of Securities Held**

For the Month Ending **September 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
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	45,422.45	NR	Aaa	07/19/16	07/27/16	45,418.83	1.25	25.23	45,421.08	45,193.38
ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	49,592.57	AAA	Aaa	05/24/16	05/31/16	49,587.76	1.44	31.74	49,590.58	49,419.23
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	41,704.59	AAA	Aaa	03/22/16	03/30/16	41,696.51	1.57	28.92	41,701.45	41,540.13
FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	43,712.73	AAA	NR	04/19/16	04/26/16	43,708.59	1.33	25.84	43,711.57	43,494.31
CITIBANK ABS 2017-A2 A2 DTD 01/26/2017 1.740% 01/19/2021	17305EGA7	550,000.00	AAA	Aaa	01/19/17	01/26/17	549,894.68	1.75	1,967.17	550,000.00	548,789.95
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	190,938.89	AAA	Aaa	09/14/16	09/21/16	190,913.19	1.30	109.47	190,925.74	189,147.69
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	143,303.03	NR	Aaa	01/24/17	01/31/17	143,290.51	1.70	108.27	143,295.54	142,296.93
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	474,999.07	470,719.73
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	519,960.84	516,103.90
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	324,995.59	324,232.03
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	533.33	399,974.26	399,265.48
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	3,683.13	749,911.06	739,633.28
<b>Security Type Sub-Total</b>		<b>3,572,093.18</b>					<b>3,571,726.95</b>	<b>2.12</b>	<b>7,726.89</b>	<b>3,571,904.94</b>	<b>3,547,172.42</b>
<b>Managed Account Sub-Total</b>		<b>38,840,269.19</b>					<b>38,735,648.16</b>	<b>2.16</b>	<b>183,561.24</b>	<b>38,728,625.48</b>	<b>38,152,442.06</b>



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2018**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

---

Securities Sub-Total	\$38,840,269.19	\$38,735,648.16	2.16%	\$183,561.24	\$38,728,625.48	\$38,152,442.06
Accrued Interest						\$183,561.24
Total Investments						\$38,336,003.30

---

**Investment Activity  
September 2018**



**Managed Account Security Transactions & Interest**

For the Month Ending **September 30, 2018**

**SACRAMENTO SUBURBAN WATER DISTRICT - 76850100**

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>BUY</b>											
09/05/18	09/07/18		US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022	912828TJ9	1,150,000.00	(1,101,753.91)	(1,167.97)	(1,102,921.88)			
<b>Transaction Type Sub-Total</b>					<b>1,150,000.00</b>	<b>(1,101,753.91)</b>	<b>(1,167.97)</b>	<b>(1,102,921.88)</b>			
<b>INTEREST</b>											
09/01/18	09/25/18		FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AOD00	79,402.44	0.00	108.91	108.91			
09/01/18	09/25/18		FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	200,000.00	0.00	515.00	515.00			
09/01/18	09/25/18		FNMA SERIES 2015-M12 FA DTD 09/01/2015 2.502% 04/01/2020	3136AP3Z3	127,793.71	0.00	266.50	266.50			
09/01/18	09/25/18		FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	13,908.05	0.00	22.00	22.00			
09/01/18	09/25/18		FNMA SERIES M4 FA DTD 03/01/2015 2.368% 09/01/2018	3136AMTM1	1,758.20	0.00	3.47	3.47			
09/01/18	09/25/18		FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	242,856.85	0.00	733.43	733.43			
09/03/18	09/03/18		AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	215,000.00	0.00	2,365.00	2,365.00			
09/04/18	09/04/18		UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	400,000.00	0.00	5,864.44	5,864.44			
09/04/18	09/04/18		CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	275,000.00	0.00	2,543.75	2,543.75			
09/04/18	09/04/18		MONEY MARKET FUND	MONEY0002	0.00	0.00	625.33	625.33			
09/12/18	09/12/18		TOYOTA MOTOR CORP NOTES DTD 03/12/2015 2.150% 03/12/2020	89236TCF0	250,000.00	0.00	2,687.50	2,687.50			
09/12/18	09/12/18		JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	375,000.00	0.00	5,360.68	5,360.68			
09/12/18	09/12/18		INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	900,000.00	0.00	7,029.00	7,029.00			





**Managed Account Security Transactions & Interest**

For the Month Ending September 30, 2018

**SACRAMENTO SUBURBAN WATER DISTRICT - 76850100**

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>INTEREST</b>											
	09/15/18	09/15/18	NISSAN ABS 2015-A A3 DTD 04/14/2015 1.050% 10/15/2019	65477UAC4	725.87	0.00	0.64	0.64			
	09/15/18	09/15/18	ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	150,000.00	0.00	212.50	212.50			
	09/15/18	09/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	49,698.20	0.00	51.77	51.77			
	09/15/18	09/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	475,000.00	0.00	661.04	661.04			
	09/15/18	09/15/18	FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	49,014.83	0.00	54.32	54.32			
	09/15/18	09/15/18	FORD ABS 2015-B A3 DTD 05/26/2015 1.160% 11/15/2019	34530VAD1	1,384.09	0.00	1.34	1.34			
	09/15/18	09/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	195,000.00	0.00	209.63	209.63			
	09/15/18	09/15/18	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	520,000.00	0.00	771.33	771.33			
	09/15/18	09/15/18	NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	46,150.38	0.00	51.53	51.53			
	09/15/18	09/15/18	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	325,000.00	0.00	801.67	801.67			
	09/15/18	09/15/18	ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	56,771.03	0.00	68.13	68.13			
	09/15/18	09/15/18	CT ST TXBL GO BONDS DTD 03/25/2015 1.974% 03/15/2019	20772JZK1	230,000.00	0.00	2,270.10	2,270.10			
	09/15/18	09/15/18	HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	46,773.36	0.00	60.81	60.81			
	09/15/18	09/15/18	NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	0.00	2,404.58	2,404.58			
	09/15/18	09/15/18	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	400,000.00	0.00	1,000.00	1,000.00			
	09/15/18	09/15/18	NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	225,000.00	0.00	3,606.88	3,606.88			
	09/25/18	09/25/18	MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019	06539RGM3	350,000.00	0.00	7,305.38	7,305.38			



**Managed Account Security Transactions & Interest**

For the Month Ending **September 30, 2018**

**SACRAMENTO SUBURBAN WATER DISTRICT - 76850100**

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>Transaction Type Sub-Total</b>					<b>6,351,237.01</b>	<b>0.00</b>	<b>47,656.66</b>	<b>47,656.66</b>			
<b>MATURITY</b>											
09/01/18	09/01/18		FNMA SERIES M4 FA DTD 03/01/2015 2.368% 09/01/2018	3136AMTM1	1,758.20	1,758.20	0.00	1,758.20	0.45	0.00	
<b>Transaction Type Sub-Total</b>					<b>1,758.20</b>	<b>1,758.20</b>	<b>0.00</b>	<b>1,758.20</b>	<b>0.45</b>	<b>0.00</b>	
<b>PAYDOWNS</b>											
09/01/18	09/25/18		FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	11,081.44	11,081.44	0.00	11,081.44	(110.97)	0.00	
09/01/18	09/25/18		FNMA SERIES 2015-M12 FA DTD 09/01/2015 2.502% 04/01/2020	3136AP3Z3	8,549.83	8,549.83	0.00	8,549.83	3.08	0.00	
09/01/18	09/25/18		FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	4,322.21	4,322.21	0.00	4,322.21	(43.22)	0.00	
09/01/18	09/25/18		FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	6,831.56	6,831.56	0.00	6,831.56	(135.89)	0.00	
09/15/18	09/15/18		JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	4,275.75	4,275.75	0.00	4,275.75	0.34	0.00	
09/15/18	09/15/18		NISSAN ABS 2015-A A3 DTD 04/14/2015 1.050% 10/15/2019	65477UAC4	725.87	725.87	0.00	725.87	0.15	0.00	
09/15/18	09/15/18		HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	5,068.77	5,068.77	0.00	5,068.77	0.98	0.00	
09/15/18	09/15/18		FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	5,302.10	5,302.10	0.00	5,302.10	0.50	0.00	
09/15/18	09/15/18		NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020	65475WAD0	8,731.46	8,731.46	0.00	8,731.46	0.69	0.00	
09/15/18	09/15/18		HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	4,061.11	4,061.11	0.00	4,061.11	0.55	0.00	
09/15/18	09/15/18		ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020	02007LAC6	7,178.46	7,178.46	0.00	7,178.46	0.70	0.00	
09/15/18	09/15/18		ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	6,696.97	6,696.97	0.00	6,696.97	0.59	0.00	
09/15/18	09/15/18		FORD ABS 2015-B A3 DTD 05/26/2015 1.160% 11/15/2019	34530VAD1	1,384.09	1,384.09	0.00	1,384.09	0.13	0.00	
<b>Transaction Type Sub-Total</b>					<b>74,209.62</b>	<b>74,209.62</b>	<b>0.00</b>	<b>74,209.62</b>	<b>(282.37)</b>	<b>0.00</b>	



