

Agenda

Sacramento Suburban Water District Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, March 18, 2019
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 February 25, 2019 Regular Board Meeting
Recommendation: Approve subject minutes.

2. Improvement Standards and Technical Specifications (PL – Eng 001)
Recommendation: Approve subject policy.
3. Drug and Alcohol Program Policy (PL – HR 010)
Recommendation: Approve subject policy.
4. Resolution No. 19-03 Amending Regulation No. 7 of the Regulation Governing Water Service
Recommendation: Approve subject resolution.
5. Resolution No. 19-04 Concurring in Nomination of Brent Hastey to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority
Recommendation: Approve subject resolution.
6. Resolution No. 19-05 Concurring in the Nomination of Rio Linda/Elverta Community Water District's Director Paul R. Green to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority
Recommendation: Approve subject resolution.
7. General Manager Out of State Travel Request
Recommendation: Approve General Manager out of state travel request.

Items for Discussion and/or Action

8. Draft Strategic Plan
Recommendation: Review and provide input on the Draft Strategic Plan.
9. 2019 Water Rate Study
Recommendation: Receive written staff report and direct staff as appropriate.
10. California Special Districts Association Call for Nominations for Seat B
Recommendation: Receive written staff report and direct staff as appropriate.
11. Meter Retrofit Program - Master Service Contract
Recommendation: Approve the award of a multi-year Master Service Contract to Flowline Contractors, Inc.
12. New OPEB Valuation Under GASB 75
Recommendation: Accept new valuation study.
13. Sensus Flexnet Advanced Metering Infrastructure
Recommendation: Approve purchase of Sensus Flexnet meter reading system.

General Manager's Report

14. General Manager's Report
 - a. Sacramento Suburban Water District / San Juan Water District Management/Re-Organization Committee Update
 - b. Regional Water Supply/Wheeling Opportunities
 - c. Mueller Systems Fixed Network Update

Department/Staff Reports

15. Financial Report
 - a. Draft Financial Highlights – February 2019
 - b. Draft Financial Statements – February 2019
 - c. Investments Outstanding and Activity – February 2019
 - d. Cash Expenditures – February 2019
 - e. Credit Card Expenditures – February 2019
 - f. Draft District Reserve Balances – February 2019
 - g. Information Required by LOC Agreement
 - h. Financial Markets Report
16. 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
17. Engineering Report
 - a. Major Capital Improvement Program (CIP) Projects

- b. Asset Management Plans
- c. Other

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

- 18. a. Regional Water Authority (President Jones)
Agenda for the March 14, 2019 Meeting.

Regional Water Authority Executive Committee (General Manager York)
None.
- b. Sacramento Groundwater Authority (Director Thomas)
None.
- c. Water Caucus Meeting (General Manager York)
None.
- d. Water Forum Successor Effort (General Manager York)
None.
- e. Other Reports – AB 1234

Committee Reports

- 19. a. Facilities and Operations Committee (President Jones)
None.
- b. Finance and Audit Committee (Director Wichert)
None.
- c. San Juan Water District/Sacramento Suburban Water District Water
Management/Re-Organization Committee (Director Locke and President Jones)
None.

Information Items

- 20. Legislative and Regulatory Update
- 21. Upcoming Water Industry Events
- 22. Upcoming Policy Review
 - a. Electronic Mail Management and Retention Policy (PL – IT 003)

Miscellaneous Correspondence and General Information

- 23. Correspondence received by the District

Director’s Comments/Staff Statements and Requests

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

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

- 24. 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

Monday, April 1, 2019 at 2:00 p.m., Finance and Audit Committee Meeting
Monday, April 15, 2019 at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the March 18, 2019 meeting of the Sacramento Suburban Water District Board of Directors was posted by March 14, 2019 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was freely available to the public.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

AGENDA ITEM: 1

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, February 25, 2019

Call to Order

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

Pledge of Allegiance

President Jones led the Pledge of Allegiance.

Roll Call

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

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Director of Finance and Administration Dan Bills, Heather Hernandez-Fort, Cassie Crittenden, Jim Arenz, and Dana Dean.

Public Present: William Eubanks, Habib Isaac and Andrea Boehling.

Announcements

General Manager Dan York (GM York) announced:

- Jonas Main Replacement Project 1st Phase Open House was held on Thursday, February 21st and was a successful event;
- Registration for the ACWA Spring Conference has opened;
- Registration for the AWWA Conference has also opened.

Public Comment

William Eubanks (Mr. Eubanks) informed the Board that Governor Newsom removed Felicia Markus from the State Water Resources Control Board and encouraged the Board to pay attention to that change.

Mr. Eubanks further expressed that Robert Matteoli, a Director from Del Paso Manor Water District (DPMWD) approached him about his interest in merging with the District. GM York confirmed that the Directors at DPMWD had requested that the DPMWD General Manager ask the District if they could generate their 2018 Consumer Confidence Report. GM York informed the Board that the request was respectfully denied as it is a regulatory requirement and the District would not want the responsibility on the backs of its rate payers.

Mr. Eubanks additionally stated that Los Angeles Metro Water recently acquired ownership of over 60% of the Sites Reservoir.

Consent Items

1. **Minutes of the January 28, 2019 Regular Board Meeting**
2. **Minutes of the February 11, 2019 Strategic Plan Workshop**
3. **Catastrophic Leave Policy (PL – HR 008)**
4. **Resolution No. 19-02 Honoring John Woodling on His Retirement**

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

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

Items for Discussion and/or Action

5. **2018 Water Rate Study**

Director of Finance and Administration Dan Bills (Mr. Bills) presented the staff report and introduced Habib Isaac (Mr. Isaac) from the consulting firm of Rafetellis who presented the PowerPoint Presentation.

Several clarifying questions were asked.

Director Wichert inquired why the majority of the increases in total operating expenditures came from salaries and benefits.

Mr. Isaac answered that they used the approved 2019 budget and were doing an escalation factor of their percent over each year thereafter. He further explained that the cost was nearly 50% of total expenditures.

President Jones inquired if salaries and benefits could be broken out on two separate lines.

Mr. Isaac expressed he would make that change.

Director Wichert inquired what staff has done to hold the line on salaries and benefits.

GM York expressed that typically staff proposed around a 3% merit and a 3% COLA increase, which has the standard, however, for four out of the past ten years, there were no COLA raises which resulted in significant pay differentials between SSWD and other local districts.

Director McPherson inquired if it was standard among other water purveyors that Mr. Isaac has worked with, that the salaries and benefits were around the same percentage of the total.

Mr. Isaac answered that it was pretty typical.

Further discussion ensued regarding the next 5 year outlook. Mr. Bills pointed out that, under this version, the budget would have more expenditures than revenue each year until the year 2022. He expressed that would draw down the reserves by roughly 25% from where they are today.

Director Locke inquired if that would impact the bond rating for the District.

Mr. Bills expressed that staff would have to explain the planned draw down, and hope the markets would react positively, however a 5 year downward trend could impact the bond rating.

Discussion ensued regarding nonresidential versus residential rates, and peak versus non-peak rates.

Director Wichert inquired what is being done to minimize the increases in water costs and how they have been included in the budget.

GM York answered that regarding groundwater, the District does not operate the less efficient wells during peak demands, and that staff is in the process of working with the City of Sacramento to reduce their costs, as well as working with the San Juan Water District in an effort to obtain CVP water. He expressed to the Board that it takes time and that it does not happen overnight.

Mr. Isaac explored different rate increase figures throughout each year of 5 years with the Board.

Director Wichert advocated for cutting costs.

Director Locke reminded the Board that if you cut capital improvement projects, either pay now for capital improvements projects, or you pay at a higher rate later.

Discussion ensued regarding inflation rates.

Director Wichert asked again what staff has done to hold the line on rates.

GM York expressed that staff has been reviewing options such as water cost savings, reviewing the Asset Management Plans, as well as reviewing the steel main replacement project, that is coming to an end. He reiterated that staff is making efforts to examine all options.

Director Wichert inquired when the proposed rate increases would take effect.

Mr. Isaac answered the first would be September, 2019 and then January of each year for the next four following years.

Director Wichert expressed that he was against having two rate increases within 5 months of each other.

Mr. Isaac expressed he could bring back a different model if the Board preferred.

Director Locke echoed Director Wichert, expressing that the intervals for rate increases needed to be only once in a calendar year. He further expressed that a rate increase was necessary in order to fund the rising costs noting that the most important expenditures were the pipes that bring the water to the customers, and the staff that maintain the pipes. He additionally expressed that he was not in favor of reducing the reserve fund over the next 5 years, stating he would like to see a different scenario with reserves.

President Jones expressed concern over some of the potential future expenditures such as the McClellan Business Park Successor Agreement and the AMI metering issue, stating that he would like for those to be incorporated in the analysis.

Mr. Bills noted that neither of those expenditures have been approved in the budget, therefor they were not provided to the consultant.

Director McPherson expressed that she was in favor of the consultants proposal of the 15 cubic feet tier levels, and the suggestion for the peak versus non-peak nonresidential rates. She further expressed that she believed the issue is determining how to implement the rate increases so that the Board felt comfortable with them.

Mr. Isaac provided different examples of rate increase percentages over 5 years. He suggested for the Board to implement rate increases during nonpeak times.

Director Locke and Director Thomas agreed with Director McPherson's support of the consultants proposal of the structure of the rates by using the 15 cubic feet tier levels, and the suggestion for the peak versus nonpeak nonresidential rates.

Director Wichert noted the possibility of the meter retrofit being completed closer to the required date versus getting it done sooner than required.

Mr. Bills expressed that one of the things staff could do was to look at CIP projects over the next 5 years, to see if any could be deferred until 2023 when debt service costs would decrease by roughly \$2 million a year.

Director McPherson noted that the best case scenario is to plan that the equipment has a life cycle and to plan accordingly for ongoing costs.

Assistant General Manager Mike Huot (AGM Huot) expressed to the Board that staff has been looking at the Distribution Asset Management Plan and working to incorporate condition assessment into the plan.

Mr. Isaac expressed that he would review the suggestions and make some adjustments to the proposal for the March Regular Board meeting.

6. Communications Site Lease Agreement – Auburn Yard

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

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

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

7. General Manager Employee Agreement – Dan York

President Jones presented the staff report.

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

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

General Manager’s Report

8. General Manager’s Report

GM York presented the staff report.

a. Fixed Network Update

GM York presented the staff report and provided an update.

b. Water Transfer Update

GM York presented the staff report and provided an update.

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

9. a. Regional Water Authority (Director Jones)

The agenda for the February 15, 2019 meeting was provided.

Regional Water Authority Executive Committee (General Manager York)

The agendas for the January 29 and February 27, 2019 meetings were provided.

- b. Sacramento Groundwater Authority (Director Thomas)
The agenda for the February 14, 2019 meeting was provided.
- c. Water Caucus Meeting (General Manager York)
The agenda for the February 13, 2019 meeting was provided.
- d. Water Forum Successor Effort (General Manager York)
The agenda for the February 14, 2019 meeting was provided.
- e. Other Reports – AB 1234

Director Locke provided oral reports on the following meetings he attended:

- August 16, 2016 - SAWWA Luncheon
- September 24, 2018 - ASR Well Discussion with Gary Gin
- September 25, 2018 - West Yost GRA Event
- September 26, 2018 - ACWA Folsom Dan Tour
- September 28, 2018 - Meeting with Director Jones regarding the 2x2
- October 8, 2018 - Meeting with the General Manager re: F&A Meeting and Arden Oaks Hydrant
- October 10, 2018 - Meeting with the General Manager regarding Salary Survey
- October 18, 2018 - SGA 20 Year Luncheon
- October 22, 18 to October 24, 2018 - AWWA Conference
- November 2, 2018 - Meeting with the General Manager on Rate Study and Salary Survey
- November 8, 2018 - Meeting with the General Manager on Salary Survey

President Jones provided oral reports on the following meetings he attended:

- January 4, 2019 - Meeting with the General Manager on Year End and Goals
- January 10, 2019 - RWA Board Meeting
- January 15, 2019 - Meeting with the General Manager on Performance and Goals
- January 16, 2019 - Meeting with Director Locke on GM Performance
- January 18, 2019 - Meeting with the General Manager on Performance and Goals

Director Thomas provided oral reports on the following meetings he attended:

- January 16, 2019 - AeroJet CAG Meeting
- January 17, 2019 - Meeting with the Assistant General Manager
- January 29, 2019 - Meeting with the General Manager
- February 5, 2019 to February 6, 2019 - Groundwater Conference
- February 8, 2019 - Meeting with Ellen Cross
- February 14, 2019 - Meeting with the General Manager

Committee Reports

10. a. Facilities and Operations Committee (Director Jones)
None.
- b. Finance and Audit Committee (Director Wichert)
The draft minutes from the February 7, 2019 meeting were provided.

Director Wichert provided an oral report of the meeting.
- c. San Juan Water District/Sacramento Suburban Water District Water Management/Re-Organization Committee (Director Locke and Director Jones)
None.

Information Items

11. **2019 Customer Engagement Program - Speaker Series**
A written report was provided.
12. **Legislative and Regulatory Update**
A written report was provided.
13. **Upcoming Water Industry Events**
A written report was provided.
14. **Upcoming Policy Review**
A written report was provided.
 - a. Improvement Standards and Technical Specifications (PL – Eng 001)
A written report was provided.
 - b. Drug and Alcohol Program Policy (PL – HR 010)
A written report was provided.

Department/Staff Reports

15. **Financial Report**
A written report was provided.
 - a. *Draft Financial Highlights – January 2019*
A written report was provided.
 - b. *Draft Financial Statements – January 2019*
A written report was provided.

c. *Investments Outstanding and Activity – January 2019*
A written report was provided.

d. *Cash Expenditures – January 2019*
A written report was provided.

e. *Credit Card Expenditures – January 2019*
A written report was provided.

f. *Draft District Reserve Balances – January 2019*
A written report was provided.

g. *Information Required by LOC Agreement*
A written report was provided.

h. *Financial Markets Report*
A written report was provided.

16. **District Activity Report**

A written report was provided.

a. *Water Operations and Exceptions Report*
A written report was provided.

b. *Water Quality Report*
A written report was provided.

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

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

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

17. **Engineering Report**

A written report was provided.

a. *Major Capital Improvement Projects*
A written report was provided.

b. *Asset Management Plans*
A written report was provided.

c. Other

A written report was provided.

Director's Comments/Staff Statements and Requests

None.

Adjournment

President Jones adjourned the meeting at 8:13 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

DRAFT



Agenda Item: 2

Date: March 6, 2019

Subject: Improvement Standards and Technical Specifications Policy (PL – Eng 001)

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

Recommended Board Action:

Reaffirm the Improvement Standards and Technical Specifications Policy (PL – Eng 001) without changes.

Background:

On February 25, 2019, the Improvement Standards and Technical Specifications Policy was brought to the Board for review. Comments from Directors were requested by March 11, 2019. No comments have been received.

Discussion:

The District’s Improvement Standards and Technical Specifications Policy (PL – Eng 001) was originally adopted by the Board of Directors (Board) in February 2011 and was most recently reviewed without revision in March 2017. This policy is to be reviewed every two years. A copy of the current policy is attached as Attachment 1.

There are no recommended changes to the existing policy. Following the last Board meeting there were no recommended changes to the policy from members of the public or the Board. Since no changes are being recommended, the policy was not submitted to legal counsel for review. Therefore, it is recommended that the Board reaffirm the policy with no changes.

Fiscal Impact:

None.

Strategic Plan Alignment:

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

Water Supply – 1.E. Ensure the safety and security of the water supply system.

This policy benefits District customers because it helps ensure that infrastructure is constructed per applicable standards and regulations to protect the water system and public health.

Attachments:

1. Improvement Standards and Technical Specifications Policy (PL – Eng 001)

Sacramento Suburban Water District

Improvement Standards and Technical Specifications Policy

Adopted: February 28, 2011,
Ratified without changes on: March 18, 2019

Deleted: April 20, 2015, March 27, 2017

100.00 Purpose of the Policy

This document sets forth the policy of the Sacramento Suburban Water District concerning the establishment of Improvement Standards and Technical Specifications for the design and construction of improvements to the water works of the District. Improvement Standards and Technical Specifications are necessary to require minimum acceptable quality of design and construction of water infrastructure improvements. All improvements, modifications, and repairs to the District's water system will be planned, designed, and constructed in conformance with these Improvement Standards and Technical Specifications, any applicable District Regulations, and with any applicable special conditions that have been approved by the District.

200.00 Authority

In conformance with the California Water Code, Division 12, County Water Districts, the General Manager has the full responsibility and authority to set standards and specifications for the planning, design, construction, modification or repair of the water works system of the District. The Board of Directors recognizes this authority and through this document, acknowledges this as the policy of the District.

300.00 Responsibility

The General Manager shall be responsible for the establishment of the Improvement Standards and Technical Specifications of the District. He may, at his discretion, utilize District staff to update and maintain the Improvement Standards and Technical Specifications. The Improvement Standards and Technical Specifications will be maintained as a separate document and will be considered the procedures of this policy. The General Manager may review and change the Improvement Standards and Technical Specifications as necessary to meet the needs of the District.

400.00 Policy Review

This policy shall be reviewed at least biennially.

Deleted: Approved without revision: March 27, 2017



Agenda Item: 3

Date: March 8, 2019

Subject: Drug and Alcohol Program Policy (PL – HR 010)

Staff Contact: Cassie Crittenden, Human Resources Coordinator

Recommended Board Action:

Approve the updated Drug and Alcohol Program Policy (PL – HR 010).

Background:

On February 25, 2019, the Drug and Alcohol Program Policy Update was brought to the Board for review. Comments from Directors were requested by March 11, 2019. Staff received comments from Director Locke, which were incorporated in this update.

Discussion:

Staff recommends adopting the updated Drug and Alcohol Program Policy. Both, a redlined version (Attachment 1) and final version (Attachment 2) are included for your reference. In summary, staff recommends edits to the following sections:

Section 200.00

- Summarizing the information and clarifying it to state alcohol or any controlled substance is prohibited at any time during duty or standby duty.
- Adding information related to the additional requirements for drug and/or alcohol testing for the District’s Safety Sensitive positions, as stated in the District’s Alcohol Program Manual.

The policy was originally adopted in July 2008 and last reviewed in January 2017.

Fiscal Impact:

Adopting these policy updates do not have a fiscal impact.

Strategic Plan Alignment:

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

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

Drug and Alcohol Program Policy (PL – HR 010)

March 8, 2019

Page 2 of 2

District customers benefit from District policies that protect the safety of employees and customers during all times employees are engaged in District business or operations.

Attachments: 1 –Redlined Drug and Alcohol Program Policy
2 –Final Drug and Alcohol Program Policy

Sacramento Suburban Water District

Drug and Alcohol Program Policy

Adopted: July 21, 2008
Approved with Changes: March 18, 2019

Deleted: Revised: June 21, 2010; January 23, 2017

100.00 Purpose of the Policy

The purpose of this policy is to 1) confirm the District's commitment to maintain a drug and alcohol-free workplace, 2) ensure the health and safety of all District employees, customers and the general public by authorizing the development and implementation of a Drug and Alcohol Program to identify and discipline employees who abuse alcohol or use controlled substances, and 3) establish guidelines for drug and alcohol testing for non-safety and safety sensitive positions.

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200.00 Policy

The District has a significant interest in insuring the health and safety of its employees. It has an obligation to insure that its employees do not present a safety risk to the general public. Substance abuse can affect job performance and employee and public safety. Subject to the requirements of the federal Americans with Disabilities Act (ADA), the District will be firm in identifying and disciplining those employees who are impaired by use of alcohol, marijuana or any legal or illegal substance while on the job in violation of the following, up to and including termination of employment:

1. No District employee who is on duty or on standby duty will use, possess, or be under the influence of alcohol or any controlled substance that could impede the employee's ability to perform his/her duties safely and effectively.¹
2. Employees will be subject to drug and alcohol testing when there is reasonable suspicion that an employee has violated the rules provided in Section 1 and/or 2 above. Additionally, employees in a Safety Sensitive position are subject to pre-employment, reasonable suspicion, random, post-accident, return-to-duty and follow-up controlled substance and/or alcohol testing. A Safety Sensitive position is defined as any position requiring the use of a Class A commercial driver's license.

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Deleted: illegal or unauthorized drugs or other illegal mind-altering substances; or ¶
Be under the influence of or impaired by alcohol or marijuana to any extent that impedes the employee's

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<#>No District employee will engage in any duties or activities that, because of drugs taken under a legal prescription, cannot be performed without posing a threat to the health or safety of the employee or others. This includes medications that may impair the employee's ability to operate small or large machinery/equipment or motor vehicles ¶

¹ While marijuana is now legal for recreational use in California, it remains an illegal Schedule I substance under the United States Controlled Substances Act.

Deleted: Revised: January 23, 2017

300.00 Authority and Responsibility

The Human Resources Coordinator, Operations Manager, Assistant General Manager and General Manager will be responsible for administering this policy. This will include developing and maintaining a Drug and Alcohol Program Manual that will be provided to all current and new employees.

400.00 Policy Review

This Policy shall be reviewed at least biennially.

Sacramento Suburban Water District

Drug and Alcohol Program Policy

Adopted: July 21, 2008
Approved with Changes: March 18, 2019

100.00 Purpose of the Policy

The purpose of this policy is to 1) confirm the District's commitment to maintain a drug and alcohol-free workplace, 2) ensure the health and safety of all District employees, customers and the general public by authorizing the development and implementation of a Drug and Alcohol Program to identify and discipline employees who abuse alcohol or use controlled substances, and 3) establish guidelines for drug and alcohol testing for non-safety and safety sensitive positions.

200.00 Policy

The District has a significant interest in insuring the health and safety of its employees. It has an obligation to insure that its employees do not present a safety risk to the general public. Substance abuse can affect job performance and employee and public safety. Subject to the requirements of the federal Americans with Disabilities Act (ADA), the District will be firm in identifying and disciplining those employees who are impaired by use of alcohol, marijuana or any legal or illegal substance while on the job in violation of the following, up to and including termination of employment:

1. No District employee who is on duty or on standby duty will use, possess, or be under the influence of alcohol or any controlled substance that could impede the employee's ability to perform his/her duties safely and effectively.¹
2. Employees will be subject to drug and alcohol testing when there is reasonable suspicion that an employee has violated the rules provided in Section 1 and/or 2 above. Additionally, employees in a Safety Sensitive position are subject to pre-employment, reasonable suspicion, random, post-accident, return-to-duty and follow-up controlled substance and/or alcohol testing. A Safety Sensitive position is defined as any position requiring the use of a Class A commercial driver's license.

¹ While marijuana is now legal for recreational use in California, it remains an illegal Schedule I substance under the United States Controlled Substances Act.

300.00 Authority and Responsibility

The Human Resources Coordinator, Operations Manager, Assistant General Manager and General Manager will be responsible for administering this policy. This will include developing and maintaining a Drug and Alcohol Program Manual that will be provided to all current and new employees.

400.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 4

Date: March 11, 2018

Subject: Resolution No. 19-03 Amending Regulation No. 7 of the Regulations Governing Water Service

Staff Contact: Daniel A. Bills, Director of Finance and Administration

Recommended Board Action:

Adopt Resolution No. 19-03 Amending Regulation No. 7, part H.5 of the Regulations Governing Water Service as shown in Exhibit 1, effective April 1, 2019.

Discussion:

The District updates its Facility Development Charges (FDC's) annually on April 1 in accordance with Regulation 7, Part H.5, to reflect cost changes in materials, labor or real property applied to projects or project capacity.

The primary purpose for FDC's is to recoup from new customers the capital outlay necessary to buy-in to the District's existing system capacity at an equitable cost with current customers. Based on staff's update, it has been determined that the net cost of the existing system infrastructure assets have increased in value over the prior year by 3.1% using Engineering News – Record's (ENR's) 20-Cities Cost Index, the same Index used since 2015. Therefore, the proposed 2018/19 FDC charges for new development are as follows:

| Meter Size | 2017/18 Facilities Development Charge | Proposed 2018/19 Facilities Development Charge | Change |
|------------|---------------------------------------|--|------------|
| 5/8" | \$3,418.00 | \$3,524.00 | \$106.00 |
| 3/4" | \$5,102.00 | \$5,260.00 | \$158.00 |
| 1" | \$8,519.00 | \$8,785.00 | \$266.00 |
| 1 1/2" | \$16,989.00 | \$17,518.00 | \$529.00 |
| 2" | \$27,192.00 | \$28,039.00 | \$847.00 |
| 3" | \$51,016.00 | \$52,605.00 | \$1,589.00 |
| 4" | \$85,044.00 | \$87,692.00 | \$2,648.00 |

| | | | |
|-----|--------------|--------------|-------------|
| 6" | \$170,038.00 | \$175,332.00 | \$5,294.00 |
| 8" | \$272,071.00 | \$280,541.00 | \$8,470.00 |
| 10" | \$391,143.00 | \$403,320.00 | \$12,177.00 |
| 12" | \$573,935.00 | \$591,803.00 | \$17,868.00 |

Fiscal Impact:

Increases in FDC's will potentially increase District revenue. However, as the District is substantially built-out, increases are expected to be minimal. For example, in 2018 and 2017, FDC revenue totaled \$158,001 and \$135,073, respectively.

Strategic Plan Alignment:

Finance – 4.B. Provide rates and connection fees that are fair, simple to understand, logical and meet the revenue requirements, including bond rate covenants, of the District.

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

RESOLUTION NO. 19-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SACRAMENTO SUBURBAN WATER DISTRICT
AMENDING REGULATION NO. 7 OF THE
REGULATIONS GOVERNING WATER SERVICE**

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

WHEREAS, the Board now desires to amend Regulation No. 7 of the Regulations Governing Water Service as described in this Resolution; and

WHEREAS, none of the described amendments to Regulation No. 7 are subject to Proposition 218’s notice and hearing requirements as provided in Article XIII D, section 6 of the California Constitution.

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

1. Regulation No. 7 are hereby amended as shown in Exhibit 1, which is attached to and made a part of this Resolution.
2. The Board authorizes and directs the General Manager and staff to take all actions necessary to amend Regulation No. 7 and to enforce such amended regulations in accordance with the authority granted by this Resolution.
3. Except as modified by the terms of this Resolution, the existing District Regulations Governing Water Service shall remain in full force and effect. Any provisions in the existing regulations that conflict with the amendments set forth in this Resolution are deemed superseded and of no further effect.
4. This Resolution shall take effect as of April 1, 2019.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 18th day of March 2019, by the following vote:

AYES:
NOES:
ABSENT:

By: _____
David A. Jones
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 18th day of March 2019.

(SEAL)

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

EXHIBIT I
Regulation No. 7
New or Additional Service Connections

Adopted: July 19, 2004

Amended: March 27, 2017; March 19, 2018; March 18, 2019

Water Service from Sacramento Suburban Water District is not transferable or assignable and is subject to full compliance with the District's Regulations Governing Water Service, including the following terms and conditions:

A. New or Additional Service Connections Generally

No New Service shall be connected to the District Water System unless there exists a District water main in a street or right-of-way fronting an Applicant's property accessible to the proposed location of the Applicant's service. A New Service will be located only in the front of a Parcel if an existing water main fronts a Customer's property. A New Service shall only be permitted in a backyard when no other viable option is available. A District water main available to serve a New Service shall have Adequate and Reserve Capacity and pressure to provide safe and reliable water service for domestic and fire protection use as solely and conclusively determined by the District. The District, in determining the adequacy of the existing facilities, will take into consideration all factors such as the water requirements of the project to be served by a New Service, the flows required for fire protection, and whether the use of the water will significantly impair service to existing Customers. If the District determines that the New Service will not be connected into the District Water System unless the Applicant provides such adequate extensions or additions as may be necessary in accordance with District Standards, regulations, and Master Plan, then the District shall determine the location, capacity, and design of such extensions or additions and provide its determination to the Applicant. In making this determination, the District may consider all factors, including but not limited to, anticipated future land uses, water requirements, the desirability of looping water mains to increase reliability and adequacy of service, required flows needed for fire protection, and the long range plans for capital improvements of the District Water System. The District's determination will be conclusive on the Applicant.

B. No Prior Service

I. Adequate Main Abuts Applicant's Parcel

A New Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of LAFCO;
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;

EXHIBIT 1

- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) A District water main of Adequate and Reserve Capacity exists in a public right-of-way fronting the Principal Boundary or Principal Boundaries of the Applicant's Parcel, where the public right-of-way is less than 80 feet wide. For public rights-of-way 80 feet or wider, a water main of Adequate and Reserve Capacity shall exist fronting the Applicant's Principal Boundary from within the area measured from the centerline of the public right-of-way to the Applicant's property line contiguous to the public right-of-way; and
- (e) An Application for Water Service has been filed with the District in compliance with Section D, hereof.

2. No Adequate Main Abuts Applicant's Parcel

Service will be connected provided the following conditions are fulfilled:

- (a) The Parcel to be served is within the District's geographical boundaries or is annexed to the District in accordance with an order of LAFCO;
- (b) The Applicant's Parcel is or has been made subject to applicable bonded indebtedness of the District, if any;
- (c) The District possesses adequate water supply to serve the Applicant's requested needs;
- (d) The Applicant will provide a main of Adequate and Reserve Capacity at his/her own cost and expense, which main shall be constructed in a public right-of-way fronting the entire frontage of the Applicant's Parcel or an approved easement. Should the Applicant's Parcel front two or more rights-of-way, the Applicant shall be required to install the main along the Parcel's Principal Boundary as designated in the District's Master Plan as the right-of-way necessary to provide for future extension of the District Water System. Should the Applicant be required to service the Parcel from a right-of-way other than the principal right-of-way (service shall also mean fire service if required by the applicable fire agency), then the Applicant shall be required to install water mains of Adequate and Reserve Capacity along both the principal and the service frontage. All provisions for main extensions shall be in accordance with all applicable District Standards, Regulations, Master Plans; and
- (e) An Application for Water Service has been filed with the District in compliance with Section D, hereof.

EXHIBIT 1

C. Prior Service

1. A Parcel to which service has been discontinued will be re-connected upon the filing of a new application together with the payment of all fees and the upgrade of all District facilities affected by the re-connection as required by District Regulations.
2. If any one of the following, but not limited to, conditions exists on an Applicant's Parcel, the District will require an upgrade of the existing service before reconnection to the District Water System will be permitted:
 - (a) An improvement on the Parcel requires an increase in water pressure or quantity. The District's increase of water pressure or quantity determination shall be based on the quantity of added water use facilities to be installed as a result of the improvement. The Applicant's engineer shall submit to the District a record of all the plumbing fixtures and flows required to serve all existing and proposed improvements on the Applicant's Parcel. Based on this information, the District shall determine if the existing service is adequate to serve the Premises. The District shall use AWWA Standards to determine the adequacy of all services and the consequent need for upgrades.
 - (b) An improvement on the Parcel requires increased water pressure or quantity in order to meet fire demand as computed under the fire suppression rating schedule, published by the California Fire Code (Edition 2013, or latest edition).
 - (c) An improvement changes a multiple unit Premises from master-metered to individually-metered units.
3. In those cases when service has not been interrupted but the Parcel has been improved, the provisions and requirements of Regulations Nos. 7 and 9 hereof shall apply if any one of the conditions described above in subparagraph 2 exists.

D. Application for Service

1. The District will not provide or continue service to any Parcel unless the present Landowner has filed an Application for Water Service with the District.
2. Application for service shall be made in writing on forms provided by the District and signed by the Landowner.
3. Applications shall be supported by plat maps and a legal description of the Parcel, and a project description that includes construction type and number of living units, plan of water distribution, project approval by the appropriate fire service district, the planned service date, the name and billing address of the Landowner, the domestic water requirements in gallons per minute, and the total fire-flow

EXHIBIT 1

requirements, as well as the location of existing and/or proposed fire hydrants to meet applicable fire-flow requirements.

4. The failure of an Applicant to request the connection of his or her Parcel to the District Water System within one year of the District's Plan Approval shall automatically terminate the application and entitle the Applicant to the return of all fees paid except the plan check fee, any annexation fee, and other fees as described in Subsection G hereof. A request for refunding of fees shall be made in writing to the District.
5. The Applicant must deposit with the District, on or before the Plan Approval date, an amount equal to the cost of all Extension Facilities proposed to be constructed by the District, together with all service charges, fees, and Facilities Development Charges in effect on the date of the Final Approval.
6. Any decision by the District's staff concerning an application for service is appealable to the District Board of Directors or the Board's Facilities and Operations Committee. An Applicant's appeal must comply with the applicable requirements provided in Regulation 17, Procedures for Variance Application.
7. In situations where a retail municipal water supplier must allocate service connections due to supply limitations, Government Code section 65889.7 requires the District to provide a service priority to proposed residential developments that include units affordable to lower income households, as such are defined in Health & Safety Code sections 50052.5, 50053 and 50079.5. The District currently has sufficient supplies to serve all anticipated new demands and given its largely built-out condition, expects to have sufficient supplies to meet all future new demands. If, however, an allocation of new services becomes necessary, the following states the District's low income housing priority policy. An application for service to a proposed development that includes housing units affordable to lower income households, as defined by Government Code section 65589.7(d)(1), shall not be denied, conditionally approved, or the amount of service applied for reduced without specific written findings that the denial, condition, or reduction is necessary due to one or more of the following:
 - a. The District does not have "sufficient water supply," as defined in paragraph (2) of subdivision (a) of Section 66473.7, or is operating under a water shortage emergency or distribution capacity to serve the needs of the proposed development, as demonstrated by a written engineering analysis and report;
 - b. The District is subject to a compliance order issued by the State Department of Public Health that prohibits new water connections;
 - c. The Applicant has failed to agree to reasonable terms and conditions relating to the provisions of service generally applicable to development projects seeking service from the District, including, but not limited, the requirements of local, state, or federal laws and regulations or payment

EXHIBIT 1
of a connection fee or capacity charge imposed pursuant to Government
Code section 66013.

In accordance with Water Code section 10631.1, the District will include in its Urban Water Management Plans projections of water use by single- and multiple-family housing needed for low income families.

E. Water Main Sizes

1. The size of water mains to be installed in accordance with this Regulation 7 shall be in compliance with District Standards, Section D - Design Standards.
2. Whenever Extension Facilities are required to be installed in accordance with this Regulation 7, the District may require, in accordance with its approved Master Plan and for the purposes of public convenience, necessity, and safety, the installation of an Up-Sized Line. Whenever the District requires the installation of an Up-Sized Line, the line shall be designed in accordance with one of the following procedures at the District's option:
 - (a) An Applicant, with approval from the District, shall have his or her engineer design the Up-Sized Line. The Applicant shall competitively bid and in accordance with the lowest responsive and responsible bid, construct the extension facility in accordance with the following conditions:
 - (1) The Applicant's engineer will prepare a spreadsheet detailing the Applicant's cost of installation of the line size required in accordance with provisions of District Standards, Section D - Design Standards.
 - (2) The Applicant's engineer will prepare a spreadsheet detailing the cost of the installation of the Up-Sized Line.
 - (3) The Applicant's engineer shall design plans and specifications for both the main size required in accordance with District Standards and Regulations and the Up-Sized Line. The design of the water mains shall be according to District Standards with plan review, revisions, and Plan Approval by District staff.
 - (4) The District shall pay to the Applicant, when the job is completed and accepted by the District, the difference in cost between the cost of the Up-Sized Line based on the lowest responsive and responsible bid and the cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids. The District shall pay for the Up-Sized Line in accordance with Regulation 9, Section L.
 - (5) The Applicant shall pay to the contractor the full cost of the main installed.

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- (6) The Applicant shall pay all of the District's fees, charges and costs required for the installation of the water main.
 - (7) The Applicant shall comply with all applicable regulations of the District and any amendments adopted from time to time by the Board of Directors.
- (b) The District shall design plans and call for separate bidding to construct the Extension Facilities as follows:
- (1) District staff will prepare spreadsheets detailing the cost of installing the line size required in accordance with District Standards, Section D - Design Standards.
 - (2) District staff will prepare spreadsheets detailing the cost of installing the Up-Sized Line.
 - (3) The Applicant shall pay to the District the full cost of the installation of the line of the size required to adequately serve his or her Parcel, based on the average of the three lowest responsive and responsible bids, and the District will pay the difference for the cost of the Up-Sized Line as contained in those bids. Applicant's payment to the District shall be no later than 30 calendar days after the District has awarded the project.
 - (4) The Applicant shall comply with all District Standards and Regulations and any amendments adopted from time to time by the Board of Directors.

F. District Final Plan Approval

The date of the District's final Plan Approval is defined as that date when the District shall, after receipt of all applicable fees, charges, applications and grants of easements, date and sign the Applicant's plans as approved for construction, or where no Extension Facilities are required, on that date when the District shall, after receipt of all applicable fees, charges, application and grants of easements, approve and date the said application. Should Applicant not obtain District's approval of his or her plans, the Applicant shall not be allowed to connect to the District Water System until he or she has obtained final Plan Approval. The District's Final Plan Approval is subject to all time limits and other restrictions provided in this Regulation 7 and such approval does not create any vested right in an Applicant except to the extent provided herein.

G. Expired Plans/Un-Built Projects

EXHIBIT 1

If construction of the required extension has not begun on the one-year anniversary date of Plan Approval or the District receives a written statement from an Applicant that the project will not be built, the District shall deem the plans void. The District will refund collected fees upon the Applicant's written request, except for plan review, hydrant permit, construction water, annexation, and fire hydrant flow test fees. Should an Applicant resubmit plans for approval, the District will review the plans in accordance with District Standards, this Regulation 7 and Regulation 9. New and/or additional fees will be calculated and assessed for review of resubmitted plans. New Plan Approval shall be per Section F hereof.

H. Charges for New or Improved Service Connections

1. Plan Check Fee

A charge shall be assessed by the District for the review of the Applicant's construction plans for new or improved water service. The charge will be assessed at the rate of \$90.00 per hour for each District employee assigned to the review. In addition, the District may charge staff time or consultant fees at cost for any additional services required as part of the review, including but not limited to, hydraulic analyses, site verification, and research. The District shall estimate the cost of reviewing such plans and notify the Applicant of the estimated costs for the services required. The Applicant shall deposit with the District the estimated plan check costs as a condition precedent to plan review. In the event that the actual cost for plan checking incurred by the District exceeds the amount deposited, the Applicant shall pay the excess fees due to the District before final Plan Approval. The charge for Plan Review shall be in accordance with Regulation 3, Section R.

2. Service Line Charge

The District charge for the installation of a new metered water service line from the existing water main to an Applicant's Parcel shall equal the District's actual cost of materials, installation, labor, equipment, and normal overhead charges. The charge for the installation of a new service line shall be in accordance with Regulation 3, Section U.

3. Service Line Relocation

The District charge for the relocation of a service line from the existing water main to an Applicant's Parcel (which will be relocated according to District Standards) shall equal the District's actual cost of materials, installation, labor, equipment, and normal overhead charges. The charge for relocation of a service line shall be in accordance with Regulation 3, Section V.

4. Water Meters

EXHIBIT I

District charges for installing and setting water meters will consist of the District's actual cost of materials, labor, equipment, installation, and overhead. The installation of a metered New Service shall be charged according to Section H.2 of this Regulation 7, provided that all applicable conditions of the District's Regulations have been satisfied. When the only service rendered is restoring water service by reinstalling a Meter, a charge will be assessed in accordance to Regulation 3, Section I for each reinstallation.