**Managed Account Security Transactions & Interest**

For the Month Ending **September 30, 2018**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
<b>SELL</b>										
09/05/18	09/07/18	AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	500,000.00	497,700.00	687.50	498,387.50	(1,375.00)	(2,115.19)	FIFO
<b>Transaction Type Sub-Total</b>				<b>500,000.00</b>	<b>497,700.00</b>	<b>687.50</b>	<b>498,387.50</b>	<b>(1,375.00)</b>	<b>(2,115.19)</b>	
<b>Managed Account Sub-Total</b>					<b>(528,086.09)</b>	<b>47,176.19</b>	<b>(480,909.90)</b>	<b>(1,656.92)</b>	<b>(2,115.19)</b>	
<b>Total Security Transactions</b>					<b>(528,086.09)</b>	<b>\$47,176.19</b>	<b>(\$480,909.90)</b>	<b>(\$1,656.92)</b>	<b>(\$2,115.19)</b>	

**Cash Expenditures  
September 2018**

## AP Warrant List from 9/1/2018 to 9/30/2018

Vendor Name	Amount	Description
AFLAC - Invoices:1	\$846.96	Supplemental Insurance
ADP Inc - 2 Payrolls	\$457,235.66	Payroll
AMERITAS (VISION) - Invoices:1	\$1,916.88	Employee Benefit - Vision
BASIC PACIFIC - Invoices:1	\$34.00	Miscellaneous Employee Benefits
CIGNA GROUP INS LIFE/LTD - Invoices:1	\$4,235.38	Employee Benefit - LTD Insurance
CIGNA-DENTAL INS - Invoices:1	\$12,764.73	Employee Benefit - Dental
PERS HEALTH - Invoices:1	\$97,419.10	Miscellaneous Employee Benefits
PERS PENSION - Invoices:3	\$36,827.91	Employee Benefit - PERS
BROWER MECHANICAL - Invoices:2	\$1,836.80	Building Maintenance - Office &
CDWG - Invoices:2	\$282.05	Construction In Progress
COUNTY OF SAC PUBLIC WORKS - Invoices:4	\$4,857.00	Construction In Progress
DATABANK IMX - Invoices:1	\$611.67	Construction In Progress
DOUG VEERKAMP GENERAL ENGR - Invoices:2	\$821,608.11	Construction In Progress
DOWNTOWN FORD - Invoices:2	\$67,441.34	Construction In Progress
ERC CONTRACTING - Invoices:2	\$14,500.00	Construction In Progress
EUROFINS EATON ANALYTICAL - Invoices:9	\$9,386.00	Construction In Progress
FLOWLINE CONTRACTORS INC - Invoices:3	\$487,642.60	Construction In Progress
GEOCON CONSULTANTS INC - Invoices:2	\$3,496.25	Construction In Progress
GM CONSTRUCTION & DEVELOPERS - Invoices:2	\$34,249.00	Construction In Progress
INDUSTRIAL SERVICE AND SUPPLY INC - Invoices:1	\$12,097.36	Construction In Progress
LUHDORFF & SCALMANINI - Invoices:1	\$15,263.10	Construction In Progress
NATIONAL METER AND AUTOMATION INC - Invoices:4	\$195,639.42	Construction In Progress
ONE STOP TRUCK SHOP - Invoices:3	\$7,773.20	Construction In Progress
PRODIGY ELECTRIC - Invoices:1	\$18,000.00	Construction In Progress
RIVER CITY PAINTING - Invoices:1	\$15,200.00	Construction In Progress
S E AHLSTROM INSPECTION - Invoices:2	\$14,560.00	Construction In Progress
SYBLON REID - Invoices:1	\$209,712.50	Construction In Progress
WOOD RODGERS ENGINEERING - Invoices:3	\$29,487.50	Construction In Progress
TEAM INDUSTRIAL SERVICES - Invoices:1	\$6,700.00	Construction In Progress
SUMITOMO MITSUI BANKING CORPORATION -	\$50,020.27	2009A COP Interest Expense
WELLS FARGO SWAP - Invoices:1	\$57,223.14	2009A COP Interest Expense
PFM ASSET MANAGEMENT LLC - Invoices:1	\$4,500.00	Audit Services
WESTAMERICA BANK ANALYSIS FEES - Invoices:1	\$6,872.12	Financial Services
WESTAMERICA CARD PROCESSING STMT - Invoices:1	\$11,141.38	Financial Services
BRINKS - Invoices:2	\$625.23	Financial Services
WORLDPAY INTEGRATED PAYMENTS - Invoices:1	\$542.74	Financial Services
AARON KING - Invoices:1	\$202.51	Uniforms
ACWA JPIA INSURANCE AUTHORITY - Invoices:1	\$1,495.00	Other Training
ADP, INC - Invoices:5	\$1,868.26	Financial Services
AIRGAS USA LLC - Invoices:1	\$133.42	Operating Supplies
ALEKSANDR PEREVERTOV - Invoices:1	\$2,285.18	Hydrant Permit Refund
ALL PRO BACKFLOW - Invoices:1	\$2,948.00	Backflow Services
AM CONSERVATION GROUP INC - Invoices:2	\$3,032.81	Operating Supplies
ANDREA KRISTIN NOWAK - Invoices:1	\$75.00	BMP Rebates
ANSWERNET - Invoices:1	\$521.67	Communication
ASTRAL COMMUNICATIONS INC - Invoices:1	\$336.00	Operating Supplies
AT&T CALNET 3 - Invoices:2	\$1,886.29	Communication
ATLAS DISPOSAL - Invoices:2	\$366.43	Building Service Expense - Office &

AVILES SIGN AND LIGHTING REPAIR - Invoices:4	\$6,709.30 Contract Services
BADGER METER INC - Invoices:1	\$20.47 Communication
BARTKIEWICZ KRONICK & SHANAHAN - Invoices:1	\$18,917.53 Legal Services
BRIAN HENSON - Invoices:1	\$1,405.00 Backflow Services
BROADRIDGE MAIL LLC - Invoices:6	\$44,095.82 Contract Services
BRYCE CONSULTING INC - Invoices:1	\$4,675.00 Consulting Services
BURTON ROB /BURT'S LAWN & GARDEN SERVICE -	\$9,830.00 Contract Services
CA/NV AWWA WFP WATER SLAM - Invoices:1	\$250.00 Public Relations
CALIFORNIA LABORATORY SERVICES - Invoices:1	\$3,435.00 Inspection & Testing
CALIFORNIA SURVEYING & DRAFTING - Invoices:1	\$40.41 Public Relations
CAPITAL RUBBER CO LTD - Invoices:1	\$129.21 Equipment Maintenance Services
CHANCE WICK - Invoices:1	\$237.05 Uniforms
CINTAS - Invoices:16	\$3,372.88 Building Maintenance - Office &
CITRUS HEIGHTS SAW & MOWER - Invoices:1	\$273.76 Equipment Maintenance Services
CITRUS HEIGHTS WATER DISTRICT - Invoices:1	\$136.33 Public Relations
CITY OF CITRUS HEIGHTS - Invoices:1	\$93.00 Licenses, Permits & Fees
CITY OF SACRAMENTO DEPT OF UTILITIES - Invoices:3	\$29.55 Utilities
CLEAR VISION WINDOW CLEANING - Invoices:1	\$225.00 Building Service Expense - Office &
COMCAST - Invoices:1	\$27.32 Communication
CONSOLIDATED COMMUNICATIONS - Invoices:1	\$407.71 Communication
CORIX WATER PRODUCTS US INC. - Invoices:4	\$10,756.27 Operating Supplies
COUNTY OF SAC UTILITIES - Invoices:1	\$113.70 Utilities
CULLIGAN - Invoices:1	\$68.00 Building Maintenance - Office &
Customer Refunds: 111	\$18,313.95 Refund Clearing Account
DAN YORK - Invoices:1	\$115.91 Local Travel Cost
DEBRA DULAY - Invoices:1	\$135.00 BMP Rebates
DENISE SWEENEY, TRUSTEE - Invoices:1	\$450.00 BMP Rebates
DIRECT TV - Invoices:1	\$14.25 Communication
ELEVATOR TECHNOLOGY INC - Invoices:2	\$190.00 Building Service Expense - Office &
EMIGH ACE HARDWARE - Invoices:6	\$105.18 Operating Supplies
EMPLOYEE RELATIONS NETWORK - Invoices:1	\$159.35 Employment Cost
ENERGY SYSTEMS INC - Invoices:2	\$1,662.53 Contract Services
FASTENAL COMPANY - Invoices:1	\$634.59 Operating Supplies
FRED PRYOR SEMINARS/CAREERTRACK - Invoices:1	\$128.00 Other Training
FRESH LOOK MOBILE WASH LLC - Invoices:2	\$1,270.00 Vehicle Maintenance Services
GOLDEN STATE TOWING LLC - Invoices:1	\$45.00 Vehicle Maintenance Services
GRAINGER - Invoices:1	\$36.75 Operating Supplies
GRAYBAR ELECTRIC CO - Invoices:1	\$283.89 Operating Supplies
GREG BUNDESEN - Invoices:1	\$253.31 Travel Conferences
HARRINGTON PLASTICS - Invoices:1	\$70.75 Operating Supplies
HARRIS INDUSTRIAL GASES - Invoices:1	\$90.00 Operating Supplies
HARROLD FORD - Invoices:6	\$885.01 Vehicle Maintenance Services
HD Supply/WHITE CAP - Invoices:1	\$1,077.24 Operating Supplies
IN COMMUNICATIONS - Invoices:1	\$4,602.60 Public Relations
INNOVYZE INC - Invoices:1	\$1,600.00 Other Training
IRON MOUNTAIN OFF SITE DATA PROTECTION -	\$440.73 Equipment Maintenance Services
JAMES ARENZ - Invoices:1	\$80.00 Required Training
JAMES BYRD SMOKE TESTING - Invoices:1	\$180.00 Vehicle Maintenance Services
JANE HOLMQUIST - Invoices:1	\$650.00 BMP Rebates
JOE CROCKETT - Invoices:2	\$334.78 Travel Conferences
KELLER AMERICA INC - Invoices:1	\$1,951.41 Contract Services
LAKE VUE ELECTRIC INC - Invoices:1	\$895.00 Building Maintenance - Office &
LEROY MUNSCHE - Invoices:1	\$150.00 BMP Rebates
LES SCHWAB TIRE CENTER/MADISON - Invoices:3	\$1,033.07 Vehicle Maintenance Services

LES SCHWAB/ANTELOPE - Invoices:1	\$374.28	Equipment Maintenance Services
LIFEGUARD FIRST AID - Invoices:2	\$311.14	Building Service Expense - Office &
LILIA M CRAWLEY - Invoices:1	\$150.00	BMP Rebates
LINDA M RIVERA - Invoices:1	\$150.00	BMP Rebates
MICHAEL PHILLIPS LANDSCAPE CORP - Invoices:9	\$7,021.00	Building Service Expense - Office &
MILLER MECHANICAL - Invoices:1	\$177.00	Contract Services
MUELLER SYSTEMS - Invoices:1	\$20,795.78	Equipment Maintenance Services
NDS SOLUTIONS INC - Invoices:1	\$5,989.41	Operating Supplies
NORMAC - Invoices:2	\$236.70	Operating Supplies
OFFICE DEPOT INC - Invoices:5	\$1,215.78	Office Supplies
PACE SUPPLY CORP - Invoices:1	\$487.03	Operating Supplies
PALADIN PRIVATE SECURITY - Invoices:1	\$674.16	Building Service Expense - Office &
PEOPLEREADY - Invoices:3	\$3,601.46	Temporary Help
PEST PROS - Invoices:4	\$504.00	Building Service Expense - Office &
PITNEY BOWES LEASES - Invoices:1	\$562.98	Equipment Rental/Lease
PITNEY BOWES POSTAGE - Invoices:1	\$15,000.00	Postage/Shipping/UPS/Fed Ex
POWER DIRECT - Invoices:1	\$1,959.00	Printing
POWERS ELECTRIC PRODUCTS CO - Invoices:1	\$350.34	Operating Supplies
RAFTELIS - Invoices:1	\$14,976.87	Consulting Services
RAY MORGAN CO - Invoices:2	\$802.00	Equipment Maintenance Services
RESOURCE TELECOM LLC - Invoices:1	\$652.50	Equipment Maintenance Services
RIVER CITY FIRE EQUIP CO INC - Invoices:2	\$646.12	Building Service Expense - Office &
RIVER CITY STAFFING INC - Invoices:1	\$260.70	Temporary Help
RUE EQUIPMENT INC - Invoices:8	\$2,184.86	Equipment Maintenance Services
SACRAMENTO BUSINESS JOURNAL - Invoices:1	\$90.00	Publication
SACRAMENTO METRO CHAMBER OF COMMERCE -	\$1,259.50	Membership & Dues
SHAWN CHANEY - Invoices:1	\$180.00	Required Training
SHELLY M PAUL - Invoices:1	\$150.00	BMP Rebates
SHRED-IT - Invoices:1	\$70.25	Contract Services
SIGN UP - Invoices:1	\$780.84	Building Maintenance - Office &
SIGNS IN 1 DAY - Invoices:3	\$754.26	Equipment Maintenance Services
SIRINDER P SINGH - Invoices:1	\$75.00	BMP Rebates
SONG DANG - Invoices:1	\$240.22	Uniforms
SONITROL - Invoices:3	\$3,975.04	Building Maintenance - Office &
SOPHOS SOLUTIONS - Invoices:2	\$10,880.00	Consulting Services
SUSAN ESTELLE SOLARZ - Invoices:2	\$225.00	BMP Rebates
SUTTER MEDICAL FOUNDATION - Invoices:1	\$369.00	Employment Cost
TINA LYNN DESIGN - Invoices:4	\$1,025.00	Contract Services
TRAFFIC MANAGEMENT GROUP INC (TMI) - Invoices:1	\$1,584.00	Construction Services
TULLY & YOUNG - Invoices:1	\$660.00	Consulting Services
US BANK CORPORATE PAYMENT SYSTEM - Invoices:3	\$15,399.79	Construction In Progress
VALLEY REDWOOD & YARD SUPPLY - Invoices:3	\$220.90	Operating Supplies
VERIZON WIRELESS/DALLAS TX - Invoices:2	\$5,338.30	Communication
VOYAGER FLEET SYSTEMS - Invoices:1	\$10,649.96	Operating Supplies
WASTE MANAGEMENT - Invoices:3	\$1,024.99	Building Service Expense - Office &
WELLS SWEEPING -Monthly - Invoices:3	\$292.89	Building Service Expense - Office &
WHOLESALE TRAILER SUPPLY - Invoices:1	\$130.29	Equipment Maintenance Supplies

PG&E - Invoices:2  
SMUD - Invoices:4

\$25.38 Utilities  
\$194,358.80 Electrical Charges  
\$3,199,629.10

**Credit Card Expenditures  
September 2018**



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

Vendor Name	Description	Amount	Proj/GLAcct
AMERICAN PUBLIC WORKS	APWA MEMBERSHIP DUES FOR DAVID ESPINOZA	\$ 206.00	15-52501
SOUTHWEST AIRLINES	MITCHEL MCCARTHY FLIGHT, CAR & HOTEL FOR INTRODUCTION TO INFOWATER CONFERENCE	\$ 746.51	15-51407
BOXWOOD TECHNOLOGY, INC.	CSDA JOB POSTING FOR LYNNE YOST FOR ENVIROMENTAL COMPLIANCE TECHNICIAN	\$ 105.00	17-51402
PAYPAL CWEA	CA WATER JOB POSTING FOR LYNNE YOST FOR ENVIROMENTAL COMPLIANCE TECHNICIAN	\$ 285.00	17-51402
BROWN AND CALDWELL	BC WATER JOBS POSTING FOR LYNNE YOST FOR ENVIROMENTAL COMPLIANCE TECHNICIAN	\$ 200.00	17-51402
TRANSITALENT.COM	WATER DISTRICT JOB POSTING FOR LYNNE YOST FOR ENVIROMENTAL COMPLIANCE TECHNICIAN	\$ 145.00	17-51402
RALEY'S	AUGUST ALL HANDS MEETING JUICE & FRUIT	\$ 31.25	02-51403
FLASHPOINT STUDIOS	ON HOLD RECORDINGS MONTHLY FEE	\$ 79.00	04-54508
AICPA	AICPA ANNUAL MEMBERSHIP	\$ 605.00	03-52501
BEST BUY	MICROPHONES FOR USE WITH CREATING TRAINING VIDEOS	\$ 108.23	18-52101
TECHSMITH	SNAGIT SOFTWARE FOR CREATING TRAINING VIDEOS	\$ 49.95	18-54509
CYBERGUYS	SCREEN CLEANER, HDMI CABLES, ADAPTERS	\$ 188.06	18-52101
AMAZON MARKETPLACE	ERGNOIC MICE FOR MIKE HUOT	\$ 45.98	18-52101
NUANCE	UPGRADE FOR ECOPY SOFTWARE 1 LICENSE	\$ 129.00	18-54509
GOVERNMENT FINANCE OFFICE	ANNUAL GOVERNMENTAL GAAP UPDATE	\$ 135.00	03-51407
GLOBALINDUSTRIAL	PORTABLE BACKUP AIR CONDITIONER FOR WALNUT SERVER ROOM	\$ 4,097.49	18-52101
CYBERGUYS	BACKORDERED ITEMS FROMM PURCHASE ON 8-10	\$ 100.75	18-52101
AMAZON.COM	ANTENNA FOR REMOTE GARAGE ACCESS AT MARCONI	\$ 46.33	12-54008
AMAZON.COM	SAMSUNG 9 DEFENDER CASE AND SCREEN PROTECTORS	\$ 34.29	12-53503
PEP BOYS	GREASE GUNS AND GREASE FOR EQUIPMENT	\$ 64.57	12-54004
WALMART	DEF AND WINDOW WASHER FLUID	\$ 63.10	12-54006
AWARD INTERIORS	REPAIR WORN SEAT - VEHICLE #6	\$ 353.88	12-54005
AMAZON.COM	TWO GREASE GUNS FOR EQUIPMENT	\$ 73.06	12-52101
THE HOME DEPOT	MDF TO REPAIR DRAWER IN PRODUCTION	\$ 7.26	12-52101
J&J LOCKSMITH	REKEY AND RELACE DAMAGED LOCKSET/DEADBOLT AT MC10	\$ 589.86	SF18-435
RICK'S TIRE BARN	VEHICLE #79 - CHANGE WHEELS AND TIRES FROM ALUM ALLOY TO PAINTED	\$ 962.69	12-54005
MICROTEST	MARCONI SERVER ROOM PROJECT - CHECK CARPET ADHESIVE FOR ASBESTOS	\$ 80.00	12-54510
AWWA	BACKFLOW REFRESHER- JOE CROCKETT	\$ 320.00	07-51406
SMART & FINAL	GALLON SIZE BAGGIES- PRODUCTION DEPT.	\$ 25.83	06-52101
SMART & FINAL	KITCHEN SUPPLIES	\$ 120.25	05-52101
LOWES	WAREHOUSE SUPPLIES	\$ 64.49	05-52101
HOME DEPOT	BOX LEVEL - DISTRIBUTION	\$ 64.62	07-52101
HOME DEPOT	BOX LEVEL CASE- DISTRIBUTION	\$ 48.01	07-52101
SACRAMENTO BUSINESS JOURNAL	SACRAMENTO BUSINESS JOURNAL SUBSCRIPTION	\$ 90.00	05-52502
HOME DEPOT	WAREHOUSE SUPPLIES	\$ 80.51	05-52101
SOUTHWEST AIRLINES	FLIGHT TO MILWAUKEE, WI- HECTOR SEGOVIANO	\$ 778.60	08-55001