5. Facilities Development Charge

To cover a portion of the District's costs incurred for the installation of wells, pumps, and storage and treatment facilities, and to provide a fund for reimbursement of a portion of Customers' costs of Extension Facilities pursuant to Regulation No. 9, Section A, a Facilities Development Charge will be imposed in accordance with the following schedule for each new or improved service:

| Meter Size | Facilities Development Charge* | |
|------------|--------------------------------|------------------|
| 5/8" | \$3,524.00 | Deleted: 3,418 |
| 3/4" | \$5,260.00 | Deleted: 5,102 |
| 1" | \$8,785.00 | Deleted: 8,519 |
| 1 1/2" | \$17,518.00 | Deleted: 16,989 |
| 2" | \$28,039.00 | Deleted: 27,192 |
| 3" | \$52,605.00 | Deleted: 51,016 |
| 4" | \$87,692.00 | Deleted: 85,044 |
| 6" | \$175,332.00 | Deleted: 170,038 |
| 8" | \$280,541.00 | Deleted: 272,071 |
| 10" | \$403,320.00 | Deleted: 391,143 |
| 12" | \$591,803.00 | Deleted: 573,935 |

* Each year the Facilities Development Charges will be adjusted to reflect cost changes in materials, labor or real property applied to projects or project capacity. This adjustment in cost is not considered a change in the Facilities Development Charge methodology. The cost adjustment shall be made by applying one or more specific cost indexes or other periodic data sources. A specific cost index or periodic data source must be:

1. A relevant measure of the average change in prices or cost over an identified time period for materials, labor, real property or a combination of the three;

EXHIBIT 1

2. Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the Facilities Development Charges methodology;
3. Publicly-available and generally recognized in the utility industry as an authoritative resource for calculating periodic cost adjustments; and
4. Shall be adopted from time to time by Resolution of the Board

The effective date of the recalculated Facilities Development Charges will be April 1st. A comprehensive review and update of Facility Development Charge methodology shall occur at least every five years.

- (a) In the event that the Facilities Development Charge assessed to the Applicant impose a financial burden on his or her project, the Applicant may request that the District enter into a deferred payment plan on the all of following terms:
 - (1) The written application includes a request for deferment of the payment of all or part of the Facilities Development Charge.
 - (2) The District Board of Directors must approve the request.
 - (3) The request is accompanied by a surety bond or an irrevocable letter of credit in an amount equal to the Facilities Development Charge imposed on the Applicant as specified above, and the specified security is issued by a surety or financial institution authorized to do business and in good standing with the appropriate agency of the State of California.
 - (4) The deferment request is accompanied by an executed Contract on a form provided by the District, which Contract includes the provisions of this subsection and provides for the payment of such Facilities Development Charge as may be in effect on the date of payment, together with interest at the legal rate. The Contract also will provide that the Applicant will pay the Facilities Development Charge in full no later than a date that is no more than 12 months from the date of the filing of the Service Application with the District.
 - (5) The written application and accompanying plans must comply with all applicable District Standards, Ordinances, and Regulations.
 - (6) The deferment rights granted to an Applicant, if any, are not assignable except upon the District's written consent.

6. Supervision and Inspection Charges

EXHIBIT 1

A charge shall be assessed for District supervision and inspection of water system improvements based upon hourly rate of \$75.00 per hour. At the time of service application, the District will estimate the minimum cost for District supervision and inspection of the proposed water system improvements, which the Applicant shall deposit with the District in advance of Plan Approval, in addition to all other charges owing under the District's regulations. In the event that actual supervision and inspection costs for supervision and inspection incurred by the District exceed the amount deposited, the Applicant will pay the excess fees due to the District as a condition precedent to final District acceptance of the water system improvements and connection of service. Should any additional costs be required due to damage to District facilities by Applicant's contractor during construction, the cost shall be billed separately to the contractor. The contractor's payment of billed damages shall be due as a condition of commencing water service and final District acceptance of the improvements. The charge for Supervision and Inspection shall be in accordance with Regulation 3, Section S.

Should the need for an inspection occur weekdays between 4:30 p.m. and 8:00 a.m. the following day, or on weekends or holidays, the requested inspection shall be scheduled through the District to ensure the availability of personnel for the time requested. Overtime costs for inspections outside of normal business hours by District personnel shall be calculated and paid by the Applicant in advance of scheduling the after-hours work. The overtime charge shall be at least one and one-half (1½) times the standard hourly rate for inspection.

7. Fire Hydrant Flow Test

When requested by the local fire agency having jurisdiction over a project within the District, a fire hydrant flow test will be performed to determine the flow available at the test date. The flow test will only demonstrate the pressure and distribution capabilities at the time and under the conditions existing when the test is performed. The District will not guarantee that the flow test results obtained will be consistent with flows available at all times and under all conditions.

Flow tests will be performed either in the field or using the District's water model. Tests will be performed by District staff as time allows but not to exceed 4 weeks after a request is made. For design purposes, fire flow tests using the water model will be run with the most conservative assumptions reasonable in order to establish the projected worst case conditions prevailing in the District's water system.

A charge will be assessed for the District to supervise and perform the test and to provide written results. The charge shall be in accordance with Regulation 3, Section T.

8. Bacteriological Testing

EXHIBIT 1

After installation and disinfection, the District will sample all new Extension Facilities and have the sample tested by a certified laboratory for bacteria. The Extension Facilities will be super-chlorinated and flushed using at least three times the volume of water in the facilities before bacteria testing is to begin. After flushing is complete, the first set of bacteria testing will be collected from the Extension Facilities. Twenty-four (24) hours after the first collection, a second set of bacteria testing will be collected. If the new Extension Facilities fail to meet applicable federal, state and local bacteriological standards, the Applicant will be responsible for re-disinfecting and re-testing those facilities until they pass. A charge for this test and any required retests will be assessed in accordance to Regulation 3, Section J.

9. Backflow Prevention Assembly Test Charge

A charge will be assessed for the District to test all Backflow Prevention Assemblies as part of a new development to verify the operating status of each such device. If a Backflow Prevention Assembly does not pass the first inspection, the Applicant will be required to repair the Backflow Prevention Assembly and re-test it at the Applicant's expense. Each backflow test charge shall be in accordance with Regulation 3, Section D.

10. Environmental Document Charge

Whenever the District determines that an environmental impact report or other environmental document is required for a proposed Extension Facility necessary to serve an Applicant's Parcel, the District will estimate the cost of preparing such a document, including overhead expenses, preparation, and hearings. In addition to all other costs that may be due to the District for provision of service, the Applicant shall deposit with the District the estimated Environmental Document Charge as a condition precedent to the District's approval of an environmental document. In the event that the actual cost to prepare an environmental document exceeds the amount deposited, the Applicant will pay the excess amount before Final Approval. If the deposit exceeds the cost, the District will refund the balance.

In the event that the Applicant delivers to the District a certified copy of an environmental document duly approved and filed by the County of Sacramento relevant to the Applicant's Parcel, the District may determine, in its sole discretion, that the provisions of this paragraph do not apply.

11. Furnish-Only Fees

Meters, as shown on the standard detail drawing of the District Standards, are required on all new or improved Service Connections and shall be Furnish-Only Materials by the District. The District will charge fees for Furnish-Only Materials to an Applicant in accordance with the number, the cost, and the District's inventory and overhead cost for furnishing the required Meter(s).

I. Water Service

EXHIBIT 1

The District shall make water service available to an Applicant's new or improved Service Connection subject to the following terms and conditions:

1. No service shall be granted or continued unless an Applicant has filed an application for service on a District-furnished form.
 - (a) All new construction, improved Parcels, and replacement mains shall have a Meter installed on the Principal Boundary no more than one foot behind a sidewalk or curb.
 - (b) Monthly water billing shall be computed on actual consumption based on the Metered Rates in Regulation No. 3.
 - (c) A separate Service Connection and Meter shall be installed on each Parcel. A separate Service Connection may include multiple meters except as otherwise limited by this Regulation 7.
 - (d) If a Parcel is found to be served by more than one Service Connection, it will be at the sole discretion of the District, in consultation with the Customer, to determine how the parcel will receive water through a metered connection(s). The owner of the parcel will be responsible for the cost of any changes to the service configuration, including the abandonment of any existing unused Service Connection or the upgrade to District current standards of additional Service Connections as determined necessary by the District.
 - (e) The minimum water service size for a new residential Service Connection shall be one inch in diameter.
 - (f) No more than one Service Connection per Single Family Residential Parcel will be permitted unless otherwise determined by the District.
 - (g) Each residential unit is required to have its own District-approved Service Connection.
 - (h) A separate metered irrigation service shall be required for all non-residential units.
 - (i) No credit will be allowed for vacancies in multiple family residential units.
 - (j) All non-residential services and multi-family residential structures containing 5 or more units fed from a single connection services shall have water meters with an approved Backflow Prevention Assembly.
2. Use of a 5/8" meter shall be limited to multi-family residential units fed by a single water service such as, but not limited to, duplexes, triplexes, fourplexes, apartment buildings with five or more residential units, and condominiums.

EXHIBIT 1

3. Voluntary Meter Installation on an Existing Residential Service
 - (a) At a Customer's request, the District will install a permanent Meter on an existing un-metered Service Connection for a residential Parcel at no direct charge. However, should the Parcel be within a current main replacement project area that is scheduled for a new water service installation a new meter will be installed only after the installation of the new water main.
 - (b) Upon installation of a Meter, the District will compute and charge the Parcel's water bill based on actual consumption at the Metered Rates stated in Regulation No. 3.

J. Connection to Facilities Extended by District

1. If an Applicant for water service to a Parcel fronting Extension Facilities built with District funds desires to connect to such facilities, he or she shall deposit with the District, together with a New Service application, a portion of the total cost of designing and installing the Extension Facilities. The Applicant's cost share shall be determined by comparing the length of the Applicant's frontage along the right-of-way in which the water service facilities will or have been located to the total combined frontage along said right-of-way of all Parcels served by the Extension Facilities. The District also will calculate and charge all other applicable fees and charges established by District Regulations.
2. If an Applicant chooses, payment of the costs and charges to connect to District-constructed Extension Facilities as defined in Regulation 9, Section A may be deferred for a period not to exceed 12 months from the date on which the District approves the Application for Water Service, provided:
 - (a) The Applicant requests the District defer the charges in writing before the date the application is approved, and
 - (b) The full amount of such fees and charges together with interest thereon at the legal rate is guaranteed by a surety bond issued by a surety company acceptable to the District, and the Applicant executes an agreement to make such payment together with interest at the legal rate within the 12-month deferment period, and
 - (c) The deferment is not transferable.
3. Reimbursement for eligible costs of Extension Facilities as defined by Regulation 9, Section A will not be made until all connection charges have been paid by the Applicant.

K. Abandonment of Service Line

EXHIBIT I

The District charge for the abandonment of an existing water service from the existing water main to the Applicant's Parcel shall equal the District's actual cost of materials, labor, equipment and normal overhead charges. The charge for service abandonment shall be in accordance with Regulation 3, Section W.

L. Existing Services

All Service Connections that are not directly affected by an improvement, but which exist on a Parcel to be improved, shall be upgraded to current District Standards if the Landowner intends to use such service(s) in the future. If the unaffected Service Connection(s) will not be used, the Landowner shall be required to abandon such service(s) in accordance with District Standards. This requirement applies to all services that serve other buildings or appurtenances on the Parcel being improved.

District-required upgrades of existing Service Connection(s) shall include, but are not limited to, repair, upgrade and/or replacement of existing facilities to current District Standards.

Credit will be given for existing unused services on improvement projects affecting the Parcel. Credit will be given in the amount of the existing Facilities Development Charge on the Plan Approval date, subject to abandonment of the unused Service Connection(s) as required herein. Credit will only apply to new Facilities Development Charges and will not exceed the total for the project.

M. Existing Services on Split Parcels

After a parcel split, the existing service will serve only the Parcel on which it is installed. If any unserved portion of a split Parcel will be developed, the Landowner shall be required to install a New Service on such Parcel in accordance with all applicable District Standards, Ordinances, and Regulations.



Agenda Item: 5

Date: March 4, 2019

Subject: Resolution No. 19-04 Concurring in Nomination of Brent Hastey to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority

Staff Contact: Dan York, General Manager

Recommended Board Action:

Adopt Resolution No. 19-04 Concurring in Nomination of Brent Hastey (Mr. Hastey) to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) and authorize the General Manager to submit the resolution to Yuba Water Agency (YWA) and ACWA offices.

Discussion:

Staff received a letter from YWA dated February 20, 2019, requesting Board to support the nomination of YWA Director Hastey and, if the Board chooses to support the nomination, to submit a resolution to the YWA and ACWA by March 22, 2019 (See attachment 1).

Mr. Hastey was elected to a two-year term as President of ACWA on November 29, 2017. He is a member and chairperson of the Yuba Water Agency Board of Directors and a former member of the Yuba County Board of Supervisors. He also has served on the boards of Reclamation District 784, Yuba County LAFCO, Regional Council of Rural Counties and the Sacramento Area Council of Governments.

In addition to his service in the water management arena, Mr. Hastey has worked in higher education, both locally and on a statewide level. In 2010, he was elected to the Yuba Community College District, which serves eight counties and spans nearly 4,200 square miles of rural Northern California. He is a member of the California Community College Trustee Board, which represents the state's 72 community college districts. Mr. Hastey also serves as a Director of Bank of Feather River, a community bank in Yuba City, CA. He previously served as Vice President of the ACWA for the 2016-17 term and on the ACWA/JPIA Executive Committee in 2016-2017.

Fiscal Impact:

No fiscal impact.

Strategic Plan Alignment:

Leadership—5.A. Engage in legislative affairs on issues affecting the District.

Leadership – 5.C. Participate in regional, statewide and national water management partnerships.

RESOLUTION NO. 19-04

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO
SUBURBAN WATER DISTRICT PLACING IN SUPPORT OF THE NOMINATION
OF BRENT HASTEY TO THE EXECUTIVE COMMITTEE OF THE ASSOCIATION
OF CALIFORNIA WATER AGENCIES JOINT POWERS INSURANCE
AUTHORITY (ACWA/JPIA)**

Whereas, this District is a member district of the ACWA/JPIA; and

Whereas, the Bylaws of the ACWA/JPIA provide that in order for a nomination to be made to ACWA/JPIA's Executive Committee, three member districts must concur with the nominating district, and

Whereas, another ACWA/JPIA member district, the Yuba Water Agency (YWA), has requested that this district concur in its nomination of its member of the ACWA/JPIA Board of Directors to the Executive Committee of the ACWA/JPIA;

Now therefore, be it resolved by the Board of Directors of the Sacramento Suburban Water District that:

The Sacramento Suburban Water District concurs with the nomination of Brent HasteY of Yuba Water Agency to the Executive Committee of the ACWA/JPIA.

Be it Further Resolved that:

The District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA/JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on this 18th day of March, 2019 by the following vote:

AYES:

NOES:

ABSENT:

By:

David A. Jones
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 18th day of March, 2019.

(SEAL)

By:

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Attachment 1

Subject: Nomination of Brent Hastey to the ACWA JPIA Executive Committee

On behalf of Curt Aikens:

Greetings!

On behalf of the Yuba Water Agency and our Board of Directors, I ask that you consider offering your organization's support for the nomination of Brent Hastey, our chairman and the President of the Association of California Water Agencies, to the ACWA JPIA Executive Committee.

When Brent was the vice president of ACWA from 2016-2017, he served on the Executive Committee, and during that time, he was instrumental in the decision for our agency to join JPIA, and we are so glad we did. We have saved a significant amount of money and enjoyed a remarkably higher level of service as a result of that decision.

Brent found the experience invaluable, and would love the opportunity to serve a full term on the committee.

We have included a sample resolution you could use to show your board's support for Brent's nomination. Please consider having your board approve this resolution and submitting it to JPIA before March 22, 2019.

Sincerely,

Curt Aikens

General Manager

(530) 741-5000 office

caikens@yubawater.org

yubawater.org





Agenda Item: 6

Date: March 12, 2019

Subject: Resolution No. 19-05 Concurring in the Nomination of Rio Linda/Elverta Community Water District's Director Paul R. Green to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority

Staff Contact: Dan York, General Manager

Recommended Board Action:

Adopt Resolution No. 19-05 Concurring in the Nomination of Rio Linda/Elverta Community Water District's Director Paul R. Green to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) and authorize the General Manager to submit the resolution to Rio Linda/Elverta Community Water District (RLECWD) and ACWA offices.

Discussion:

Staff received a letter from RLECWD dated March 6, 2019, requesting Board to support the nomination of RLECWD Director Paul Green and, if the Board chooses to support the nomination, to submit a resolution to the RLECWD and ACWA by March 22, 2019 (See attachment 1).

Mr. Green retired after 24 years of service in the Air Force as a Senior Master Sargent. He currently serves as the district representative on the Board of Directors of ACWA/JPIA, and was also appointed by Sacramento County Board of Supervisors to the Sacramento Groundwater Authority governing Board. He is a current Board Member of RLECWD elected in 2012. He also currently serves on the McClellan Restoration Advisory Board. He was elected to and currently serves on the seven-member Sacramento County LAFCo (Local Agency Formation Commission) by the elected Board members of 66 special districts -- each a self-governing independent agency in the county (fire, water, cemetery, and parks & recreation for example) -- as an alternate commissioner for each of the two members "representing" special districts. For 2015, he served as chairman of the Sacramento LAFCo Special Districts Advisory Committee.

Mr. Green formerly served on the following Boards and Committees:

- Appointed by California Governor to the Contractors State License Board.
- RLECWD internal Planning Committee.
- Co-Chair, Community Restoration Committee for McClellan Air Force Base.
- Director, Grant Union School District
- Captain, On-Air Fund-Raising Committee KVIE

Resolution No. 19-05 Concurring in the Nomination of Rio Linda/Elverta Community Water District's Director Paul R. Green to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority
March 12, 2019
Page 2 of 2

- State Chair, Leaders of Faith Coalition
- Regional Vice President, Primercia Financial Services Insurance and Securities, Licensed in Series 63 and Series 6.
- Docent Sacramento County History Museum
- State Senate Candidate
- Member, California Legal Compliance Review Committee
- President, North Highlands Visions Task Force
- Board Member, North Highlands Parks and Recreation District

Fiscal Impact:

No fiscal impact.

Strategic Plan Alignment:

Leadership—5.A. Engage in legislative affairs on issues affecting the District.

Leadership – 5.C. Participate in regional, statewide and national water management partnerships.

RESOLUTION NO. 19-05

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO
SUBURBAN WATER DISTRICT PLACING IN SUPPORT OF THE NOMINATION
OF RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT'S DIRECTOR PAUL
R. GREEN TO THE CALIFORNIA WATER INSURANCE FUND BOARD OF THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS
INSURANCE AUTHORITY (ACWA/JPIA)**

Whereas, this District is a member district of the ACWA/JPIA; and

Whereas, the Nominating Procedures for the California Water Insurance Fund Board provide that in order for a nomination to be made to the California Water Insurance Fund Board, three member districts must concur with the nominating district; and,

Whereas, another ACWA/JPIA member district, the Rio Linda/Elverta Community Water District, has requested that this district concur in its nomination of its member of the ACWA/JPIA Board of Directors to the California Water Insurance Fund Board;

Now therefore, be it resolved by the Board of Directors of the Sacramento Suburban Water District that:

The Sacramento Suburban Water District concurs with the nomination of Paul R. Green of Rio Linda/Elverta Community Water District to the California Water Insurance Fund Board.

Be it Further Resolved that:

The District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA/JPIA at P.O. Box 619082, Roseville, CA 95661-9082, forthwith.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on this 18th day of March, 2019 by the following vote:

AYES:

NOES:

ABSENT:

By: _____

David A. Jones
President, Board of Directors
Sacramento Suburban Water District

I hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Board of Directors of Sacramento Suburban Water District at a regular meeting hereof held on the 18th day of March, 2019.

By: _____

(SEAL)

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Attachment 1

All.

The Rio Linda Elverta Community Water District (RLECWD) recently passed a resolution (ACWA JPIA bylaws) to nominate RLECWD Director and ACWA JPIA Board Member Paul R. Green to serve on ACWA JPIA's newly created California Water Insurance Fund Board. The ACWA JPIA election process requires at least **three** other ACWA member agencies pass a resolution to concur with RLECWD's nomination.

Attached is a template resolution provide by ACWA-JPIA. On behalf of RLECWD, I now ask that you consider adopting a resolution to concur with RLECWD's nomination of Paul R. Green. Also attached is a biographical summary of Mr. Green's qualifications to serve on the California Water Insurance Fund Board.

Additional information about the ACWA JPIA nomination and election process can be obtained at the following link. It is worthy to note that there are two, separate nominations processes underway. The California Water Insurance Fund Board is the second process listed, i.e. scroll down past the Executive Committee nomination process. The fully executed (adopted) resolution from ACWA member agencies **must be received by ACWA JPIA (Contact Sylvia Robinson, copied on this message) by March 22nd.**

<http://www.acwajpia.com/ElectionNews.aspx>

Thanks in advance for your consideration, and please do not hesitate to contact me with questions or concerns.

Timothy R. Shaw
General Manager
Rio Linda / Elverta Community Water District



Agenda Item: 7

Date: March 13, 2019

Subject: General Manager Out of State Travel Request

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve out of state travel for the General Manager to attend the Sacramento Metropolitan Chamber of Commerce’s Pre-Capitol to Capitol Conference on May 1-2, 2019, in Washington, D.C.

Discussion:

The Sacramento Metropolitan Chamber (Chamber) of Commerce’s 2019 Capitol to Capitol Conference in Washington, D.C., is May 5-9, 2019. The General Manager did not request to attend the 2019 Cap to Cap Conference as the ACWA 2019 Spring Conference is May 6-9, 2019. Due to the conflict between the two conferences, and the fact the General Manager is on the ACWA Region 4 Board, the General Manager will be attending the ACWA 2019 Spring Conference.

However, there are several agencies in the Sacramento Region who are working with the Chamber to coordinate meetings with several Congressmembers (e.g., Matsui, McClintock, Bera) for a Pre-Cap to Cap trip. There are two major topics that are being proposed, Long-Term Warren Service Contract Renewal and a Federally recognized groundwater bank. Attendees for this particular Pre-Cap to Cap trip is by invitation only. The District’s General Manager has been invited to participate on the team dealing with the Federally recognized groundwater bank. Agencies attending are City of Roseville, City of Sacramento, San Juan Water District, Sacramento Groundwater Authority and SSWD.

Fiscal Impact:

Funds to attend this event are available in the CY2019 budget.

Strategic Plan Alignment:

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

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

By staff attending conferences related to the water industry, District customers will benefit as there is a potential to form new relationships, networking opportunities, discover new solutions to water industry issues, attend workshops that showcase new technologies, workflow, and processes.



Agenda Item: 8

Date: March 8, 2019

Subject: Draft Strategic Plan

Staff Contact: Mike Huot, Assistant General Manager

Recommended Board Action:

Review and provide input on the Draft Strategic Plan.

Background:

Strategic planning is an organizational process of defining a long-term vision, core focus, and setting priorities to ensure that the Board of Directors, employees, and stakeholders are working towards a shared vision and aligned goals. The Strategic Plan serves as guidance to communicate the organizational goals and actions needed to achieve those goals. The Strategic Plan is directed and approved by the Board and primarily implemented by staff.

In 2004, the District conducted its first Strategic Planning process. A consultant that specialized in strategic planning assisted in the process. The most recent Strategic Plan Workshop was conducted by the District in March 2011. Since 2011 there have been significant changes in the region and state prompting the District to review its Strategic Plan. Additionally, it is important to periodically review strategic plans to maintain organizational alignment.

In September 2018 staff contracted with Ellen Cross of Strategy Driver, Inc. to assist in the District's Strategic Plan Update. Ms. Cross helped conduct staff and Board surveys, facilitate a staff workshop, draft a new vision, revise values and goals, and produce new objectives to be acted upon over the next 1-5 years.

On February 11, 2019, the District held a Strategic Plan Workshop for the Board and public that was facilitated by Ms. Cross. The mission, new vision, values, goals, and objectives were reviewed.

Discussion:

District staff and Ms. Cross incorporated comments from the Board and public into the Draft Strategic Plan. Some of the information received at the Board and public workshop were incorporated into the Implementation Plan, which has 1 to 5+ years of detailed action items. The Implementation Plan will be operationalized with priorities; updated yearly to remove completed action items; modified to add new action items; and reviewed for all action items to ensure the

Implementation Plan remains aligned with the Strategic Plan and the changing environment (ex. Regulations, emerging issues, etc.).

After the March 18th regular Board meeting where the Board will have an opportunity to review the Draft Strategic Plan, the Draft Strategic Plan will be updated with Board comments and a Final Draft will be submitted for Board approval at the April 16, 2019 regular Board meeting. Depending on the level of comments, the Final Draft Strategic Plan will be made final and published with minimal changes or reviewed again at the May Board meeting.

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.C. Continue to implement and support demand management strategies and water conservation that comply with federal, state, and regional programs; support Water Forum Agreement goals and efficiently meet the water supply needs of the customers.

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

Water Supply – 1.E. Ensure the safety and security of the water supply system.

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 Strategic Plan will provide long term direction for the District. This will create a more efficient workforce, which will have a positive impact on business operations and meeting service level goals for our customers. Additionally, the Strategic Plan will be a transparent document made available for our customers so they can view our mission, vision, values, goals, and objectives.

Attachment:

1. Draft Sacramento Suburban Water District 5 Year Strategic Plan (2019-2023+)



SACRAMENTO SUBURBAN WATER DISTRICT
5 YEAR STRATEGIC PLAN (2019-2023+)

- **Images/Photos Under Construction.**

DRAFT

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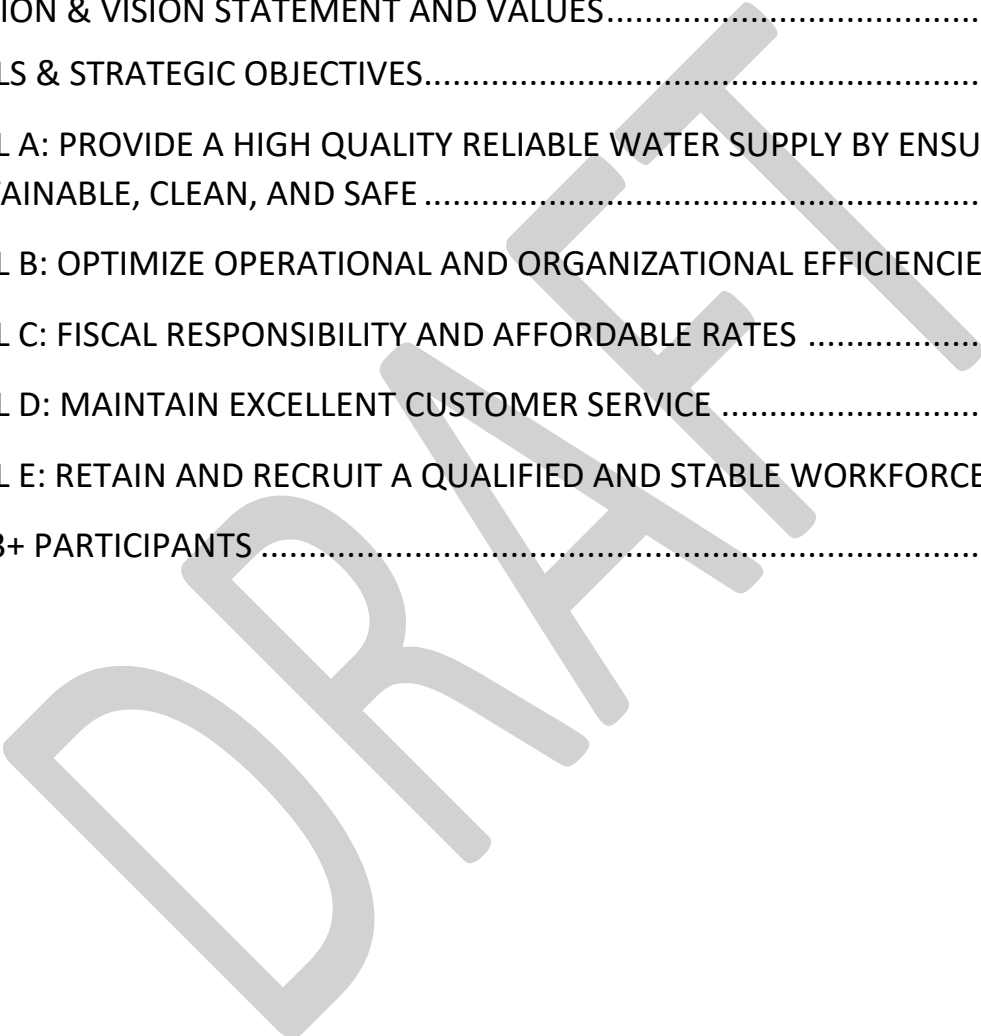
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FOREWORD

Welcome to the Sacramento Suburban District's **Five-Year Strategic Plan (2019-23, SP23+)**. **Forward Content Under Construction** *Add Context on size of District, History of District, and Importance of reliable water supply to customers...give some customer data here on who you are serving...population of X; industries such as Y. Mention some of the Districts internal challenges (your own infrastructure limitations); external challenges – pressures on water supply from state and feds; changing regulatory environment to supply safe drinking water and the opportunities that the District is presented with for future decision making...*

The foundation of our plan is predicated on the District's *mission* to deliver a high quality, reliable supply of water while serving our customers at the lowest responsible water rate. Our commitment to the District's *vision* is to be a model public agency that maintains stakeholder trust through fiscal responsibility, environmental stewardship, and leadership. The District through its inclusive and integrated process of developing the 2023+ Strategic Plan through engagement of the Board, all staff, management, and external stakeholders is dedicated to achieving our mission and vision through high standards of engagement as expressed through District's *values*. We will pursue the 2023+ shared vision for fiscal, operational, and customer success factors with a roadmap of goals and strategic objectives over the next 5 years. These high level goals and strategic objectives are further articulated in a companion and aligned **SP23+ Implementation Plan**, which will be operationalized through resource allocations, schedules, and performance metrics to measure success, and will be recalibrated annually by management and approved by the Board.

Together, the Board of Directors and District management and staff will implement and monitor the **SP23+** and **SP23+ Implementation Plan** to ensure shared success for the District as a whole, and continue to meet our commitment for exceptional service to the District's customers.

[Get Signatures]

David Jones
President, Board of Directors

Dan York
General Manager

DISTRICT OVERVIEW

The Sacramento Suburban Water District (District) is a Governing Body of five with 4-year staggered terms.....**History and Key Dates Content Under Construction.**

DISTRICT TIMELINE

| | |
|-------|--|
| 1954 | Arcade Water District Established |
| 1956 | Northridge Water District Established |
| 1964 | Agreement Between City Of Sacramento and Arcade County Water District to Supply Area D Surface Water |
| 1995 | Agreement Between Placer County Water Agency and Northridge Water District For A Water Supply For Ground Water Stabilization |
| 1997: | Cooperative Transmission Pipeline Completed and Operational |
| 2002 | Arcade Water District and Northridge Water District Consolidate into Sacramento Suburban Water District |
| 2003: | Water Forum Agreement Signed |
| 2004: | Congress Passes Central Valley Project Improvement Act, Requiring Water Meters For All Customers By January 1, 2025 |
| 2018: | Enters Into Warren Act Contract with U.S. Bureau of Reclamation For Delivery of PCWA Contract Water |

MISSION STATEMENT

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

VISION STATEMENT

Sacramento Suburban Water District is a model public agency that maintains stakeholder trust through fiscal responsibility, environmental stewardship, and leadership.

VALUES

Professionalism Attract and retain a skilled and professional workforce to deliver high quality water and customer service.

Ethics Practice ethical standards and integrity in all of our communications and actions.

Respect Conduct business through open and transparent governance, communication, and conduct.

Robust Standards Maintain sustainable resources and facilities asset management through cost effective business practices.

Collaboration Emphasize internal and external collaboration in addressing issues and attaining objectives.

Health and Safety Ensure public health and safety by conducting operations in accordance with statutory and regulatory requirements.

GOALS + STRATEGIC OBJECTIVES

The **Strategic Plan 2023+ (SP23+)** reflects the high level goals and strategic objectives to capture the intent of the District's mission and vision. We will execute the strategic objectives to achieve the goals with a focus on fiscal responsibility, adherence to the District's excellent service to customers in support of delivering sustainable, reliable, and clean and safe water supply through operational and organizational efficiency.

Our goals consider both the District's internal and external drivers on delivering success as well as regional, state, and federal externalities that impact delivering reliable water.

Internal considerations include realizing our core mission, vision, and values. We examined threats and provided opportunities to enhance our operational and organizational efficiencies to improve water delivery. As a result, our SP23+ offers improvements to the efficacy of equipment, assets, and organizational structure for optimization and streamlining. We also identified opportunities to improve productivity of our workforce through collaboration, communication, and increased proficiency.

External considerations reviewed impacts and opportunities of actions taken by those outside the District such as the region, state, and federal entities. Examples of potential effects to the District include the outcomes from the Water Quality Control Plan, California Water Fix, Sustainable Groundwater Management Act, Folsom Operations, and other policy and decisions that may change water supply quantities and water quality standards. We identify opportunities to collaborate in our region on water transfers, consolidations, and economies of scales by working together to protect our water rights and supplies; as well as funding prospects with state and federal stakeholders.

In summary, the goals and strategic objectives serve as a high level roadmap of how we will achieve our mission and define what we need to accomplish in the near, mid, and long-term. **A companion document, the SP23+ Implementation Plan will provide the detail that will operationalize the strategic objectives including level of resource allocations, timeframe, and performance metrics to measure progress on successful implementation of the goals.** The SP23+ Implementation Plan will be recalibrated by management and approved by the Board annually.

Our Goals are listed below and described in more detail with example priority actions.

- **Goal A** **Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean and Safe**
- **Goal B** **Optimize Operational and Organizational Efficiencies**
- **Goal C** **Ensure Fiscal Responsibility and Affordable Rates**
- **Goal D** **Maintain Excellent Customer Service**
- **Goal E** **Retain and Recruit a Qualified and Stable Workforce**

GOAL A: PROVIDE A HIGH QUALITY RELIABLE WATER SUPPLY BY ENSURING IT IS SUSTAINABLE, CLEAN, AND SAFE

STRATEGIC OBJECTIVES

Ensure Sustainable Water Supply

- Ensure a lasting water supply for future generations by establishing multiple supply sources including optimization of the existing conjunctive use program and water banking for reliability, and establishing water transfers.
- Optimize existing water supply and evaluate new water supply options including identifying, evaluating, and acquiring new water rights (ex. RiverArc; City of Sacramento Surface Water Rights).
- Protect current water rights from external threats through collaborating on legislative actions (RWA, SAWWA, and SGA) in addition to internal resources.
- Improve conservation through enhanced customer education and incentive programs.
- Maintain or replace aging infrastructure based on condition assessment and planning documents to ensure equipment sustains its lifespan and is replaced at the optimal time.

Ensure Clean and Safe Water Supply

- Meet or exceed regulations for clean and safe water including developing a comprehensive groundwater contaminants and treatment plan (ex. Chrom 6 Management).
- Improve water quality with such actions as determining fluoridation practices per California Division of Drinking Water; managing aquifer health through regional collaboration, and proactively managing the Cross Connection Control Program.

GOAL B: OPTIMIZE OPERATIONAL AND ORGANIZATIONAL EFFICIENCIES

STRATEGIC OBJECTIVES

Optimize Operational Efficiencies

- Develop an annual Capital Improvement Program that is developed and prioritized based on risk, capital assets, and aligned with approved budget.
 - Inform management of capital assets by performing condition assessment and using the Master Plan and Asset Management Plans as a guidance tool. Examples include:
 - Replace infrastructure that has outlived its useful life, such as main lines and wells.
 - Improve and standardize interties to ensure water quality and accurate metering.

- Improve the District's creek-crossing inspection program to identify deficiencies and improvements where necessary.
- Establish Standard Operating Procedures (SOPs) for operations and communications to improve efficiency within the District as well as within the region (ex. Water Shortage Contingency Plan).
- Update Operations & Maintenance Programs and enhance technology that focuses on Prioritized, Predictive, and Preventative Maintenance.
- Develop water conservation and use efficiency strategies through proven cost effective measures.
- Use technology/innovation to improve staff efficiency of operations (i.e. GIS, SCADA, GPS, etc.)
- Optimize Equipment and Assets
 - Work across the region to reduce operational costs by realizing economies of scale through collective purchasing agreements and alignment of policies (ex. invest in Regional Water Meter Consortium, water transfers).
 - Invest in technology to increase efficiencies and document management procedures (ex. SCADA, tablets).
 - Evaluate benefits of standardizing assets (ex. Interties).
 - Optimize use of land for locating and consolidating wells and facilities, and consider eliminating surplus properties.
 - Consider consolidating with other agencies to achieve more efficient and reliable water deliveries.
 - Seek opportunities to improve operational efficiency and reliability including optimizing and/or eliminating pressure zones and intraties (i.e. Bainbridge/Walerga Intratie/PRV Station, reoperation of Antelope Reservoir, and operations of groundwater vs surface water supplies).
 - Consider creating an annual asset purchasing plan and solicit staff input (ex. when purchasing trucks consider buying those with uniform capability).

Optimize Organizational Efficiencies

- Consider advantageous scenarios for centralizing SSWD's staff to, increase efficiency by streamlining internal processes, and improving communication.
- Create stronger alignment among Board of Directors, Management, and Staff by aligning vision and goals.
- Develop resource (staffing/budget) plan for all projects to inform on appropriate levels of outsourcing.
- Increase knowledge of best management practices for asset management by interacting with other agencies and participating in educational venues.

GOAL C: FISCAL RESPONSIBILITY AND AFFORDABLE RATES

STRATEGIC OBJECTIVES

- Continue updating established Fiscal/Funding management practices
- Develop Annual Financial Plans that align CIP projects with the approved rate structure.
- Consider providing semi-annual forecasting of budget-to-actual financial data to the public and the Board of Directors.
- Seek opportunities for alternate funding sources to augment revenue such as federal and state funding sources.
- Review approved water rates annually in concert with the Budget setting process.

GOAL D: MAINTAIN EXCELLENT CUSTOMER SERVICE

STRATEGIC OBJECTIVES

- Train all staff to be ambassadors of customer service to improve internal and external connectivity:
 - Provide job shadowing and ride-a-longs in an effort to increase staff understanding of each other's jobs for improved internal collegial service, ultimately increasing better external customer service.
 - Provide continuous customer service training, including seminars, guest speakers, and in-house training.
- Engage customers through a variety of venues/methods to create broader based outreach:
 - Venues: Schools, open houses
 - Outreach: Post Card Surveys on How We can Improve
- Educate and Inform customers on relevant real time topics
 - Changing regulations and other impacts to SSWD's rates and water use efficiencies.
 - Share studies on conservation (ex. CA Water Efficiency Partnership, Alliance for Water Efficiency).
- Provide customers with *expedient* feedback by utilizing technology and engagement platforms (ex. leak notification, water outages, and CIP project updates).
- Include language in subcontractors' contracts on customer service protocols and procedure expectations to provide seamless customer service and accountability (ex. Uphold standards when working in neighborhood streets).
- Consider conducting customer's surveys every 5 years.

GOAL E: RETAIN AND RECRUIT A QUALIFIED AND STABLE WORKFORCE

STRATEGIC OBJECTIVES

- Invest in future leaders through competitive compensation, rewarding good work through incentive compensation, training, and mentoring to ensure succession planning.
- Create an environment that encourages staff retention and recruitment to meet our mission.
- Create an annual staffing plan that anticipates retirements, aligns with AWWA Utility Benchmarking, and maintains appropriate levels of expertise to ensure operational stability.
- Create future leaders by providing training, cross training, networking with other districts, and mentoring to ensure high level of performance and succession planning.
- Develop an Internship Program utilizing a variety of resources to employ temporary workers through water education programs (ex. High schools, Folsom college, and Youth outreach for potential operators).
- Create professional advancement pathways for retention (ex. consider additional classification levels for advancement within positions).
- Provide the opportunity to attend conferences and become members in organizations to gain required Continuing Education credits.