BADGER METER	CUSTOMER PRODUCT TRAINING, MILWAUKEE, WI-HECTOR SEGOVIANO	\$	500.00	08-55001
OFFICE DEPOT	OFFICE SUPPLIES, CHAIRMATS	\$	140.12	05-52101
MICRODAQ.COM	SOUND LEVEL METER, REAL SOUND CALIBRATOR	\$	527.63	06-52101
OFFICE DEPOT	RETURN- CHAIR MATS	\$	(116.65)	05-52101
OFFICE DEPOT	CHAIR MATS	\$	226.24	05-52101
MITCH'S CERTIFIED CLASSES	BACKFLOW PREVENTION ASSEMBLY TESTER WORKSHOP-DAVID ARMAND	\$	600.00	06-51407
FRED PRYOR/CAREER TRACK	COMMUNICATE WITH TACT AND PROFESSIONALISM-COLTEN BOATWRIGHT	\$	99.00	06-51407
FRED PRYOR/CAREER TRACK	COMMUNICATE WITH TACT AND PROFESSIONALISM-AARON KING	\$	99.00	06-51407
FRED PRYOR/CAREER TRACK	COMMUNICATE WITH TACT AND PROFESSIONALISM-CHANCE WICK	\$	99.00	06-51407
FRED PRYOR/CAREER TRACK	A CRASH COURSE FOR HTE FIRST TIME MANAGER-HANNAH DUNRUD	\$	149.00	06-51407
HOME DEPOT	WAREHOUSE SUPPLIES	\$	150.86	05-52101
AMAZON	FREEZE MACHINE GEL	\$	113.89	05-52101
WAL MART	OFFICE SUPPLIES	\$	105.15	03-52108
RALEY'S	MAIN REPLACEMENT COMMUNITY OUTREACH REFRESHMENTS	\$	15.32	02-56000
COSTCO	MAIN REPLACEMENT COMMUNITY OUTREACH REFRESHMENTS	\$	15.98	02-56000
ACWA	ROB ROSCOE ACWA CONFERENCE	\$	699.00	02-55001
ACWA	DAN YORK ACWA CONFERENCE	\$	699.00	02-55001
RALEY'S	BIRTHDAY CELEBRATIONS FOR AUGUST	\$	26.04	02-51403
WALMART	CSDA TOUR REFRESHMENTS	\$	18.25	02-56000
TARGET	OFFICE SUPPLIES	\$	12.60	03-52108
NOAH'S BAGELS	ALL HANDS/SAFETY REFRESHMENTS	\$	83.70	02-51403
		Totals: \$	15,387.70	

**Directors Compensation and Expense Accounting –  
Through September 2018**

Sacramento Suburban Water District  
Board of Directors Meetings Attended (1)  
Pay Rate per Diem is \$100.00  
**3rd Quarter 2018**

Director Locke:

Director McPherson:

07/10/2018 SSWD Finance and Audit Committee Meeting

07/14/2018 Ethics Training

07/16/2018 SSWD Regular Board Meeting

Director Wichert:

No Pay – Verbal Report

Director Thomas:

Director Jones:

07/05/2018 Meeting with Dan York

07/06/2018 Meeting with Dan York

07/10/2018 SSWD Finance and Audit Committee Meeting

07/12/2018 Meeting with Dan Bills and Dan York

08/14/2018 Bay Delta Meeting, San Joaquin

08/15/2018 Bay Delta Meeting, San Joaquin

08/20/2018 SSWD Regular Board Meeting

08/22/2018 Meeting with Dan York

08/28/2018 Meeting with Dan York

09/10/2018 SSWD Budget Workshop

09/13/2018 RWA Meeting

07/08/2018 CSDA Conference

07/09/2018 CSDA Conference

07/10/2018 CSDA Conference

07/11/2018 CSDA Conference

07/16/2018 SSWD Regular Board Meeting

07/31/2018 Meeting with Dan York – Asset Management Plan

08/01/2018 Facilities and Operations Committee Meeting

08/09/2018 SGA Board Meeting

08/16/2018 Meeting with Dan York

32

(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**

<b>Event/Purpose</b>	<b>Jones</b>	<b>Locke</b>	<b>McPherson</b>	<b>Thomas</b>	<b>Wichert</b>	<b>Schild</b>	<b>Total</b>
Local Meeting Mileage							-
Reimbursed by District							-
Local Meeting Expenses							-
Reimbursed by District							-
Paid Directly by District							-
Conferences							-
Reimbursed by District	747.73	2,540.66					3,288.39
Paid Directly by District	600.00						600.00
<b>Total</b>	<b>1,347.73</b>	<b>2,540.66</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>3,888.39</b>

**Directors Expense Report  
2018 Year to Date**

<b>Event/Purpose</b>	<b>Jones</b>	<b>Locke</b>	<b>McPherson</b>	<b>Thomas</b>	<b>Wichert</b>	<b>Schild</b>	<b>Total</b>
Local Meeting Mileage							-
Reimbursed by District						51.24	51.24
Local Meeting Expenses							-
Reimbursed by District							-
Paid Directly by District							-
Conferences							-
Reimbursed by District	2,126.86	3,868.03		370.36			6,365.25
Paid Directly by District	1,500.00	4,184.00					5,684.00
<b>Total</b>	<b>3,626.86</b>	<b>8,052.03</b>	<b>-</b>	<b>370.36</b>	<b>-</b>	<b>51.24</b>	<b>12,100.49</b>

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 reimburseable expenses, excluding registration fees, may not exceed \$4,000.00.

**District Reserve Balances  
September 31, 2018**

**Sacramento Suburban Water District  
Reserve Fund Balance**

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Debt Service Reserve	\$ -	\$ 3,527,684
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	24,045,738	17,753,771
<b>TOTAL</b>	<b>\$ 48,935,238</b>	<b>\$ 45,669,205</b>

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Cash and Cash Equivalents	\$ 12,496,663	\$ 6,084,811
Investments	36,221,711	35,860,505
Interest Receivable	208,700	175,719
Restricted Cash	8,164	12,504
Restricted Investments	-	3,527,684
Restricted Interest Receivable	-	7,982
<b>TOTAL</b>	<b>\$ 48,935,238</b>	<b>\$ 45,669,205</b>

## **Information Required by Bond Agreement**



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

*As Of*

	<i>Actual Year-To-Date 9/30/2018</i>	<i>Budget Year-To-Date 9/30/2018</i>
<b>REVENUES</b>		
Water sales charges	\$15,655,755.16	\$15,347,247.00
Capital facilities charge	18,029,403.07	18,417,750.00
Facility development charges	116,284.00	225,000.00
Interest and investment income	244,468.57	674,250.00
Rental & other income	358,561.21	199,500.00
<b>TOTAL REVENUES</b>	<b>34,404,472.01</b>	<b>34,863,747.00</b>
<b>EXPENSES</b>		
Source of supply	2,158,451.53	2,621,408.03
Pumping	3,022,954.69	3,570,073.83
Transmission and distribution	2,619,274.47	2,862,576.66
Water conservation	298,932.87	370,753.34
Customer accounts	926,842.32	982,201.23
Administrative and general	5,087,012.11	5,958,937.49
<b>TOTAL EXPENSES</b>	<b>14,113,467.99</b>	<b>16,365,950.58</b>
<b>NET REVENUE</b>	<b>20,291,004.02</b>	<b>18,497,796.42</b>

Sacramento Suburban Water District  
 6 - Months Debt Service Schedule  
 9/30/2018

Month	Total SSWD Debt Service				
	Principal	Interest Adjustable/Fixed/Swap	Facility Fee	Remarketing	Debt Service
Oct-18	\$ -	\$ 95,129.69	\$ 50,400.00	\$ 13,125.00	\$ 158,654.69
Nov-18	4,425,000.00	731,652.69	-	-	5,156,652.69
Dec-18	-	95,129.69	50,400.00	13,125.00	158,654.69
Jan-19	-	95,129.69	-	-	95,129.69
Feb-19	-	95,129.69	-	-	95,129.69
Mar-19	-	95,129.69	-	-	95,129.69

Month	Series 2012A Fixed Rate Bonds (\$23,440,000.00)				
	Principal	Interest - Fixed 4.25%			Debt Service
Oct-18	\$ -	\$ -	\$ -	\$ -	\$ -
Nov-18	2,105,000.00	381,113.00	-	-	2,486,113.00
Dec-18	-	-	-	-	-
Jan-19	-	-	-	-	-
Feb-19	-	-	-	-	-
Mar-19	-	-	-	-	-

Month	Series 2009A Adjustable Rate COPs (\$42,000,000.00)				
	Principal	Interest, Adjustable 1.29%	Facility Fee 0.480%	Remarketing 0.125%	Debt Service
Oct-18	\$ -	\$ 45,150.00	\$ 50,400.00	\$ 13,125.00	\$ 108,675.00
Nov-18	-	45,150.00	-	-	45,150.00
Dec-18	-	45,150.00	50,400.00	13,125.00	108,675.00
Jan-19	-	45,150.00	-	-	45,150.00
Feb-19	-	45,150.00	-	-	45,150.00
Mar-19	-	45,150.00	-	-	45,150.00

Month	Series 2018A Fixed Rate COPs (\$27,915,000)				
	Principal	Interest - Fixed 3.45%			Debt Service
Oct-18	\$ -	\$ -	\$ -	\$ -	\$ -
Nov-18	2,320,000.00	255,410.00	-	-	2,575,410.00
Dec-18	-	-	-	-	-
Jan-19	-	-	-	-	-
Feb-19	-	-	-	-	-
Mar-19	-	-	-	-	-

Month	2012 SWAP Interest, Net (\$33,000,000.00)				
	Principal	Interest, Swap Net (3.283-1.30193-.18)%			Debt Service
Oct-18		\$ 49,979.69	-	-	49,979.69
Nov-18		\$ 49,979.69	-	-	49,979.69
Dec-18		\$ 49,979.69	-	-	49,979.69
Jan-19		\$ 49,979.69	-	-	49,979.69
Feb-19		\$ 49,979.69	-	-	49,979.69
Mar-19		\$ 49,979.69	-	-	49,979.69

## Financial Markets Report October 8, 2018

### 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	1.29%
Swap	Notional Amount	Counterparty	FMV	Receive Rate	Fixed Rate
	\$33,300,000	Wells Fargo Bank, N.A.	(\$4,898,857)	1.482%	3.283%

### Current Status of District's Investment Portfolio (September 30, 2018):

Fair Market Value	Security Type	Yield
\$ 156,747.15	Money Market	1.61%
5,206,195.65	LAIF	2.00%
1,930,730.75	commercial paper	2.42%
3,547,172.42	Asset-Backed Securities/CMOs	2.12%
8,089,000.01	Certificates of Deposit	2.30%
8,671,479.21	Corporate Notes	2.31%
634,372.83	Federal Agency Collateralized Mortgage Obligation	1.91%
1,455,088.55	Federal Agency Securities Bonds/Notes	1.28%
228,785.60	Municipal Bonds	1.90%
2,533,222.58	Supra-National Agency Bond	2.13%
11,062,590.11	Treasury Bonds/Notes	2.03%
<u>\$ 43,515,384.86</u>		<u>2.13%</u>

### Market:

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

### **Current Bond Markets**

- The U.S. Treasury yield curve twisted a bit over the month as short-term maturities (less than two years) rose, while longer-term maturities (beyond two years) fell modestly.

- The slope of the curve, as measured by the yield difference between 10- and two-year Treasury notes, ended August at 0.23%, just above the decade low of 0.19% reached intra-month.
- For total-return investors, the twisted, flatter yield curve resulted in longer-term securities outperforming their shorter-term counterparts over the month. For example, the three-month and 12-month Treasury indices returned 0.18% and 0.22%, respectively. Meanwhile, the three-year, five-year and 30-year constant maturity indices returned 0.43%, 0.75% and 1.75%, respectively.
- Investment-grade (IG) credit spreads were relatively unchanged for the quarter. As a result of the muted spread impact, outperformance in the credit sector over the month can largely be attributed to the incremental income offered in the sector relative to similar-maturity Treasury securities.

### **PFM Outlook**

- With the bond market largely ignoring the likelihood of the FOMC raising rates, we will continue to position portfolios with a defensive duration and yield curve bias.
- In the federal agency sector, spreads relative to U.S. Treasury securities narrowed through August, ending the month near 12-month tightness. There is little value in bullet-maturity securities, but the flatness of the yield curve has created some value in callable agencies for the first time in a long while.
- The supranational sector has performed well over the past several quarters, and we foresee a reinvigoration of spreads later this year in advance of a surge in supply that typically occurs at the beginning of each calendar year. We advise reserving some buying capacity for this opportunity.
- Our overall view of the corporate credit sector is positive, and it remains an area of emphasis due to strong underlying fundamentals, including robust profits. New issue supply should pick up later this year, and we have positioned portfolios to participate in new issues that come to market at attractive levels.
- Mortgage-backed securities (MBS) have had lackluster performance for most of the year, and we are not increasing allocations at this point.
- AAA-rated asset-backed securities (ABS) have performed well this year and remain an additional area of focus due to their high quality, limited credit risk and incremental yield.
- Money market fund and ultra-short-term, fixed-income investors will benefit from higher yields due to multiple Fed rate hikes. Short-term credit (commercial paper and negotiable certificates of deposit) should track these increases and offer incremental income-earning potential relative to short-term government alternatives.

(Source: PFMAM September 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 variable market rate increases has been reduced via the interest rate swap, 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.

## Financial Markets Report October 9, 2018

### 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	1.29%
Swap	Notional Amount	Counterparty	FMV	Receive Rate	Fixed Rate
	\$33,300,000	Wells Fargo Bank, N.A.	(\$4,898,857)	1.482%	3.283%

### Current Status of District's Investment Portfolio (September 30, 2018):

Fair Market Value	Security Type	Yield
\$ 156,747.15	Money Market	1.61%
5,206,195.65	LAIF	2.00%
1,930,730.75	commercial paper	2.42%
3,547,172.42	Asset-Backed Securities/CMOs	2.12%
8,089,000.01	Certificates of Deposit	2.30%
8,671,479.21	Corporate Notes	2.31%
634,372.83	Federal Agency Collateralized Mortgage Obligation	1.91%
1,455,088.55	Federal Agency Securities Bonds/Notes	1.28%
228,785.60	Municipal Bonds	1.90%
2,533,222.58	Supra-National Agency Bond	2.13%
11,062,590.11	Treasury Bonds/Notes	2.03%
<b>\$ 43,515,384.86</b>		<b>2.13%</b>

### 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 twisted a bit over the month as short-term maturities (less than two years) rose, while longer-term maturities (beyond two years) fell modestly.

- The slope of the curve, as measured by the yield difference between 10- and two-year Treasury notes, ended August at 0.23%, just above the decade low of 0.19% reached intra-month.
- For total-return investors, the twisted, flatter yield curve resulted in longer-term securities outperforming their shorter-term counterparts over the month. For example, the three-month and 12-month Treasury indices returned 0.18% and 0.22%, respectively. Meanwhile, the three-year, five-year and 30-year constant maturity indices returned 0.43%, 0.75% and 1.75%, respectively.
- Investment-grade (IG) credit spreads were relatively unchanged for the quarter. As a result of the muted spread impact, outperformance in the credit sector over the month can largely be attributed to the incremental income offered in the sector relative to similar-maturity Treasury securities.

### **PFM Outlook**

- With the bond market largely ignoring the likelihood of the FOMC raising rates, we will continue to position portfolios with a defensive duration and yield curve bias.
- In the federal agency sector, spreads relative to U.S. Treasury securities narrowed through August, ending the month near 12-month tight. There is little value in bullet-maturity securities, but the flatness of the yield curve has created some value in callable agencies for the first time in a long while.
- The supranational sector has performed well over the past several quarters, and we foresee a reinvigoration of spreads later this year in advance of a surge in supply that typically occurs at the beginning of each calendar year. We advise reserving some buying capacity for this opportunity.
- Our overall view of the corporate credit sector is positive, and it remains an area of emphasis due to strong underlying fundamentals, including robust profits. New issue supply should pick up later this year, and we have positioned portfolios to participate in new issues that come to market at attractive levels.
- Mortgage-backed securities (MBS) have had lackluster performance for most of the year, and we are not increasing allocations at this point.
- AAA-rated asset-backed securities (ABS) have performed well this year and remain an additional area of focus due to their high quality, limited credit risk and incremental yield.
- Money market fund and ultra-short-term, fixed-income investors will benefit from higher yields due to multiple Fed rate hikes. Short-term credit (commercial paper and negotiable certificates of deposit) should track these increases and offer incremental income-earning potential relative to short-term government alternatives.

(Source: PFMAM September 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 variable market rate increases has been reduced via the interest rate swap, 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: 21

**Date:** October 3, 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, Water Quality Report, Water Conservation and Regional Water Efficiency Program Report, Customer Service Report, and Community Outreach Report.