SP23+ PARTICIPANTS

BOARD OF DIRECTORS

David Jones, President / Division 1

Kevin Thomas, Vice President / Division 4

Kathleen McPherson, Division 2

Robert Wichert, Division 3

Craig Locke, Division 5

DISTRICT MANAGEMENT + STAFF

| DISTRICT MANAGEMENT: | | |
|--|---|---|
| Dan York General Manager | Mike Huot Assistant General Manager | Cassie Crittenden Human Resources Coordinator |
| Dan Bills Director of Finance and Administration | Doug Cater Production Superintendent | David Morrow Senior Engineer |
| Dana Dean Engineering Manager | David Espinoza Senior Engineer | Matt Winans Information Technology |
| Matt Underwood Operations Manager | Todd Artrip Field Service Superintendent | Jim Arenz Senior Project Manager |
| DISTRICT STAFF: | | |
| Aaron King | Jeremy Moody | Melody Martin |
| Abel Ramirez | Greg Bundesen | Mike Jenner |
| Amy Bullock | Hannah Dunrud | Mitchell McCarthy |
| Andy Duarte | Heather Hernandez | Paul Johnson |
| Angela Tupolo | Hector Segoviano | Paul Miller |
| Annette O'Leary | Ian West | Rachel Middlestead |
| Chad Jividen | Jeovani Benavidez | Raul Palomar |
| Chance Wick | Jerry Beams | Robin Geiger |
| Chris Carter | Joe Crockett | Rodney Lee |
| Cody Scott | John Seltzer | Samantha Williamson |
| Colten Boatwright | Joshua Gagnon | Sarah Dains |
| Daniel Robles | Joshua Taylor | Scott Blake |
| Daryl Vinavong | Judy Nom | Shawn Chaney |
| David Armand | Ken Gebert | Shawn Shedenhelm |
| Denise Mellado | Kerry Smith | Song Dang |
| Diana Winans | Kyle Cobb | Tom Dickinson |
| Edward Hidalgo | Kyle Jividen | Tom Fox |
| Erik Flaa | Lynn Pham | Tommy Moulton |
| Jeremy Moody | Mark Taylor | Vicki Sprague |
| | Michelle Hirt | Wayne Scheriffus |
| ATTENDED WORKSHOP: | | |
| Greg Zlotnick San Juan Water District | Jim Mulligan West Yost | Allen Driscoll Forsgren |
| Ted Costa San Juan Water District | Kelye McKinney West Yost | William Eubanks Customer |



Agenda Item: 9

Date: March 15, 2019

Subject: 2019 Water Rate Study

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

Provide staff direction as appropriate.

Discussion:

The attached presentation is the second draft results for the Cost of Service Study, Water Rate Structure Design and Retail Water Rates portions of the Rate Study and includes direction received at the February Board meeting. Changes made subsequent to the February Board meeting include:

Rate Structure Changes:

1. Adjust Tier 1 from 10 ccf to 15 ccf.
2. Separate Multi-Family Residential from Commercial customers.
3. Eliminate seasonal rates and develop uniform rates for non-residential customers.
4. Non-residential pricing no longer split between peak and non-peak periods.

Reserves:

1. Implement Raftelis' recommendations to Reserve Policy.

Financial Outlook:

1. Breakout benefits from salaries.
2. Add a one-time \$2.6 million settlement to McClellan Business Park in 2019.
3. Mitigate reserve reductions through 2023.
4. Accelerate projected \$1.9 million reduction in debt service payments beginning in 2023 by re-evaluating CIP expenditures.
5. Rate adjustments to occur annually on January 1, beginning in 2020.

Alternative scenarios and the related impact can be shown real-time at the Board meeting through Raftelis spreadsheet presentation material.

Fiscal Impact:

\$77,580 is the contracted amount for the Study. As the presentation materials are a second draft, no fiscal impact at this time.

Strategic Plan Alignment:

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

Sacramento Suburban Water District

Cost of Service Water Rate Study – Recommended Rates

March 18, 2019



Agenda

- February Workshop Summary
- Revised Baseline Financial Position
- Recommended Financial Plan



February Workshop Summary

Confirmed:

- Board agreed to **rate structure changes**:
 - › Adjust SFR Tier 1 from 10 ccf to 15 ccf to align with water supply
 - › Separate MFR from Commercial customers as they have different usage characteristics
 - › Eliminate seasonal rates and develop uniform rate for non-residential customers
- Raftelis recommended adjustments to the reserve policies

Action Items:

- › Breakout salaries and benefits separately in the expense detail
- › Add \$2.6M settlement for McClellan Business Park
- › Include adjustments to CIP provided by District Staff
- › Mitigate reductions in reserves occurring through CY 2022
- › Have at least 12 months between rate adjustments



Current Financials

Revised Baseline



Revised Existing Financial Outlook

| Revenue | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Revenue from Rates | \$43,579,797 | \$43,579,797 | \$43,579,797 | \$43,579,797 | \$43,579,797 |
| Other Revenue | | | | | |
| Wheeling Revenue | \$730,000 | \$730,000 | \$730,000 | \$730,000 | \$730,000 |
| Water Transfers | \$940,000 | \$0 | \$0 | \$0 | \$0 |
| Interest Income | \$72,398 | \$78,492 | \$162,391 | \$161,405 | \$167,046 |
| Grant Income | \$275,000 | \$0 | \$0 | \$0 | \$0 |
| Other Revenue | \$400,000 | \$400,000 | \$400,000 | \$400,000 | \$400,000 |
| Backflow Revenue | \$112,000 | \$112,000 | \$112,000 | \$112,000 | \$112,000 |
| FireLine Revenues | \$962,000 | \$962,000 | \$962,000 | \$962,000 | \$962,000 |
| Total Other Revenue | \$3,491,398 | \$2,282,492 | \$2,366,391 | \$2,365,405 | \$2,371,046 |
| Total Revenue | \$47,071,195 | \$45,862,289 | \$45,946,188 | \$45,945,202 | \$45,950,843 |

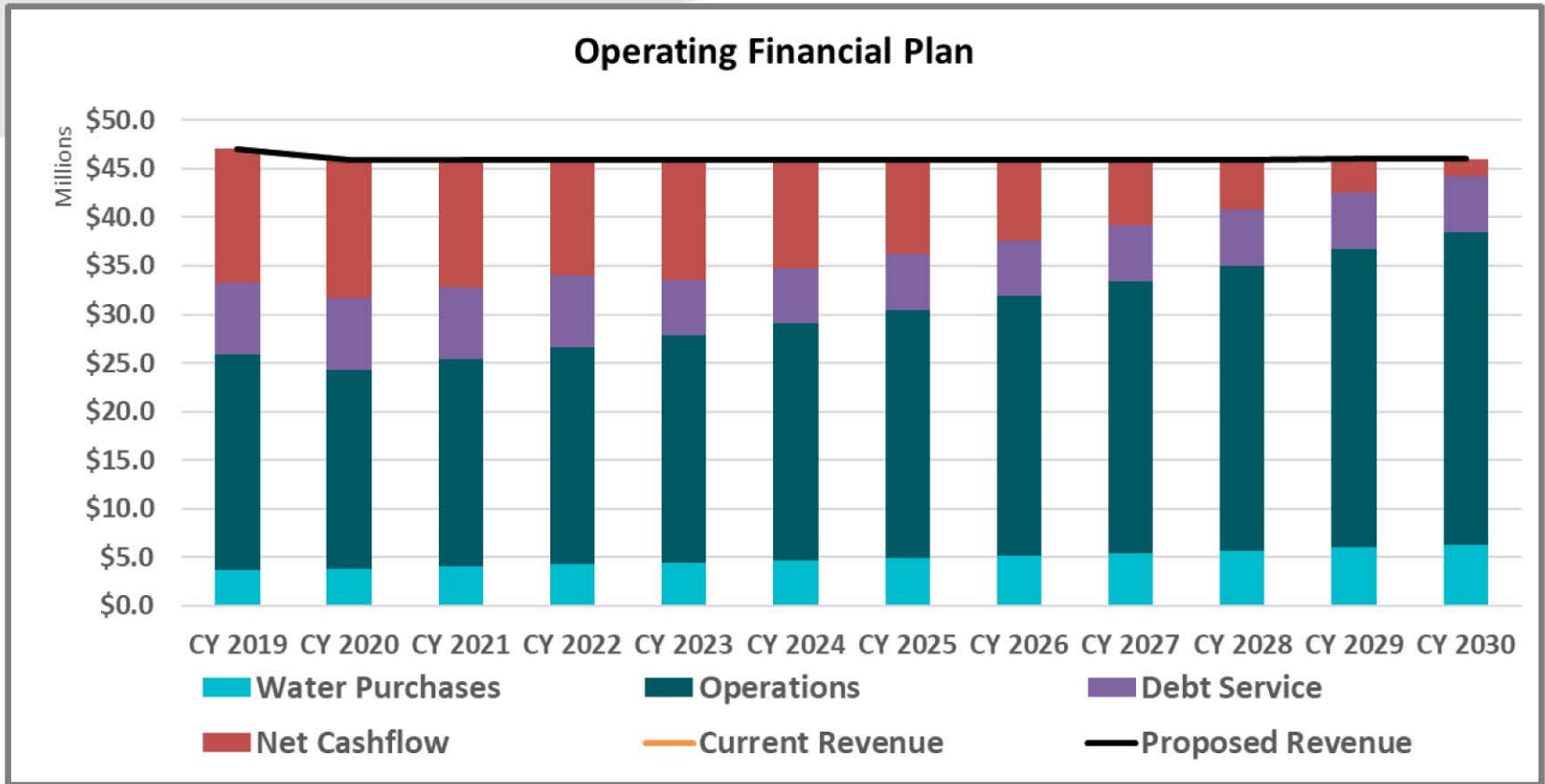
| Operating Expenditures | CY 2019 | CY 2020 | CY 2021 | CY 2022 | CY 2023 |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Water Costs | \$3,663,935 | \$3,847,131 | \$4,039,488 | \$4,241,462 | \$4,453,535 |
| Groundwater | \$474,995 | \$498,745 | \$523,682 | \$549,866 | \$577,359 |
| Electrical Costs | \$1,629,887 | \$1,711,381 | \$1,796,950 | \$1,886,797 | \$1,981,137 |
| Water Conservation | \$31,000 | \$31,620 | \$32,252 | \$32,897 | \$33,555 |
| Salaries | \$5,439,124 | \$5,711,081 | \$5,996,635 | \$6,296,466 | \$6,611,290 |
| Benefits | \$4,976,184 | \$5,317,384 | \$5,682,100 | \$6,071,959 | \$6,488,703 |
| Supplies | \$1,246,585 | \$1,274,290 | \$1,302,635 | \$1,331,636 | \$1,361,309 |
| Finance and Admin | \$2,203,690 | \$2,247,764 | \$2,292,719 | \$2,338,573 | \$2,385,345 |
| Engineering | \$2,334,294 | \$2,382,533 | \$2,431,785 | \$2,482,072 | \$2,533,416 |
| General | \$579,604 | \$591,945 | \$604,569 | \$617,486 | \$630,702 |
| Maintenance | \$661,857 | \$682,436 | \$703,655 | \$725,534 | \$748,093 |
| Settlement | \$2,600,000 | \$0 | \$0 | \$0 | \$0 |
| Total Operating Expenditures | \$25,841,154 | \$24,296,309 | \$25,406,470 | \$26,574,750 | \$27,804,445 |
| Debt Service | | | | | |
| 2009A Adjustable Rate Refunding COPS | \$1,534,308 | \$1,534,308 | \$1,534,308 | \$1,534,308 | \$2,679,308 |
| 2012A Refunding Revenue Bond | \$2,838,025 | \$2,848,225 | \$2,838,238 | \$2,818,838 | \$1,454,600 |
| 2018A Taxable Refunding Revenue Bonds | \$3,020,424 | \$3,043,573 | \$3,060,449 | \$3,050,967 | \$1,534,956 |
| Total Debt Service | \$7,392,758 | \$7,426,107 | \$7,432,995 | \$7,404,113 | \$5,668,864 |
| Total Expenses | \$33,233,912 | \$31,722,416 | \$32,839,465 | \$33,978,863 | \$33,473,309 |

Shown Separately

Added one-time settlement

Net Cashflow (before Direct Transfers) **\$13,837,283** **\$14,139,873** **\$13,106,722** **\$11,966,339** **\$12,477,534**

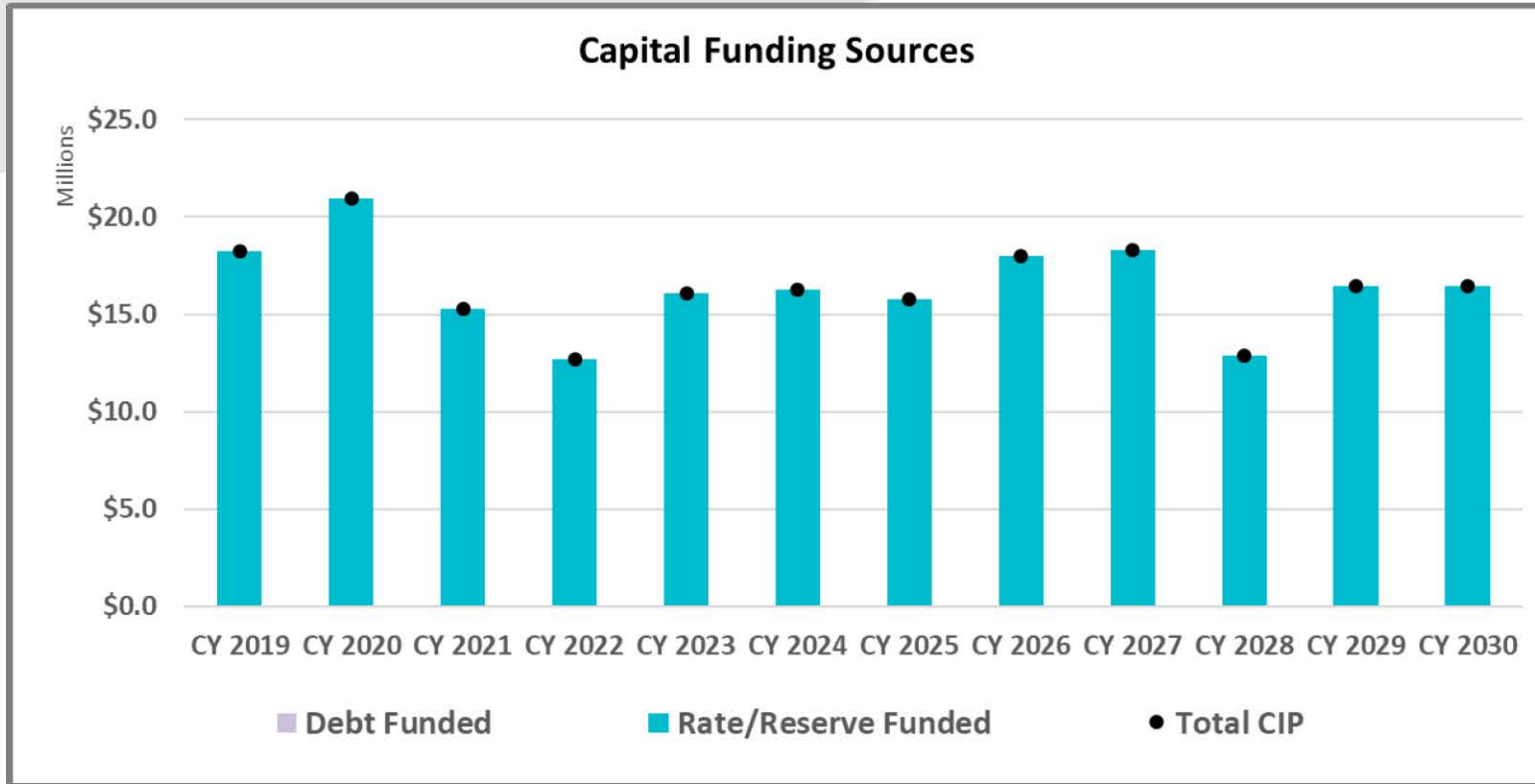
Current Operating Financial Plan



- Current revenues cover O&M, debt service, and projected purchased water costs



Capital Investment Plan

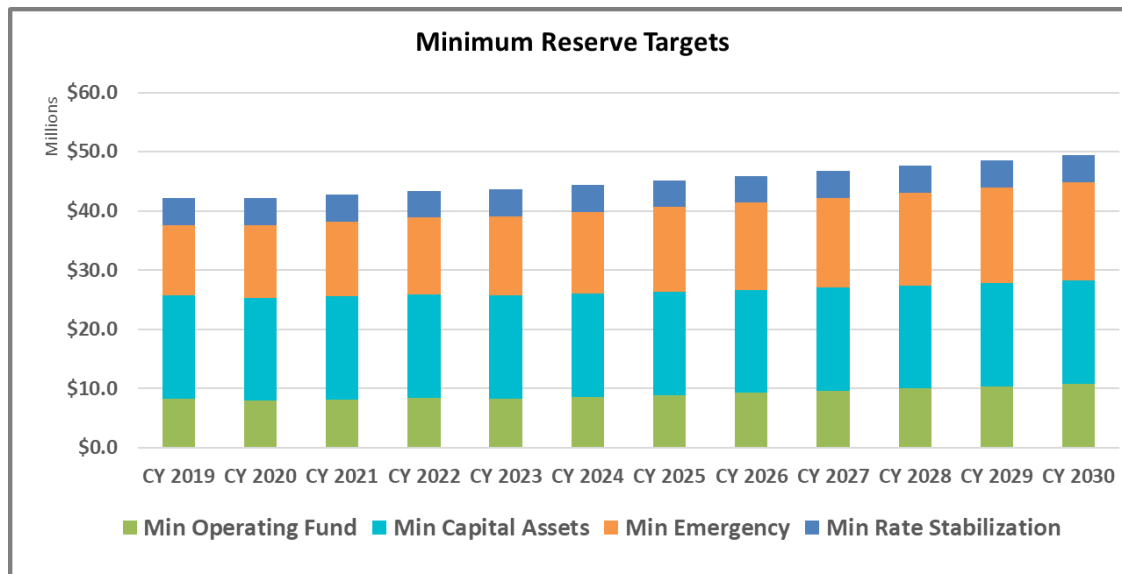
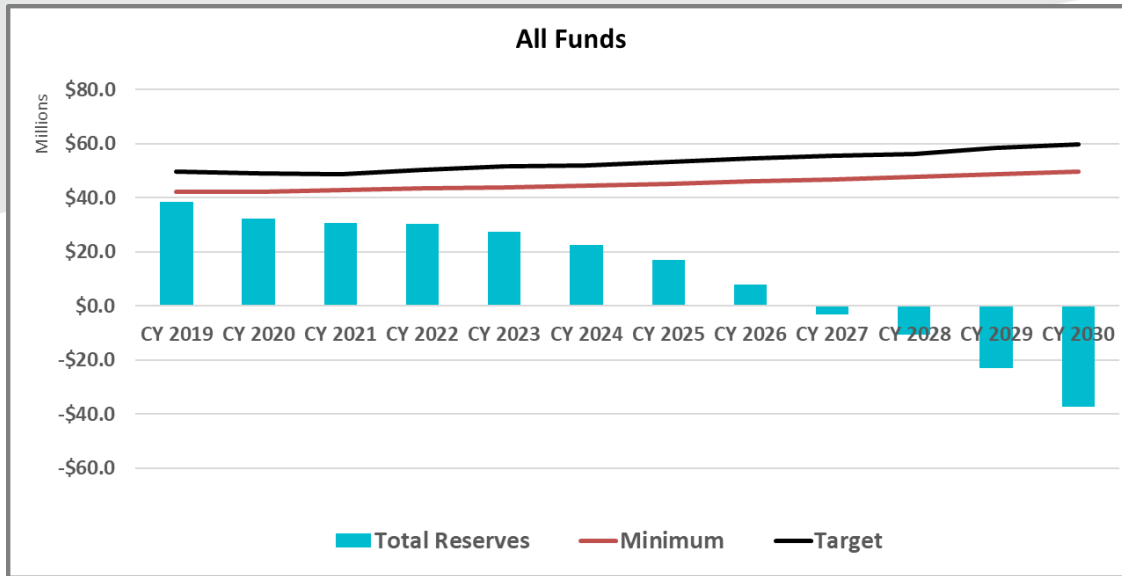


- District staff revised CIP to reflect critical needs
- Over 10 years, capital reduced by \$46.8M
- Other capital improvements are still necessary, but not essential and are deferred in the short-term
- Significant change to revenue requirements over the next five years



Reserves

- Annual Net income alone is not enough to cover CIP
- Reserves are used and slowly depleted



Recommended Financials

Rev Adj (CY 2019:23): 0%, 5%, 4%, 3%, 3%, 3%



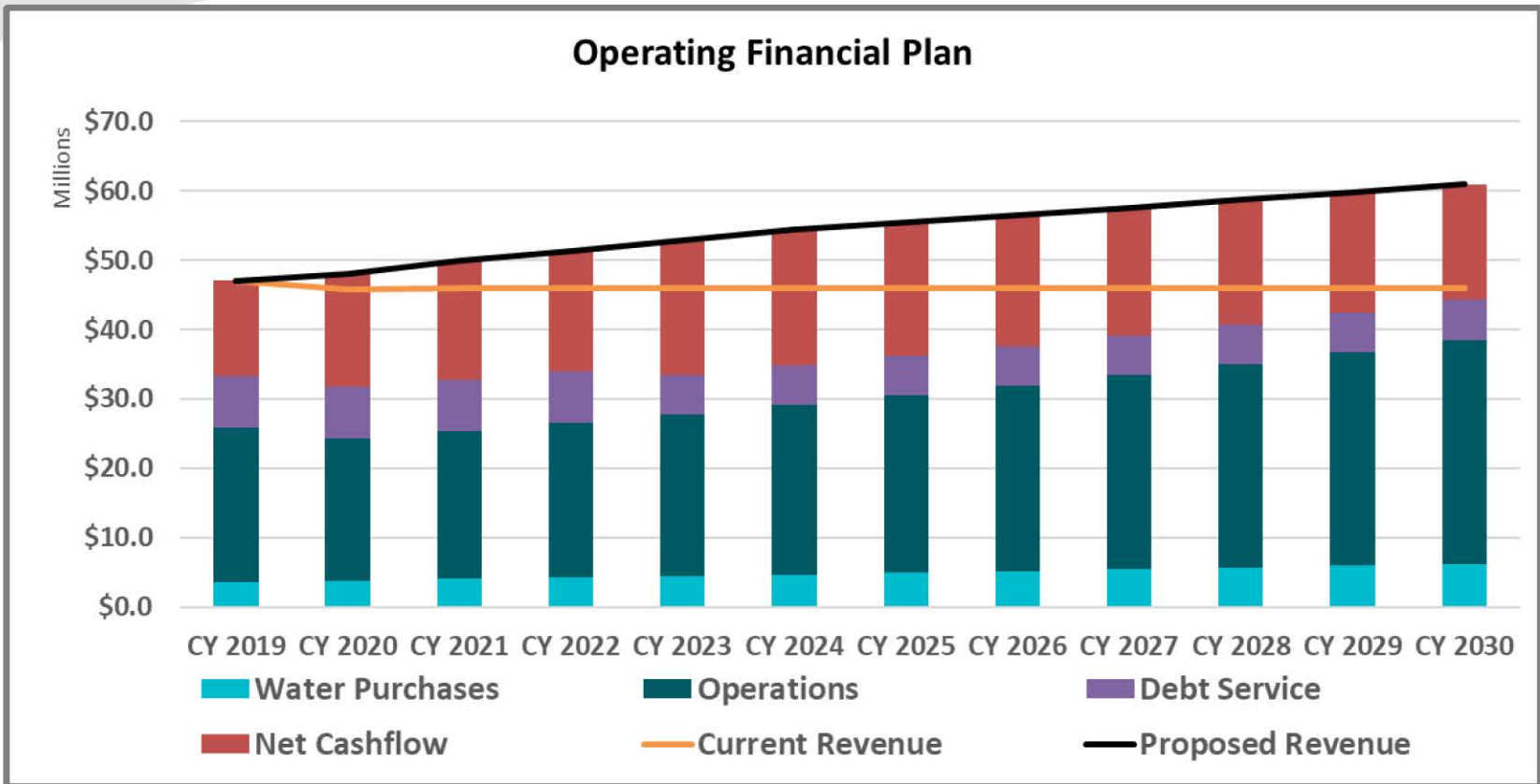
Considerations

- There were no rate adjustments from 2009-2014
- Need to cover not only operational costs but also continue to reinvest in the system (capital)
 - › District staff revisited capital plan and made revisions to required capital needs in the short-term
 - › Primary driver to new proposed Financial Plan
 - › Mitigates rate increases
- Reserves should be used to offset certain years with CIP spikes, but limit downward trend and replenish over 5-year planning period
 - › **Note:** revised reserve targets reduced minimum target by approximately \$5M



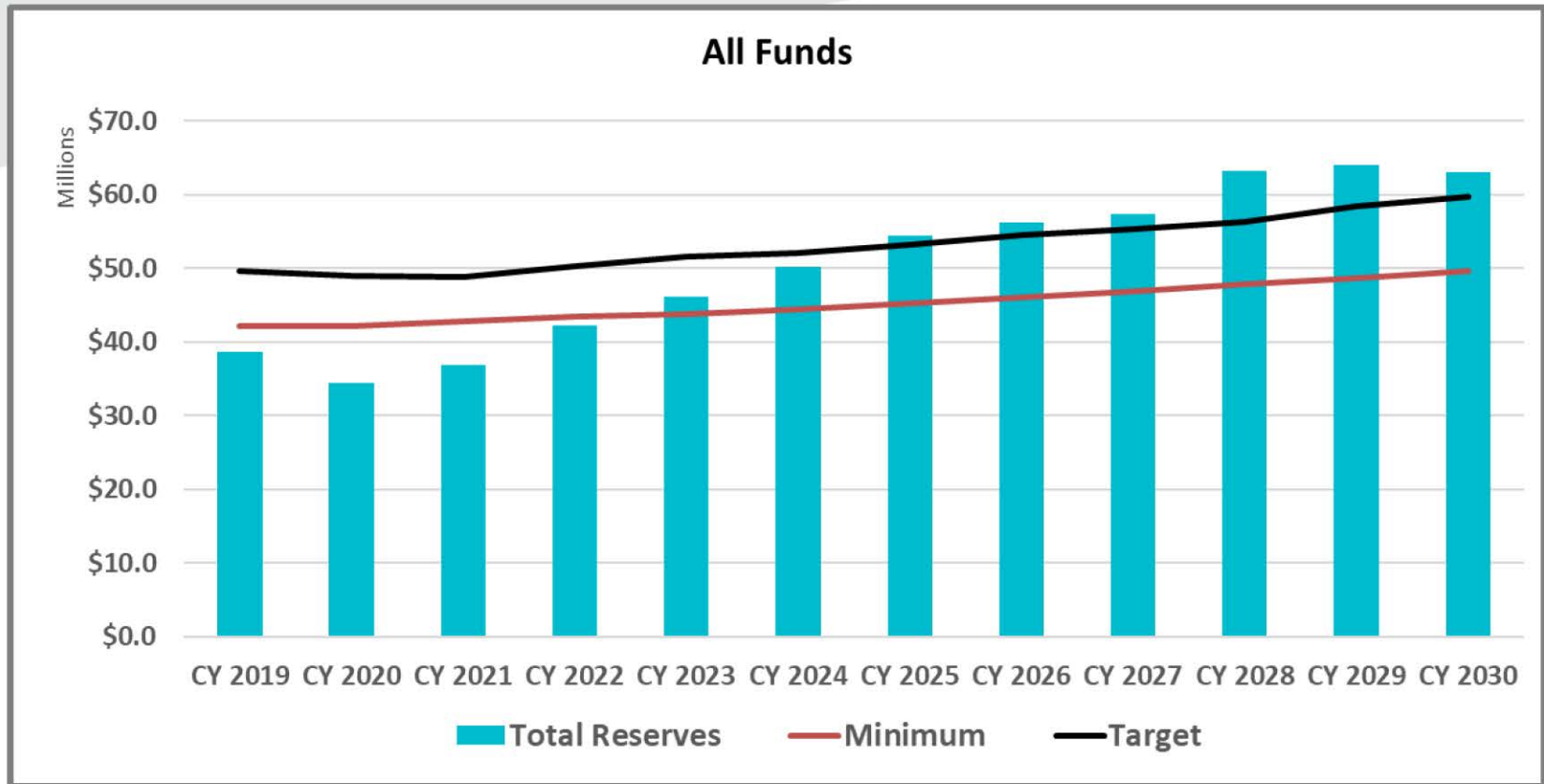
Recommended Financial Plan

- Revenue adjustments (January 1st of each year):
 - › 5% for CY 2020, 4% for CY 2021, 3% for CY 2022 - CY 2024



- 2% adjustments are assumed in outer years to keep up with inflation

Reserves based on adjustments



- Still leveraging reserves in CY 2020, but eliminated multiple years
- Reserves do not fall below \$30M
- Begin to recover in CY 2021
- Minimum target is met in CY 2023



Proposed Rates & Customer Impacts

Proposed Fixed Charges

(after meter conversion)

| Meter / Connection Size | 2020 Proposed Fixed Charge | 2021 Proposed Fixed Charge | 2022 Proposed Fixed Charge | 2023 Proposed Fixed Charge | 2024 Proposed Fixed Charge |
|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Conversion Rate (\$/ME) | \$ 0.07 | \$ 0.11 | \$ 0.15 | \$ 0.19 | \$ 0.19 |
| 5/8" | \$31.84 | \$33.47 | \$34.85 | \$35.94 | \$37.02 |
| 3/4" | \$44.08 | \$46.34 | \$48.25 | \$49.76 | \$51.25 |
| 1" | \$68.55 | \$72.07 | \$75.05 | \$77.40 | \$79.71 |
| 1 1/2" | \$129.72 | \$136.40 | \$142.04 | \$146.48 | \$150.85 |
| 2" | \$203.13 | \$213.59 | \$222.43 | \$229.38 | \$236.22 |
| 3" | \$398.89 | \$419.44 | \$436.81 | \$450.48 | \$463.91 |
| 4" | \$619.13 | \$651.02 | \$677.98 | \$699.19 | \$720.03 |
| 6" | \$1,230.88 | \$1,294.29 | \$1,347.92 | \$1,390.08 | \$1,431.50 |
| 8" | \$2,209.70 | \$2,323.53 | \$2,419.82 | \$2,495.53 | \$2,569.88 |
| 10" | \$2,943.81 | \$3,095.46 | \$3,223.74 | \$3,324.60 | \$3,423.65 |
| 12" | \$4,136.73 | \$4,349.86 | \$4,530.12 | \$4,671.85 | \$4,811.04 |



Proposed 5-Yr Variable Rates

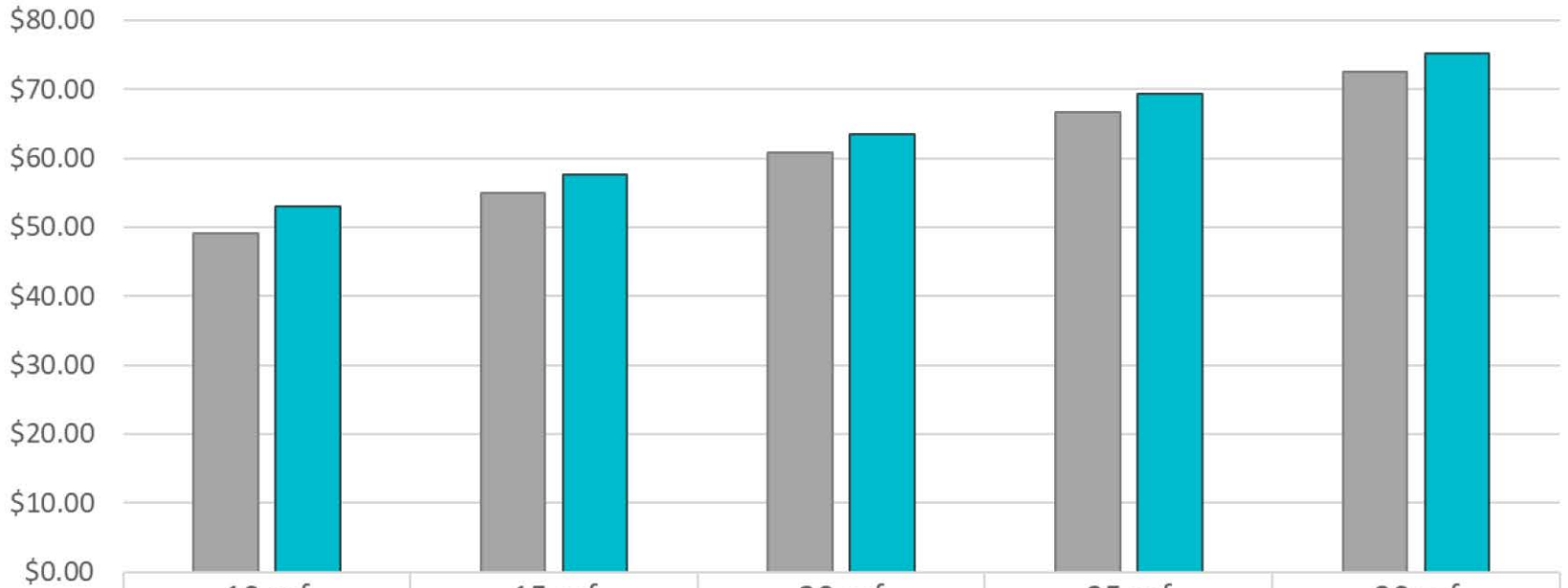
| Customer Class | Proposed Tier Width | 2020 Proposed Variable Rates (\$/hcf) | 2021 Proposed Variable Rates (\$/hcf) | 2022 Proposed Variable Rates (\$/hcf) | 2023 Proposed Variable Rates (\$/hcf) | 2024 Proposed Variable Rates (\$/hcf) |
|----------------|---------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| SFR | | | | | | |
| Tier 1 | 0-15 ccf | \$0.90 | \$0.95 | \$0.99 | \$1.02 | \$1.06 |
| Tier 2 | >15 ccf | \$1.17 | \$1.23 | \$1.28 | \$1.32 | \$1.36 |
| MFR | Uniform | \$1.28 | \$1.35 | \$1.41 | \$1.46 | \$1.51 |
| Non-Res | | \$1.35 | \$1.42 | \$1.48 | \$1.53 | \$1.58 |

| Non-Metered | Current Flat Charge | 2020 Proposed Flat Charge | 2021 Proposed Flat Charge | 2022 Proposed Flat Charge | 2023 Proposed Flat Charge | 2024 Proposed Flat Charge |
|---------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| \$/1,000 sqft | \$1.06 | \$2.40 | \$2.52 | \$2.63 | \$2.71 | \$2.80 |



Customer Impact

SFR Customer Impact at Different Usage Levels - 3/4" Meter

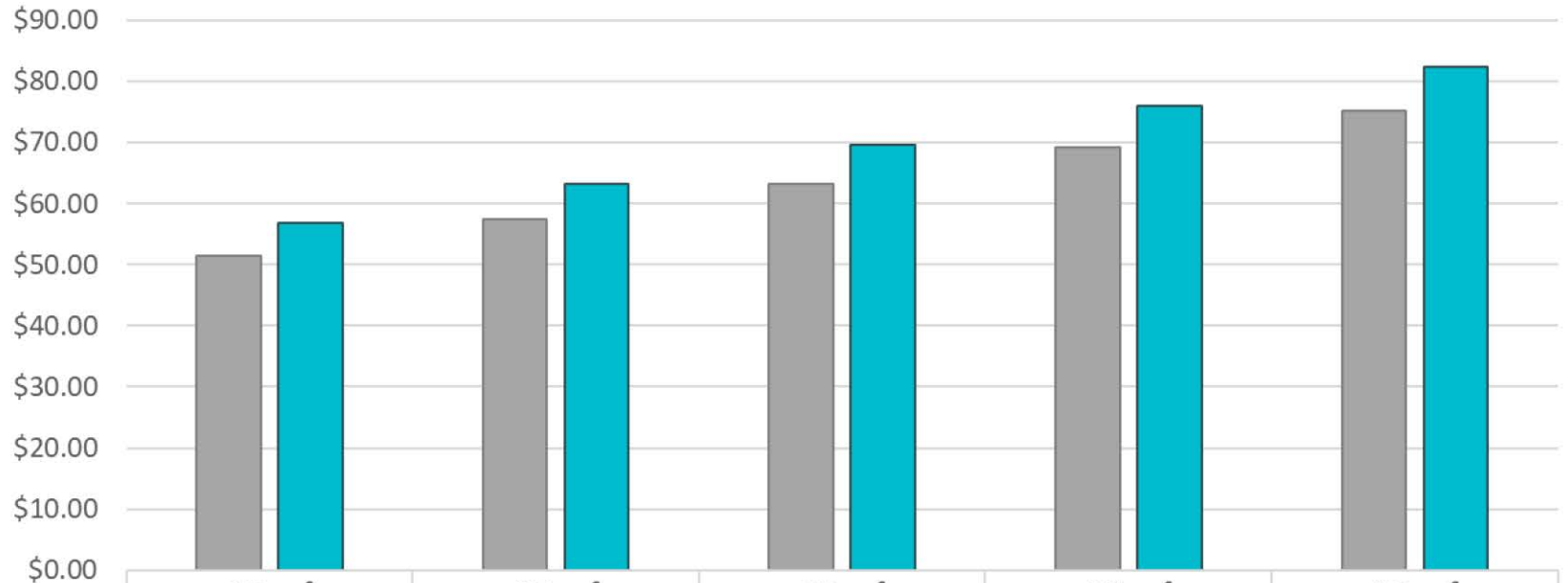


| | 10 ccf | 15 ccf | 20 ccf | 25 ccf | 30 ccf |
|---------------|---------|---------|---------|---------|---------|
| Current Bill | \$49.11 | \$54.96 | \$60.81 | \$66.66 | \$72.51 |
| Proposed Bill | \$53.08 | \$57.58 | \$63.43 | \$69.28 | \$75.13 |
| Impact (\$) | \$3.97 | \$2.62 | \$2.62 | \$2.62 | \$2.62 |
| Impact (%) | 8.1% | 4.8% | 4.3% | 3.9% | 3.6% |



Customer Impact

MFR Customer Impact at Different Usage Levels - 3/4" Meter



■ Current Bill

■ Proposed Bill

Impact (\$)

Impact (%)

10 ccf

15 ccf

20 ccf

25 ccf

30 ccf

\$51.51

\$57.41

\$63.31

\$69.21

\$75.11

\$56.88

\$63.28

\$69.68

\$76.08

\$82.48

\$5.37

\$5.87

\$6.37

\$6.87

\$7.37

10.4%

10.2%

10.1%

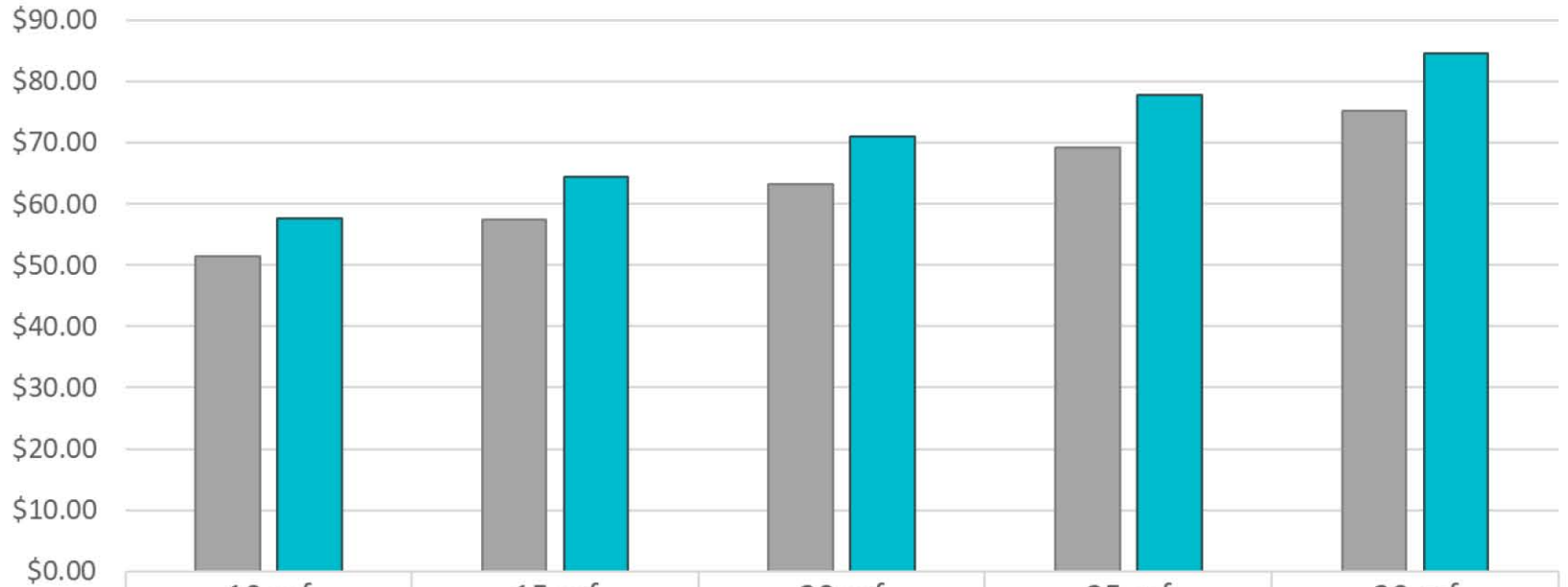
9.9%

9.8%



Customer Impact

Non-Residential Customer Impact at Different Usage Levels - 3/4" Meter



| | 10 ccf | 15 ccf | 20 ccf | 25 ccf | 30 ccf |
|-----------------|---------|---------|---------|---------|---------|
| ■ Current Bill | \$51.51 | \$57.41 | \$63.31 | \$69.21 | \$75.11 |
| ■ Proposed Bill | \$57.58 | \$64.33 | \$71.08 | \$77.83 | \$84.58 |
| Impact (\$) | \$6.07 | \$6.92 | \$7.77 | \$8.62 | \$9.47 |
| Impact (%) | 11.8% | 12.0% | 12.3% | 12.4% | 12.6% |



Next Steps

- Finalize Rates
- Draft Report and Notices
- Determine date for Public Hearing



Thank you!