### a. Water Operations And Exceptions Report

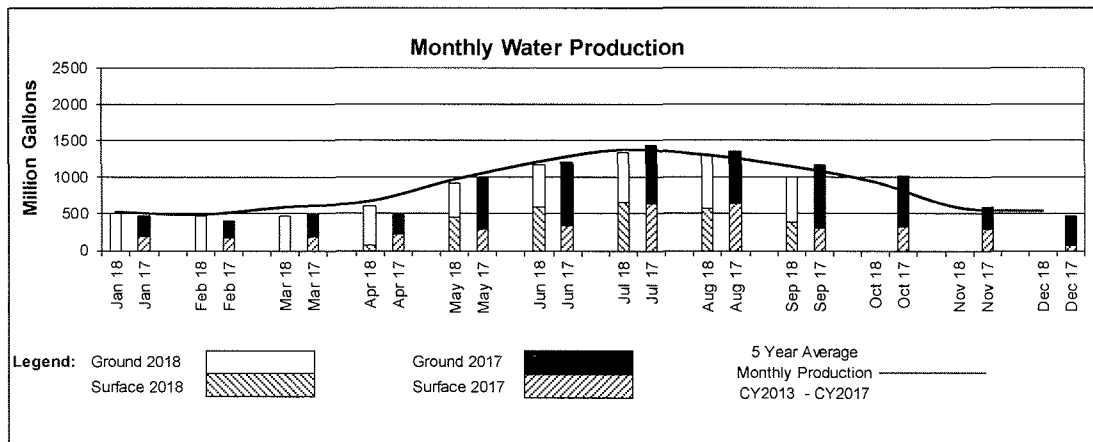
- i. Monthly Water Production – Exhibit WO-1**  
This indicates the amount of water produced, both ground and surface water, in the District’s North Service Area (McClellan Business Park, The Arbors at Antelope, and portions of North Highlands, Antelope, Carmichael, and Citrus Heights) and South Service 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 Wheeled to Other Purveyors – Exhibit WO-2**  
This indicates the amount of water the District served to other water purveyors in Calendar Year 2018. The amount is indicated in Million Gallons (MG) and Acre Feet (AF).
- iii. Water Operations Activity – Exhibit WO-3**  
This shows the types and number of activities that are conducted daily in the Production, Distribution, and Field Services Departments.
- iv. Claims Update – Exhibit WO-4**  
This is a summary report of claims received by the District that are less than \$10,000, and approved or rejected by the General Manager.

### 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	6.555
Feb	0.000	271.513	271.513	0.000	203.539	203.539	475.052	16.966	6.083
Mar	0.000	282.333	282.333	0.000	192.666	192.666	474.999	15.323	6.083
Apr	82.525	277.599	360.124	0.000	253.253	253.253	613.377	20.446	7.855
May	459.997	68.243	528.240	0.000	399.628	399.628	927.868	29.931	11.882
Jun	590.922	66.521	657.443	0.000	511.774	511.774	1,169.217	37.717	14.973
July	652.821	111.735	764.556	0.000	567.176	567.176	1,331.732	42.959	17.054
Aug	567.414	150.643	718.057	0.000	585.543	585.543	1,303.600	42.052	16.694
Sep	398.291	186.727	585.018	0.000	416.185	416.185	1,001.203	32.297	12.821
Oct									
Nov									
Dec									
<b>MG</b>	<b>2751.970</b>	<b>1714.750</b>	<b>4,466.720</b>	<b>0.000</b>	<b>3342.231</b>	<b>3,342.231</b>	<b>7808.951</b>	<b>28.604</b>	
<b>AF</b>	<b>8,445.486</b>	<b>5,262.375</b>	<b>13,707.860</b>	<b>0.000</b>	<b>10,256.930</b>	<b>10,256.930</b>	<b>23,964.791</b>		

Mo/Yr	Million Gallons (MG)			
	Surface	Ground	Total	Difference
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	652.821	678.911	1,331.732	-116.084
Jul 17	645.034	802.782	1,447.816	
Aug 18	567.414	736.186	1,303.600	-58.716
Aug 17	646.839	715.477	1,362.316	
Sep 18	398.291	602.912	1,001.203	-173.662
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	



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

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

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

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

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

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

Exhibit WO-2

**SACRAMENTO SUBURBAN WATER DISTRICT**  
**Water Wheeled To Other Purveyors**  
 2018

Month	California American Water Company		Citrus Heights Water District		City of Sacramento		County of Sacramento		Rio Linda / Elverta Water District		San Juan Water District		City of Roseville	
	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)	(AF)	(MG)
January	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
February	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
March	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
April	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
May	0.000	0.000	0.000	0.000	152.877	49.815	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
June	147.116	47.938	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
July	253.146	82.488	0.000	0.000	907.611	295.746	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
August	279.711	91.144	0.000	0.000	1488.555	485.047	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
September	242.289	78.950	0.000	0.000	1478.473	481.762	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
October														
November														
December														
YTD	<b>922.262</b>	<b>300.520</b>	0.000	0.000	<b>4027.516</b>	<b>1312.370</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Note: Water wheeled to other purveyors includes water sold.

**Exhibit WO-3**

**Water Operations Activity**

	<u>September</u>	<u>Monthly Avg</u>	<u>Total</u>	<u>Total # in</u>	<u>% Completed</u>
	<u>2018</u>	<u>CY 2018</u>	<u>CY 2018</u>	<u>System</u>	<u>CY 2018</u>
<b><u>Production Department</u></b>					
<b><u>Service Orders</u></b>					
<b><u>Water Quality</u></b>					
<u>Complaints</u>	2	2	14		
<u>Inquiries</u>	12	15	134		
<u>Taste &amp; Odor Complaints</u>	0	0	0		
<u>Taste &amp; Odor Inquiries</u>	2	4	34		
<b><u>Distribution Department</u></b>					
<b><u>Service Orders</u></b>					
<u>Main Leaks</u>	7	4	35		
<u>Service Line Leaks</u>	3	6	56		
<u>Water Main Shutdown</u>					
-- Emergency	3	2	14		
-- Scheduled	1	1	7		
<b><u>Preventive Maintenance Program</u></b>					
<u>Fire Hydrants Inspected</u>	29	17	149	6,486	2.3%
<u>Fire Hydrant Valves Inspected</u>	29	21	186	5,759	3.2%
<u>Fire Hydrant Valves Exercised</u>	29	21	185	5,759	3.2%
<u>Mainline Valves Inspected</u>	127	154	1386	11,132	12.5%
<u>Mainline Valves Exercised</u>	120	138	1240	11,132	11.1%
<b><u>After Hours Activity (On-Call Technician)</u></b>					
<u>Calls Received</u>	36	46	410		
<u>Calls Responded</u>	32	31	280		
<u>Overtime Hours</u>	56	55	499		
<b><u>Field Services Department</u></b>					
<b><u>Meters</u></b>					
<u>PM - Meters Tested (3 - 10 inch)</u>	13	11	100	451	22.2%
<u>PM - Meters Replaced (<sup>5</sup>/<sub>8</sub> - 1 inch)</u>	2	11	101	35,728	0.3%
<u>PM - Meter Re-Builds (1<sup>1</sup>/<sub>2</sub> - 2 inch)</u>	2	27	242	2,441	9.9%
<u>Customer Pressure Inquiries</u>	14	11	97		
<b><u>Field Operations Department</u></b>					
<u>Service Requests Generated</u>	1,769	1,558	14,020		
<u>Work Orders Generated</u>	2,430	1,206	10,851		

**Exhibit WO-4**

**Date:** October 3, 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, as well as any pending claims or litigation that are under review/investigation by JPIA:

**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.

**CLAIMS UNDER REVIEW/INVESTIGATION  
BY JPIA – UPDATE**

1. Beliso V. Twin Rivers PUD  
Member: Sacramento Suburban Water District  
JPIA Claim #19-0151  
Date of Claim – February 6, 2018  
Claim Amount - Unknown  
**Status - Open**

**Background:**

Claim filed against the District asserting that the District is the owner/operator of the unsecured storm drain grate that resulted in an injury to Noah Beliso. Upon receipt of the claim, staff performed an investigation to determine the validity of the claim. Staff utilized the provided attachment within the District Claim Form to determine the exact type of appurtenance that was referenced in the claim and visited the site to determine the storm drain inlet was part the overall drainage system of the school.

On February 15, 2018, the District sent a formal Rejection Letter to John V. Mejia, Attorney for Noah Beliso, as well a brief letter explaining that the Sacramento Suburban Water District does not own nor maintain the subject storm drain grate.

On August 31, 2018, the District received a summons indicating that this claimant is suing the District. Staff contacted JPIA, and forwarded all pertinent documents for their review and assistance in mitigating this suit.

On September 21, 2018, staff received notification that JPIA has retained the legal services of Donahue Davies LLP.

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

JPIA Claim #17-0560

Date of Claim – March 17, 2017

Claim Amount - \$167,744.81

**Status** – No Change - Open

Background:

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

Update from the JPIA’s attorney:

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

## **b. Water Quality Report**

Nothing new to report for September.

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

### **i. Program Overview for September 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 September 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 28% reduction in September 2018 (when compared to September 2013), exceeding the District's 10% monthly goal. Since the Emergency Drought Regulations were enacted<sup>1</sup> in September 2015, the District has maintained a 24% reduction in water use when compared to 2013.
- b. Customer Leak Notifications – Staff sent out 1,268 notifications of 72-hour continuous flow events in September 2018 and conducted 18 customer leak investigations.
- c. Public Outreach – The District utilized various info graphics for public outreach in September 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 355 clicks and left 152,287 impressions. The District's primary focus for September 2018 was Antelope Gardens, weather-based irrigation controllers, and the District's Open House event on October 17, 2018.

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

District staff continues to promote water conservation. During the month of September 2018, District staff and the District's contract company performed 13 Single Family Residential, 4 Multi-Family, and 4 Commercial, and 1 Large Landscape Water-Wise House Calls (WWHC).

---

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

Staff received 21 calls and 19 reports via the District's website regarding water waste. Staff issued 30 Information Only Water Waste Notices, 30 Notices of Violation (NOV), 4 Warning NOVs, and 1 Second Violation that resulted in a \$50 monetary assessment.

The District issued rebates for 8 toilets, 5 Weather Based Irrigation Controllers, 1 pool cover, 5 Irrigation Efficiency Upgrades, 6 clothes washers, and 1 rain sensor in September 2018.