Contact: Habib Isaac
951 387 4352 / hisaac@raftelis.com

Andrea Boehling
951 387 4351 / aboehling@raftelis.com





Agenda Item: 10

Date: March 4, 2019

Subject: California Special Districts Association Call for Nominations for Seat B

Staff Contact: Dan York, General Manager

Discussion:

The California Special Districts Association (CSDA) Elections and Bylaws Committee is seeking Independent Special District Board Members who are interested in running for the CSDA Board for the 2020-2022 term.

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The expectations of a CSDA Board member are enclosed in the Call for Nominations announcement (Attachment 1). If a Board member is appointed to the CSDA Board, these meetings are considered compensable.

Please review the enclosed Call for Nominations Announcement and consider submitting the attached Candidate Information Sheet (Attachment 2) to staff by April 1, 2019. If a Board member is interest in being considered for nomination, a report will be included in the April regular Board meeting packet for Board consideration. CSDA's deadline for receiving nominations is April 17, 2019.



**California Special
Districts Association**

Districts Stronger Together

DATE: February 15, 2019
TO: CSDA Voting Member Presidents and General Managers
FROM: CSDA Elections and Bylaws Committee
**SUBJECT: CSDA BOARD OF DIRECTORS CALL FOR NOMINATIONS
SEAT B**

The Elections and Bylaws Committee is looking for Independent Special District Board Members or their General Managers who are interested in leading the direction of the California Special Districts Association for the 2020 - 2022 term.

The leadership of CSDA is elected from its six geographical networks. Each of the six networks has three seats on the Board with staggered 3-year terms. Candidates must be affiliated with an independent special district that is a CSDA Regular Member in good standing and located within the geographic network that they seek to represent. (See attached CSDA Network Map)

The CSDA Board of Directors is the governing body responsible for all policy decisions related to CSDA's member services, legislative advocacy, education and resources. The Board of Directors is crucial to the operation of the Association and to the representation of the common interests of all California's special districts before the Legislature and the State Administration. Serving on the Board requires one's interest in the issues confronting special districts statewide.

Commitment and Expectations:

- Attend all Board meetings, usually 4-5 meetings annually, at the CSDA office in Sacramento.
- Participate on at least one committee, meets 3-5 times a year at the CSDA office in Sacramento.
(CSDA reimburses Directors for their related expenses for Board and committee meetings as outlined in Board policy).
- Attend, at minimum, the following CSDA annual events: Special Districts Legislative Days - held in the spring, and the CSDA Annual Conference - held in the fall.
*(CSDA does **not** reimburse expenses for the two conferences even if a Board or committee meeting is held in conjunction with the event)*
- Complete all four modules of CSDA's Special District Leadership Academy within 2 years of being elected.
*(CSDA does **not** reimburse expenses for the Academy classes even if a Board or committee meeting is held in conjunction with the event).*

Nomination Procedures: Any Regular Member in good standing is eligible to nominate one person, a board member or managerial employee (as defined by that district's Board of Directors), for election to the CSDA Board of Directors. **A copy of the member district's resolution or minute action and Candidate Information Sheet must accompany the nomination. The deadline for receiving nominations is April 17, 2019. Nominations and supporting documentation may be mailed, faxed, or emailed.**

Mail: 1112 I Street, Suite 200, Sacramento, CA 95814
Fax: 916.442.7889
E-mail: amberp@csda.net

Once received, nominees will receive a candidate's letter in the mail. The letter will serve as confirmation that CSDA has received the nomination and will also include campaign guidelines.

CSDA will begin electronic voting on June 17, 2019. All votes must be received through the system no later than 5:00 p.m. August 9, 2019. The successful candidates will be notified no later than August 13, 2019. All selected Board Members will be introduced at the Annual Conference in Anaheim, CA in September 2018.

Expiring Terms

(See enclosed map for Network breakdown)

Northern Network Seat B-Greg Orsini, GM, McKinleyville Community Services District*
Sierra Network Seat B-Ginger Root, GM, Lincoln Rural County Fire Protection District *
Bay Area Network Seat B-Ryan Clausnitzer, SDA, GM, Alameda County Mosquito Abatement District*
Central Network Seat B-Tim Ruiz, GM, West Niles Community Services District
Coastal Network Seat B-Jeff Hodge, SDA, GM, Santa Ynez Community Services District*
Southern Network Seat B-Bill Nelson, Director, Orange County Cemetery District
(* = Incumbent is running for re-election)

AGAIN, THIS YEAR!

This year we will be using a web-based online voting system, allowing your district to cast your vote easily and securely. Electronic Ballots will be emailed to the main contact in your district June 17, 2019. All votes must be received through the system no later than 5:00 p.m. August 9, 2019.

*Districts can opt to cast a paper ballot instead; but you must contact Amber Phelen by e-mail Amberp@csda.net by **April 17, 2019** in order to ensure that you will receive a paper ballot on time.*

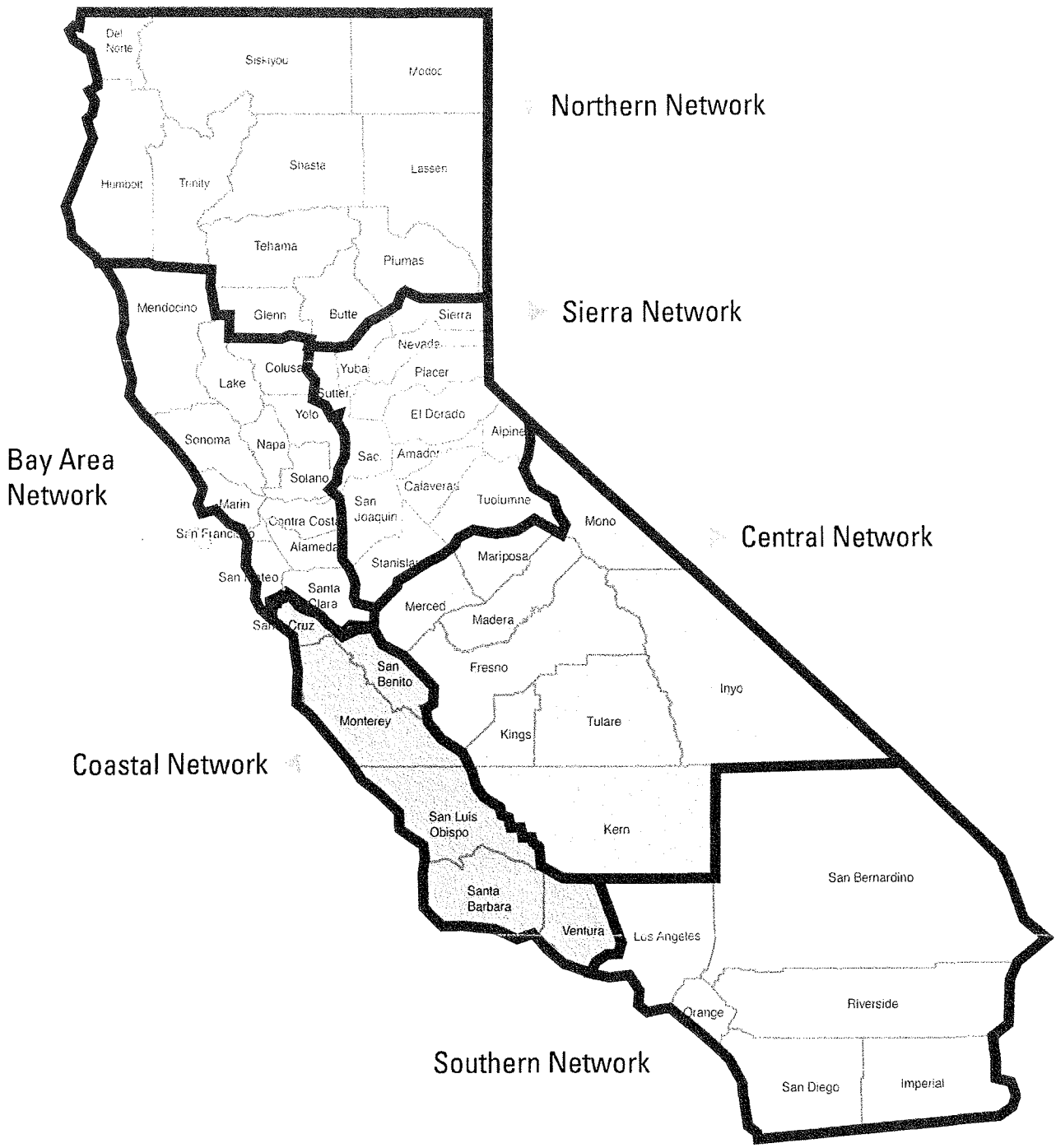
CSDA will mail paper ballots on June 17 per district request only. ALL ballots must be received by CSDA no later than 5:00 p.m. August 9, 2019.

The successful candidates will be notified no later than August 14, 2019. All selected Board Members will be introduced at the Annual Conference in Anaheim, CA in September 2019.

If you have any questions, please contact Amber Phelen at amberp@csda.net.



California Special Districts Association
DISTRICT NETWORKS





California Special
Districts Association
Districts Stronger Together

2019 BOARD OF DIRECTORS NOMINATION FORM

Name of Candidate: _____

District: _____

Mailing Address: _____

Network: _____ (see map)

Telephone: _____
(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: _____

E-mail: _____

Nominated by (optional): _____

Return this form and a Board resolution/minute action supporting the candidate and Candidate Information Sheet by fax, mail, or email to:

CSDA
Attn: Amber Phelen
1112 I Street, Suite 200
Sacramento, CA 95814
(877) 924-2732 (916) 442-7889 fax

amberp@csla.net

DEADLINE FOR RECEIVING NOMINATIONS – April 17, 2019



California Special
Districts Association
Districts Stronger Together

2019 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: _____

District/Company: _____

Title: _____

Elected/Appointed/Staff: _____

Length of Service with District: _____

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

4. List civic organization involvement:

****Candidate Statement** – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. **Any statements received in the CSDA office after April 17, 2019 will not be included with the ballot.**



Agenda Item: 11

Date: March 8, 2019

Subject: Meter Retrofit Program – Master Service Contract

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

Recommended Board Action:

Approve the award of a multi-year Master Service Contract (MSC) to Flowline Contractors, Inc. (Flowline), and authorize the General Manager to execute the contract, subject to legal counsel review.

Background:

As discussed in the District’s Water Meter Asset Management Plan and Water System Master Plan, in 2005 the State of California mandated that water purveyors be fully metered by January 1, 2025 (Assembly Bill 2572). The District is on track to meet this requirement.

Prior to implementing multi-year MSCs, the District had difficulty achieving cost-effective and customer-friendly Capital Improvement Program projects for the Main Replacement Program. The District began using the MSC approach to award construction contracts in 2006 for Main Replacement Program projects. The MSC approach proved very successful and the District has now completed 13 years of MSC construction contracts for the Main Replacement Program. The MSC provides the District with competitive bids at lower costs, and the contractor is assured of controlled increases to their costs.

Discussion:

As reported to the Board via the Engineering Report, the MSC approach was selected for implementation beginning in 2019 for the Meter Retrofit Program. The intent is to achieve similar cost control, predictability, and stability for another core component of the District’s Capital Improvement Program as has been realized in the Main Replacement Program. The Meter Retrofit Program is nearing completion and implementing this form of contract will aide in project planning, and increase efficiency and customer satisfaction for meter retrofit work for the remainder of the Program.

To implement the MSC for the Meter Retrofit Program, the District prepared and placed out for bid a 3- to 5-year MSC with the 2019 project as the initial project. This project consists of installing 674 meters. Bid documents were provided to the following list of nine (9) local and experienced utility contractors:

Arrow Construction
Cal Sierra Construction, Inc.
Florez Paving
Flowline Contractors, Inc.
Garney Construction
Lund Construction
Rawles Engineering
Syblon Reid Contractors
Martin General Engineering, Inc.

Bids:

The engineer's cost estimate was \$1,297,000. Bid opening was held on February 7, 2019. Only one bid was received and the result is shown below:

| <u>Contractor</u> | <u>Bid Amount</u> |
|----------------------------|------------------------------------|
| Flowline Contractors, Inc. | \$1,376,960.00 (6% above estimate) |

Although slightly (6%) above the engineer's estimated cost, this is considered a reasonable variance. Staff carefully reviewed the bid and recommend that the MSC for the Meter Retrofit Program be awarded to Flowline as the lowest responsive bidder. Flowline has been the selected responsive low bidder on the Meter Retrofit Projects for each of the past five (5) years, and was the only bidder for this year's two Meter Retrofit Projects (the grant funded project, and this project – the non-grant funded project).

Fiscal Impact:

Approximately \$2.5 million is included in the District's proposed Calendar Year 2019 Meter Retrofit Program budget, which also includes budget for the 2019 Grant Funded Meter Retrofit Project and District-provided construction materials for all 2019 meter retrofit projects.

Strategic Plan Alignment:

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

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.

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

The Meter Retrofit Program aligns with these goals to replace flat rate connections with metered connections to improve responsible water use and water system reliability. These projects will continue until the District's compliance with the State's requirement to meter all services by 2025.

Attachment:

1. Public Works Construction Contract

PUBLIC WORKS CONSTRUCTION CONTRACT

THIS CONTRACT is made as of _____, in Sacramento, California, by and between Sacramento Suburban Water District, a public agency, ("District") and, Flowline Contractors, Inc., a California corporation ("Contractor"), who agree as follows:

1.1.1 The Contractor agrees to furnish all labor, materials (not otherwise supplied by the District), supplies, tools and equipment and to perform all the work required to construct and complete in a good and workmanlike manner, and in strict accordance with the Contract Documents, those certain improvements entitled:

2019 Meter Retrofit Project

The 2019 Meter Retrofit Project will retrofit 674 existing backyard services with new meters and cellular endpoints. The project will retrofit existing unmetered backyard water services with new water meters of various sizes by removing existing curb stops and installing District-furnished meter setters, water meters, cellular endpoints, and meter boxes on existing services. The areas that will receive water meter installations in 2019 are shown on the Project Plans.

The Contractor shall provide all services, labor, equipment, and materials necessary to complete the work in their bid. The overall scope of work shall include, but not be limited to, the following items:

1. *Coordination with residences for backyard access.*
2. *Pick-up and delivery of District-furnished equipment from the District storage yard to the project location(s). The District storage yard address:*

*1000 River Walk Way
Carmichael, CA 95608*

3. *Removal of the existing backyard curb stops.*
4. *Installation of District-furnished meter setters, water meters, cellular transponders, and new meter boxes on the existing water service lines.*
5. *Reconnection of the existing customer service lines.*
6. *Removal and legal disposal of all demolition debris resulting from the new meter installation.*
7. *Restoration of existing landscaping, existing hardscape, and fencing material, as required for the complete restoration of existing private property improvements to like new condition.*
8. *Update the District's Cityworks database.*
9. *Global Positioning System survey location of all newly installed meter box for use in the District's management systems.*

Attachment 1

1.1.2 Contract Documents for this project have been prepared by the District's Engineer, David Morrow, P.E., hereinafter called the Engineer. All Contract Documents, and each and every provision thereof, relating to this Contract are hereby made a part of and incorporated by reference into this Contract. The following are the applicable Contract Documents: Invitation to Bid, Bid, Bid Bond, Designation of Subcontractors, Experience Qualifications, Noncollusion Declaration, Acknowledgment of Insurance Requirements, Instructions to Bidders, Contract, Faithful Performance Bond, Payment Bond, Contractor's Certificate Regarding Workers' Compensation, the Insurance Certificates and Endorsements, Abbreviations and Definitions, General Conditions, Technical Specifications and Plans (Drawings), and Special Provisions, applicable to this work, and all Addenda and Change Orders, as well as all written modifications of the Contract Documents agreed to by the parties. Any work called for in one Contract Document and not mentioned in others is to be performed and executed as if mentioned in all Contract Documents.

1.1.3 The District agrees to pay the Contractor for the performance of the Contract, subject to additions and deductions provided therein, the following prices, and the Contractor agrees to receive and accept the following prices as full compensation for furnishing all materials, labor, supplies, tools and equipment, and for doing all the work contemplated and embraced in this Contract, and for all risks of every description connected with the work and for all expenses incurred by or in consequence of the suspension or discontinuance of the work, and for well and faithfully completing the work and the whole thereof in the manner and according to the Contract Documents and the requirements of the Engineer under them, namely: BID SCHEDULE.

1.1.4 The District shall make payments on the account of the Contract as specified in the General Conditions of the Contract.

1.1.5 The Contractor shall diligently prosecute the work to completion in accordance with the following schedule: Substantial Completion by December 1, 2019 and Final Completion by December 15, 2019.

1.1.6 The Contractor acknowledges that it has examined the prevailing rate of per diem wages as established and published by the California Director of Industrial Relations, copies of which are available for inspection at the office of the District. The Contractor agrees to pay all workers employed on the work not less than the applicable prevailing rate of per diem wages, as the same may be amended from time to time. The Contractor shall post at each job site a copy of the determination of the Director of Industrial Relations of the prevailing rate of per diem wages. The Contractor also shall ensure that all subcontractors on the work are notified of and comply with their obligations in regard to the payment of prevailing wages to all of their workers employed on the Project.

IN WITNESS WHEREOF, the parties execute this Contract as follows:

For District:

Name: Dan York

Title: General Manager

Attest:

Name: Dana Dean, P.E.

Title: Engineering Manager

For Contractor:

Name: _____

Title: _____



Agenda Item: 12

Date: March 12, 2019

Subject: New OPEB Valuation Under GASB 75

Staff Contact: Daniel A. Bills, Finance Director

Recommended Board Action:

Adopt the following actions related to Other Post-Employment Benefits (OPEB):

1. Approve funding CERBT with \$537,764 in 2019 as opposed to the Budget of \$580,000.
2. Effective January 1, 2019, expense retiree health costs, implied subsidies and retiree healthcare plan administrative expenses (pay-go costs) and no longer seek reimbursement from CERBT for pay-go costs.
3. Continue investing CERBT funds under CERBT’s Asset Allocation Strategy No. 1.

Discussion:

As discussed with the Board in July 2018 and in November 2017, the new financial reporting requirements for Other Post-Employment Benefits (OPEB) under Government Accounting Standards Board Statement No. 75 (GASB 75) require the District to have a new OPEB actuarial valuation. In July 2018, staff presented the Board with a valuation performed by “Total Compensation Systems” under GASB 75. As the year ended, staff recognized there was a need for significantly more information than was included in this report. Staff reached out to Bartel & Associates who perform the Pension Valuation for the District. The new OPEB valuation performed by Bartel & Associates is attached as Exhibit 1. The most notable differences under this new valuation compared to the previous valuations performed under GASB 45 are:

| | <u>GASB 45</u> | <u>GASB 75</u> |
|---|-----------------------------|-----------------------------|
| | <u>June 30, 2017</u> | <u>June 30, 2018</u> |
| Actuarial Accrued Liability (AAL) | \$ 6,885,458 | \$ 11,208,969 |
| Market Value of Assets | 4,730,382 | 5,352,629 |
| Unfunded AAL/Net OPEB Liability | \$ <u>2,155,076</u> | \$ <u>5,856,340</u> |
| | | |
| Annual Contribution | <u>2018</u> | <u>2019</u> |
| Pre-Funding | \$ 258,507 | \$ 537,764 |
| Retiree OPEB Expenses/Admin Costs | <u>298,695</u> | 354,356 |
| Implied Subsidy | | <u>54,476</u> |
| Actuarially Determined Contribution (ADC) | \$ <u>557,202</u> | \$ <u>946,596</u> |
| | | |
| Contribution Budget | \$ 557,202 | \$ 580,000 |
| Increase to Health Benefits Expense | | \$ 354,356 |

Exhibit 1 is the new OPEB Valuation report with a comparison to the prior valuation performed under GASB 45. The new valuation shows a \$4.3 million increase in the Actuarial Accrued Liability (AAL) (\$11,208,969 - \$6,885,458 = \$4,323,511). The increase is primarily due to:

| | <u>Millions</u> |
|--|-----------------|
| 1. A change in the method of calculating medical cost trends | \$1.9 |
| 2. Calculation of the "Implied Subsidy" | 1.5 |
| 3. Lower Discount rate (7.0% down to 6.75%) | <u>0.9</u> |
| | <u>\$4.3</u> |

In addition, the new OPEB Valuation recommends a significantly increased Actuarially Determined Contribution (ADC) of roughly \$0.3 million. To mitigate the funding increase, staff proposes that beginning January 1, 2019, the 2019 contribution be lowered to \$537,764 with Pay-Go costs expensed as paid. This differs from current practice as Pay-Go costs were funded to the Trust with reimbursement made subsequent to actual expenses being incurred.

In addition to the actuarial report, CERBT** also asks the District to reaffirm its Asset Allocation Strategy (Investment strategy) and the District's contribution method. Consistent with prior Board direction, it is recommended the District continue to: 1) use CERBT's Asset Allocation Strategy No. 1 with a 7.28% expected long-term rate of return and a standard deviation of 11.74%, and 2) to fund the "Pre-Funding" portion only of the ADC. See Exhibit 2 attached.

For the Board's Information, following are the projected future funding amounts:

| | |
|------|-----------|
| 2020 | \$502,299 |
| 2021 | \$482,497 |
| 2022 | \$465,140 |
| 2023 | \$432,091 |
| 2024 | \$406,405 |

**CERBT is the OPEB Trust selected by the District.

Fiscal Impact:

The new OPEB Valuation increases the District's AAL by roughly \$4.3 million compared to the same valuation performed under GASB 45. District funding requirements will increase by roughly \$0.3 million in 2019.

Strategic Plan Alignment:

Finance – 4.D. Pay authorized District financial obligations in a timely manner.



**Sacramento Suburban Water District
Retiree Healthcare Plan**

BARTEL
ASSOCIATES, LLC

**June 30, 2018 Actuarial Valuation
2019 and 2020 Plan Funding
December 31, 2018 GASBS 75 Accounting Information**

Doug Pryor, Vice President
Tak Frazita, Associate Actuary
Kateryna Doroshenko, Actuarial Analyst
Bartel Associates, LLC

February 7, 2019

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Actuarial Valuation Information (Funding)

Benefit Summary

| ■ Eligibility | <ul style="list-style-type: none"> ■ Retire directly from the District under CalPERS <ul style="list-style-type: none"> ● Age 50 (52 for Miscellaneous PEPRAs members) and 5 years of service or ● Disability retirement | | | | | | | | | | | | |
|--------------------|--|----------------|---------------|----------------|---------------|------|-----------|-------------|-------------|------|--------|----------|----------|
| ■ Medical Cap | <ul style="list-style-type: none"> ■ District's medical cap is the higher of 1) the higher of the lowest-cost HMO or PPO CalPERS plans, or 2) the CalPERS "100/90 Formula": <table style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Single</u></th> <th style="text-align: center;"><u>2-Party</u></th> <th style="text-align: center;"><u>Family</u></th> </tr> </thead> <tbody> <tr> <td>2018</td> <td style="text-align: right;">\$ 725.00</td> <td style="text-align: right;">\$ 1,407.92</td> <td style="text-align: right;">\$ 1,830.30</td> </tr> <tr> <td>2019</td> <td style="text-align: right;">734.00</td> <td style="text-align: right;">1,398.00</td> <td style="text-align: right;">1,788.00</td> </tr> </tbody> </table> | | <u>Single</u> | <u>2-Party</u> | <u>Family</u> | 2018 | \$ 725.00 | \$ 1,407.92 | \$ 1,830.30 | 2019 | 734.00 | 1,398.00 | 1,788.00 |
| | <u>Single</u> | <u>2-Party</u> | <u>Family</u> | | | | | | | | | | |
| 2018 | \$ 725.00 | \$ 1,407.92 | \$ 1,830.30 | | | | | | | | | | |
| 2019 | 734.00 | 1,398.00 | 1,788.00 | | | | | | | | | | |
| ■ Hired < 1/1/2003 | <ul style="list-style-type: none"> ■ District pays for retirees and their eligible dependents up to the medical cap ■ District pays for retirees and their eligible dependents dental and vision premiums | | | | | | | | | | | | |
| ■ Hired ≥ 1/1/2003 | <ul style="list-style-type: none"> ■ District pays for retirees and their eligible dependents up to percent of the medical cap ■ District pays for retirees and their eligible dependents percent of dental and vision premiums ■ Percent contributed is based on CalPERS service: <ul style="list-style-type: none"> ● <10 years: 0% ● ≥10 years: 50% + 5% x Service >10, up to 100% | | | | | | | | | | | | |
| ■ Surviving Spouse | ■ Benefit continues based on CalPERS retirement plan election | | | | | | | | | | | | |
| ■ Other | ■ No life or Medicare Part B benefits | | | | | | | | | | | | |

February 7, 2019

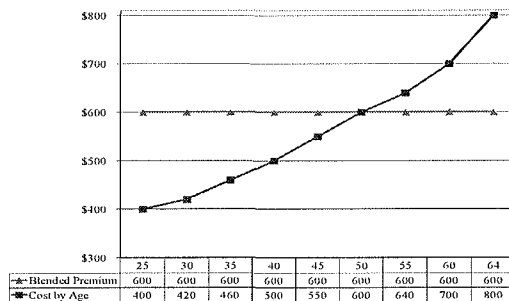
1

Sacramento Suburban Water District

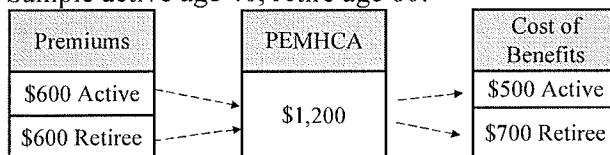
Actuarial Valuation Information (Funding)

Implied Subsidy

- For PEMHCA, employer cost for allowing retirees to participate at active rates.
 - General trend:



- Sample active age 40, retire age 60:



- GASB defers to actuarial standards of practice.
- In May 2014, Actuarial Standards Board released revised Actuarial Standards of Practice (ASOP) No. 6:
 - Requires implied subsidy valued for community rated plans such as PEMHCA.
 - Effective with all valuations on or after March 31, 2015.

Actuarial Valuation Information (Funding)

Premiums
2018 PEMHCA Monthly Premiums
Sacramento Region

| Plan | Non-Medicare Eligible | | | Medicare Eligible | | |
|--------------------------|-----------------------|-------------|-------------|-------------------|-----------|-------------|
| | Single | 2-Party | Family | Single | 2-Party | Family |
| Anthem Select | \$ 942.29 | \$ 1,884.58 | \$ 2,449.95 | n/a | n/a | n/a |
| Anthem Traditional | 1,054.62 | 2,109.24 | 2,742.01 | \$ 370.34 | \$ 740.68 | \$ 1,111.02 |
| Blue Shield Access+ | 806.71 | 1,613.42 | 2,097.45 | n/a | n/a | n/a |
| Health Net SmartCare | 980.82 | 1,961.64 | 2,550.13 | n/a | n/a | n/a |
| Kaiser | 703.96 | 1,407.92 | 1,830.30 | 316.34 | 632.68 | 949.02 |
| UnitedHealthcare | 831.42 | 1,662.84 | 2,161.69 | 330.76 | 661.52 | 992.28 |
| Western Health Advantage | 744.79 | 1,489.58 | 1,936.45 | n/a | n/a | n/a |
| PERS Choice | 735.38 | 1,470.76 | 1,911.99 | 345.97 | 691.94 | 1,037.91 |
| PERS Select | 684.90 | 1,369.80 | 1,780.74 | 345.97 | 691.94 | 1,037.91 |
| PERSCare | 797.61 | 1,595.22 | 2,073.79 | 382.30 | 764.60 | 1,146.90 |



Actuarial Valuation Information (Funding)

Premiums
2019 PEMHCA Monthly Premiums
Sacramento Region

| Plan | Non-Medicare Eligible | | | Medicare Eligible | | |
|--------------------------|-----------------------|-------------|-------------|-------------------|-----------|-------------|
| | Single | 2-Party | Family | Single | 2-Party | Family |
| Anthem Select | \$ 946.14 | \$ 1,892.28 | \$ 2,459.96 | n/a | n/a | n/a |
| Anthem Traditional | 1,178.79 | 2,357.58 | 3,064.85 | \$ 357.44 | \$ 714.88 | \$ 1,072.32 |
| Blue Shield Access+ | 881.01 | 1,762.02 | 2,290.63 | n/a | n/a | n/a |
| Health Net SmartCare | n/a | n/a | n/a | n/a | n/a | n/a |
| Kaiser | 687.99 | 1,375.98 | 1,788.77 | 323.74 | 647.48 | 971.22 |
| UnitedHealthcare | 928.85 | 1,857.70 | 2,415.01 | 299.37 | 598.74 | 898.11 |
| Western Health Advantage | 696.68 | 1,393.36 | 1,811.37 | n/a | n/a | n/a |
| PERS Choice | 798.58 | 1,597.16 | 2,076.31 | 360.41 | 720.82 | 1,081.23 |
| PERS Select | 508.68 | 1,017.36 | 1,322.57 | 360.41 | 720.82 | 1,081.23 |
| PERSCare | 1,027.99 | 2,055.98 | 2,672.77 | 394.83 | 789.66 | 1,184.49 |



Actuarial Valuation Information (Funding)

Premiums
Dental and Vision Monthly Premiums

■ **Dental Premiums**

| | Single | 2-Party | Family |
|------|---------------|----------------|---------------|
| 2018 | \$ 61.75 | \$ 121.64 | \$ 175.06 |
| 2019 | 64.22 | 126.51 | 182.06 |

■ **Vision Premiums**

| | Single | 2-Party | Family |
|------|---------------|----------------|---------------|
| 2018 | \$ 19.56 | \$ 19.56 | \$ 19.56 |
| 2019 | 19.56 | 19.56 | 19.56 |



Actuarial Valuation Information (Funding)

Data Summary
Participant Statistics
June 30, 2018

| | Active | Retiree |
|-------------------------------|---------------|----------------|
| ■ Counts | | |
| ● Tier 1 (Hired < 1/1/2003) | 17 | 33 |
| ● Tier 2 (Hired ≥ 1/1/2003) | <u>50</u> | <u>4</u> |
| ● Total | 67 | 37 |
| ■ Average | | |
| ● Age | 44.7 | 72.3 |
| ● District Service | 10.8 | n/a |
| ● CalPERS Service | 12.6 | n/a |
| ● Retirement Age | n/a | 60.3 |
| ● Salary | \$ 74,100 | n/a |
| ■ Total Salary (000's) | 4,963 | n/a |



Actuarial Valuation Information (Funding)

Data Summary

**Active Medical Coverage by Age Group
June 30, 2018**

| Age | Single | 2-Party | Family | Waived | Total |
|-------------|--------|---------|--------|--------|-------|
| Under 25 | 1 | - | - | - | 1 |
| 25-29 | 2 | 2 | 1 | 1 | 6 |
| 30-34 | 1 | 1 | 3 | 2 | 7 |
| 35-39 | - | 1 | 8 | 2 | 11 |
| 40-44 | - | - | 9 | - | 9 |
| 45-49 | 1 | - | 5 | 3 | 9 |
| 50-54 | 1 | 1 | 3 | 3 | 8 |
| 55-59 | 3 | 3 | 2 | 2 | 10 |
| 60-64 | 2 | 1 | 1 | 2 | 6 |
| 65+ | - | - | - | - | - |
| Total | 11 | 9 | 32 | 15 | 67 |
| Average Age | 45.9 | 44.9 | 43.4 | 46.6 | 44.7 |

Actuarial Valuation Information (Funding)

Data Summary

**Active Medical Coverage
June 30, 2018**

| Medical Plan | Single | 2-Party | Family | Waived | Total |
|--------------------------|--------|---------|--------|--------|-------|
| Blue Shield Access+ | 1 | 1 | - | - | 2 |
| Kaiser | 9 | 7 | 29 | - | 45 |
| Western Health Advantage | 1 | - | 2 | - | 3 |
| PERS Choice | - | 1 | - | - | 1 |
| PERS Select | - | - | 1 | - | 1 |
| Waived | - | - | - | 15 | 15 |
| Total | 11 | 9 | 32 | 15 | 67 |

Actuarial Valuation Information (Funding)

Data Summary
Active Age Service Distribution
June 30, 2018

| Age | District Service | | | | | | | Total |
|--------------|------------------|-----------|----------|-----------|-----------|----------|----------|-----------|
| | <1 | 1-4 | 5-9 | 10-14 | 15-19 | 20-24 | 25+ | |
| Under 25 | - | 1 | - | - | - | - | - | 1 |
| 25-29 | 3 | 2 | 1 | - | - | - | - | 6 |
| 30-34 | 2 | 3 | - | 2 | - | - | - | 7 |
| 35-39 | 1 | 3 | 2 | 5 | - | - | - | 11 |
| 40-44 | 3 | 2 | 1 | - | 3 | - | - | 9 |
| 45-49 | - | 1 | - | 1 | 4 | 3 | - | 9 |
| 50-54 | 1 | - | 1 | 3 | 1 | 2 | - | 8 |
| 55-59 | - | 2 | - | 4 | - | 2 | 2 | 10 |
| 60-64 | - | - | - | 2 | 3 | 1 | - | 6 |
| 65+ | - | - | - | - | - | - | - | - |
| Total | 10 | 14 | 5 | 17 | 11 | 8 | 2 | 67 |



Actuarial Valuation Information (Funding)

Data Summary
Retiree Medical Coverage by Age Group
June 30, 2018

| Age | Single | 2-Party | Family | Waived | Total |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| Under 50 | - | - | - | - | - |
| 50-54 | - | - | - | - | - |
| 55-59 | 1 | - | 1 | - | 2 |
| 60-64 | 3 | 2 | 1 | 1 | 7 |
| 65-69 | 2 | 5 | - | 2 | 9 |
| 70-74 | 3 | 2 | - | - | 5 |
| 75-79 | 3 | 3 | - | 1 | 7 |
| 80-84 | - | 2 | - | - | 2 |
| Over 85 | 2 | 1 | - | 2 | 5 |
| Total | 14 | 15 | 2 | 6 | 37 |
| Average Age | 72.5 | 72.3 | 59.8 | 76.1 | 72.3 |



Actuarial Valuation Information (Funding)

Data Summary

**Retiree Medical Coverage - Under Age 65
June 30, 2018**

| Medical Plan | Single | 2-Party | Family | Waived | Total |
|--------------------------|--------|---------|--------|--------|-------|
| Kaiser | 3 | 1 | 1 | - | 5 |
| UnitedHealthcare | - | - | - | - | - |
| Western Health Advantage | - | 1 | - | - | 1 |
| PERS Choice | 1 | - | - | - | 1 |
| PERS Care | - | - | 1 | - | 1 |
| Waived | - | - | - | 1 | 1 |
| Total | 4 | 2 | 2 | 1 | 9 |



Actuarial Valuation Information (Funding)

Data Summary

**Retiree Medical Coverage - Over Age 65
June 30, 2018**

| Medical Plan | Single | 2-Party | Family | Waived | Total |
|--------------------------|--------|---------|--------|--------|-------|
| Kaiser | 5 | 6 | - | - | 11 |
| UnitedHealthcare | 1 | - | - | - | 1 |
| Western Health Advantage | - | - | - | - | - |
| PERS Choice | 1 | 2 | - | - | 3 |
| PERS Care | 3 | 5 | - | - | 8 |
| Waived | - | - | - | 5 | 5 |
| Total | 10 | 13 | - | 5 | 28 |



Actuarial Valuation Information (Funding)

Data Summary

**Retiree Dental and Vision Coverage
June 30, 2018**

| | Single | 2-Party | Family | Waived | Total |
|--------|---------------|----------------|---------------|---------------|--------------|
| Dental | 13 | 17 | 3 | 4 | 37 |
| Vision | 12 | 17 | 3 | 5 | 37 |



Actuarial Valuation Information (Funding)

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Actuarial Valuation Information (Funding)

Actuarial Assumptions and Methods

| | Actuarial Assumptions |
|---|---|
| ■ Actuarial Valuation Date | ■ June 30, 2018 |
| ■ Contribution Policy | ■ District contributes full ADC with CERBT Trust Strategy 1 |
| ■ Discount Rate and Long Term Expected Rate of Return on Assets | ■ 6.75% at June 30, 2018 |
| | ■ 6.75% at June 30, 2017 |
| | ■ Expected District contributions projected to keep sufficient plan assets to pay all benefits from trust |
| ■ General Inflation | ■ 2.75% annually |
| ■ Mortality, Retirement, Disability, Termination | ■ CalPERS 1997-2015 Experience Study |
| ■ Mortality Improvement | ■ Mortality projected fully generational with Scale MP-17 for post-retirement mortality |
| ■ Salary Increases | ■ Aggregate - 3% annually |
| | ■ Merit - CalPERS 1997-2015 Experience Study |
| ■ Medical Trend | ■ Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years |
| | ■ Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years |
| ■ Dental/Vision Trend | ■ 3.75% annually |



Actuarial Valuation Information (Funding)

Actuarial Assumptions and Methods

| | Actuarial Assumptions |
|---|---|
| ■ Cap Increases | ■ 100/90 Formula Rates: Non-Medicare Healthcare trend |
| ■ Healthcare, dental and vision participation | ■ Actives: 90% |
| | ■ Retirees: based on current coverage |
| ■ Spouse Coverage | ■ Covered: based on current coverage |
| | ■ Waived: 80% elect spouse coverage at retirement |
| ■ Family Coverage | ■ 20% of actives family coverage to age 65 |
| ■ Terminated actives | ■ Assumed to collect benefits at age 60 if 20+ years of District service |
| ■ Surviving Spouse | ■ 100% if eligible |
| ■ Spouse Age | ■ Actives: Males 3 years older than females |
| | ■ Retirees: Males 3 years older than females if spouse birth date not available |
| ■ Waived Retiree Re-election | ■ None |
| ■ PPACA Excise Tax | ■ 2% on cash benefit for PPACA High Cost Plan |
| ■ Medicare Eligibility | ■ All participants assumed to be Medicare eligible and elect Medicare plans at age 65 |



Actuarial Valuation Information (Funding)

Actuarial Assumptions and Methods

| ■ HMO Medical Claims Costs 2018 | ■ Sample estimated monthly claims costs | | | | | | | | |
|--|---|-------------|-------|--------|-------|------------------|-------|----------------|--|
| | Sacramento Region – Non-Medicare Eligible | | | | | | | | |
| | Age | Blue Shield | | Kaiser | | UnitedHealthcare | | Western Health | |
| | | Access+ | | | | | | Advantage | |
| | M | F | M | F | M | F | M | F | |
| 25 | \$242 | \$475 | \$232 | \$455 | \$244 | \$480 | \$219 | \$430 | |
| 35 | 317 | 581 | 304 | 557 | 320 | 587 | 287 | 526 | |
| 45 | 504 | 610 | 483 | 585 | 510 | 616 | 456 | 552 | |
| 55 | 842 | 851 | 807 | 816 | 851 | 860 | 762 | 771 | |
| 60 | 1,075 | 1,005 | 1,031 | 964 | 1,086 | 1,016 | 973 | 910 | |
| 65 | 1,358 | 1,223 | 1,302 | 1,173 | 1,373 | 1,236 | 1,230 | 1,107 | |
| | Medicare Eligible | | | | | | | | |
| 65 | n/a | n/a | 304 | 282 | 326 | 302 | n/a | n/a | |
| 75 | n/a | n/a | 357 | 320 | 383 | 343 | n/a | n/a | |
| 85 | n/a | n/a | 381 | 339 | 409 | 363 | n/a | n/a | |
| 95 | n/a | n/a | 347 | 297 | 373 | 318 | n/a | n/a | |



Actuarial Valuation Information (Funding)

Actuarial Assumptions and Methods

| ■ PPO Medical Claims Costs 2018 | ■ Sample estimated monthly claims costs | | | | | |
|------------------------------------|---|-------------|-------|-------------|-------|-----------|
| | Sacramento Region – Non-Medicare Eligible | | | | | |
| | Age | PERS Choice | | PERS Select | | PERS Care |
| M | | F | M | F | M | F |
| 25 | \$217 | \$357 | \$195 | \$321 | \$245 | \$403 |
| 35 | 322 | 495 | 290 | 445 | 364 | 559 |
| 45 | 512 | 560 | 460 | 504 | 578 | 633 |
| 55 | 757 | 732 | 680 | 658 | 855 | 827 |
| 60 | 909 | 841 | 817 | 756 | 1,027 | 950 |
| 65 | 1,129 | 1,015 | 1,015 | 912 | 1,275 | 1,147 |
| | Medicare Eligible | | | | | |
| 65 | 326 | 342 | 326 | 342 | 361 | 378 |
| 75 | 351 | 365 | 351 | 365 | 388 | 403 |
| 85 | 358 | 372 | 358 | 372 | 396 | 411 |
| 95 | 326 | 326 | 326 | 326 | 360 | 360 |



Actuarial Valuation Information (Funding)

Actuarial Assumptions and Methods

| | Actuarial Methods |
|-----------------------|---|
| ■ Cost Method | ■ Entry Age Normal |
| ■ Amortization Method | ■ Level percent of payroll |
| ■ Amortization Period | ■ 2019 UAAL – 20-year fixed (closed) period |
| ■ Future New Entrants | ■ None – closed group |
| ■ Assets | ■ Assets valued at market value |



Actuarial Valuation Information

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Actuarial Valuation Information (Funding)

Actuarial Obligations

| | 6/30/2017 * | 6/30/2018 |
|--------------------------------------|--------------|---------------|
| ■ Present Value of Benefits | | |
| ● Actives | \$ 4,827,287 | \$ 10,934,485 |
| ● Retirees | 3,305,852 | 4,454,099 |
| ● Total | 8,133,139 | 15,388,584 |
| ■ Actuarial Accrued Liability | | |
| ● Actives | 3,579,606 | 6,754,870 |
| ● Retirees | 3,305,852 | 4,454,099 |
| ● Total | 6,885,458 | 11,208,969 |
| ■ Market Value of Assets | 4,730,382 | 5,352,629 |
| ■ Unfunded AAL | 2,155,076 | 5,856,340 |
| ■ Funded Percent | 69% | 48% |

* Calculated by Total Compensation Systems, Inc.