Staff participated in the Carmichael Founders Day event on September 22<sup>nd</sup>. Staff distributed water efficiency products such as WaterSense showerheads, faucet aerators, hose spray nozzles, and hose timers to event attendees. Staff also distributed flyers for the District's upcoming Open House to District customers.

Staff completed and turned in the District's validated 2017 water loss audit in accordance with Senate Bill 555. A copy of the water loss report can be furnished upon request.

**iii. Upcoming Events**

District Open House – October 17, 2018.

**d. Customer Service Report**

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

- Customer Service Activity Report shows Customer Service activity for the month of September 2018.

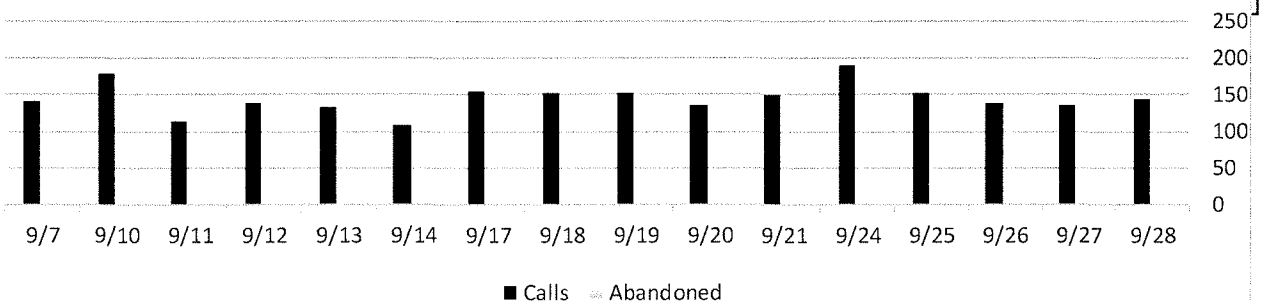


### Exhibit CS-1

	<u>September 2018</u>		<u>Calendar Year 2018</u>	
<b>Billing</b>				
Connections-Total Active	46,447			
E-billing	4,091			
<b>Payments</b>				
Cash/Check	1,100	3.1%	10,793	3.0%
Credit Card	676	1.9%	6,746	1.9%
Web	5,188	14.6%	46,682	13.0%
Auto-Pay (Checking)	4,460	12.6%	39,311	10.9%
Auto-Pay (Credit Card)	4,045	11.4%	35,508	9.9%
IVR (Auto Phone)	1,595	4.5%	14,361	4.0%
Online Banking	9,074	25.6%	98,216	27.4%
LockBox	9,278	26.2%	107,414	29.9%

### Monthly Calls

Date	Total Calls	Calls Abandoned	% of Calls Abandoned	Avg Wait On Queue	Max Wait on Queue	Avg Talk Time
9/4/2018	208	4	1.92%	1m, 21s	8m, 50s	2m, 49s
9/5/2018	189	5	2.65%	41s	5m, 3s	2m, 29s
9/6/2018	119	1	0.84%	39s	9m, 9s	2m, 35s
9/7/2018	140	4	2.86%	54s	7m, 41s	3m, 12s
9/10/2018	180	2	1.11%	35s	6m, 11s	2m, 39s
9/11/2018	113	0	0.00%	31s	5m, 55s	2m, 39s
9/12/2018	138	1	0.72%	36s	6m, 9s	2m, 45s
9/13/2018	132	5	3.79%	50s	7m, 14s	2m, 36s
9/14/2018	108	4	3.70%	50s	8m, 21s	2m, 52s
9/17/2018	155	3	1.94%	41s	7m, 39s	3m, 2s
9/18/2018	152	4	2.63%	37s	5m, 37s	2m, 47s
9/19/2018	153	4	2.61%	32s	4m, 34s	2m, 41s
9/20/2018	135	5	3.70%	31s	6m, 44s	3m, 32s
9/21/2018	150	5	3.33%	1m, 1s	8m, 53s	3m, 13s
9/24/2018	191	4	2.09%	45s	5m, 48s	2m, 43s
9/25/2018	153	4	2.61%	47s	5m, 14s	3m, 8s
9/26/2018	139	4	2.88%	40s	9m, 50s	3m, 14s
9/27/2018	135	2	1.48%	29s	4m, 30s	3m, 9s
9/28/2018	144	0	0.00%	30s	3m, 42s	3m, 12s
<b>Group Total</b>	<b>2834</b>	<b>61</b>	<b>2.15%</b>	<b>49s</b>	<b>6m, 48s</b>	<b>2m, 71s</b>



## **e. Community Outreach Report**

### **i. November Bill Insert**

The November bill insert will begin on October 21, 2018 and continue until November 25, 2018. A sample of the bill insert has been included with this report.

### **ii. November Envelope Message**

The November envelope offers customers convenient ways to pay their water bill. The envelope will begin on October 21, 2018 and continue until November 25, 2018.

### **iii. Community Meetings/Events**

Staff, representing SSWD, attended the following agency meetings, conference calls, community meetings, and events in September 2018:

<u>Date:</u>	<u>Meeting:</u>	<u>Staff:</u>
09/04/18	Water Supply Management Strategic Planning	Dan York
09/04/18	Water Agreements/2X2 Discussion	Dan York/Mike Huot
09/12/18	RWA Water Caucus	Mike Huot
09/12/18	RWA Regional Water Reliability Plan	Mike Huot
09/13/18	RWA Board Meeting	Dan York
09/20/18	SAWWA Meeting	Dan York
09/25/18	Meter Replacement Planning Study RFP	Dan York/Mike Huot
09/26/18	ACWA Region 4 Program and Tour	Dan York
09/27/18	RWA Executive Committee Meeting	Dan York

00210708

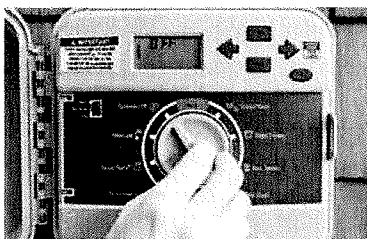


# H<sub>2</sub>O on the Go

November 2018

## Dial Back Your Sprinklers for Winter

As the days continue to get cooler and shorter, your landscape doesn't need as much water. Keep dialing back your sprinkler run times, and remember when rain is in the forecast, to turn off your sprinklers completely. You can also install a rain sensor or a WaterSense-labeled weather-based sprinkler timer and let it set the schedule for you.



If you're not sure if your landscape needs water, check the soil with a moisture meter. SSWD has complimentary moisture meters available at the District office. You can also check the soil with a six to eight inch screwdriver. If it can be easily pushed into the ground three inches beneath the soil you don't need to water.

[sswd.org](http://sswd.org)

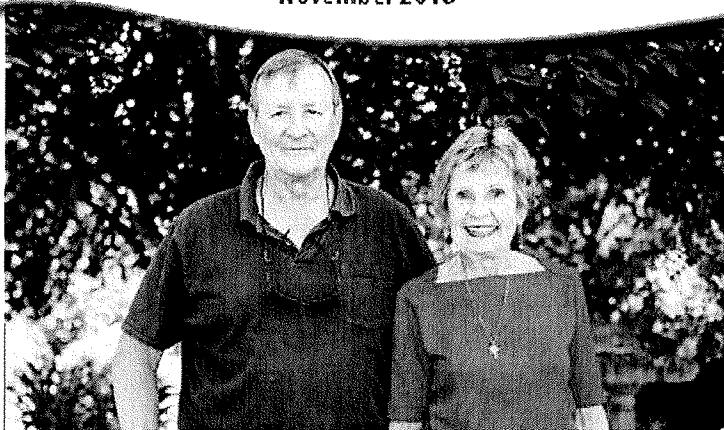
Phone: 916.972.7171

Fax: 916.972.7639

3701 Marconi Avenue, Suite 100

Sacramento, CA 95821-5346

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



## H<sub>2</sub>O Hero | Time for a Change

Shirley took a long look at her water bill and knew it was time for a change. Her house sits on a half-acre with a large hill in the front. The sprinkler system dated back to the late 50's and was not at all efficient.

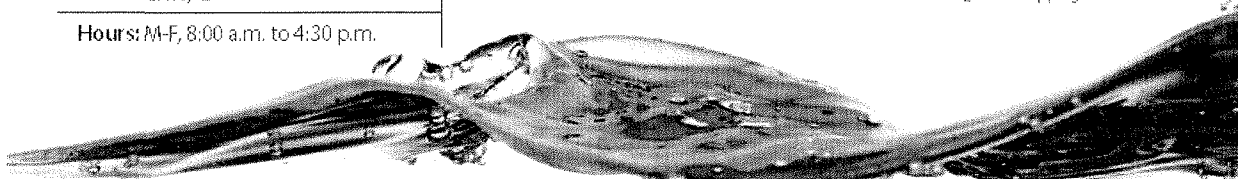
In 2015, she decided to start doing something about the amount of water she used outside and attended a workshop on low-water use gardening and water-efficient irrigation techniques. She also started visiting local demonstration gardens to get a better feel for the types of plants that are best suited for the Sacramento region.