Actuarial Valuation Information (Funding)

Market Value of Plan Assets

| | 7/1/2016 to 6/30/2017 * | 7/1/2017 to 6/30/2018 ** |
|--|----------------------------|-----------------------------|
| ■ Market Value (beginning of year) | \$ 4,073,159 | \$ 4,730,382 |
| ● Contributions | 472,200 | 557,202 |
| ● Net Investment Income | 450,797 | 363,740 |
| ● OPEB Reimbursements | (263,515) | (289,834) |
| ● Administrative Expenses | (2,259) | (2,604) |
| ● Other Expenses | - | (6,257) |
| ■ Market Value (end of year) | 4,730,382 | 5,352,629 |

* From June 30, 2017 audited assets.

** From June 30, 2018 unaudited assets.



Actuarial Valuation Information (Funding)

Actuarial Obligations

June 30, 2018

| | Cash Benefit | Implied Subsidy | Total |
|--|-------------------------|----------------------------|--------------|
| ■ Present Value of Benefits | | | |
| • Actives | \$ 9,291,571 | \$ 1,642,914 | \$10,934,485 |
| • Retirees | 4,106,365 | 347,734 | 4,454,099 |
| • Total | 13,397,936 | 1,990,648 | 15,388,584 |
| ■ Actuarial Accrued Liability | | | |
| • Actives | 5,742,154 | 1,012,716 | 6,754,870 |
| • Retirees | 4,106,365 | 347,734 | 4,454,099 |
| • Total | 9,848,519 | 1,360,450 | 11,208,969 |
| ■ Market Value of Assets | 5,352,629 | - | 5,352,629 |
| ■ Unfunded AAL | 4,495,890 | 1,360,450 | 5,856,340 |
| ■ Service Cost (2019) | 422,884 | 75,902 | 498,786 |
| ■ Pay-As-You-Go Cost (Projected 2019) | 354,356 | 54,476 | 408,832 |



Actuarial Valuation Information (Funding)

Actuarial Obligations

Estimated 2019 Implied Subsidy Transfer for Medical Coverage

For Illustrative Purposes Only

Before Implied Subsidy

| | Actives | Retirees | Total |
|-------------------------|----------------|-----------------|--------------|
| ■ Total Premium | \$ 930,963 | \$ 305,979 | \$1,236,942 |
| ■ Member Contribution | - | (2,086) | (2,086) |
| ■ Employer Contribution | 930,963 | 303,893 | 1,234,856 |

After Implied Subsidy

| | Actives | Retirees | Total |
|----------------------------|----------------|-----------------|--------------|
| ■ Total Premium | \$ 930,963 | \$ 305,979 | \$1,236,942 |
| ■ Member Contribution | - | (2,086) | (2,086) |
| ■ Implied Subsidy Transfer | (54,476) | 54,476 | - |
| ■ Employer Contribution | 876,487 | 358,369 | 1,234,856 |



Actuarial Valuation Information (Funding)

Actuarially Determined Contributions

| | 2019 | 2020 |
|----------------------------|------------|------------|
| ■ ADC - \$ | | |
| ● Normal Cost | \$ 498,786 | \$ 513,750 |
| ● Administrative Expenses | 3,695 | 4,310 |
| ● UAAL Amortization | 444,115 | 457,438 |
| ● Total ADC | 946,596 | 975,498 |
| ■ Projected Payroll | 5,037,280 | 5,188,398 |
| ■ ADC - % | | |
| ● Normal Cost | 9.9% | 9.9% |
| ● Administrative Expenses | 0.1% | 0.1% |
| ● UAAL Amortization | 8.8% | 8.8% |
| ● Total ADC | 18.8% | 18.8% |

Actuarial Valuation Information (Funding)

Contribution Projection

10-Year Illustration

| Calendar Year | Contribution | | | | Payroll | Contribution % of Payroll |
|---------------|------------------|-----------------|-------------|--------------------|-------------|---------------------------|
| | Benefit Payments | | Pre Funding | Total Contribution | | |
| | Cash | Implied Subsidy | | | | |
| 2019 | \$ 354,356 | \$ 54,476 | \$ 537,764 | \$ 946,596 | \$5,037,280 | 18.8% |
| 2020 | 406,134 | 67,065 | 502,299 | 975,498 | 5,188,398 | 18.8% |
| 2021 | 450,254 | 72,474 | 482,497 | 1,005,225 | 5,344,050 | 18.8% |
| 2022 | 494,380 | 76,325 | 465,140 | 1,035,845 | 5,504,372 | 18.8% |
| 2023 | 546,956 | 88,372 | 432,091 | 1,067,419 | 5,669,503 | 18.8% |
| 2024 | 595,394 | 98,129 | 406,405 | 1,099,928 | 5,839,588 | 18.8% |
| 2025 | 646,522 | 109,654 | 377,244 | 1,133,420 | 6,014,776 | 18.8% |
| 2026 | 697,398 | 118,711 | 351,814 | 1,167,923 | 6,195,219 | 18.9% |
| 2027 | 748,210 | 126,013 | 329,235 | 1,203,458 | 6,381,076 | 18.9% |
| 2028 | 797,740 | 134,384 | 307,943 | 1,240,067 | 6,572,508 | 18.9% |

Applicable Dates

Applicable Dates and Periods

| | Fiscal Year 2018 |
|----------------------------|----------------------------------|
| ■ Measurement date | June 30, 2018 |
| ■ Measurement period | July 1, 2017 to June 30, 2018 |
| ■ Actuarial valuation date | June 30, 2018 |



Note Disclosures

Plan Information

| | Fiscal Year End December 31, 2018 |
|-------------------------------------|--|
| ■ Plan type | Agent Multiple Employer |
| ■ OPEB trust | Yes |
| ■ Special funding situation | No |
| ■ Nonemployer contributing entities | No |



Note Disclosures

Expected Long-Term Rate of Return

| | Target Allocation* CERBT-Strategy 1 | Expected Real Rate of Return |
|--|--|---|
| ■ Asset Class Component | | |
| ● Global Equity | 57% | 4.82% |
| ● Fixed Income | 27% | 1.47% |
| ● TIPS | 5% | 1.29% |
| ● Commodities | 3% | 0.84% |
| ● REITs | 8% | 3.76% |
| ■ Assumed Long-Term Rate of Inflation | | 2.75% |
| ■ Expected Long-Term Net Rate of Return, Rounded | | 6.75% |

The long term expected real rate of returns are presented as geometric means.

* Policy target effective October 13, 2014



Note Disclosures

Covered Participants

At June 30, 2018, the measurement date, the following numbers of participants were covered by the benefit terms:

| | Number of Covered Participants |
|--|---|
| ■ Inactives currently receiving benefits | 37 |
| ■ Inactives entitled to but not yet receiving benefits | - |
| ■ Active employees | 67 |
| ■ Total | 104 |



Note Disclosures

Net OPEB Liability/(Asset)

| | Fiscal Year Ending | |
|--------------------------------|-----------------------------|-----------------------------|
| | 12/31/18 | 12/31/17 |
| | Measurement Date 6/30/18 | Measurement Date 6/30/17 |
| ■ Total OPEB Liability (TOL) | \$ 11,208,969 | \$ 10,375,304 |
| ■ Fiduciary Net Position (FNP) | 5,352,629 | 4,730,382 |
| ■ Net OPEB Liability (NOL) | 5,856,340 | 5,644,922 |
| ■ Funded status (FNP/TOL) | 47.8% | 45.6% |

Update procedures were used to roll back the Total OPEB Liability from the valuation date (June 30, 2018) to the beginning of the measurement period (June 30, 2017).



Note Disclosures

Changes in Net OPEB Liability/(Assets)

| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
|---|-------------------------|---------------------------|-----------------------|
| ■ Balance at 12/31/17 (6/30/17 measurement date) | \$ 10,375,304 | \$ 4,730,382 | \$ 5,644,922 |
| ■ Changes for the year | | | |
| ● Service Cost | 446,983 | - | 446,983 |
| ● Interest | 719,279 | - | 719,279 |
| ● Benefit changes | - | - | - |
| ● Actual vs. expected experience | - | - | - |
| ● Assumption changes | - | - | - |
| ● Contributions - employer* | - | 600,779 | (600,779) |
| ● Contributions - employee | - | - | - |
| ● Net investment income | - | 363,740 | (363,740) |
| ● Benefit payments | (332,597) | (332,597) | - |
| ● Administrative expenses ** | - | (9,675) | 9,675 |
| ■ Net Changes | 833,665 | 622,247 | 211,418 |
| ■ Balance at 12/31/18 (6/30/18 measurement date) | \$ 11,208,969 | \$ 5,352,629 | \$ 5,856,340 |

* Contributions to trust of \$557,202 plus \$0 cash benefits (\$289,834 was reimbursed from trust). \$42,763 implied subsidy benefits, and \$814 administrative expenses paid by the District.

** Includes \$6,257 prior year expenses provided by CERBT.



Note Disclosures

Sensitivity of Net OPEB Liability

■ **Changes in the Discount Rate**

| | Discount Rate | | |
|----------------------|------------------------|-------------------------|------------------------|
| | 1% Decrease (5.75%) | Current Rate (6.75%) | 1% Increase (7.75%) |
| ■ Net OPEB Liability | \$ 7,505,272 | \$ 5,856,340 | \$ 4,511,335 |

■ **Changes in the Healthcare Trend Rate**

| | Healthcare Trend Rate | | |
|----------------------|-----------------------|---------------|--------------|
| | 1% Decrease | Current Trend | 1% Increase |
| ■ Net OPEB Liability | \$ 4,333,626 | \$ 5,856,340 | \$ 7,766,774 |



Note Disclosures

OPEB Expense for Fiscal Year

| | 2018 Measurement Period 2017/18 |
|--|---------------------------------------|
| | ■ OPEB Expense* |

*See slide 48 for OPEB expense detail, which is not required disclosure.



Note Disclosures

Deferred Outflows/Inflows Balances at December 31, 2018

| | December 31, 2018 | |
|---|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| ■ Differences between expected and actual experience | \$ - | \$ - |
| ■ Changes in assumptions | - | - |
| ■ Net difference between projected and actual earnings on plan investments* | - | 26,476 |
| ■ Employer contributions made subsequent to the measurement date** | 24,450 | - |
| ■ Total | 24,450 | 26,476 |

* Deferred Inflows and Outflows combined for footnote disclosure.

** \$0 cash benefits (\$146,722 minus reimbursements from trust received on October 17, 2018 and January 23, 2019) plus \$24,141 implied subsidy benefits, and \$309 administrative expenses paid by the District.



Note Disclosures

Recognition of Deferred Outflows and Inflows of Resources in Future OPEB Expense

| FYE December 31 | Deferred Outflows/(Inflows) of Resources |
|-----------------|--|
| ■ 2019 | \$ (6,619) |
| ■ 2020 | (6,619) |
| ■ 2021 | (6,619) |
| ■ 2022 | (6,619) |
| ■ 2023 | - |
| ■ Thereafter | - |



Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

| | Actuarial Assumptions |
|---|---|
| ■ Actuarial Valuation Date | ■ June 30, 2018 |
| ■ Contribution Policy | ■ District contributes full ADC with CERBT Trust Strategy 1 |
| ■ Discount Rate and Long Term Expected Rate of Return on Assets | ■ 6.75% at June 30, 2018 |
| | ■ 6.75% at June 30, 2017 |
| | ■ Expected District contributions projected to keep sufficient plan assets to pay all benefits from trust |
| ■ General Inflation | ■ 2.75% annually |
| ■ Mortality, Retirement, Disability, Termination | ■ CalPERS 1997-2015 Experience Study |
| ■ Mortality Improvement | ■ Mortality projected fully generational with Scale MP-17 for post-retirement mortality |



Note Disclosures

Significant Actuarial Assumptions Used for Total OPEB Liability

| | Actuarial Assumptions |
|---|--|
| ■ Salary Increases | ■ Aggregate - 3% annually ■ Merit - CalPERS 1997-2015 Experience Study |
| ■ Medical Trend | ■ Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years |
| | ■ Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years |
| ■ Dental/Vision Trend | ■ 3.75% annually |
| ■ Cap Increases | ■ 100/90 Formula Rates: Non-Medicare Healthcare trend |
| ■ Healthcare, dental and vision participation | ■ Actives: 90% |
| | ■ Retirees: based on current coverage |
| ■ Spouse Coverage | ■ Covered: based on current coverage |
| | ■ Waived: 80% will elect spouse coverage at retirement |
| ■ Family Coverage | ■ 20% |



Required Supplementary Information

Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios

| | 2018 |
|--|---------------------------------------|
| | Measurement Period 2017/18 |
| ■ Changes in Total OPEB Liability | |
| ● Service Cost | \$ 446,983 |
| ● Interest | 719,279 |
| ● Actual vs. expected experience | - |
| ● Assumption changes | - |
| ● Benefit payments | (332,597) |
| ● Changes of benefit terms | - |
| ■ Net Changes | 833,665 |
| ■ Total OPEB Liability (beginning of year) | 10,375,304 |
| ■ Total OPEB Liability (end of year) | 11,208,969 |



Required Supplementary Information

Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios

| | 2018 |
|---|---------------------------------------|
| | Measurement Period 2017/18 |
| ■ Changes in Plan Fiduciary Net Position | |
| ● Contributions - employer | \$ 600,779 |
| ● Contributions - employee | - |
| ● Net investment income | 363,740 |
| ● Benefit payments | (332,597) |
| ● Administrative expenses | (9,675) |
| ● Other changes | - |
| ● Net Changes | 622,247 |
| ■ Plan Fiduciary Net Position (beginning of year) | 4,730,382 |
| ■ Plan Fiduciary Net Position (end of year) | 5,352,629 |



Required Supplementary Information

Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios

| | 2018 |
|--|--------------|
| ■ Net OPEB Liability/(Asset) | \$ 5,856,340 |
| ■ Fiduciary Net Position as a percentage of the Total OPEB Liability | 47.8% |
| ■ Covered employee payroll* | 5,032,984 |
| ■ Net OPEB Liability as a percentage of covered employee payroll | 116.4% |

* For the 12 month period ending on June 30, 2018 (Measurement Date).



Required Supplementary Information

Schedule of Employer Contributions

| | 2018 |
|---|-------------|
| ■ Actuarially Determined Contribution (ADC) | \$ 603,457 |
| ■ Contributions in relation to the actuarially determined contribution* | 603,457 |
| ■ Contribution deficiency/(excess) | - |
| ■ Covered employee payroll** | 5,286,650 |
| ■ Contributions as a percentage of covered employee payroll | 11.4% |

* Contributions to trust of \$557,202 plus \$0 cash benefits (\$297,125 was reimbursed from trust; reflects reimbursement received on January 23, 2019), and \$45,522 implied subsidy benefits, and \$733 administrative expenses paid by the District.

** For the 12 month period ending on December 31, 2018 (fiscal year end).



Actuarial Certification

This report presents Sacramento Suburban Water District Retiree Healthcare Plan 6/30/18 actuarial valuation and 2017/18 disclosure under Governmental Accounting Standards Board Statement No. 75 (GASBS 75). The Journal Entries in this report are provided for the District's convenience and are not an actuarial communication and this actuarial certification does not apply to them.

The report provides information intended for funding the District's Plan and reporting under GASBS 75, but may not be appropriate for other purposes. Information provided in this report may be useful to the District for the Plan's financial management. Future valuations may differ significantly if the Plan's experience differs from our assumptions or if there are changes in Plan design, actuarial methods, or actuarial assumptions. The project scope did not include an analysis of this potential variation.

The valuation is based on Plan provisions and participant data provided by the District, and asset information as summarized in this report, all of which we relied on and did not audit. We reviewed the participant data for reasonableness. As the actuary, Bartel Associates has recommended the assumptions used in this report, and we believe they are reasonable.

To the best of our knowledge, this report is complete and accurate and has been conducted using generally accepted actuarial principles and practices. Additionally, in our opinion, actuarial methods and assumptions comply with GASBS 75. As members of the American Academy of Actuaries meeting the Academy Qualification Standards, we certify the actuarial results and opinions herein.

Respectfully submitted,



Doug Pryor, ASA, EA, MAAA
Vice President
Bartel Associates, LLC
February 7, 2019



Tak Frazita, FSA, EA, MAAA, FCA
Associate Actuary
Bartel Associates, LLC
February 7, 2019



February 7, 2019

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Sacramento Suburban Water District

Supporting Calculations

Recognition of Deferred Outflows/Inflows at December 31, 2018 Differences between Expected and Actual Experience

| Fiscal Year | Initial Amt | Initial Recog Period | Amount Recognized in OPEB Expense for FY | | | | | | | Deferred Balances December 31, 2018 | |
|-------------|-------------|----------------------|--|------|------|------|------|------|-------|-------------------------------------|-----------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024+ | Outflows | (Inflows) |
| 2018 | - | - | - | - | - | - | - | - | - | - | - |
| Total | | | - | - | - | - | - | - | - | - | - |



February 7, 2019

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Sacramento Suburban Water District

Supporting Calculations

Recognition of Deferred Outflows/Inflows at December 31, 2018
Changes of Assumptions

| Fiscal Year | Initial Amt | Initial Recog Period | Amount Recognized in OPEB Expense for FY | | | | | | | Deferred Balances December 31, 2018 | |
|--------------|-------------|----------------------|--|------|------|------|------|------|-------|-------------------------------------|-----------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024+ | Outflows | (Inflows) |
| 2018 | - | - | - | - | - | - | - | - | - | - | - |
| Total | | | - | - | - | - | - | - | - | - | - |



Supporting Calculations

Recognition of Deferred Outflows/Inflows at December 31, 2018
Projected Versus Actual Earnings on Investments

| Fiscal Year | Initial Amt | Initial Recog Period | Amount Recognized in OPEB Expense for FY | | | | | | | Deferred Balances December 31, 2018 | |
|--------------|-------------|----------------------|--|---------|---------|---------|---------|------|-------|-------------------------------------|-----------|
| | | | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024+ | Outflows | (Inflows) |
| 2018 | (33,095) | 5.0 | (6,619) | (6,619) | (6,619) | (6,619) | (6,619) | - | - | - | (26,476) |
| Total | | | (6,619) | (6,619) | (6,619) | (6,619) | (6,619) | - | - | - | (26,476) |

* Calculation of amount for 202018 (2017/18 measurement period):
 Projected earnings on investments of \$330,645 (slide 49), less
 Actual earnings on investments of \$363,740 (net investment income, slide 40)



Supporting Calculations

Recognition of Deferred Outflows/Inflows in Future OPEB Expense

| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter 2024+ |
|--|---------|---------|---------|---------|------|---------------------|
| ■ Differences between Expected and Actual Experience | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| ■ Changes of Assumptions | - | - | - | - | - | - |
| ■ Projected Versus Actual Earnings on Investments | (6,619) | (6,619) | (6,619) | (6,619) | - | - |
| ■ Total | (6,619) | (6,619) | (6,619) | (6,619) | - | - |



Supporting Calculations

Components of GASBS 75 OPEB Expense

| | 2018 |
|--|-------------------------------|
| | Measurement Period 2017/18 |
| ■ Service Cost | \$ 446,983 |
| ■ Interest on Total OPEB Liability | 719,279 |
| ■ Projected earnings on investments | (330,645) |
| ■ Employee contributions | - |
| ■ Administrative expense | 9,675 |
| ■ Change in benefits | - |
| ■ Recognition of deferred outflows/(inflows) | |
| ● Experience | - |
| ● Assumptions | - |
| ● Asset returns | (6,619) |
| ■ OPEB Expense | 838,673 |



Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Projected Earnings on Investments

| | Dollar Amount | Expected Return | Portion of Year | Projected Earnings |
|--|----------------------|------------------------|------------------------|---------------------------|
| ■ Fiduciary Net Position (beginning of year) | \$ 4,730,382 | 6.75% | 100% | \$ 319,301 |
| ■ Employer contributions | 557,202 | 6.75% | 45% | 16,925 |
| ■ Employee contributions | - | 6.75% | 50% | - |
| ■ Benefit payments | (289,834) | 6.75% | 27% | (5,282) |
| ■ Administrative expenses | (8,861) | 6.75% | 50% | (299) |
| ■ Projected earnings | | | | 330,645 |



Supporting Calculations

Components of GASBS 75 OPEB Expense
Calculation of Interest on Total OPEB Liability

| | Dollar Amount | Discount Rate | Portion of Year | Interest |
|------------------------|----------------------|----------------------|------------------------|-----------------|
| ■ Total OPEB Liability | \$ 10,375,304 | 6.75% | 100% | \$ 700,333 |
| ■ Service Cost | 446,983 | 6.75% | 100% | 30,171 |
| ■ Benefit payments | (332,597) | 6.75% | 50% | (11,225) |
| ■ Total Interest | | | | 719,279 |



Supporting Calculations

GASBS 75 Balance Equation

| | Fiscal Year Ending | |
|------------------------------------|-----------------------------|-----------------------------|
| | 12/31/17 | 12/31/18 |
| | Measurement Date 6/30/17 | Measurement Date 6/30/18 |
| ■ Total OPEB Liability | \$ 10,375,304 | \$ 11,208,969 |
| ■ Fiduciary Net Position | 4,730,382 | 5,352,629 |
| ■ Net OPEB Liability | 5,644,922 | 5,856,340 |
| ■ Deferred inflows of resources | - | 26,476 |
| ■ Deferred (outflows) of resources | - | - |
| ■ Balance Sheet | 5,644,922 | 5,882,816 |

Check:

| | |
|-------------------------|--------------|
| ■ Balance Sheet 6/30/17 | \$ 5,644,922 |
| ● OPEB Expense | 838,673 |
| ● Contributions* | (600,779) |
| ■ Balance Sheet 6/30/18 | 5,882,816 |

* Contributions to trust of \$557,202 plus \$42,763 implied subsidy benefits, and \$814 administrative expenses paid by the District.



Actuarial Valuation Information

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Journal Entries

Journal Entries to Implement GASBS 75 for FYE December 31, 2018

| | Debit | Credit |
|--|--------------|--------------|
| 1 - To remove prior year Net OPEB Obligation or Asset recorded in accordance with GASBS 45 | | |
| • Dr - Net OPEB Obligation/(Asset) in accordance with GASBS 45 | \$ - | |
| • Cr - Unrestricted Net Position (restatement) | | \$ - |
| 2 - To restate beginning Net OPEB Liability/(Asset) in accordance with GASBS 75 | | |
| • Cr - Net OPEB Liability/(Asset) | | \$ 5,644,922 |
| • Dr - Unrestricted Net Position (restatement) | \$ 5,644,922 | |
| 3 - To restate prior year for OPEB contributions made after measurement date 6/30/17 and before FYE 12/31/17 | | |
| • Dr - Deferred Outflow - contribution made after measurement date (6/30/17) | \$ 21,772 | |
| • Cr- Unrestricted Net Position (restatement) | | \$ 21,772 |

* \$21,382 of half a year implied subsidy benefits, and \$390 administrative expenses paid by the District. CERBT expenses are not included since they are not contributed by the District.



Journal Entries

Journal Entries for FYE December 31, 2018

| | Debit | Credit |
|---|------------|------------|
| 4 - Remove current year contributions and record deferred outflow for contributions made after the Measurement Date (6/30/18) and before Fiscal Year End (12/31/18) | | |
| • Dr - Deferred Outflow - Contribution after measurement date (6/30/18) | \$ 309 | |
| • Cr - OPEB Expense | | \$ 309 |
| 4a - Remove current year implied subsidy payments and record deferred outflow for contributions made after the Measurement Date (6/30/18) and before Fiscal Year End (12/31/18) | | |
| • Dr - Deferred Outflow - Contribution after measurement date (6/30/18) | \$ 24,141 | |
| • Cr - Active employee health care costs | | \$ 24,141 |
| 4b - Record current year contributions during FY and before MD (1/1/18- 6/30/18) | | |
| • Dr - Net OPEB Liability | \$ 557,626 | |
| • Cr - OPEB Expense | | \$ 557,626 |
| 4c - Record current year Implied Subsidy payments during FY and before MD (1/1/18 - 6/30/18) | | |
| • Dr - Net OPEB liability - Contributions 1/1/18 - 6/30/18 | \$ 21,381 | |
| • Cr - Active employee health care costs | | \$ 21,381 |
| 5 - Recognize contribution as a reduction of Net OPEB Liability/(Asset) (this is the prior year contribution that was recognized as deferred outflow made after the measurement date 6/30/17 and before FYE 12/31/17) | | |
| • Dr - Net OPEB Liability/(Asset) | \$ 21,772 | |
| • Cr - Deferred Outflow - Contributions | | \$ 21,772 |
| 6 - Journal Entry - Recognize current year OPEB expense and actuarial deferred outflows/(inflows) | | |
| • Cr - Deferred Inflow - Net difference between projected and actual earnings on investments | | \$ 26,476 |
| • Dr - OPEB Expense | \$ 838,673 | |
| • Cr - Net OPEB Liability/(Asset) | | \$ 812,197 |



**CERTIFICATION OF OPEB ACTUARIAL
INFORMATION**



As Actuary of the plan, I certify that the Other Post-Employment Benefits (OPEB) actuarial valuation upon which the enclosed summary of actuarial information is based meets the following criteria:

- The valuation has been prepared and signed by a Fellow or Associate of the Society of Actuaries, or an Enrolled Actuary of the Joint Board for the Enrollment of Actuaries, and a Member of the American Academy of Actuaries.¹
- The valuation has been prepared in accordance with the Actuarial Standards of Practice.
- If the valuation is an accounting valuation, then it has been prepared in accordance with the requirements set forth in Governmental Accounting Standards Board (GASB) Statements related to OPEB reporting.
- If employer assets to pre-fund other post-employment benefits are invested in an irrevocable OPEB trust other than the CERBT, the liabilities associated with those assets are not included in the summary of actuarial information.

I further certify that the discount rate is consistent with the anticipated level of funding pursuant to the relevant sections in GASB and ASOP, and the employer's certification.

Sacramento Suburban Water District

Name of Employer

June 30, 2018

Valuation Date

Doug Pryor, ASA, EA, MAAA

Printed Name of Actuary and Designation

A handwritten signature in cursive script that reads "Doug Pryor".

January 24, 2019

Signature

Date

Rev 04/03/2018

¹In cases where the actuary performing the work does not meet these criteria, the valuation may be acceptable if the person has equivalent qualifications that are acceptable to the CalPERS Board. Please provide the qualifications of the actuary performing the valuation.



CERTIFICATION OF OPEB FUNDING POLICY & GASB OPEB STANDARDS REPORTING COMPLIANCE

SECTION I: CERBT Asset Allocation Strategy Selection

As the employer, I certify that my agency chooses the following CERBT asset allocation strategy.

Select one CERBT Asset Allocation Strategy:

| CERBT Asset Allocation Strategy | Long-Term Expected Rate of Return | Standard Deviation of Expected Return |
|--|-----------------------------------|---------------------------------------|
| <input checked="" type="checkbox"/> Strategy 1 | 7.28% | 11.74% |
| <input type="checkbox"/> Strategy 2 | 6.73% | 9.32% |
| <input type="checkbox"/> Strategy 3 | 6.12% | 7.14% |

SECTION II: Funding Method

As the employer, I certify that our OPEB funding method and intent for the period covered by our current OPEB cost report (valuation or AMM) is to contribute consistently an amount that is equal to (select one):



ADC funding method: 57 (see below) % of the Actuarially Determined Contribution (ADC) as determined in our OPEB actuarial cost report (valuation or AMM) dated June 30, 2018. If using an ADC, please provide the ADC amount (1 and/or 2 years) in the comment section below.



Other funding method: We will contribute to the trust using an approach not directly related to the ADC (please describe below):

2019 ADC is \$946,596 of which the District will fund the "pre-funding" amount of \$537,764. 2020 ADC is \$975,498 of which the District will fund the "pre-funding" amount of \$502,299.

2019 Pay-go costs of \$354,356 and the implied subsidy of \$54,476 are components of the ADC but will not be funded.

2020 Pay-go costs of \$406,134 and the implied subsidy of \$67,065 are components of the ADC but will not be funded.

The District will not be seeking reimbursement of costs. See section III below.

CERTIFICATION OF OPEB FUNDING POLICY & GASB OPEB STANDARDS REPORTING COMPLIANCE

SECTION III: Contribution and Reimbursement Method

As the employer, I certify that we intend to make CERBT contributions and request eligible reimbursements in the following manner (select one):

- Contribute full ADC payments to the trust and seek reimbursements for pay-go costs.
- Contribute ADC payments to the CERBT net of pay-go costs and not seek reimbursement (ADC minus pay-go = Trust Contribution).
- Other contribution and/or reimbursement method, e.g. initial/ ad hoc lump sum contribution (please describe below):

SECTION IV: OPEB Cost Report Coverage Years

As the employer, I certify this OPEB cost report will be used for financial reporting or as the basis for any CERBT funding for the following fiscal years.

If using a GASB 75 compliant accounting valuation or AMM report, complete the GASB Accounting Valuation section. If using a funding valuation, complete the Funding Valuation section. If using a blended GASB accounting and funding valuation, complete both sections.

GASB 75 Accounting Valuation

This OPEB cost report provides financial reporting data for the following periods:

First Year:

Fiscal Year for GASB 75 reporting: from _____ through _____.
MM/DD/YYYY MM/DD/YYYY

Measurement period:

from _____ through _____.
MM/DD/YYYY MM/DD/YYYY

Second Year:

Fiscal Year for GASB 75 reporting: from _____ through _____.
MM/DD/YYYY MM/DD/YYYY

Measurement period:

from _____ through _____.
MM/DD/YYYY MM/DD/YYYY

Funding Valuation

This OPEB cost report provides ADC amounts for the following periods:

First Year: from 01/01/2018 through 12/31/2018.
MM/DD/YYYY MM/DD/YYYY

Second Year: from 01/01/2019 through 12/31/2019.
MM/DD/YYYY MM/DD/YYYY

CERTIFICATION OF OPEB FUNDING POLICY & GASB OPEB STANDARDS REPORTING COMPLIANCE

We understand that we must obtain an actuarial valuation (or AMM if applicable) on at least a biennial basis.

We understand that we will be asked to provide accounting information to CalPERS as required to facilitate CalPERS compliance with Governmental Accounting Standards Board (GASB) Statements for Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB Standards) reporting requirements and we agree to make any information requested available to CalPERS on a timely basis.

We understand that CalPERS will provide us the Schedule of Changes in Fiduciary Net Position, which can be used to prepare our GASB OPEB Standards reporting. CalPERS will report information pertaining to GASB OPEB Standards for Agent OPEB Plans.

June 30, 2018

Date of OPEB Cost Report (Valuation or AMM)

Sacramento Suburban Water District

Name of Employer

Printed Name of Person Signing the Form

Title of Person Signing the Form

Signature

Date

| | |
|--|------------------------|
| _____ Designated Employer Contact Name for GASB Reporting | |
| _____ Title of Designated Employer Contact for GASB Reporting | |
| _____ Phone # | _____ Email Address |

CERTIFICATION OF OPEB FUNDING POLICY & GASB OPEB STANDARDS REPORTING COMPLIANCE

Instructions to complete the form:

SECTION I: CERBT Asset Allocation Strategy Selection

Check the box next to the Asset Allocation Strategy on which you have based your OPEB actuarial valuation or Alternative Measurement Method (AMM) cost report. Each strategy has a different assumed Long Term Expected Rate of Return and risk profile. Your CERBT assets will be invested using the Asset Allocation Strategy indicated here.

**The choice you check off on this form should match that used by your actuary in the OPEB cost report.*

SECTION II: Funding Method

- If your agency's intent is to fund based on an ADC, indicate the percentage of funding of the ADC and the valuation date. Please provide the ADC amounts in the comments section.
- If your contributions are not tied specifically to the ADC, then indicate how you expect to contribute. For example, if you intend to make unreimbursed pay-go payments plus a fixed dollar amount to the trust, then describe this in the space provided.

SECTION III: Contribution and Reimbursement Method

Here we ask you to indicate how you expect to make contributions to, and seek reimbursement from, the trust.

SECTION IV: OPEB Cost Report Coverage Year(s)

Generally, your OPEB cost report will provide two years of coverage. Please identify the specific periods to which your entity will use the cost report for financial reporting or funding. If using a GASB 75 compliant accounting valuation or AMM report, complete the GASB Accounting Valuation section. If using a funding valuation, complete the Funding Valuation section. If using a blended GASB accounting *and* funding valuation, complete both sections.



Agenda Item: 13

Date: March 7, 2019

Subject: Sensus Flexnet Advanced Metering Infrastructure

Staff Contact: Matt Underwood, Operations Manager

Recommended Board Action:

Approve the purchase of Sensus USA Inc. Flexnet Advanced Metering Infrastructure system to replace Mueller Systems Meganet Advanced Metering Infrastructure system and authorize the General Manager to execute the final agreement, pending legal counsel review.

Background:

As previously reported at the February 25, 2019, Board Meeting, the business relationship with Mueller Systems (Mueller) ended on January 31, 2019. At that time, Mueller ceased support of the District's Advanced Metering Infrastructure (AMI) system.

The District has approximately 27,000 Meganet endpoints deployed in the system and 27 collectors. To keep the system running without Mueller support, District staff replaced the modems and cellular sim cards at each collector site to keep the system from going "dark" due to a lack of communications between the collectors and the District office. From this point forward, the District's Information Technology staff has assumed all technical aspects of the system up to and including, Master Control Management software troubleshooting, network collector remote access troubleshooting, collector software maintenance, and computer repairs. Due to staff's lack of hands-on experience maintaining the software and lack of access to current or upgraded versions of software, this is a temporary solution.

Discussion:

For the past nine years, staff have continued to keep current on all meter and meter reading technologies. Staff are heavily involved in metering committees and peer network groups. These groups have provided extensive networking opportunities that have been invaluable when determining the recommended AMI system.

AMI Product Selection

In CY2009, the District invited AMI vendors to participate in a pilot study; five vendors accepted. Three out of the five systems had endpoints that broadcast a 1-Watt signal. These systems proved to be limited in range and would require numerous collectors to provide the District's service area with adequate coverage. With the excessive amount of collectors that would be required to operate these systems, the pilot proved the District would need to lease space on utility poles and street lights, provide electrical power to the collectors, and purchase lift trucks to perform maintenance and repairs on the elevated collectors.