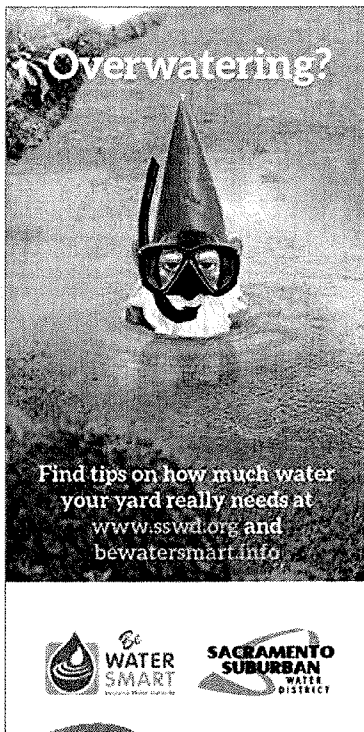
Shirley began doing research on landscape designers who were well versed in creating water-wise landscapes and irrigation systems. After interviewing a few contractors, she settled on one with a good knowledge base and who would be easy to work with.

She started first with the backyard by planting a variety of low-water plants and also installing efficient rotator sprinklers, rain sensors and a new weather-based sprinkler timer. Shirley applied for and received rebates from SSWD to help cover the cost.

This year, she made over the front yard, removing much of the existing lawn. Shirley added lantana and lavender along with other drought-resistant flowers to add some splashes of color and curb appeal. Her contractor installed a drip irrigation system for her trees and shrubs along with new rotator sprinklers for the remaining lawn and a weather-based sprinkler timer to run it all.

H<sub>2</sub>O Hero | page 2

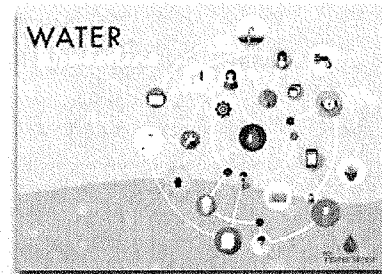




### Water Wonderline

Wondering about ways to be water-wise or what SSWD's plans are for 2019? The Water Wonderline is here to answer your questions.

Send us your questions via [feedback@sswd.org](mailto:feedback@sswd.org) and we'll include the answer in future bill inserts, newsletters or online.



*H<sub>2</sub>O Hero | from page 1*

She applied again for rebates from SSWD and also applied for the Save Our Water's rebate for turf removal.

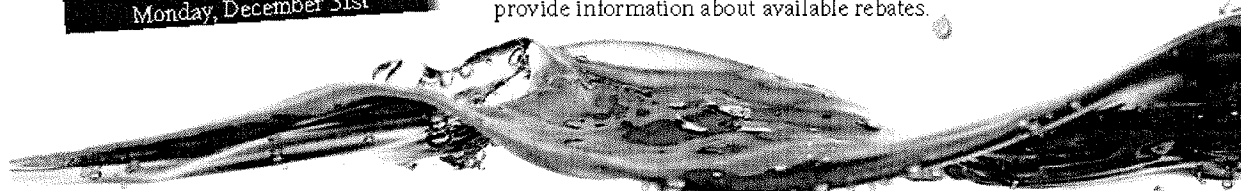
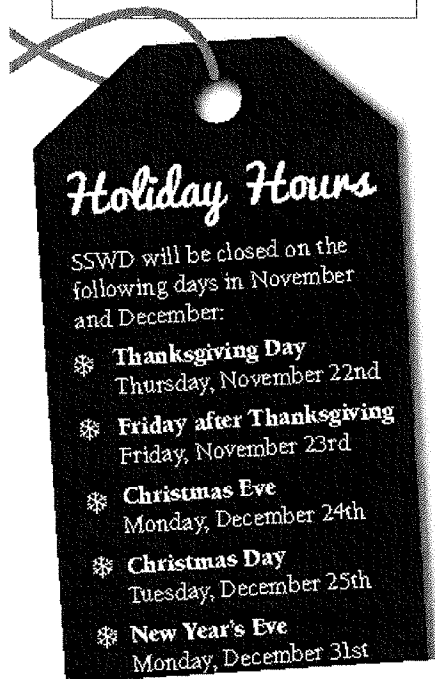
"I can't believe how much water I'm saving," Shirley said. "I'm really happy with how everything turned out, and I get a lot of compliments from my neighbors."

### Find the Right Landscape Professional for Your Sprinkler System

Having a properly maintained and installed sprinkler system can reduce your annual water use by nearly 9,000 gallons a year – the amount of water used to take 500 showers.

Here are a few steps for finding just the right landscape professional to help:

- 1 Look for a landscape professional with special training in water-wise landscapes and efficient sprinklers. A good place to start is ReScape California, which offers an online directory of EcoLandscapers in the Sacramento region at [rescape.org](http://rescape.org).
- 2 Ask the right questions: When interviewing contractors and landscape professionals, see if they're experienced with installing subsurface and drip irrigation, high-efficiency rotator sprinklers and weather-based sprinkler timers. Ask for references, and if possible, visit some of their clients and check out their work first hand.
- 3 Know your yard: Create a list of the existing plants in your yard, the dimensions or square footage of your lawn and the locations of trouble spots.
- 4 Survey your existing sprinkler system: SSWD offers complimentary Water Wise House Calls. Our water-efficiency experts will come to your home or business and check your sprinkler system for leaks, test the sprinkler timer, assist with programming, troubleshoot the system, develop a water-efficient, custom watering schedule for your yard and provide information about available rebates.





## Agenda Item: 22

**Date:** October 5, 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 at Existing Site)**

Construction of the pumping plant and treatment plant began in July 2018. The well is anticipated to be on line in summer 2019.

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

Construction of the well is expected to be completed in October 2018. Pumping plant design is anticipated to be completed in late 2018 to early 2019. Construction of the pumping plant is anticipated to begin by summer 2019. The well is anticipated to be on line in spring 2020.

##### **Well 79 Verner / Panorama (New Well at Existing Site)**

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

A Request for Proposal for construction of the well will be issued in early October 2018. Well construction is anticipated to be completed in early 2019. Pumping plant design is anticipated to be completed in late 2019. Construction of the pumping plant is anticipated to begin in early 2020.

The well is anticipated to be on line in spring 2021.

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

- Well 28 Red Robin / Darwin  
This well is offline for piping and control modifications. It is expected to be back on line by October 5, 2018
- Well 30 Rockbridge / Keith  
This well is offline for piping and control modifications. It is expected to be back on line by October 12, 2018.
- Well 69 Hilldale / Cooper  
This well is offline for rehabilitation. An estimated return to service date has not yet been determined.

## **2) Distribution**

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

Installation of distribution main and fire hydrants is complete. Approximately 99% of services have been installed. This project is expected to be completed in November 2018.

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

Construction work on the mainline is approximately 90% complete. Approximately 80% of services have been installed. This project is expected to be substantially completed in late-2018 with final paving occurring in early-2019.

### **Jonas Main Replacement Project**

#### Material Condition Assessment of Existing Distribution Main

As directed in the September 13, 2018, Facilities and Operations Committee meeting, staff will sample the existing distribution main to visually assess its condition. Based on this assessment and existing information, staff will determine whether to move forward with this project at this time.

#### Master Services Contract Approach

To update the assessment of the effectiveness of the Master Service Contract (MSC) approach for Main Replacement Program projects, staff has made a cost comparison between the Edison Meadows Main Replacement Project (an MSC project) and the Edison Juliesse distribution main replacement project (comparatively a very small project) that was competitively bid and constructed in late 2017. The data indicate that the MSC approach provides good value to the District: total costs of \$2.0 vs. \$2.1 million per mile of main installed (MSC large project vs. bid small project).

#### Distribution Main

A Request for Proposal for this project's "distribution main" portion is expected to be put out to bid in late October for a construction start in early 2019. Staff plans to continue to utilize the MSC contracting approach which has been effective at controlling costs. A bid opening is scheduled for late November, 27, 2018, and staff anticipates bringing bid results

with a recommendation for contract award to the next Facilities and Operations Committee meeting (provided a meeting is held before the December 2018 regular Board meeting), and then to the December 17, 2018, regular Board meeting.

#### Services

Staff will also negotiate a cost with Flowline Contractors, Inc. (Flowline) for the “Service Line” portion of the project as part of the District’s MSC with Flowline, awarded earlier this year.

#### **Meter Retrofit Project**

##### 2018

Approximately 60 percent of the meters have been installed. This project is expected to be completed in late 2018.

##### 2019 and Beyond

A Request for Proposal is expected to be put out to bid in late November 2018 for a construction start in early 2019. Staff plans to utilize the MSC contracting approach which has been effective at containing costs in the Distribution Main Replacement Program. A bid opening is scheduled for December 21, 2018, and staff anticipates bringing bid results with a recommendation for contract award to the next Facilities and Operations Committee meeting (provided a meeting is held before the January 2019 regular Board Meeting), and then to the January 21, 2019, regular Board meeting.

#### **b. Other**

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

- Work related to installation of the new generator (Phase 1), including electrical work and landscaping, 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 new wiring, is expected to be completed in late 2019 or early 2020.

##### **Foam Firefighting Agent**

- At the August 20, 2018, Board meeting, staff was directed to contact the Aerojet facility located in Rancho Cordova to learn about the type(s) of foam firefighting agent(s) used there. Certain foam firefighting agents are a known groundwater contaminant, and this information would then be used to compare with foam agent(s) used at the former McClellan Air Force Base and present Sacramento McClellan Airport (McClellan) to help the District better understand the hazard to the groundwater supply related to McClellan activities.

Staff is in the process of gathering information and will report to the Board when these activities are complete.