Two of the five systems had 2-watt endpoints. The two systems were KP Electronics Meganet and Sensus Flexnet. These endpoints proved to have a greater signal strength that traveled much farther than 1-watt endpoints. With the ability to broadcast a stronger signal, far less collectors were needed and the collectors could be installed at District-owned, secured facilities.

Today, Sensus Flexnet is the only 2-watt system on the market, other than Meganet, and is a high standard for AMI systems. Its long range, 2-way communication, and successful read rate, continues to be the leader in the industry.

Staff's selection of the Sensus Flexnet system has been accomplished through extensive research and interviews. Staff met with or spoke to the following Sensus customers in California who are fully deployed, currently deploying, or currently piloting the Flexnet system:

- Dublin San Ramon Services District
- San Jose Water Company
- East Bay Municipal Utility District
- City of Woodland
- Town Of Hillsborough Public Works
- Sacramento County Water Agency

Staff has also spoken to the following Sensus Flexnet customers outside of California:

- City of Philadelphia Water Department, Philadelphia
- Kansas Water District No. 1, Lenexa, Kansas
- City of Fort Worth, Texas
- City of North Las Vegas, Nevada

Staff also met with or spoke to the following districts who utilize a variety of other AMI systems:

- City of Sacramento
- City of Fresno
- City of San Francisco
- City of Folsom
- City of Davis
- Placer County Water Agency
- Truckee Donner Public Utility District
- Rio Linda/Elverta Community Water District

In addition, staff continually stays current on all available products and continues to have business relationships with the following meter and AMI vendors:

- Aclara Technologies LLC
- Badger Meter
- Diehl Metering US
- Honeywell
- Kampstrup

- Master Meter
- Neptune Technology Group
- Sensus

After staff's extensive research, Sensus customers have reported great success with the Flexnet AMI system. Some of the systems were installed in CY2006. They have stated the system works as advertised, propagation studies were accurate, additional collectors were not needed, and the endpoint is very reliable with very few returned for warranty replacement. However, a common complaint about Sensus is the poor customer service they have received from their local distributor. The District will not be utilizing a third-party distributor and will be working directly with a Sensus factory representative.

Negotiations with Sensus

In 2018, staff began price negotiations with Sensus. Negotiations have been extremely successful and staff has negotiated significant cost reductions. As previously mentioned, the District originally piloted the Sensus Flexnet system in CY2010. Since that time, Sensus has lowered their pricing substantially to meet the District's needs. For example:

- In CY2010, the cost for a base station/collector was \$85,000 each. In CY2019, staff's negotiated price per base station is \$15,000 each. Upon further negotiations, Sensus has extended the District a promotional package that includes the base stations/collectors at no cost. However, installation costs remain at \$15,000 per base station/collector.
- In CY2010, the cost of an endpoint was \$145 each. In CY2019, staff's negotiated price per endpoint, with a trade-in of an existing endpoint from another vendor, is \$79 each.

Proposed initial Sensus Flexnet network deployment cost is \$185,000. The package includes:

- 4 base stations
- 5 high powered repeaters
- Installation of the 4 base stations and 5 high powered repeaters
- Project management
- 7 handheld endpoint programmers
- Software set-up fees
- Software integration (does not include SSWD integration costs)
- Training
- One year of annual software maintenance fees

Additional District costs for third-party consultants/contractors not included in the Sensus quote:

- \$50,000 for current systems integration
- \$50,000 for contract negotiations; end-to-end data integration and support
- \$25,000 for potential well site improvements to support the collector installations (i.e., antenna masts, electrical improvements, trenching, concrete work, grounding rods, etc.)

Mueller Systems Replacement

Through past experiences, the District recognizes the advantage of utilizing two meter reading systems. This eliminates the potential for having one product completely fail and leaving the

District exposed to a meter reading system that is not able to bill 45,000 accounts. There are about 27,000 Mueller endpoints in the system; however, to keep an even balance between two separate systems, approximately 23,000 Mueller endpoints will be replaced with Sensus endpoints and the other 4,000 endpoints will be replaced with Orion Cellular to maintain an even balance in our system. Staff recommends completely replacing the Mueller system in four years. Estimated costs and schedules are as follows:

CY2019

- Start-up cost for network deployment - \$320,000 and includes:
 - Flexnet network infrastructure installation - \$185,000
 - Current SSWD systems integration - \$50,000
 - Contract negotiations; end-to-end data integration and support - \$50,000
 - Well site improvements - \$25,000
- Replace 3,000 endpoints –\$375,000, includes endpoints, connectors, and contractor labor

CY2020

- Replace 7,000 endpoints – \$861,000, includes endpoints, connectors, and contractor labor

CY2021

- Replace 7,000 endpoints – \$881,000, includes endpoints, connectors, and contractor labor

CY2022

- Replace 6,000 endpoints – \$775,000, includes endpoints, connectors, and contractor labor

The total cost to replace the Mueller system with Sensus Flexnet is estimated at \$3,250,000.

Internal AMI Focus Group

Due to the documented ongoing issues with the AMI meter reading system, the District formed an internal AMI Focus Group (Focus Group) in October CY2017. The purpose of the Focus Group is to involve all internal stakeholders to identify the problems, determine the best course of action going forward, and to minimize the impacts of these problems. The Focus Group consists of the Operations Manager; Director of Finance and Administration; Engineering Manager; Information Technology Manager; Customer Services Manager; Field Services Superintendent; Foreman; a Senior Engineer; Field Operations Coordinator; Engineering Project Coordinator; and Purchasing Specialist. The Focus Group has met regularly and provided input in resolving the problems.

Conclusion:

Due to the ongoing Mueller issues and the uncertainty of maintaining the Meganet system, the Focus Group considers the Sensus Flexnet system the best option for replacing the Mueller Meganet system. Staff's recommendation is to purchase Sensus Flexnet and to replace the Mueller Meganet system over a multi-year project.

Fiscal Impact:

Approving the recommendation would cost approximately \$695,000 in CY2019. Funds were not budgeted in the CY2019 Budget, but at this point of the Budget year, staff is not recommending a

change to the CY2019 Budget. As the year progresses, staff will continue to monitor actual expenditures relative to Budget and may come back to the Board if amendments are needed. Additionally, \$2,517,000 will be needed to replace the remaining endpoints over a multiyear project.

Strategic Plan Alignment:

Facilities and Operations – 2.B. Monitor and improve the system efficiencies in operating and maintaining system infrastructure.

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.

The high cost for bringing the District’s meter reading system up to current standards is outweighed by the need to provide ratepayers with accurate and equitable water consumption charges. At the conclusion of this process, the District will have a fully functional meter reading system that will benefit the District’s ratepayers and District operations.

Attachment:

1. Draft Master Products and Services Agreement between Sacramento Suburban Water District (“Customer”) and Sensus USA Inc. (“Sensus”)

Master Products and Services Agreement

between

**Sacramento Suburban Water District
 (“Customer”)**

**and
 Sensus USA Inc.
 (“Sensus”)**

IN WITNESS WHEREOF, the parties have caused this Master Products and Services Agreement (“Agreement”) to be executed by their duly authorized representatives as of the day and year written below. The date of the last party to sign is the “Effective Date.”

This Agreement shall commence on the Effective Date and continue for/until: 5 Years (“Initial Term”). At the end of the Initial Term, this Agreement shall automatically renew for an additional term of 5 years (“Renewal Term”). The “Term” shall refer to both the Initial Term and the Renewal Term.

This Agreement contains two parts: Part (1) is The FCC Notification for Spectrum Manager Lease, to be filed with the FCC by Sensus on behalf of the Customer and Part (2) is a Master Products and Services Agreement between Sensus and Customer. Together, these two parts create the Agreement.

Sensus USA Inc.

Customer: Sacramento Suburban Water District

By: _____
 Name: _____
 Title: _____
 Date: _____

By: _____
 Name: _____
 Title: _____
 Date: _____

Pricing remains firm until 1/1/2019 (“Trigger Date”)

All purchase orders shall be sent to the address provided by Sensus. Sensus may change this address upon notice to Customer.

Contents of this Agreement:

Part 1: Notification for Spectrum Manager Lease Agreement

- Exhibit A Software
- Exhibit B Technical Support
- Exhibit C Pricing
- Exhibit D Statement of Work

Customer order acknowledgements shall be sent to:
 [insert email address or fax number]

Sensus shall send all invoices to: [insert mailing address, email address, fax number, as applicable]

Part 1: Notification for Spectrum Manager Lease

In order for Sensus to apply to the FCC on the Customer's behalf for a spectrum manager lease, Customer must complete the information below in boxes one (1) through ten (10) and certify via authorized signature. Customer's signature will indicate that Customer authorizes Sensus to file the spectrum manager lease notification on FCC Form 608 with the Customer as spectrum Lessee, and if Customer does not already have one, ownership disclosure information on FCC Form 602.

1.

| | | | |
|-----------------------|------|---------------------------------|-------|
| Customer/Lessee Name: | | | |
| Attention To: | | Name of Real Party in Interest: | |
| Street Address: | | | City: |
| State: | Zip: | Phone: | |
| Fax: | | Email: | |

Is Customer contact information same as above? Yes No (If No, complete box 2 below)

2.

Additional Customer/Lessee Contact Information

| | | | |
|-----------------|------|--------|-------|
| Company Name: | | | |
| Attention To: | | | |
| Street Address: | | | City: |
| State: | Zip: | Phone: | |
| Fax: | | Email: | |

3.

| |
|---|
| Customer/Lessee is a(n) (Select one): <input type="checkbox"/> Individual <input type="checkbox"/> Unincorporated Association <input type="checkbox"/> Trust <input type="checkbox"/> Government Entity <input type="checkbox"/> Corporation <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Limited Liability Partnership <input type="checkbox"/> Consortium <input type="checkbox"/> Other _____ |
|---|

4.

| |
|--|
| FCC Form 602: FCC File Number of Customer's Form 602 Ownership Information: _____. If Customer has not filed a Form 602, Sensus will file one for Customer. Please complete questions 5, 6, and 7 below if Customer does not have a Form 602 on file. Customer must complete items 8, 9 and 10 irrespective of whether Customer has an ownership report on file. |
|--|

5.

| |
|------------------|
| Customer Tax ID: |
|------------------|

6.

Individual Contact For FCC Matters

| | |
|---|--------|
| Please designate one individual (the Director of Public Works or similar person) who is responsible to the FCC for the operation of the FlexNet radio system. | |
| Name | |
| Title: | |
| Email: | Phone: |

7.

Please list the names of the Board President and all Board Members below, as well as verify citizenship and ownership interests in any entity regulated by the FCC. Such ownership must be disclosed where a board member member owns 10% or more, directly or indirectly, or has operating control of any entity subject to FCC regulation. If any answer to Ownership question is Yes, or any answer to Citizenship question is No, provide an attachment with further explanation.

| | US Citizen? | Ownership Disclosure? |
|------------------|--|--|
| Board President: | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |

| | | | | |
|---------------|------------------------------|-----------------------------|------------------------------|-----------------------------|
| Board Member: | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| Board Member: | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

8. **Alien Ownership Questions** (if the answer is Yes, provide an attachment explaining the circumstances)

| | | |
|---|------------------------------|-----------------------------|
| 1) Is the Customer/Lessee a foreign government or the representative of any foreign government? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
|---|------------------------------|-----------------------------|

9. **Basic Qualification Information**

| | | |
|--|------------------------------|-----------------------------|
| 1) Has the Customer or any party to this application had any FCC station authorization, license, or construction permit revoked or had any application for an initial, modification or renewal of FCC station authorization, license or construction permit denied by the Commission? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2) Has the Customer or any party to this filing, or any party directly or indirectly controlling the Customer or any party to this filing ever been convicted of a felony by any state or federal court? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3) Has any court finally adjudged the Customer or any party directly or indirectly controlling the Customer guilty of unlawfully monopolizing or attempting to unlawfully monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or any other means or unfair methods of competition? | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

10. **Customer/Lessee Certification Statements**

| | |
|---|------------------------------|
| 1) The Customer/Lessee agrees that the Lease is not a sale or transfer of the license itself. | <input type="checkbox"/> Yes |
| 2) The Customer/Lessee acknowledges that it is required to comply with the Commission's Rules and Regulations and other applicable law at all times, and if the Customer/Lessee fails to so comply, the Lease may be revoked, cancelled, or terminated by either the Licensee or the Commission. | <input type="checkbox"/> Yes |
| 3) The Customer/Lessee certifies that neither it nor any other party to the Application/Notification is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C § 862, because of a conviction for possession or distribution of a controlled substance (See Section 1.2002(b) of the rules; 47 CFR § 1.2002(b), for the definition of "party to the application" as used in this certification.) | <input type="checkbox"/> Yes |
| 4) The Customer/Lessee hereby accepts Commission oversight and enforcement consistent with the license and lease authorization. The Lessee acknowledges that it must cooperate fully with any investigation or inquiry conducted either by the Commission or the Licensee, allow the Commission or the Licensee to conduct on-site inspections of transmission facilities, and suspend operations at the direction of the Commission or the Licensee and to the extent that such suspension of operation would be consistent with applicable Commission policies. | <input type="checkbox"/> Yes |
| 5) The Customer/Lessee acknowledges that in the event an authorization held by a Licensee that has associated with it a spectrum leasing arrangement that is the subject of this filing is revoked, cancelled, terminated, or otherwise ceases to be in effect, the Customer/Lessee will have no continuing authority to use the leased spectrum and will be required to terminate its operations no later than the date on which the Licensee ceases to have any authority to operate under the license, unless otherwise authorized by the Commission. | <input type="checkbox"/> Yes |
| 6) The Customer/Lessee agrees the Lease shall not be assigned to any entity that is not eligible or qualified to enter into a spectrum leasing arrangement under the Commission's Rules and Regulations. | <input type="checkbox"/> Yes |
| 7) The Customer/Lessee waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by spectrum lease or otherwise. | <input type="checkbox"/> Yes |
| 8) The Customer/Lessee certifies that it is not in default on any payment for Commission licenses and that it is not delinquent on any non-tax debt owed to any federal agency. | <input type="checkbox"/> Yes |

The Customer/Lessee certifies that all of its statements made in this Application/Notification and in the schedules, exhibits, attachments, or documents incorporated by reference are material, are part of this Application/Notification, and are true, complete, correct, and made in good faith. The Customer/Lessee shall notify Sensus in writing in the event any information supplied on this form changes.

| | | | |
|--|--|--------|--|
| Sacramento Suburban Water District | | | |
| By: | | Title: | |
| Name: | | Date: | |
| FAILURE TO SIGN THIS APPLICATION MAY RESULT IN DISMISSAL OF THE APPLICATION AND FORFEITURE OF ANY FEES PAID. | | | |
| WILLFUL FALSE STATEMENTS MADE ON THIS FORM OR ANY ATTACHMENTS ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. Code, Title 18, Section 1001) AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1)) AND/OR FORFEITURE (U.S. Code Title 47, Section 503). | | | |

Part 2: Master Product and Services Agreement

1. **Equipment.**
 - A. **Purchase of Equipment.**
 - i. **Equipment.** Customer shall purchase from Sensus the quantities and types of Field Devices, RF Field Equipment, and other goods (collectively, "Equipment") set forth in Exhibit C at the prices set forth in Exhibit C.
 - ii. **Delivery.** Customer shall pay for delivery of the Equipment from Sensus' or Sensus' contracted manufacturers' factory to Customer's warehouse. All Equipment is shipped Ex Works shipping point, prepay freight and add. FOB shipping point Title to, and property in, the Equipment shall pass to Customer upon shipment. Risk of loss of the Equipment shall also pass to Customer upon shipment.
 - iii. **Project Number.** Customer shall include the Sensus project number on all Purchase Orders. Orders submitted to Sensus may not be canceled or amended, or deliveries deferred, by Customer except with Sensus' prior written consent.
 - iv. **Warranty.** The Equipment purchased directly from Sensus is warranted as set forth in this subsection (iv).
 - (a) Sensus warrants its water metering equipment and gas SmartPoint Modules according to the terms and conditions (including all limitations and exclusions) in the Sensus G-500 warranty, available at: <https://www.sensus.com/tc> (click on the G500 link), or 1-800-METER-IT ("G-500 Warranty"). To the extent the terms of the G-500 Warranty conflict with the terms in this Agreement, the terms of this Agreement shall control.
 - (b) Sensus warrants all other goods, software, and services, except for the water metering equipment and gas SmartPoint Modules, according to the terms and conditions (including all limitations and exclusions) in the Sensus Limited Warranty, available at: <https://www.sensus.com/tc> (click on the General Warranty" link), or 1-800-METER-IT "General Limited Warranty"). To the extent the terms of the General Limited Warranty conflict with the terms in this Agreement, the terms of this Agreement shall control.
 - (c) The G-500 Warranty and the General Limited Warranty are hereby incorporated by reference as if fully set forth herein.
 - B. **Limitations and Exclusions.** THE WARRANTIES IN THIS SECTION 1, THE G-500 WARRANTY, AND THE GENERAL LIMITED WARRANTY ARE THE ONLY WARRANTIES GIVEN WITH RESPECT TO THE GOODS, SOFTWARE LICENSES, AND SERVICES SOLD OR OTHERWISE PROVIDED BY SENSUS. SENSUS EXPRESSLY DISCLAIMS ANY AND ALL OTHER REPRESENTATIONS, WARRANTIES AND/OR CONDITIONS, EXPRESSED, IMPLIED, STATUTORY OR OTHERWISE, REGARDING ANY MATTER IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, WARRANTIES AS TO FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT AND TITLE.
 - C. **Ongoing Maintenance of Equipment.**
 - i. **Field Devices.** Customer shall be responsible for the ongoing maintenance of the Field Devices. Customer shall provide the field services labor to visit a problem Field Device and perform diagnostics and repair or replacement.
 - ii. **RF Field Equipment.** Customer shall be responsible for the ongoing maintenance of the RF Field Equipment. Customer shall be responsible for the ongoing monthly operations and expenses related to the RF Field Equipment, including any leasing costs, construction costs, taxes and costs of WAN Backhaul. Customer shall pay for electric power to the RF Field Equipment.
2. **Services.**
 - A. **Installation of Equipment.**
 - i. **Generally.** The parties shall have their respective obligations for the deployment and operation of the AMI System as set forth in the Statement of Work attached as Exhibit D. The Statement of Work does not apply if Customer is purchasing Equipment from Sensus' authorized distributor
 - ii. **Field Devices.** Customer shall install the Field Devices at its End Users' premises, or other location as applicable. For electricity products, Customer shall first test and confirm that each socket to which a Network Device will be connected is in safe operating condition, is fully functional and is not "hot", damaged or otherwise in need of maintenance or repair.
 - iii. **RF Field Equipment.** Sensus shall perform the propagation analysis in the Service Territory to determine where to locate the RF Field Equipment. For the prices set forth in Exhibit C, Sensus, or its subcontractor, shall perform Sensus' obligations in Exhibit D with regards to the RF Field Equipment installation. Customer shall perform Customer's obligations in Exhibit D with regards to the RF Field Equipment installation.
 - B. **IT Systems Integration Services.** Integration of the Software into Customer's new or existing internal IT systems is not included in this Agreement. Any integration work shall be subject to a separate agreement which describes the scope and pricing for such work.
 - C. **Technical Support.** Sensus shall provide Customer the technical support set forth in Exhibit B.
 - D. **Project Management.** Project management of the AMI System is not included in this Agreement. Any project management shall be subject to a separate agreement which describes the scope and pricing for such work.
 - E. **Training.** Training on the use of the AMI System is not included in this Agreement. Any training shall be subject to a separate agreement which describes the scope and pricing for such work.
3. **Software.**
 - A. **Software as a Service (SaaS).** Sensus shall provide Customer with Software as a Service, as defined in Exhibit A, only so long as Customer is current in its payments for such services.
 - B. **UCITA.** To the maximum extent permitted by law, the Parties agree that the Uniform Computer Information Transaction Act as enacted by any state shall not apply, in whole or in part, to this Agreement.
4. **Spectrum.**
 - A. **Definitions in this Section 3.** In this Section 3 only, "Sensus" shall mean Sensus USA Inc. and its wholly owned subsidiary, Sensus Spectrum LLC.
 - B. **Spectrum Lease.** Sensus hereby grants to Customer, and Customer accepts, a spectrum manager lease ("Spectrum Lease") over the frequencies of certain FCC license(s) ("FCC License") solely within Customer's Service Territory. (The frequencies of the FCC License within Customer's geographic Service Territory are called the "Leased Spectrum"). Customer shall pay the Ongoing Fees for use of the Leased Spectrum.
 - C. **FCC Forms.** At the Federal Communications Commission ("FCC"), Sensus will; (1) obtain an FCC Registration Number ("FRN") for Customer; (2) submit on behalf of Customer the FCC Form 602 Ownership Disclosure Information if Customer has not already done so; and (3) file a FCC Form 608, notification/application for long-term spectrum manager lease. This Lease becomes effective when the FCC accepts the FCC Form 608.
 - D. **Lease Application.** In order to complete the FCC lease application, Customer will promptly:

- i. Complete and sign the representations in Part 1 of this Agreement such that Customer demonstrates it qualifies for a spectrum lease under FCC rules. Customer's signature will indicate that Customer authorizes Sensus to; (1) obtain an FRN on behalf of Customer; (2) submit the FCC Form 602 Ownership Disclosure Information on behalf of Customer if Customer has not already done so; and (3) file the spectrum manager lease notification on FCC Form 608 with the Customer as spectrum lessee.
 - ii. Give Sensus the coordinates of the boundaries of Customer's Service Territory or, alternatively, approve Sensus' estimation of the same.
 - iii. If Customer has not already done so; Customer hereby authorizes Sensus to apply on Customer's behalf and obtain for Customer a Federal Registration Number (FRN, the FCC's unique identifier for each licensee) and shall supply Sensus with Customer's Taxpayer Identification Number ("TIN").
 - iv. Provide any other information or other cooperation reasonably necessary for the Parties to perform as set forth herein.
 - E. **Permitted Use of Spectrum Lease.** Customer may transmit or receive over the Leased Spectrum only in the Service Territory and only using FlexNet equipment manufactured by Sensus and used in accordance with Sensus' specifications. Customer may use the Leased Spectrum only to read and direct meters in support of Customer's primary utility business or any other operation approved by Sensus in writing. Without limiting the foregoing, Customer is prohibited from reselling, subleasing or sublicensing the Leased Spectrum or from transmitting voice communications over the Leased Spectrum. For each piece of RF Field Equipment used by Customer, Customer shall affix a Sensus-supplied label to the exterior of the RF Field Equipment cabinet or other appropriate visible place to indicate that RF operation is conducted under authority of FCC License(s) issued to Sensus.
 - F. **FCC Forms.** At the Federal Communications Commission (FCC), Sensus will; (1) obtain an FCC Registration Number (FRN) for Customer; (2) submit on behalf of Customer the FCC Form 602 Ownership Disclosure Information if Customer has not already done so; and (3) file a FCC Form 608, notification/application for long-term spectrum manager lease. This Lease becomes effective when the FCC accepts the FCC Form 608.
 - G. **Term of Spectrum Lease.** Unless terminated earlier (because, for example, Customer stops using the FlexNet equipment or because this Agreement terminates or expires for any reason), this Spectrum Lease will have the same term as the FCC license. If Customer is operating in compliance with this Agreement and is current on any payments owed to Sensus, when the FCC License renews, the Parties will apply to the FCC to renew this Spectrum Lease.
 - H. **Termination of Spectrum Lease.** The Spectrum Lease will terminate: (a) two months after Customer stops transmitting with FlexNet equipment manufactured by Sensus; (b) upon termination, revocation or expiration of the FCC License; (c) upon Customer's breach of this Agreement; or (d) upon termination or expiration of this Agreement for any reason.
 - I. **FCC Compliance.** The following FCC requirements apply
 - i. Pursuant to 47 CFR 1.9040(a);
 - a. Customer must comply at all times with applicable FCC rules. This Agreement may be revoked by Sensus or the FCC if Customer fails to so comply;
 - b. If the FCC License is terminated, Customer has no continuing right to use the Leased Spectrum unless otherwise authorized by the FCC;
 - c. This Agreement is not an assignment, sale or other transfer of the FCC License;
 - d. This Agreement may not be assigned except upon written consent of Sensus, which consent may be withheld in its discretion; and
 - e. In any event, Sensus will not consent to an assignment that does not satisfy FCC rules.
 - ii. Referencing 47 CFR 1.9010, Sensus retains *de jure* and *de facto* control over the applicable radio facilities, including that,
 - a. Sensus will be responsible for Customer's compliance with FCC policies and rules. Sensus represents and warrants that it has engineered the FlexNet equipment and accompanying software and other programs to comply with FCC rules. Customer will operate the FlexNet equipment subject to Sensus' supervision and control and solely in accordance with Sensus' specifications. Sensus retains the right to inspect Customer's radio operations hereunder and to terminate this Agreement or take any other necessary steps to resolve a violation of FCC rules, including to order Customer to cease transmission. Sensus will act as spectrum manager in assigning spectrum under the FCC License so as to avoid any harmful interference or other violation of FCC rules. Sensus will be responsible for resolving any interference complaints or other FCC rule violations that may arise; and
 - b. Sensus will file any necessary FCC forms or applications and Customer agrees to reasonably assist Sensus with such filing by providing any necessary information or other cooperation. Sensus will otherwise interact with the FCC with respect to this Agreement, the FCC License or FlexNet equipment.
 - J. **Interference.** Customer agrees to report to Sensus promptly, and in no event later than 72 hours afterward, any incident related to the Leased Spectrum, including where Customer experiences harmful interference, receives a complaint or other notice of having caused harmful interference, or receives any type of communication from the FCC or other government agency regarding radio transmission.
5. **General Terms and Conditions.**
- A. **Payment.** All payment and pricing is subject to the terms in Exhibit C.
 - B. **Infringement Indemnity.** Sensus shall indemnify and hold harmless Customer from and against any judgment by a court of competent jurisdiction or settlement reached from any litigation instituted against Customer in the United States by a third party which alleges that the AMI System provided hereunder infringes upon the patents or copyrights of such third party, provided that Sensus shall have the right to select counsel in such proceedings and control such proceedings. Notwithstanding the foregoing, Sensus shall have no liability under this indemnity unless Customer cooperates with and assists Sensus in any such proceedings and gives Sensus written notice of any claim hereunder within fourteen (14) days of receiving it. Further, Sensus shall have no liability hereunder if such claim is related to; (i) any change, modification or alteration made to the AMI System by Customer or a third party, (ii) use of the AMI System in combination with any goods or services not provided by Sensus hereunder, (iii) Customer's failure to use the most recent version of the Software or to otherwise take any corrective action as reasonably directed by Sensus, (iv) compliance by Sensus with any designs, specifications or instructions provided by Customer or compliance by Sensus with an industry standard, or (v) any use of the AMI System other than for the Permitted Use. In the event the AMI System is adjudicated to infringe a patent or copyright of a third party and its use is enjoined, or, if in the reasonable opinion of Sensus, the AMI System is likely to become the subject of an infringement claim, Sensus, at its sole discretion and expense, may; (i) procure for Customer the right to continue using the AMI System or (ii) modify or replace the AMI System so that it becomes non-infringing. THIS SECTION STATES CUSTOMER'S SOLE AND EXCLUSIVE REMEDY AND SENSUS' ENTIRE LIABILITY FOR ANY CLAIM OF INFRINGEMENT.
 - C. **Limitation of Liability.** Sensus' aggregate liability in any and all causes of action arising under, out of or in relation to this Agreement, its negotiation, performance, breach or termination (collectively "Causes of Action") shall not exceed the total amount paid by Customer directly to Sensus under this Agreement. This is so whether the Causes of Action are in tort, including, without limitation, negligence or strict liability, in contract, under statute or otherwise. As separate and independent limitations on liability, Sensus' liability shall be limited to direct damages. Sensus shall not be liable for; (i) any indirect, incidental, special or consequential damages; nor (ii) any revenue or profits lost by Customer or its Affiliates from any End User(s), irrespective whether such

- lost revenue or profits is categorized as direct damages or otherwise; nor (iii) any In/Out Costs; nor (iv) manual meter read costs and expenses; nor (v) damages arising from maincase or bottom plate breakage caused by freezing temperatures, water hammer conditions, or excessive water pressure. The limitations on liability set forth in this Agreement are fundamental inducements to Sensus entering into this Agreement. They apply unconditionally and in all respects. They are to be interpreted broadly so as to give Sensus the maximum protection permitted under law.
- D. **Termination.** Either party may terminate this Agreement earlier if the other party commits a material breach of this Agreement and such material breach is not cured within forty-five (45) days of written notice by the other party. Upon any expiration or termination of this Agreement, Sensus' and Customer's obligations hereunder shall cease and the software as a service and Spectrum Lease shall immediately cease.
- E. **Force Majeure.** If either party becomes unable, either wholly or in part, by an event of Force Majeure, to fulfill its obligations under this Agreement, the obligations affected by the event of Force Majeure will be suspended during the continuance of that inability. The party affected by the force majeure will take reasonable steps to mitigate the Force Majeure.
- F. **Intellectual Property Rights**
- i. **Software and Materials.** No Intellectual Property is assigned to Customer hereunder. Excluding Customer Data, Sensus shall own or continue to own all right, title, and interest in and to the Intellectual Property associated with the Software and related documentation, including any derivations and/or derivative works (the "Sensus IP"). To the extent, if any, that any ownership interest in and to such Sensus IP does not automatically vest in Sensus by virtue of this Agreement or otherwise, and instead vests in Customer, Customer agrees to grant and assign and hereby does grant and assign to Sensus all right, title, and interest that Customer may have in and to such Sensus IP. Customer agrees not to reverse engineer any Sensus Products purchased or provided hereunder.
 - ii. **Customer Data.** Notwithstanding the prior paragraph, as between Customer and Sensus, Customer remains the owner of all right, title or interest in or to any Customer Data. "Customer Data" means solely usage data collected by the Field Devices. To avoid doubt, Customer Data does not include non-End User usage data collected by the Field Devices, Software, or AMI System, such as network and equipment status information or the like.
 - iii. **Consent to Use of Customer Data.** Customer hereby irrevocably grants to Sensus a royalty-free, non-exclusive, irrevocable right and license to access, store, and use such Customer Data and any other data or information provided to Sensus, to (1) provide the Service; (2) analyze and improve the Service; (3) analyze and improve any Sensus or affiliate equipment, software, or service; or (4) for any other internal use. As used herein, "Service" means Sensus' obligations under this Agreement.
 - iv. **Access to Customer Data.** Within 45 days of Customer's written request, Sensus will provide Customer a copy of the previous 24 months CMEP interval file and deliver the file to a drop location specified by Customer.
- G. **Data Privacy.** Customer acknowledges that Sensus and its Affiliates (collectively, "Xylem") will collect and process personal data for the purposes outlined in this Agreement. Xylem's data privacy policy is available at <https://www.xylem.com/en-us/support/privacy/>. Customer acknowledges that it has read and understood Xylem's privacy policy and agrees to the use of personal data outlined therein. The collection and use of personal data by Customer is Customer's responsibility.
- H. **Confidentiality.** Except as may be required under applicable law, court order, or regulation, or to the extent required to perform and enforce this Agreement, both parties shall (and shall cause their employees and contractors to) keep all Confidential Information strictly confidential and shall not disclose it to any third party. The Confidential Information may be transmitted orally, in writing, electronically or otherwise observed by either party. Notwithstanding the foregoing, "Confidential Information" shall not include; (i) any information that is in the public domain other than due to Recipient's breach of this Agreement; (ii) any information in the possession of the Recipient without restriction prior to disclosure by the Discloser; or (iii) any information independently developed by the Recipient without reliance on the information disclosed hereunder by the Discloser. "Discloser" means either party that discloses Confidential Information, and "Recipient" means either party that receives it.
- I. **Compliance with Laws.** Customer shall comply with all applicable country, federal, state, and local laws and regulations, as set forth at the time of acceptance and as may be amended, changed, or supplemented. Customer shall not take any action, or permit the taking of any action by a third party, which may render Sensus liable for a violation of applicable laws.
- i. **Export Control Laws.** Customer shall; (i) comply with all applicable U.S. and local laws and regulations governing the use, export, import, re-export, and transfer of products, technology, and services; and (ii) obtain all required authorizations, permits, and licenses. Customer shall immediately notify Sensus, and immediately cease all activities with regards to the applicable transaction, if the Customer knows or has a reasonable suspicion that the equipment, software, or services provided hereunder may be directed to countries in violation of any export control laws. By ordering equipment, software or services, Customer certifies that it is not on any U.S. government export exclusion list.
 - ii. **Anti-Corruption Laws.** Customer shall comply with the United States Foreign Corrupt Practices Act (FCPA), 15 U.S.C. §§ 78dd-1, et seq.; laws and regulations implementing the OECD's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; the U.N. Convention Against Corruption; the Inter-American Convention Against Corruption; and any other applicable laws and regulations relating to anti-corruption in the Customer's county or any country where performance of this Agreement, or delivery or use of equipment, software or services will occur.
- J. **Non-Waiver of Rights.** A waiver by either party of any breach of this Agreement or the failure or delay of either party to enforce any of the articles or other provisions of this Agreement will not in any way affect, limit or waive that party's right to enforce and compel strict compliance with the same or other articles or provisions.
- K. **Assignment and Sub-contracting.** Either party may assign, transfer or delegate this Agreement without requiring the other party's consent; (i) to an Affiliate; (ii) as part of a merger; or (iii) to a purchaser of all or substantially all of its assets. Apart from the foregoing, neither party may assign, transfer or delegate this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld. Furthermore, Customer acknowledges Sensus may use subcontractors to perform RF Field Equipment installation, the systems integration work (if applicable), or project management (if applicable), without requiring Customer's consent.
- L. **Amendments.** No alteration, amendment, or other modification shall be binding unless in writing and signed by both Customer and by a vice president (or higher) of Sensus.
- M. **Governing Law and Dispute Resolution.** This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Delaware. Any and all disputes arising under, out of, or in relation to this Agreement, its negotiation, performance or termination ("Disputes") shall first be resolved by mediation between the Parties. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES AGREE TO A BENCH TRIAL AND THAT THERE SHALL BE NO JURY IN ANY DISPUTES.

- N. **Survival.** The provisions of this Agreement that are applicable to circumstances arising after its termination or expiration shall survive such termination or expiration.
- O. **Severability.** In the event any provision of this Agreement is held to be void, unlawful or otherwise unenforceable, that provision will be severed from the remainder of the Agreement and replaced automatically by a provision containing terms as nearly like the void, unlawful, or unenforceable provision as possible; and the Agreement, as so modified, will continue to be in full force and effect.
- P. **Four Corners.** This written Agreement, including all of its exhibits, represents the entire understanding between and obligations of the parties and supersedes all prior understandings, agreements, negotiations, and proposals, whether written or oral, formal or informal between the parties. Any additional writings shall not modify any limitations or remedies provided in the Agreement. There are no other terms or conditions, oral, written, electronic or otherwise. There are no implied obligations. All obligations are specifically set forth in this Agreement. Further, there are no representations that induced this Agreement that are not included in it. The ONLY operative provisions are set forth in writing in this Agreement. Without limiting the generality of the foregoing, no purchase order placed by or on behalf of Customer shall alter any of the terms of this Agreement. The parties agree that such documents are for administrative purposes only, even if they have terms and conditions printed on them and even if and when they are accepted and/or processed by Sensus. Any goods, software or services delivered or provided in anticipation of this Agreement (for e.g., as part of a pilot or because this Agreement has not yet been signed but the parties have begun the deployment) under purchase orders placed prior to the execution of this Agreement are governed by this Agreement upon its execution and it replaces and supersedes any such purchase orders.
- Q. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Additionally, this Agreement may be executed by facsimile or electronic copies, all of which shall be considered an original for all purposes.

6. Definitions

- A. **"Affiliate"** of a party means any other entity controlling, controlled by, or under common control with such party, where "control" of an entity means the ownership, directly or indirectly, of 50% or more of either: (i) the shares or other equity in such entity; or (ii) the voting rights in such entity.
- B. **"Available Meter"** means an installed Sensus FlexNet meter (with a SmartPoint Module installed) or a Sensus SmartPoint Module which has been installed on a third party meter, and which, in either case, is not an Unavailable Meter (or on an Unavailable Meter in the case of SmartPoint Modules on third party meters) and which satisfies all of the following criteria: (i) it functions properly, and is not a damaged or failed meter; (ii) Intentionally Omitted (iii) it is serviced by RF Field Equipment that has not been subjected to a power failure greater than eight (8) total hours; (iv) neither it nor the RF Field Equipment that serves that meter has been affected by a Force Majeure event; (v) jamming of the radio spectrum is not preventing or interfering with radio communication to or from the meter; (vi) it is installed in the Service Territory; (vii) it has not been reported to Customer under Sensus' or Customer's preventative maintenance; (viii) its functioning or performance has not been adversely affected by a failure of Customer to perform its obligations or tasks for which it is responsible under this Agreement; (ix) its functioning or performance has not been adversely affected by a failure or insufficiency of the back haul telecommunications network of Customer for communications among the components of the Sensus AMI System; and (x) it has been installed in compliance with the procedures and specifications approved by Customer and Sensus.
- C. **"Confidential Information"** means any and all non-public information of either party, including the terms of this agreement, all technical information about either party's products or services, pricing information, marketing and marketing plans, Customer's End Users' data, FlexNet System performance, FlexNet System architecture and design, FlexNet System software, other business and financial information of either party, and all trade secrets of either party.
- D. **"End User"** means any end user of electricity, water, and/or gas (as applicable) that pays Customer for the consumption of electricity, water, and/or gas, as applicable.
- E. **"Field Devices"** means the SmartPoint Modules.
- F. **"FlexNet Base Station"** identifies the Sensus manufactured device consisting of one transceiver, to be located on a tower that receives readings from the SmartPoint Modules (either directly or via an R100 unit) by radio frequency and passes those readings to the RNI by TCP/IP backhaul communication. For clarity, FlexNet Base Stations include Metro Base Stations.
- G. **"FlexNet System"** is comprised of the SmartPoint Modules, RF Field Equipment, Server Hardware, software licenses, Spectrum Lease, and other equipment provided to Customer hereunder. The FlexNet System only includes the foregoing, as provided by Sensus. The FlexNet System does not include goods, equipment, software, licenses or rights provided by a third party or parties to this Agreement.
- H. **"Force Majeure"** means an event beyond a party's reasonable control, including, without limitation, acts of God, hurricane, flood, volcano, tsunami, tornado, storm, tempest, mudslide, vandalism, illegal or unauthorized radio frequency interference, strikes, lockouts, or other industrial disturbances, unavailability of component parts of any goods provided hereunder, acts of public enemies, wars, blockades, insurrections, riots, epidemics, earthquakes, fires, restraints or prohibitions by any court, board, department, commission or agency of the United States or any States, any arrests and restraints, civil disturbances and explosion.
- I. **"Hosted Software"** means those items listed as an Application in Exhibit A.
- J. **"In/Out Costs"** means any costs and expenses incurred by Customer in transporting goods between its warehouse and its End User's premises and any costs and expenses incurred by Customer in installing, uninstalling and removing goods.
- K. **"Intellectual Property"** means patents and patent applications, inventions (whether patentable or not), trademarks, service marks, trade dress, copyrights, trade secrets, know-how, data rights, specifications, drawings, designs, maskwork rights, moral rights, author's rights, and other intellectual property rights, including any derivations and/or derivative works, as may exist now or hereafter come into existence, and all renewals and extensions thereof, regardless of whether any of such rights arise under the laws of the United States or of any other state, country or jurisdiction, any registrations or applications thereof, and all goodwill pertinent thereto.
- L. **"LCM"** identifies the load control modules.
- M. **"Ongoing Fee"** means the annual or monthly fees, as applicable, to be paid by Customer during the Term of this Agreement.
- N. **"Patches"** means patches or other maintenance releases of the Software that correct processing errors and other faults and defects found previous versions of the Software. For clarity, Patches are not Updates or Upgrades.
- O. **"Permitted Use"** means only for reading and analyzing data from Customer's Field Devices in the Service Territory. The Permitted Use does not include reading third devices not provided by Sensus or reading Field Devices outside the Service Territory.
- P. **"R100 Unit"** identifies the Sensus standalone, mounted transceiver that takes the radio frequency readings from the SmartPoint Modules and relays them by radio frequency to the relevant FlexNet Base Station or directly to the RNI by TCP/IP backhaul communication, as the case may be.
- Q. **"Release"** means both Updates and Upgrades.
- R. **"Remote Transceiver"** identifies the Sensus standalone, mounted relay device that takes the radio frequency readings from the SmartPoint Modules and relays them directly to the RNI by TCP/IP backhaul communication.

- S. **"RF Field Equipment"** means, collectively, FlexNet Base Stations, R100 units (if any) and Remote Transceivers (if any).
- T. **"RNI"** identifies the regional network interfaces consisting of hardware and software used to gather, store, and report data collected by the FlexNet Base Stations from the SmartPoint Modules. The RNI hardware specifications will be provided by Sensus upon written request from Customer.
- U. **"RNI Software"** identifies the Sensus proprietary software used in the RNI and any Patches, Updates, and Upgrades that are provided to Customer pursuant to the terms of this Agreement.
- V. **"Service Territory"** identifies the geographic area where Customer utilizes Sensus equipment to provide services to End Users as of the Effective Date. This area will be described on the propagation study in the parties' Spectrum Lease filing with the FCC.
- W. **"Server Hardware"** means the RNI hardware.
- X. **"SmartPoint™ Modules"** identifies the Sensus transmission devices installed on devices such as meters, distribution automation equipment and demand/response devices located at Customer's End Users' premises that communicate with the relevant devices and transmit those communications by radio frequency to the relevant piece of RF Field Equipment.
- Y. **"Software"** means all the Sensus proprietary software provided pursuant to this Agreement, and any Patches, Updates, and Upgrades that are provided to Customer pursuant to the terms of this Agreement. The Software does not include any third party software.
- Z. **"TouchCoupler Unit"** identifies an inductive coupler connection from a water register to the SmartPoint Module.
- AA. **"Unavailable Meters"** include meters with sockets with power cut at the pole, meters that are booted on the line side, sockets that are not provided power due to a power delivery system failure, meters with tamper, theft or other human induced failures that render the meter or SmartPoint Module incapable of providing a read, a Force Majeure event induced failures of the power delivery system, socket or meter, and/or any system or meter maintenance issue that precludes the meter from transmitting its message to the network. Examples of Unavailable Meters include: (i) Intentionally Omitted; (ii) Intentionally Omitted; (iii) Intentionally Omitted; (iv) Intentionally Omitted; (v) Broken TouchCoupler unit: the TouchCoupler unit is damaged by intentional or unintentional acts; (vi) Broken Clip: the clip that holds the TouchCoupler unit into the radio package housing is broken and the unit cannot complete the inductive electrical connection; (vii) Improper installation of the TouchCoupler unit: the TouchCoupler unit is not pushed all the way into the housing clip causing the unit to not be able to complete the inductive electrical connection; (viii) Unit not installed through the pit lid: the unit is not installed with the antenna positioned through the pit lid and properly secured with the retaining nut. The radio unit must also be securely attached to the antenna section; (ix) Radio unit not securely attached to the Antenna unit: The water-proof SmartPoint Module housing is not properly installed and secured to the antenna unit; (x) Damaged antenna: the unit's antenna is damaged by intentional or unintentional acts; (xi) Damaged radio package: the unit's water-proof radio package is damaged by intentional or unintentional acts; (xii) Data Base errors: the unit is removed from the system but not updated in the database. Still shown as in the system when in fact has been removed; (xiii) Phantom Units: the unit is removed from the system but is still transmitting and being heard by the system; and (xiv) Other Installation Defect: the unit is otherwise installed improperly so that it does not communicate with the FlexNet Base Station.
- BB. **"Updates"** means releases of the Software that constitute a minor improvement in functionality.
- CC. **"Upgrades"** means releases of the Software which constitute a significant improvement in functionality or architecture of the Software.
- DD. **"WAN Backhaul"** means the communication link between FlexNet Base Stations and Remote Transceivers and RNI.

Exhibit A
Software

Software as a Service

I. Description of Services.

This exhibit contains the details of the Software as a Service that Sensus shall provide to Customer if both; (i) pricing for the application of Software as a Service has been provided to the Customer; and (ii) the Customer is current in its payments for such application of Software as a Service.

A. Software as a Service Generally.

Software as a Service is a managed service in which Sensus will be responsible for the day-to-day monitoring, maintenance, management, and supporting of Customer's software applications. In a Software as a Service solution, Sensus owns all components of the solution (server hardware, storage, network equipment, Sensus software, and all third-party software) required to run and operate the application. These software applications consist of the following (each an Application):

- Regional Network Interface (RNI) Software
- Sensus Analytics
 - Enhanced Package

The managed application systems consist of the hardware, Sensus Software, and other third-party software that is required to operate the software applications. Each Application will have a production, and Disaster Recovery (as described below) environment. Test environments are not provided unless otherwise specifically agreed by Sensus in writing. Sensus will manage the Applications by providing 24 x 7 x 365 monitoring of the availability and performance of the Applications.

B. Use of Software as a Service. Subject to the terms of this Agreement, Sensus shall make Software as a Service available to Customer to access and use solely for the Permitted Use and solely for so long as Customer is current in its payments to Sensus or its authorized distributor for Software as a Service. The Software as a Service term commences on the date that Sensus first makes Software as a Service available to Customer for use, and ends upon the earlier of: (i) the expiration or termination of the Agreement; (ii) breach by Customer of this exhibit or the Agreement; or (iii) Customer's termination of Software as a Service as set forth in paragraph (C) below.

C. Termination of Software as a Service. Customer shall have the option at any time before the end of the Term to terminate any Application by giving Sensus one hundred twenty (120) days prior written notice. Such notice, once delivered to Sensus, is irrevocable. Should Customer elect to terminate any Application, Customer acknowledges that; (a) Customer shall pay all applicable fees, including any unpaid Software as a Service fees due in the current calendar year plus a ten percent (10%) early termination fee, where such fee is calculated based on the annual Software as a Service fee due in the current calendar year; and (b) Software as a Service for such Application shall immediately cease. If Customer elects to terminate the RNI Application in the Software as a Service environment but does not terminate the Agreement generally, then upon delivery of the notice to Sensus, Customer shall purchase the necessary (a) RNI hardware from a third party and (b) RNI software license at Sensus' then-current pricing. No portion of the Software as a Service fees shall be applied to the purchase of the RNI hardware or software license.

D. Software as a Service means only the following services:

- i. Sensus will provide the use of required hardware, located at Sensus' or a third-party's data center facility (as determined by Sensus), that is necessary to operate the Application
- ii. Sensus will provide production and disaster recovery environments for Application.
- iii. Sensus will provide patches, updates, and upgrades to latest Sensus Hosted Software release.
- iv. Sensus will configure and manage the equipment (server hardware, routers, switches, firewalls, etc.) in the data centers:
 - a. Network addresses and virtual private networks (VPN)
 - b. Standard time source (NTP or GPS)
 - c. Security access points
 - d. Respond to relevant alarms and notifications
- v. Capacity and performance management. Sensus will:
 - a. Monitor capacity and performance of the Application server and software applications 24x7x365 using KPI metrics, thresholds, and alerts to proactively identify any potential issues related to system capacity and/or performance (i.e. database, backpool, logs, message broker storage, etc.)
 - b. If an issue is identified to have a potential impact to the system, Sensus will open an incident ticket and manage the ticket through resolution per Exhibit B, Technical Support.
 - c. Manage and maintain the performance of the server and perform any change or configuration to the server, in accordance to standard configuration and change management policies and procedures.
 - d. Manage and maintain the server storage capacity and performance of the Storage Area Network (SAN), in accordance to standard configuration and change management policies and procedures.
 - e. Exceptions may occur to the system that require Sensus to take immediate action to maintain the system capacity and performance levels, and Sensus has authority to make changes without Customer approval as needed, in accordance to standard configuration and change management policies and procedures.
- vi. Database management. Sensus will:
 - a. Define data retention plan and policy.
 - b. Monitor space and capacity requirements.
 - c. Respond to database alarms and notifications.
 - d. Install database software upgrades and patches.
 - e. Perform routine database maintenance and cleanup of database to improve capacity and performance, such as rebuilding indexes, updating indexes,

- consistency checks, run SQL query/agent jobs, etc.
- vii. Incident and Problem Management. Sensus will:
 - a. Proactively monitor managed systems (24x7x365) for key events and thresholds to proactively detect and identify incidents.
 - b. Respond to incidents and problems that may occur to the Application(s).
 - c. Maintain policies and procedures for responding to incidents and performing root cause analysis for ongoing problems.
 - d. Correlate incidents and problems where applicable.
 - e. Sensus personnel will use the Salesforce Self Service Portal to document and track incidents.
 - f. In the event that a Sensus personnel is unable to resolve an issue, the issue will be escalated to the appropriate Subject Matter Expert (SME).
 - g. Maintain responsibility for managing incident and problems through resolution and will coordinate with Customer's personnel and/or any required third-party vendor to resolve the issue.
 - h. Provide telephone support consistent with Exhibit B, Technical Support in the case of undetected events.
 - viii. Security Management. Sensus will:
 - a. Monitor the physical and cyber security of the server and Application(s) 24x7x365 to ensure system is highly secure in accordance with NIST Security Standards.
 - b. Perform active intrusion prevention and detection of the data center network and firewalls, and monitor logs and alerts.
 - c. Conduct period penetration testing of the network and data center facilities.
 - d. Conduct monthly vulnerability scanning by both internal staff and external vendors.
 - e. Perform Anti-Virus and Malware patch management on all systems.
 - f. Install updates to virus protection software and related files (including Virus signature files and similar files) on all servers from the update being generally available from the anti-virus software provider.
 - g. Respond to any potential threat found on the system and work to eliminate Virus or Malware found.
 - h. Adhere to and submit certification to NERC/CIP Cyber Security standards.
 - i. Monitor industry regulation/standards regarding security – NERC, FERC, NIST, OpenSG, etc. through the dedicated Sensus Security team.
 - j. Provide secure web portal access (SSL) to the Application(s).
 - ix. Backup and Disaster Recovery Management. Sensus will:
 - a. Perform daily backups of data providing one (1) year of history for auditing and restoration purposes.
 - b. Back-up and store data (on tapes or other storage media as appropriate) off-site to provide protection against disasters and to meet file recovery needs.
 - c. Conduct incremental and full back-ups to capture data, and changes to data, on the Application(s).
 - d. Replicate the Application(s) environments to a geographically separated data center location to provide a full disaster recovery environment for the Application production system.
 - e. Provide disaster recovery environment and perform fail-over to DR environment within forty-eight (48) hours of declared event.
 - f. Generate a report following each and any disaster measuring performance against the disaster recovery plan and identification of problem areas and plans for resolution.
 - g. Maintain a disaster recovery plan. In the event of a disaster, Sensus shall provide the services in accordance with the disaster recovery plan.
 - h. In the case of a disaster and loss of access to or use of the Application, Sensus would use commercially reasonable efforts per the Recovery Time Objectives and Recovery Point Objectives specified herein to restore operations at the same location or at a backup location within forty-eight (48) hours.
 - i. The Application shall have a Recovery Time Objective (RTO) of forty-eight (48) hours.
 - j. The Recovery Point Objective (RPO) shall be a full recovery of the Application(s), with an RPO of one (1) hours, using no more than a twenty-four (24) hour old backup. All meter-related data shall be pushed from each Base Station/TGB restoring the database to real-time minus external interfaced systems from the day prior.
 - k. Data from external interfaced systems shall be recreated within a forty-eight (48) hour period with the assistance of Customer personnel and staff, as needed.
- E. Customer Responsibilities:**
- i. Coordinate and schedule any changes submitted by Sensus to the system in accordance with standard configuration and change management procedures.
 - ii. Participate in all required configuration and change management procedures.
 - iii. Customer will log incidents related to the managed Application with Sensus personnel via email, web portal ticket entry, or phone call.
 - iv. Responsible for periodic processing of accounts or readings (i.e., billing files) for Customer's billing system for billing or other analysis purposes.
 - v. Responsible for any field labor to troubleshoot any SmartPoint modules or smart meters in the field in populations that have been previously deployed and accepted.
 - vi. First response labor to troubleshoot FlexNet Base Station, R100s, Remote Transceivers or other field network equipment.
 - vii. Responsible for local area network configuration, management, and support.
 - viii. Identify and research problems with meter reads and meter read performance.
 - ix. Create and manage user accounts.
 - x. Customize application configurations.
 - xi. Support application users.
 - xii. Investigate application operational issues (e.g., meter reads, reports, alarms, etc.).
 - xiii. Respond to alarms and notifications.
 - xiv. Perform firmware upgrades over-the-air, or delegate and monitor field personnel for on-site upgrades.
- F. Software as a Service** does not include any of the following services:
- i. Parts or labor required to repair damage to any field network equipment that is the result of a Force Majeure event.

- ii. Any integration between applications, such as Harris MeterSense, would require a Professional Services contract agreement to be scoped, submitted, and agreed in a signed writing between Sensus and all the applicable parties.

If an item is not listed in subparagraphs in item (D) above, such item is excluded from the Software as a Service and is subject to additional pricing.

II. Further Agreements

A. System Uptime Rate.

- i. Sensus (or its contractor) shall manage and maintain the Application(s) on computers owned or controlled by Sensus (or its contractors) and shall provide Customer access to the managed Application(s) via internet or point to point connection (i.e., Managed-Access use), according to the terms below. Sensus endeavors to maintain an average System Uptime Rate equal to ninety-nine (99.0) per Month (as defined below). The System Uptime Rate, cumulative across all Applications, shall be calculated as follows:

$$\text{System Uptime Rate} = 100 \times \frac{\text{TMO} - \text{Total Non-Scheduled Downtime minutes in the Month}}{\text{TMO}}$$

ii. Calculations

- a. **Targeted Minutes of Operation** or **TMO** means total minutes cumulative across all Applications in the applicable month minus the Scheduled Downtime in the Month.
- b. **Scheduled Downtime** means the number of minutes during the Month, as measured by Sensus, in which access to any Application is scheduled to be unavailable for use by Customer due to planned system maintenance. Sensus shall provide Customer notice (via email or otherwise) at least seven (7) days in advance of commencement of the Scheduled Downtime.
- c. **Non-Scheduled Downtime** means the number of minutes during the Month, as measured by Sensus, in which access to any Application is unavailable for use by Customer due to reasons other than Scheduled Downtime or the Exceptions, as defined below (e.g., due to a need for unplanned maintenance or repair).

iii. Exceptions: Exceptions mean the following events:

- Force Majeure
- Emergency Work, as defined below; and
- Lack of Internet Availability, as described below.

- a. **Emergency Work.** In the event that Force Majeure, emergencies, dangerous conditions or other exceptional circumstances arise or continue during TMO, Sensus shall be entitled to take any actions that Sensus, in good faith, determines is necessary or advisable to prevent, remedy, mitigate, or otherwise address actual or potential harm, interruption, loss, threat, security or like concern to any of the Application(s) ("**Emergency Work**"). Such Emergency Work may include, but is not limited to: analysis, testing, repair, maintenance, re-setting and other servicing of the hardware, cabling, networks, software and other devices, materials and systems through which access to and/or use of the Application(s) by the Customer is made available (the "**Managed Systems**"). Sensus shall endeavor to provide advance notice of such Emergency Work to Customer when practicable and possible.
- b. **Lack of Internet Availability.** Sensus shall not be responsible for any deterioration of performance attributable to latencies in the public internet or point-to-point network connection operated by a third party. Customer expressly acknowledges and agrees that Sensus does not and cannot control the flow of data to or from Sensus' networks and other portions of the Internet, and that such flow depends in part on the performance of Internet services provided or controlled by third parties, and that at times, actions or inactions of such third parties can impair or disrupt data transmitted through, and/or Customer's connections to, the Internet or point-to-point data connection (or portions thereof). Although Sensus will use commercially reasonable efforts to take actions Sensus may deem appropriate to mitigate the effects of any such events, Sensus cannot guarantee that such events will not occur. Accordingly, Sensus disclaims any and all liability resulting from or relating to such events.

iv. System Availability. For each month that the System Uptime Rates for the production RNI falls below 99.0%, Sensus will issue Customer the following Service Level Credits:

| System Uptime Rate per calendar month | Service Level Credit |
|---------------------------------------|--|
| Less than 99.0% but at least 97.5% | 5% of the monthly RNI SaaS Fees in which the service level default occurred (Note: SaaS fees are pre-paid annually and for purposes of SLA Credits are computed on a monthly basis.) |
| Less than 97.5% but at least 95.0% | 10% of the monthly RNI SaaS Fees in which the service level default occurred |
| Less than 95.0% | 20% of the monthly RNI SaaS Fees in which the service level default occurred |

Service Level Credits for any single month shall not exceed 20% of the RNI SaaS Fee associated with the month in which the service level default occurred. Sensus records and data will be the sole basis for all Service Level Credit calculations and determinations, provided that such records and data must be made available to Customer for review and agreement by Customer. To receive a Service Level Credit, Customer must issue a written request no later than ten (10) days after the Service Level Credit has accrued. Sensus will apply each valid Service Level Credit to the Customer's invoice within 2 billing cycles after Sensus' receipt of Customer's request and confirmation of the failure to meet the applicable Service Level Credit. Service Level Credits will not be payable for failures to meet the System Uptime Rate caused by any Exceptions. No Service Level Credit will apply if Customer is not current in its undisputed payment obligations under the Agreement. Service Level Credits are exclusive of any applicable taxes charged to Customer or collected by Sensus. Sensus shall not refund an unused Service Level Credits or pay cash to Customer for any unused Service Level Credits. Any unused Service Level Credits at the time the Agreement terminates will be forever forfeited. THE SERVICE LEVEL CREDITS DESCRIBED IN THIS SECTION ARE THE SOLE AND EXCLUSIVE REMEDY FOR SENSUS' FAILURE TO MEET THE SYSTEM UPTIME REQUIREMENT OR ANY DEFECTIVE SAAS PERFORMANCE. IN NO EVENT SHALL THE AGGREGATE AMOUNT OF SERVICE LEVEL CREDITS IN ANY ANNUAL PERIOD EXCEED 20% OF THE ANNUAL RNI SAAS FEE.

B. Data Center Site-Security. Although Sensus may modify such security arrangements without consent or notice to Customer, Customer acknowledges the following are the current arrangements regarding physical access to and support of the primary hardware components of the Managed Systems:

- i. The computer room(s) in which the hardware is installed is accessible only to authorized individuals.

- ii. Power infrastructure includes one or more uninterruptible power supply (UPS) devices and diesel generators or other alternative power for back-up electrical power.
- iii. Air-conditioning facilities (for humidity and temperature controls) are provided in or for such computer room(s) and can be monitored and adjusted for humidity and temperature settings and control. Such air systems are supported by redundant, back-up and/or switch-over environmental units.
- iv. Such electrical and A/C systems are monitored on an ongoing basis and personnel are available to respond to system emergencies (if any) in real time.
- v. Dry pipe pre-action fire detection and suppression systems are provided.
- vi. Data circuits are available via multiple providers and diverse paths, giving access redundancy.

C. Responsibilities of Customer.

- i. Customer shall promptly pay all Software as a Service fees.
- ii. Customer may not (i) carelessly, knowingly, intentionally or maliciously threaten, disrupt, harm, abuse or interfere with the Application(s), Managed Systems or any of their functionality, performance, security or integrity, nor attempt to do so; (ii) impersonate any person or entity, including, but not limited to, Sensus, a Sensus employee or another user; or (iii) forge, falsify, disguise or otherwise manipulate any identification information associated with Customer's access to or use of the Application(s).
- iii. The provisioning, compatibility, operation, security, support, and maintenance of Customer's hardware and software ("Customer's Systems") is exclusively the responsibility of Customer. Customer is also responsible, in particular, for correctly configuring and maintaining (i) the desktop environment used by Customer to access the Application(s) managed by Sensus; and (ii) Customer's network router and firewall, if applicable, to allow data to flow between the Customer's Systems and Sensus' Managed Systems in a secure manner via the public Internet.
- iv. Upon receiving the system administrator account from Sensus, Customer shall create username and passwords for each of Customer's authorized users and complete the applicable Sensus registration process (Authorized Users). Such usernames and passwords will allow Authorized Users to access the Application(s). Customer shall be solely responsible for maintaining the security and confidentiality of each user ID and password pair associated with Customer's account, and Sensus will not be liable for any loss, damage or liability arising from Customer's account or any user ID and password pairs associated with Customer. Customer is fully responsible for all acts and omissions that occur through the use of Customer's account and any user ID and password pairs. Customer agrees (i) not to allow anyone other than the Authorized Users to have any access to, or use of Customer's account or any user ID and password pairs at any time; (ii) to notify Sensus immediately of any actual or suspected unauthorized use of Customer's account or any of such user ID and password pairs, or any other breach or suspected breach of security, restricted use or confidentiality; and (iii) to take the Sensus-recommended steps to log out from and otherwise exit the Application(s) and Managed Systems at the end of each session. Customer agrees that Sensus shall be entitled to rely, without inquiry, on the validity of the user accessing the Application(s) application through Customer's account, account ID, usernames or passwords.
- v. Customer shall be responsible for the day-to-day operations of the Application(s) and AMI System. This includes, without limitation, (i) researching problems with meter reads and system performance, (ii) creating and managing user accounts; (iii) customizing application configurations, (iv) supporting application users, (v) investigating application operational issues, (vi) responding to alarms and notifications, and (vii) performing over-the-air commands (such as firmware updates or configuration changes).

D. Software Solution Components.

- i. **Description of Software Solutions.** Sensus software consists of a core communication module and a set of applications. Some applications are required to perform basic solution capabilities, other applications are optional and add additional capabilities and function to the overall solution. As Customer's business process expands and/or new Sensus offerings are made available, additional applications and functionality can dynamically be added to the solution, provided Customer purchases such additional applications.
- ii. **Regional Network Interface.** The Regional Network Interface (RNI) or Sensus head-end is the centralized intelligence of the FlexNet network; the RNI's primary objective is to transfer endpoint (such as meters) data to the Customer and the advanced feature applications. The RNI is adaptable to Customer configurations by simultaneously supporting a wide range of FlexNet enabled endpoints; including but not limited to meters (electric, water, gas), street lighting, and Home Area Network devices.
 - a. Core Package
 - (i) Communication
 - 1. Manages all inbound and outbound traffic to and from endpoints
 - 2. Outbound routing optimization
 - 3. Route analyzer
 - 4. AES256 bit encryption of radio messages
 - 5. Reports and metric details of network performance and troubleshooting aids
 - 6. Management of RF equipment (base stations and endpoint radios)
 - (ii) Data Collection
 - 1. Missing read management
 - 2. Management of duplicate reads
 - 3. 60 day temporary storage
 - (iii) Application integration
 - 1. To Sensus Analytics applications
 - 2. Enable 3rd party application integration
 - 3. Batch CMEP file export
 - 4. Real-time access through MultiSpeak 3.0 and 4.1
 - (iv) Endpoint Management
 - 1. Gas, water, electric, lighting concurrent support
 - 2. Remote configuration
 - 3. Remote firmware updates
 - 4. Reports, metrics and Troubleshooting

- (v) User Management
 1. Secure access
 2. Password management
 3. Definable user roles
 4. User permissions to manage access to capabilities
- b. Integration of RNI. Sensus shall provide RNI integration support services to Customer only to the extent specifically provided below:
 - (i) Sensus shall meet with the representative from the Customer's system(s) targeted for integration to determine which integration method is appropriate (e.g., Multispeak, CMEP, etc.).
 1. In scope and included integration efforts: Provide the gateway URLs to the integrating system as needed, provide Customer with standard integration API documentation, validate and test that the correct Customer information is flowing into and/or out of the RNI.
 2. Out of scope and subject to additional charges: Modifications or extensions to the standard API provided by Sensus and any integration efforts not outlined above as in scope and included.
 - (ii) Customer Responsibilities:
 1. Provide Sensus with information about the relevant information Customer wishes to transfer and integrate with the RNI.
 2. Establish the network and security required for the two systems to reasonably communicate.
 3. Verify integration to third party system functionality is working as intended.
 - (iii) If an item is not listed in subparagraph (i) above, such item is excluded from the integration of Sensus RNI Support and is subject to additional pricing.

III. Sensus Analytics

Sensus Analytics is a cloud-based solution and data platform that allows storage and retrieval of raw reads and data from other sources for analysis, exportation, and inquiry or reporting. The platform provides applications and reporting capabilities.

A. Essential Package. The Essential Package of the Sensus Analytics Application shall consist of the following modules:

- i. Device Access
 - a. Allows search for meter details by using data imported from the billing system or the Sensus Device ID or AMI ID.
 - b. Allows a view of the meter interval or register reads.
 - c. Meter data is available to be copied, printed, or saved to certain user programs or file formats, specifically CSV, PDF, and Spreadsheet.
 - d. Allows the current and historical data to be viewed.
 - e. Allows the current usage to be compared to historical distribution averages.
 - f. Allows the user to see the meter location on a map view.
 - g. Allows notifications for an event on a single meter to be forwarded to a Customer employee.
 - h. Allows details to be viewed about a meter – (dependent on the data integrated from other systems).
- ii. Meter Insight (provides the following)
 - a. # of active meters.
 - b. # of orphaned meters with drill down to the list of meters.
 - c. # of inactive meters with usage drill down to the list of meters.
 - d. # of stale meters with drill down to the list of meters.
 - e. # of almost stale meters with drill down to the list of meters.
 - f. # of meters where no read is available with drill down to the list of meters.
 - g. # of meters with maximum threshold exceptions with drill down to the list of meters.
 - h. # of meters with minimum threshold exceptions with drill down to the list of meters.
 - i. # of unknown radios with drill down to the list of meters.
- iii. Report Access
 - a. Allows the user to see meter alarms and choose a report from a list of standard reports.
 - b. Master Route Register Reads: Shows the latest reads for all meters within specified time window.
 - c. Meter Route Intervals Reads: Allows users to inspect intervals of a single meter over a period of time.
 - d. Master Route No Readings: List all meters that are active in the system, but have not been sending reads within the specified time window.
 - e. Consumption Report: List meters' consumption based on meter readings within the specified time window.
 - f. Zero Consumption for Period: List meters whose readings do not change over a period of time.
 - g. Negative Consumption: Shows the number of occurrences and readings of negative consumption for the last 24hr, 48hr and 72hr from the entered roll up date.
 - h. High Low Exception Report: Displays meters whose reads exceed minimum or/and maximum threshold, within a time range.
 - i. Consumption vs Previous Reported Read: Compares latest reading (from RNI) with last known read received from CIS.
 - j. Consumption Exception 24 hour Report: This report shows meters that satisfy these two conditions: (1) The daily average consumptions exceed entered daily consumption threshold; (2) The number of days when daily thresholds are exceeded are greater than the entered exception per day threshold.
 - k. Endpoint Details: Shows the current state of meters that are created within the specified time range.
 - l. Orphaned Meters: List meters that are marked as 'orphaned', which are created as of entered Created as of parameter.
 - m. Billing Request Mismatch: Displays meters in a billing request that have different AMR id with the ones sent by RNI. It also shows AMR id in billing request that have different meter Id in the RNI. Users must enter which billing request file prior to running the report.
 - n. All Alarms Report: List all alarms occurred during a time window. Users can select which alarm to show.
- iv. Billing Access

- a. Initiate the creation of billing export files formatted to the import needs of the billing system.
 - b. Receive billing request files from the billing system to identify what meters to include in the billing export file in the case where billing request file option is used.
 - c. Provides a repository of past billing files that were either used for billing preparation or actually sent to the billing system.
 - d. Will store created billing files for a period of three years unless otherwise denoted.
 - e. The system will allow creation of test files before export to the billing system.
 - v. Billing Adaptor
 - a. The underlying configurator and tools mapping the extraction of billing data to enable integration to the utility's billing system.
 - vi. Data Store
 - a. Allows storage of meter reading data including Intervals, Registers, and Alarms to be stored.
 - b. Stored data is available online for reports and analysis.
 - c. Data will be retained for 3 years. Additional duration can be purchased.
- B. Enhanced Package.** The Enhanced Package shall consist of the modules listed above in the Essential Package, as well as the following additional modules:
- i. Alarm Insight
 - a. Allows the user to summarize and filter alarms by a date range.
 - b. Allows the user to review all alarm types on a single screen.
 - c. The user can filter out the alarms not wanted on the screen.
 - d. Alarm totals can be visualized.
 - e. Adds a view of trending alarms over time.
 - f. Click to drill down on an alarm to gain more information on specific events.
 - g. Click to analyze a specific event on a particular device.
 - ii. Alert Manager
 - a. Allows creation of alert groups who will be notified when an alarm occurs.
 - b. Users can manage alert groups by adding and removing group members.
 - c. Allows selection of notification method for how end users in the group will be notified; email or SMS (text message).
 - d. Allows creation of an alert from the available system events from smart points and assign to a group.
 - e. Monitors the systems meters for events. When an event is triggered, all users in the group will be notified.
- C. Integration of Sensus Analytics.** Sensus shall provide integration support services to Customer only to the extent specifically provided below:
- i. Sensus shall provide Customer with a simple flat file specification known as VFlex for the integration of the Customer's back office system to the Sensus Analytics modules. The VFlex shall contain the following types of information: Device ids, end users in the system, end user status, end user account information, end user name, and other end user details. This flat file may be delimited or fixed width. Customer shall produce this file and transmit it to the FTP location designated by Sensus. When sent to the Sensus FTP servers, this file exchange will enable the system to become operational with the Customer's systems. Customer shall produce this file and transmit it to the FTP location designated by Sensus. Sensus will provide reasonable support to explain to Customer the required vs. optional fields that are in the specification, testing and validation of the file format and content.
 - ii. In scope and included integration efforts: kick-off meeting to engage all required parties, mapping the Customer's fields to the VFlex specification, validation of expected output, and a two (2) hour system review of Sensus Analytics application and integration with the Customer's system (conducted remotely).
 - iii. Out of scope and subject to additional charges will be the transformation of data where business logic including code must be written to modify the field content or format of the data to meet the VFlex specification.
 - iv. Sensus' integration services consist of four (4) hours of assistance (remote or on-site, as determined by Sensus). If additional time is needed to complete the integration efforts, Sensus shall invoice Customer for additional fees on an actual time and materials basis.
 - v. **If an item is not listed in subparagraphs (i) or (ii) above, such item is excluded from the integration of Sensus Analytics Support and is subject to additional pricing.**
 - vi. **Data Import.** The Sensus Analytics Application contains adapters for the import of data from; (a) Customer's FlexNet AMI System; and/or (b) AutoRead application for handheld and drive by systems, as applicable.
 - vii. **Customer Acknowledgements.**
 - a. Customer acknowledges that the Sensus Analytics Application provides up to fifty (50) user logins for Customer's use.
 - b. Customer acknowledges and agrees the Sensus Analytics Application is based upon the actual number of End Users within Customer's Service Territory. Pricing may increase if Customer's Service Territory or actual number of End Users expands.
 - c. Customer acknowledges that all data related to the Sensus Analytics Applications is geographically hosted within the United States of America. Customer accepts the geographic location of such hosting, and indemnifies Sensus for any claims resulting therefrom.
 - d. Customer acknowledges and agrees that the Intellectual Property provisions of this Agreement apply in all respects to Customer's access to and use of the Sensus Analytics Applications.
 - e. Customer is responsible for validating the data analyzed by the Sensus Analytics Applications. Sensus makes no promises of improving Customer's operations or saving Customer money, nor is Sensus liable for any damages resulting from decisions made by Customer related to Customer's use of Sensus Analytics.

IV. Third party Software

- A. RedHat Linux.** If Sensus is providing Customer with a license to use RedHat Linux Software, Customer agrees to the following:
By entering into this Agreement, Customer agrees to abide by and to be legally bound by the terms and conditions of the Red Hat End User License Agreements identified below, each of which are incorporated into this Agreement by reference and are available at the websites identified below. Please read the Red Hat End User License Agreements and incorporated references carefully.

Subscription:
Red Hat Enterprise Linux
JBoss Enterprise Middleware

End User License Agreement:
http://www.redhat.com/licenses/rhel_rha_eula.html
http://www.redhat.com/licenses/jboss_eula.html

DRAFT

Exhibit B
Technical Support

1. Introduction

Sensus Technical Services provides utility customers with a single point of contact for Tier 1 support of technical issues as well as any coordination of additional resources required to resolve the issue. Requests that require specialized skills are to be forwarded to a senior support engineer or Technical Advisor within the team for further analysis. If Technical Services has exhausted all troubleshooting efforts for the product type, the issue will escalate to the Engineering Support Team. Occasionally, on-site troubleshooting/analysis may be required. The preferred order of on-site support is:

- a) The Customer (for assistance with the easiest and lowest time-consuming activities such as power on/power off).
- b) The local distributor.
- c) Sensus employees or contracted personnel, if required to fulfill a contract commitment.

2. Support Categories

- 2.1. General questions regarding functionality, use of product, how-to, and requests for assistance on Sensus AMR, AMI, RF Network Equipment, Metering Products, Sensus Lighting Control, and Demand Response Management System (FlexNet Home).
- 2.2. Proactive reporting and resolution of problems.
- 2.3. Reactive reporting to isolate, document, and solve reported hardware/software defects.
- 2.4. Responding to service requests and product changes.
- 2.5. Addressing customer inquiries with printed or electronic documentation, examples, or additional explanation/clarification.

3. Support Hours

- 3.1. Standard Support Hours: Toll-free telephone support (1-800-638-3748 option #2) is available Monday thru Friday from 8:00 a.m. EST to 8:00 p.m. EST. After-hours, holiday and weekend support for Severity 1 and Severity 2 issues is available by calling 1-800-638-3748, option #8.

4. Support Procedures

- 4.1. Customer identifies an issue or potential problem and calls Technical Services at 1-800-638-3748 Option #2. The Customer Service Associate or Technical Support Engineer will submit a Salesforce ticket.
- 4.2. The Customer Service Associate or Technical Support Engineer will identify the caller name and utility by the assigned software serial number, city, and state based on where the call originated. The Customer Service Associate or Technical Support Engineer will require a brief description of the problem symptoms, or error messages depending on nature of the incident. The nature of the problem and severity levels will be mutually agreed upon by both parties (either at the time the issue is entered or prior to upgrading or downgrading an existing issue) using the severity definitions below as a guideline. The severity level is then captured into Salesforce for ticket creation and resolution processing. Any time during the processing of this ticket, if the severity level is changed by Sensus, the customer will be updated.

A. Severity Levels Description:

Sev1 Customer's production system is down. The system is unusable resulting in total disruption of work. No workaround is available and requires immediate attention.

Example: Network mass outage, all reading collection devices inoperable, inoperable head end software (e.g., FlexWare, Sensus MDM). Not able to generate billing files.

Sev2 Major system feature/function failure. Operations are severely restricted; there is a major disruption of work, no acceptable work-around is available, and failure requires immediate attention.

Examples: Examples: Network equipment failure (e.g., FlexNet Echo, FlexNet Remote, Base Station transceiver, or VGB); inoperable reading devices (e.g., AR5500, VXU, VGB, or CommandLink); head end software application has important functionality not working and cannot create export file for billing system operations.

Sev3 The system is usable and the issue doesn't affect critical overall operation.

Example: Minor network equipment failure (e.g., Echo/Remote false alarms or Base Station transceiver false alarms); head end software application operable but reports are not running properly, modification of view or some non-critical function of the software is not running.

- 4.3. The Customer Service Associate or Technical Support Engineer identifies whether or not the customer is on support. If the customer is not on support, the customer is advised of the service options as well as any applicable charges that may be billed.
- 4.4. Calls are placed in a queue from which they are accessible to Technical Support Engineers on a first-come-first-served basis. A 1st level Customer Service Associate may assist the customer, depending on the difficulty of the call and the representative's technical knowledge. Technical Support Engineers (Tier 1 support) typically respond/resolve the majority of calls based on their product knowledge and experience. A call history for the particular account is researched to note any existing pattern or if the call is a new report. This research provides the representative a basis and understanding of the account as well as any associated problems and/or resolutions that have been communicated.
 - a. Technical Services confirms that there is an issue or problem that needs further analysis to determine its cause. The following information must be collected: a detailed description of the issue's symptoms, details on the software/hardware product and version, a description of the environment in which the issue arises, and a list of any corrective action already taken.
 - b. Technical Services will check the internal database and product defect tracking system, to see if reports of a similar problem exist, and if any working solutions were provided. If an existing resolution is found that will address the reported issue, it shall be communicated to the customer. Once it is confirmed that the issue has been resolved, the ticket is closed.
 - c. If there is no known defect or support that defines the behavior, Technical Services will work with the customer to reproduce the issue. If the issue can be reproduced, either at the customer site or within support center test lab, Technical Services will escalate the ticket for further investigation / resolution.

If the issue involves units that are considered to be defective with no known reason, the representative will open a Special Investigation RMA through the Salesforce system. If it is determined that a sample is required for further analysis, the customer will be provided with instructions that detail where to send the product sample(s) for a root cause analysis. Once it is determined that the issue cannot be resolved by Tier 1 resources, the ticket will be escalated to Tier 2 support for confirmation/workarounds to resolve immediate issue. Technical Services will immediately contact the customer to advise of the escalation. The

response and escalation times are listed in Section 5. At this time, screen shots, log files, configuration files, and database backups will be created and attached to the ticket.

5. Response and Resolution Targets.

Sensus Technical Support will make every reasonable effort to meet the following response and resolution targets:

| Severity | Standard Target Response | Standard Target Resolution | Resolution (one or more of the following) |
|----------|--------------------------|---|--|
| 1 | 30 Minutes | Immediately assign trained and qualified Services Staff to correct the error on an expedited basis. Provide ongoing communication on the status of a correction (24 hours). | <ul style="list-style-type: none"> • Satisfactory workaround is provided. • Program patch is provided. • Fix incorporated into future release. • Fix or workaround incorporated into Salesforce Knowledge Base. |
| 2 | 4 hours | Assign trained and qualified Services Staff to correct the error. Provide communication as updates occur (48 hours). | <ul style="list-style-type: none"> • Satisfactory workaround is provided. • Program patch is provided. • Fix incorporated into future release. • Fix or workaround incorporated into Salesforce Knowledge Base. |
| 3 | 1 Business Day | 30 business days | <ul style="list-style-type: none"> • Answer to question is provided. • Satisfactory workaround is provided. • Fix or workaround incorporated into Salesforce Knowledge Base. • Fix incorporated into future release. |


6. Problem Escalation Process.

- 6.1. If the normal support process does not produce the desired results, or if the severity has changed, the issue may be escalated as follows to a higher level of authority.
 - 6.1.1.1. Severity 1 issues are escalated by Sales or Technical Services to a Supervisor if not resolved within 2 hours; to the Manager level if not resolved within 4 hours; to the Director level if not resolved within the same business day; and to the VP level if not resolved within 24 hours.
 - 6.1.1.2. A customer may escalate an issue by calling 1-800-638-3748, Option 2. Please specify the Salesforce ticket number and the reason why the issue is being escalated.
 - 6.1.1.3. In the event that a customer is not satisfied with the level of support or continual problem with their products, they may escalate a given Salesforce ticket to Manager of Technical Services (1-800-638-3748, Option 2).

7. General Support Provisions and Exclusions.

- 7.1. Sensus provides online documentation for Sensus products, and all Sensus customers are provided access to this online database, which includes operation, configuration and technical manuals. The customer shall provide names and email accounts to Sensus so Sensus may provide access to the product documentation.
- 7.2. Specialized support from Sensus is available on a fee basis to address support issues outside the scope of this support plan or if not covered under another specific contract or statement of work. For example: specialized systems integration services or out of warranty network equipment repair.

Exhibit C
Pricing

| | | |
|--------------------------------|--------------|---|
| | QUOTE |  |
| Effective Date: <u>1/16/19</u> | | Expiration Date: <u>5/31/19</u> |

SACRAMENTO SUBURBAN WATER DISTRICT

| Qty | Product | Requested Unit Price | Total Price |
|---|---|----------------------|---------------|
| <i>(itemize details of quote here & list complete product specifications)</i> | | | |
| 1 | Annual RNI SaaS Fee (year 1) 5,000 services | \$ 8,240.00 | \$ 8,240.00 |
| 1 | Sensus Analytics SaaS Fee (year 1) Specify Suite 539638370053 | \$ 6,890.00 | \$ 6,890.00 |
| 1 | RNI Setup Fee-One time (valued at \$19,364) MS SU RNI SAAS | \$ - | \$ - |
| 1 | SA Setup Fee-One time (valued at \$10,000) 5396383700521 | \$ - | \$ - |
| 1 | SA Integration Fee (Valued at \$3200) | \$ - | \$ - |
| 1 | Education Core RNI Onsite ED RNI ONSITE | \$ 4,400.00 | \$ 4,400.00 |
| 1 | Sensus Anyalytics Training 5396383700540 | \$ 2,000.00 | \$ 2,000.00 |
| *AUTOMATIC INCREASE OF 3% APPLIES IN ANNUAL SAAS FEE | | | |
| 1 | 520M Smartpoints TRPL | \$ 98.00 | \$ 98.00 |
| 3000 | 520M Smartpoints at Trade In | \$ 79.00 | \$ 237,000.00 |
| 3000 | 5' Nicor connector with TRPL | \$ 18.00 | \$ 54,000.00 |
| 4 | M400 Basestation Collector (valued at \$60,000) | \$ - | \$ - |
| 4 | M400 Basestation Installation | \$ 15,000.00 | \$ 60,000.00 |
| 5 | R100 Collector (Valued at \$17,500) | \$ - | \$ - |
| 5 | R100 Installation | \$ 3,500.00 | \$ 17,500.00 |
| 7 | Trimble Handheld - Programming endpoints | \$ 3,000.00 | \$ 21,000.00 |
| 7 | Command Links | \$ 390.88 | \$ 2,736.16 |
| 2 | 3096 Touch Reader | \$ 350.00 | \$ 700.00 |
| 3 | Project Management - Monthly fee (Estimated 2-3 months) | \$ 18,300.00 | \$ 54,900.00 |
| 4 | Annual Maint fee for M400 | \$ 1,250.00 | \$ 5,000.00 |
| 5 | Annual Maint fee for R100 | \$ 233.32 | \$ 1,166.60 |
| Note: Pricing increases 3% each year | | | |

Freight Terms: Total **\$ 475,630.76**

Freight will be prepaid on all Single orders, shipped to a Single Destination, equal to or greater than Net \$10,000. Add-ons requested after the PO has been entered will not be permitted.

Payment Terms

Escalation. Customer shall pay for all goods and services rendered by Sensus hereunder at the prices set forth in this Exhibit C (or in the Quote if one is referenced on the first page. If there is a Quote referenced on the first page, such Quote is incorporated into this Exhibit C by reference). The pricing in Exhibit C shall remain firm until the Trigger Date (as defined on the first page of the Agreement). Starting on the Trigger Date, and on each anniversary of the Trigger Date thereafter, the pricing in Exhibit C shall automatically adjust to equal the summation of (i) the amount charged for such pricing component during the immediately preceding year ("Base Amount"); plus (ii) the product of the Base Amount multiplied by the percentage rate of increase in the Escalator(s) during the immediately preceding year (which product shall not be less than zero, such that the pricing in Exhibit C cannot decrease under this section). The Escalator(s) will be calculated utilizing the Escalator(s) published the month prior to the anniversary of the Trigger Date compared to the equivalent month from one year earlier to determine the escalation. For example, if the Trigger Date occurs in January 2015, the Escalator(s) will be calculated by comparing December 2013 and December 2014 figures.

- "Escalator(s)" means the following:
- i. For services: three percent (3%).
 - ii. For Water Meters:
 - (a) For bronze and low lead water metering products: the percentage change, for the relevant period, of the average of: (a) the United States Bureau of Labor Statistics Producer Price Index, Commodities, Group: Metals and metal products, Item: Copper and copper-base alloy castings (excl. die-castings), series ID: WPU102807013, not seasonally adjusted; and (b) the United States Bureau of Labor Statistics Producer Price Index, Industry Data, Industry and Product: Plastics material and resins mfg., series ID: PCU 325211325211, not seasonally adjusted.#
 - (b) For plastic main case meters: the percentage change, for the relevant period, of the United States Bureau of Labor Statistics Producer Price Index, Industry Data, Industry and Product: Plastics material and resins mfg., series ID: PCU 325211325211, not seasonally adjusted.
 - (c) For Omni meters: the percentage change, for the relevant period, of the United States Bureau of Labor Statistics Producer Price Index, Commodities, Group: Metals and metal products, item: other gray and ductile iron castings, other, series ID: WPU101504, not seasonally

adjusted.

- iii. **For all other goods and services:** the percentage change, for the relevant period, of the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers (CPI-U) "All Items Less Food and Energy" for the U.S. City Average for All Items, 1982-84 = 100, not seasonally adjusted, or substantially similar succeeding index.
- iv. Any Escalator increases called forth in this Agreement shall be calculated to the third decimal point (e.g. 2.576%)

Equipment. Invoices for all Field Devices, RF Field Equipment, Server Hardware and any other goods sold by Sensus hereunder shall be delivered along with the relevant goods.

Third Party Devices. In cases where Customer requests or requires Sensus to deliver SmartPoint Modules to a third party manufacturer (or any other third party), payment for such modules is due within thirty (30) days of the invoice date to such manufacturer or other third party, irrespective of how long it takes such third party to deliver the SmartPoint Modules to Customer.

Services. Invoices for Ongoing Fees and services shall be delivered annually or monthly, as applicable, in advance. Invoices for other services shall be delivered upon completion of the applicable service.

Invoices and Payment. Customer shall pay all invoices within thirty (30) days of the invoice date. Sensus reserves the right to establish credit limits for Customer and may require full or partial payment prior to shipment of any goods or commencement of any services provided hereunder. All payments shall be made via electronic payment to the account(s) indicated by Sensus from time to time, unless Sensus requests a change in payment methods in writing.

Late Payments. Any invoices not disputed in good faith by Customer which Customer does not pay within the time provided in this Agreement shall bear interest at the lower of (i) one and a half percent (1.5%) per month up to a maximum of eighteen percent (18%) per year; or (ii) the highest rate permitted by applicable law (collectively, "Interest Rate").

Disputed Invoices. If Customer disputes an invoice, Customer must give written notice of the dispute to Sensus within thirty (30) days of the invoice date. If Customer does not do so, the entire invoice shall be deemed payable without reduction, set off, or claim. If Customer gives written notice of the dispute within the required thirty (30) days, it shall, at such time as the notice is given, pay the undisputed amount of the invoice and the disputed portion shall be resolved by the parties or, if necessary, under the dispute resolution provisions of this Agreement. If it is ultimately determined that some or all of the disputed amount was payable, that amount shall bear interest from the original due date until Customer pays it at the Interest Rate.

Withholding. Customer may withhold payment on an invoice for defective goods and services. Payment by Customer of an invoice shall deem Sensus to have fully complied with this Agreement for all goods and services represented in the invoice and with all other terms and conditions of this Agreement prior to the date of such payment.

Taxes. All prices quoted are exclusive of federal, state and municipal taxes. Customer shall be liable for all sales, use and other taxes (whether local, state or federal) imposed on this Agreement or the goods, services, licenses, and/or other rights provided to Customer hereunder.

Packaging. Sensus reserves the right to select the manner in which Equipment is packaged. Quoted prices include regular packing. Special requirements for packing will be subject to extra charges. Shipping and completion dates quoted by Sensus are made in good faith but are not guaranteed.

Address for Purchase Orders. All purchase orders shall be sent to the address listed below. Sensus may change this address at any time, upon written notice to the Customer (such notice may be provided via email).

Sensus USA Inc.
PO Box 487
Uniontown, PA 15401
Attn: Customer Service
Fax: 800-888-2403
Email: sensus.orders@xyleminc.com

Exhibit D
Statement of Work

I. General Responsibilities.

a. Sensus will:

1. Conduct a propagation study to determine the locations best suited for installation of the FlexNet Base Stations and to ensure proper communications with end point transmitters and the RNI.

b. Customer will:

1. Provide a key point of contact to work with Sensus to help facilitate a timely installation of the FlexNet system.
2. Provide Sensus a map of its Service Territory with latitude and longitude ("lat/lon") coordinates of its Service Territory boundaries, a list of meter locations, and a list of preferred Customer tower locations.
3. Work with Sensus to develop a shipping schedule to include network and metering components for the Sensus AMI System. The shipping schedule will be updated at least quarterly, but may be updated on a more frequent basis as implementation proceeds. The shipping schedule shall identify each geographic area of the deployment, the specific locations of meters (street addresses and/or lat/lon if available) in that area, and the estimated date of installation in that area. The plan shall estimate the number of meters by Sensus part number and form type to be installed for each quarter of the project until completion.
4. Be responsible for monthly fees associated with the network access for all sites where network access is needed.
5. Provide communications link (high speed DSL is preferred) between the RNI and the FlexNet Base Station. One of the following should be used to access these components: (i) Cisco VPN; (ii) Open VPN Connection; or (iii) SSH access via port 22 to Linux NC. If Customer is providing SSH access, Port 22 on the firewall must be opened and redirected to the internal IP address of the Sensus RNI.
6. Purchase any routers, hubs, mounting equipment, uninterruptible power supply and/or security equipment needed to connect the RNI to Customer's internal network.
7. Be responsible for the payment of any taxes, renewal, regulatory or license fees associated with the network hardware and software.
8. Be responsible for applying for and purchasing any needed work permits.

II. FlexNet Base Station Site Responsibilities

a. Sensus will:

1. Determine the correct FlexNet Base Station configuration for the project. FlexNet Base Stations are available in three configurations: indoor, outdoor and rack mounted.
2. Identify and hire a qualified installation team to install and commission the FlexNet Base Station equipment and make final end connections to the equipment for an agreed upon installation fee.
3. Provide the FlexNet Base Station and antennae sufficient to receive meter data and provide the meter data to the RNI via Customer's provided network.
4. Provide the following equipment for the FlexNet Base Station installation: (a) Appropriate omni or panel antenna as required, (b) Coaxial cable per FlexNet Base Station location, (d) jumpers required to attached antenna to coax and to FlexNet Base Station (length of Jumper to be determined by individual site), (e) RF Polyphaser surge current arrester, (f) grounding Kits, (g) grounding wire for grounding FlexNet Base Station Cabinet, (h) antenna mount and standoff for antenna installation, (i) hoisting grips to install coaxial cable and to support coax cable, (j) equipment required to pickup, transport and install FlexNet Base Station on Platform, and k) one (1) hoisting grip per coax cable and hangars as needed.
5. Have access to a ground field (supplied by Customer) to properly ground the FlexNet Base Station and antenna equipment.
6. Mount the FlexNet Base Station cabinet (if needed) to the structure provided and identified by Customer.
7. Make all data and power terminal, and antennae connections at the FlexNet Base Station Cabinet. This includes the connection from the power source (supplied by Customer) and connection of the CAT 5 data line (supplied by Customer) from the network access point at the site.
8. Provide all strapping hardware needed to run the data and power cables from the base of the FlexNet Base Station site to the antennae if needed.
9. Install the antenna at an agreed-upon location on the antenna structure.
10. Provide and install appropriate coaxial cable from each FlexNet Base Station location to antenna mount location. Coax will be installed on the appropriate leg of tower or mounting structure.
11. Provide and install antenna mount for the antenna installation.
12. Mount the Sensus provided appropriate omni or panel antenna for installation.
13. Install the Sensus provided RF Polyphaser and bond it to the ground buss entry location.
14. Install appropriate foot jumper from polyphaser entry port of FlexNet Base Station duplexer.
15. Ground the FlexNet Base Station to common ground with appropriate ground wire and appropriate ground lugs.
16. Program and commission the FlexNet Base Station for proper operation.
17. Sweep the antenna and coax line to ensure conformance to Sensus' published specifications.
18. Perform drive-by testing to verify coverage in the event network anomalies are detected.
19. Not be held responsible for damage to any interior/exterior coatings on water tanks that result from welding of antenna mounts to tanks. Parties will agree to a scope of work prior to installation.

b. Customer will:

1. Provide an area at the FlexNet Base Station site for installation if the FlexNet Base Station is to be installed at a Customer provided site and prepare the site as follows:
 - A. The site must have a network connection available for the FlexNet Base Station to communicate with RNI. Suggested communications methods are Ethernet, DSL, Microwave and wireless. The Ethernet connector on the FlexNet Base Station unit is an RJ-45 type, 10/100 auto signaling rate. Minimum WAN bandwidth requirements are 128 kbps with a redundant path. Any network equipment to interface the FlexNet Base Station such as Juniper router / firewall, switches, etc. will be Customer provided.
 - B. Customer will supply connectivity information to Sensus (IP address, default gateway, sub-net mask, etc.).
 - C. Provide suitable antenna mounting structure such as a tower, mono-pole, or building that is capable of supporting the weight of the antenna, cable, mounting hardware and wind loading.
 - D. An Indoor site should have adequate room for the rack facilitating opening of both front and rear doors, and an available 120V grounded outlet within 10 feet.

- E. An Outdoor site installation single phase 240 VAC 30 amp circuit from Meter bank to disconnect panel on FlexNet Base Station.
 - F. An Outdoor site shall have installation of FlexNet Base Station concrete support pad or suitable steel support structure with a minimum loading capacity of 600lb./sq.inch.
 - G. An Indoor site should have adequate environmental control/ventilation. Recommended environmental ranges are shown in Appendix A of the Tower Gateway Base Station Installation Manual. Although the unit is capable of operation in extreme temperatures, maintaining a moderate and constant temperature environment will promote trouble-free service and long life.
 - H. The site must have all RF and power connections properly surge arrested to prevent damage in the event of a major lightning strike. A Halo type building ground installation with a tie available to connect to the rack ground bar is recommended; Motorola R-85 grounding specification preferred.
 - I. Customer to supply a cable bridge between the antenna mounting structure and the indoor/outdoor FlexNet Base Station site if and as needed.
 - J. For each outdoor basestation that is required at your location, you are responsible to provide two (2) additional ports on your LAN and one (1) additional port for each indoor basestation
2. Provide the necessary trenching of the power line, conduit, and cabling needed to supply power from the power source outlet to the base station cabinet. All electrical equipment will be installed in accordance with local codes.
 3. Provide network access at the site where the FlexNet Base Station is to be installed. Customer should consult with a Sensus representative regarding the available options for network connections between FlexNet Base Station and RNI.
 4. Provide CAT 5 UV and weather resistant network cable from the network service provider access link to the cabinet.
 5. Provide any conduit or trenching needed to run the data cable to the FlexNet Base Station. Customer is responsible to assure that data cable is located within 1 foot of the final location of the FlexNet Base Station.
 6. Provide padlocks at each FlexNet Base Station location for security purposes.
 7. Install grounding material at the location of the FlexNet Base Station installation. At a minimum, the material should consist of # 4 or #2 stranded copper wire which will connect to the FlexNet Base Station.
 8. Provide access to a proper ground field at the FlexNet Base Station site to enable Sensus to properly ground the FlexNet Base Station and antenna equipment.
 9. Be responsible for getting access/permission to any structure that is not owned by Customer.
 10. Provide any necessary permitting for base station installation site/structure.

III. Endpoints & Field Installation Responsibilities

a. Customer will:

1. Purchase Endpoints. "Endpoint", in this Exhibit only, means a Sensus meter or a Sensus SmartPoint Module installed on a third party meter.
2. Customer is responsible for the safe installation of the Endpoints. For electricity products, Customer shall first test and confirm that each socket to which a Network Device will be/is connected is in safe operating condition, is fully functional, is not corroded, does not contain improperly installed jaws or other deficiencies, complies with ANSI standards, and is not "hot", damaged, or otherwise in need of maintenance or repair.
3. Install or hire a qualified installation contractor to install all Endpoints to be used in the AMI System.
4. Be responsible for quality assurance for their personnel and/or an installation contractor as it relates to proper installation of Endpoints.
5. Visit and troubleshoot Endpoints that are not reporting into the system. Investigate any non-reporting Endpoints to ensure that there are no cut wires, improper installations, improper programming and resolve all data entry errors in the system.
6. Assign an internal and/or installation contractor auditor to ensure installation work is correct. Sensus will train this individual to properly identify and correct any known problems in the field. This individual will be the primary contact to troubleshoot, identify and correct non reporting Endpoints and installation errors.
7. Once the installer has completed troubleshooting of installation issues, Sensus will investigate the remaining Endpoints to identify and fix any coverage issues.
8. Coordinate with Sensus to establish the Endpoints installation schedule, shipment quantities, and overall project timeline.
9. Be responsible to rent or purchase approved handheld programming devices in sufficient quantities to meet the demands of the installers.



Agenda Item: 14

Date: March 13, 2019

Subject: General Manager's Report

Staff Contact: Dan York, General Manager

a. Sacramento Suburban Water District / San Juan Water District Management/Re-Organization Committee Update

Following the October 3, 2018 SSWD-SJWD Water Management/Re-Organization Ad Hoc Committee meeting, the Committee directed the SSWD and SJWD General Managers to hold a meeting, extending an invitation to all General Managers in the region, with the objective of defining potential problems and opportunities, as well as prepare options and recommendations to the Committee going forth.

The General Managers of SSWD and SJWD extended the offer to other regional water agencies to participate in the discussions. The intent and purpose of the dialogue is to determine interests in how each agency might be interested in participating in discussions and negotiations regarding options ranging from increased collaboration in operations, groundwater banking, surface water supplies, up to and including full organizational integration (e.g., "merger.").

The following agencies have chosen to participate in the ongoing discussions: SSWD, SJWD, Fair Oaks WD, Citrus Heights WD, Carmichael WD, Rio Linda/Elverta Community WD, Del Paso Manor WD, and City of Folsom. Representatives from the above agencies are at the General Manager level.

There have been a total of four meetings, with the most recent meeting held on March 11, 2019. At the March 11 meeting the group made the decision to draft a Request for Qualifications and Scope of Work for a Sacramento Region Water Utility Collaboration/Integration Study. This will allow the agencies to determine an approximate cost for such a study as well as present it to their respective Boards to determine continuing their participation in this endeavor. It is anticipated to have an update on this study at the District's May Board meeting agenda. It is also anticipated to complete all aspects of the study by December 2019.

b. Regional Water Supply/Wheeling Opportunities

As previously reported to the Board at the November 2018 regular Board meeting, staff has been contacted by several water agencies in the region to discuss opportunities related to sharing new groundwater wells, wheeling, surface water supplies and groundwater banking. Due to the potential complexity related to these opportunities, the District has contracted with Tully & Young to assist the District in reviewing and

analyzing the subject opportunities. Gwyn-Mohr Tully will be the lead on the subject task. The following agencies have contacted the District:

- Carmichael Water District – New groundwater well cost sharing
- County of Sacramento – Groundwater banking/transfer
- Placer County Water Agency - Wheeling
- San Juan Water District – Surface water in dry years
- SMUD – Surface water in dry years

In addition, staff met with the General Manager of Rio Linda/Elverta Community Water District (RLECWD) on March 5, 2019, to discuss potential opportunities for the District to wheel surface water into their service area. The General Manager stated that RLECWD is very interested in discussing the potential to receive surface water, which could initiate a conjunctive use program for their agency.

c. Mueller Systems Fixed Network Update

In 2017, Mueller Systems (Mueller) acquired KP Electronics' (KP) Advanced Metering Infrastructure (AMI) Meganet technology and assumed all of KP's activities with the District including sales, service, and support. Since acquisition, the business relationship with Mueller has been less than favorable due to Mueller's refusal to honor the District's original purchase agreement. After review from the District's legal counsel on the validity of the agreement, and Mueller's legal counsel's review of their liability, a compromise could not be reached. Correspondence from Mueller was received in December 2018 informing the District that if a contract between the two entities was not negotiated and signed within a certain timeframe, Mueller was going to cease all support of the District's AMI system, effective January 31, 2019.

As previously reported at the February 2019 regular Board meeting, the District has approximately 27,000 Meganet endpoints deployed in the system and 27 collectors. To keep the system running without Mueller support, it was necessary for District staff to replace the modems and cellular sim cards at each collector site to keep the system from going "dark" due to a lack of communications between the collectors and the District office. This was completed prior to February 1, 2019. The District's Information Technology staff has assumed all technical aspects of the system up to and including, Master Control Management software troubleshooting, network collector remote access troubleshooting, collector software maintenance, and computer repairs.

Due to the non-support committal by Mueller Systems, staff chose to write an email to Scott Hall, Chief Executive Officer of Mueller Water Products, alerting Mr. Hall of the extreme displeasure in the manner in which the District was treated by Mueller Systems. Staff has received a response from Mr. Hall assuring staff that Mueller has not and will not cease support of the District's system until his executive team has a chance to meet with the District's executive team to discuss all of the issues. The subject meeting is tentatively scheduled for late April 2019.



Agenda Item: 15

Date: March 11, 2019

Subject: Financial Report

Staff Contact: Daniel A. Bills, Finance Director

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

- Draft Financial Highlights – February 2019
- Draft Financial Statements – February 2019
- Investments Outstanding and Activity – February 2019
- Cash Expenditures – February 2019
- Credit Card Expenditures – February 2019
- Draft District Reserve Balances – February 2019
- Information Required by LOC Agreement
- Financial Markets Report – February 2019

DRAFT - Financial Statements

These Financial Statements and certain other reports noted above are presented in Draft form and should not be relied upon for investment or other decision making purposes. As December 31 is the District's year-end for financial reporting purposes, amounts presented in this report will remain "Draft" until the external auditor's financial audit is complete and the Board accepts the audited 2018 annual report (CAFR). The results of the audit and the CAFR are expected to be complete and brought to the Board for approval at the April 2019 Board meeting.

DRAFT - 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 \$0.8 million more than its prior year balance at the same date; investments are also \$0.9 million more than on February 28, 2018; liabilities have decreased by \$8.4 million due to the refunding of the 2009B COP in May 2018 and the payment of scheduled bond principal in October 2018; and net position has increased by \$6.6 million in the last 12 months as the District continues to replace capital infrastructure without incurring additional debt financing. Operating revenues increased \$0.3 million compared to the same period a year ago. Currently, there is no rate increase set for 2019. Operating expenses increased \$0.5 million compared to the same period a year ago due to

the increase in surface water purchasing costs as no surface water was taken in the first two months of 2018.

DRAFT - Statements of Net Position:

District cash and cash equivalents increased to \$9.4 million as of February 28, 2019, up from \$7.6 million at December 31, 2018. Cash held in the District's bank accounts (\$3.8 million as of February 31) is held in accordance with state and federal regulations, which state that cash held in the District's bank accounts above the FDIC insured limits must be fully collateralized with government securities that are equal to or greater than 110% of the District's cash balance in the bank at any time.

Investments increased since December 31, 2018 by \$0.1 million to a total of \$36.5 million, reflecting the reinvestment of interest received and unrealized market value gains. Investment portfolio balances and activity are reported on subsequent pages.

Capital assets increased by \$0.2 million to \$477.3 million as of February 28, 2019, as there were no expenditures on distribution main replacement projects, well improvement projects or meter retrofits in the month of February. 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 \$253.0 million as of February 28, 2019, compared to \$251.6 million at December 31, 2018 for an increase of \$1.4 million.

DRAFT - Statements of Revenues, Expenses and Changes in Net Position:

The net position increase of \$1.4 million in February 2019 is \$0.4 million more than the first two months of 2018. Net changes are comprised of:

1. Operating revenues increased \$0.3 due to wheeling water revenue from Cal American Water that did not happen in first three months of 2018 as no surface water (PCWA water) was available at that time.
2. Operating expenses increased by \$0.5 million from the same period in 2018 due primarily to the increase of surface water 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.
3. Investment income increased by \$0.4 million compared to the same period a year ago primarily due to unrealized holding gains in February 2019.
4. Interest expense and debt related costs decreased \$0.1 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.

DRAFT - Budgets:

The District's operating and maintenance expenditures through February 2019 came in less than the approved budget by \$1.3 million. Most of this positive variance is due timing differences. As requested by the Board at the February 2019 Regular Board meeting, the 2019 Employee Morale Budget (Operations and Maintenance Expense Budget) has been reduced from \$18,500 to \$12,000.

Operating capital project expenditures in February were \$20,152. The total budget for the year is \$1.0 million.

The District's capital improvement project (CIP) budget for 2019 is \$18.2 million. For 2019, \$0.2 million has been spent while \$8.8 million is under contract. Expenditures continue to be primarily in distribution system replacements, well improvements and meter retrofit projects.

Debt – February 2019

This report also shows district activity in repaying its long-term debt obligations. Scheduled 2019 principal payments of \$4.6 million are not due until the end of October. Total principal outstanding as of February 28, 2019 is now \$74.7 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 first two months of 2019, the District has incurred interest expense of \$367,794 versus a forecast of \$475,000 or a \$107,206 positive variance. This is primarily due to: 1) expected Federal Reserve interest rate increases not occurring as anticipated, and 2) savings from refunding the Series 2009B COP to a lower interest rate through the issuance of the 2018A Revenue Bond.

Investments Outstanding and Activity – February 2019

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 2.37% per annum, while LAIF is earning 2.39%, essentially the same. 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 February, the District purchased two Corporate Notes for \$0.5 million (par) and one Certificate of Deposit for \$0.4 million (par). The District received principal paydowns on four Federal Agency Collateralized Mortgage Obligations of \$20,498 (par) and nine Asset-Backed Security Obligations of \$113,038 (par). The District sold two Certificates of Deposit for \$1.1 million (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 – February 2019

During the month of February, the District made cash payments totaling \$1.5 million. The primary expenditures were – \$0.1 million for debt service, \$0.2 million for 2018 capital improvement projects, \$0.1 million for water costs including pumping and chemical costs, \$0.2 million for inventory, \$0.1 million for customer billing, printing and postage and \$0.6 million for payroll, pension and health benefits.

Purchasing Card Expenditures – February 2019

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 \$4,276 for various purchases on the six District purchasing cards. Details by vendor and purpose are included in this report.

DRAFT - 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 February 28, 2019 are \$46,097,468 compared to \$45,050,155 at December 31, 2018.

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.

Sacramento Suburban Water District
Financial Highlights
Period Ended

STATEMENTS OF NET POSITION

| | <u>Year-To-Date</u> <u>2/28/2019</u> | <u>Year-To-Date</u> <u>2/28/2018</u> |
|-------------------------------|---|---|
| LIQUIDITY | | |
| Cash and cash equivalents | \$9,389,934.89 | \$8,581,563.49 |
| INVESTMENT | | |
| Investments | 36,510,145.84 | 35,617,240.47 |
| CAPITAL ASSETS | | |
| Property, plant and equipment | 477,552,005.91 | 459,117,195.42 |
| Accumulated depreciation | (182,294,328.88) | (170,302,425.05) |
| | <u>295,257,677.03</u> | <u>288,814,770.37</u> |
| LIABILITIES | | |
| Long Term Debt | (81,332,341.70) | (89,678,794.28) |
| NET POSITION | | |
| Net Position | <u>253,012,659.12</u> | <u>246,437,281.53</u> |

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

| | <u>Month</u> <u>2/28/2019</u> | <u>Year-To-Date</u> <u>2/28/2019</u> | <u>Month</u> <u>2/28/2018</u> | <u>Year-To-Date</u> <u>2/28/2018</u> |
|------------------------|----------------------------------|---|----------------------------------|---|
| NET INCOME | | | | |
| Operating Revenue | 3,360,831.19 | 6,319,983.98 | 3,179,372.28 | 5,994,438.42 |
| Operating Expense | (1,409,655.94) | (2,721,929.64) | (1,190,511.10) | (2,224,285.87) |
| Other, Net | (1,152,732.90) | (2,167,327.84) | (1,312,166.79) | (2,764,323.32) |
| Change in Net Position | <u>\$798,442.35</u> | <u>\$1,430,726.50</u> | <u>\$676,694.39</u> | <u>\$1,005,829.23</u> |

DRAFT - Financial Statements
February 28, 2019

Sacramento Suburban Water District
Statements of Net Position

| | As Of | Month End | Year End |
|--|-------|-----------------------|-----------------------|
| | | <u>2/28/2019</u> | <u>12/31/2018</u> |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | \$9,389,934.89 | \$7,585,118.00 |
| Restricted Cash and cash equivalents | | 9,767.92 | 9,767.92 |
| Accounts receivable, net of allowance for uncollectible accounts | | 2,380,017.09 | 2,841,401.63 |
| Interest receivable | | 187,618.97 | 215,917.07 |
| Grants receivables | | | 0.01 |
| Other receivables | | 146,480.64 | 945,572.10 |
| Inventory | | 497,846.15 | 495,142.20 |
| Prepaid expenses and other assets | | 815,777.21 | 924,156.67 |
| TOTAL CURRENT ASSETS | | <u>13,427,442.88</u> | <u>13,017,075.60</u> |
| NONCURRENT ASSETS | | | |
| Investments | | 36,510,145.84 | 36,369,025.38 |
| Fair value of interest rate swaps | | 1,564,723.00 | 1,564,723.00 |
| TOTAL NONCURRENT ASSETS | | <u>38,074,868.84</u> | <u>37,933,748.38</u> |
| Property, plant and equipment | | 477,552,005.91 | 477,342,701.03 |
| Accumulated depreciation | | (182,294,328.88) | (180,222,436.62) |
| TOTAL CAPITAL ASSETS | | <u>295,257,677.03</u> | <u>297,120,264.41</u> |
| TOTAL ASSETS | | <u>346,759,988.75</u> | <u>348,071,088.39</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amount on long-term debt refunding | | 5,914,100.06 | 6,024,224.12 |
| Pension contribution subsequent to measurement date | | 2,623,682.00 | 2,623,682.00 |
| Other post-employment benefits | | 24,450.00 | 24,450.00 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | <u>355,322,220.81</u> | <u>356,743,444.51</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Current portion of long-term debt and capital leases | | 4,625,000.00 | 4,625,000.00 |
| Accounts payable | | 1,058,536.45 | 3,411,438.20 |
| Accrued interest | | 411,149.72 | 269,683.50 |
| Deferred revenue and other liabilities | | 1,237,409.07 | 1,165,830.41 |
| Accrued expenses | | 175,717.73 | 840,578.24 |
| TOTAL CURRENT LIABILITIES | | <u>7,507,812.97</u> | <u>10,312,530.35</u> |
| NONCURRENT LIABILITIES | | | |
| Long-term debt | | 76,707,341.70 | 76,804,132.00 |
| Compensated absences | | 1,001,947.02 | 950,951.01 |
| Net pension liability | | 8,997,648.00 | 8,997,648.00 |
| Net other post-employment benefits liability | | 5,856,340.00 | 5,856,340.00 |
| TOTAL NONCURRENT LIABILITIES | | <u>92,563,276.72</u> | <u>92,609,071.01</u> |
| TOTAL LIABILITIES | | <u>100,071,089.69</u> | <u>102,921,601.36</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow of effective swaps | | 1,564,723.00 | 1,564,723.00 |
| Employee pensions | | 647,273.00 | 647,273.00 |
| Other post-employment benefits | | 26,476.00 | 26,476.00 |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | | 221,715,356.53 | 221,715,356.53 |
| Restricted | | 9,767.92 | 9,767.92 |
| Unrestricted | | 31,287,534.67 | 29,858,246.70 |
| TOTAL NET POSITION | | <u>253,012,659.12</u> | <u>251,583,371.15</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | | <u>355,322,220.81</u> | <u>356,743,444.51</u> |

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

| | Month 2/28/2019 | Year-To-Date 2/28/2019 | Month 2/28/2018 | Year-To-Date 2/28/2018 |
|---|-----------------------|---------------------------|-----------------------|---------------------------|
| OPERATING REVENUES | | | | |
| Water consumption sales | 693,207.10 | 1,154,419.51 | 532,017.79 | 1,060,957.93 |
| Water service charge | 522,387.01 | 978,514.99 | 535,195.07 | 994,090.59 |
| Capital facilities charge | 2,035,793.52 | 3,751,248.78 | 2,034,881.81 | 3,763,026.16 |
| Wheeling water charge | 42,685.40 | 272,627.96 | 364.00 | 708.42 |
| Other charges for services | 66,758.16 | 163,172.74 | 76,913.61 | 175,655.32 |
| TOTAL OPERATING REVENUES | 3,360,831.19 | 6,319,983.98 | 3,179,372.28 | 5,994,438.42 |
| OPERATING EXPENSES | | | | |
| Source of supply | 187,533.99 | 372,506.35 | 5,201.06 | 9,988.33 |
| Pumping | 237,978.06 | 470,929.31 | 293,248.35 | 538,440.49 |
| Transmission and distribution | 365,728.17 | 694,420.33 | 241,468.19 | 428,487.15 |
| Water conservation | 22,522.59 | 48,767.49 | 23,510.26 | 39,525.88 |
| Customer accounts | 92,053.95 | 139,995.63 | 103,042.46 | 156,839.00 |
| Administrative and general | 503,839.18 | 996,749.06 | 524,040.78 | 1,050,971.08 |
| TOTAL OPERATING EXPENSES | 1,409,655.94 | 2,723,368.17 | 1,190,511.10 | 2,224,251.93 |
| Operating income before depreciation | 1,951,175.25 | 3,596,615.81 | 1,988,861.18 | 3,770,186.49 |
| Depreciation and amortization | (1,035,946.13) | (2,071,892.26) | (1,040,179.61) | (2,080,405.05) |
| OPERATING INCOME | 915,229.12 | 1,524,723.55 | 948,681.57 | 1,689,781.44 |
| NON-OPERATING REV. (EXP.) | | | | |
| Rental income | 15,121.57 | 49,402.15 | 21,016.27 | 36,355.65 |
| Interest and investment income | 68,602.77 | 245,604.54 | (49,341.91) | (183,636.65) |
| Interest expense and debt related costs | (204,420.88) | (437,972.32) | (250,652.04) | (543,671.85) |
| Other non-operating revenues | 3,909.77 | 16,689.42 | 33.50 | 64.34 |
| Other non-operating expenses | | 20.63 | 6,957.00 | 6,936.30 |
| Gain(loss) on disposal of capital assets | | 30,820.00 | | |
| NON-OPERATING REV. (EXP.) | (116,786.77) | (95,435.58) | (271,987.18) | (683,952.21) |
| NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS | 798,442.35 | 1,429,287.97 | 676,694.39 | 1,005,829.23 |
| CAPITAL CONTRIBUTIONS | | | | |
| CHANGE IN NET POSITION | 798,442.35 | 1,429,287.97 | 676,694.39 | 1,005,829.23 |
| Net position at beginning of period | 252,214,216.77 | 251,583,371.15 | 245,760,587.14 | 245,431,452.30 |
| NET POSITION AT END OF PERIOD | 253,012,659.12 | 253,012,659.12 | 246,437,281.53 | 246,437,281.53 |

Sacramento Suburban Water District
Operations and Maintenance Budget
Period Ended

| | Month Of February | | | 2019 YTD | | |
|------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| | Actual | Budget | Variance | Actual | Budget | Variance |
| BUDGETED OPERATING EXPENSES | | | | | | |
| Board of Directors | \$2,937.66 | \$5,961.16 | \$3,023.50 | \$5,687.97 | \$11,922.32 | \$6,234.35 |
| Administrative | 170,225.08 | 197,412.47 | 27,187.39 | 272,768.19 | 394,824.94 | 122,056.75 |
| Finance | 73,891.06 | 98,292.90 | 24,401.84 | 103,369.29 | 196,585.80 | 93,216.51 |
| Customer Services | 92,053.95 | 116,156.61 | 24,102.66 | 139,995.63 | 232,858.54 | 92,862.91 |
| Field Operations | 27,232.57 | 46,228.00 | 18,995.43 | 79,917.94 | 182,456.00 | 102,538.06 |
| Production | 425,512.05 | 650,374.50 | 224,862.45 | 843,435.66 | 1,298,749.00 | 455,313.34 |
| Distribution | 150,354.94 | 208,912.04 | 58,557.10 | 222,498.41 | 417,824.08 | 195,325.67 |
| Field Services | 215,373.23 | 220,476.39 | 5,103.16 | 471,921.92 | 357,620.78 | (114,301.14) |
| Maintenance | 61,584.17 | 58,068.53 | (3,515.64) | 77,955.59 | 116,137.06 | 38,181.47 |
| Water Conservation | 22,522.59 | 34,697.94 | 12,175.35 | 48,767.49 | 69,395.88 | 20,628.39 |
| Engineering | 85,167.04 | 127,309.19 | 42,142.15 | 140,905.97 | 256,618.38 | 115,712.41 |
| GIS/CAD | 19,662.15 | 25,777.28 | 6,115.13 | 30,330.01 | 51,554.56 | 21,224.55 |
| Human Resources | 13,474.00 | 18,668.29 | 5,194.29 | 18,147.95 | 82,091.45 | 63,943.50 |
| Information Technology | 49,665.45 | 82,107.89 | 32,442.44 | 267,666.15 | 341,361.78 | 73,695.63 |
| TOTAL OPERATING | 1,409,655.94 | 1,890,443.19 | 480,787.25 | 2,723,368.17 | 4,010,000.57 | 1,286,632.40 |

SACRAMENTO SUBURBAN WATER DISTRICT
OPERATING CAPITAL AMENDED BUDGET
2/28/2019

| Project Number | Project Name | Original Budget | Amendments | Amended Budget | Current Month Expenditures | Expenditures Year-To-Date | Committed Year-To-Date | Remaining Balance |
|----------------|-------------------------------------|----------------------|-------------|----------------------|----------------------------|---------------------------|------------------------|----------------------|
| SF19-453 | FENCE REPLACE - 3 WELL SITES | \$ 21,000.00 | | \$ 21,000.00 | | \$ - | \$ 2,545.00 | \$ 18,455.00 |
| SF19-454 | UCMR 4 MONITORING | \$ 70,000.00 | | 70,000.00 | | - | - | \$ 70,000.00 |
| SF19-455 | WELL SITE PAVING | \$ 40,000.00 | | 40,000.00 | | - | - | \$ 40,000.00 |
| SF19-456 | ALUMINUM PIPE TRAILER REPLACEMENT | \$ 9,000.00 | | 9,000.00 | | - | - | \$ 9,000.00 |
| SF19-457 | LARGE VOL DECHLORIN TRAILER UPGRADE | \$ 12,000.00 | | 12,000.00 | | - | - | \$ 12,000.00 |
| SF19-458 | LARGE VOL SUPER CHLORIN TRAILER | \$ 9,000.00 | | 9,000.00 | | - | - | \$ 9,000.00 |
| SF19-459 | VEHICLE ADD - PRODUCTION FORMAN | \$ 45,000.00 | | 45,000.00 | | - | - | \$ 45,000.00 |
| SF19-460 | VEHICLE REPL - TRUCK# 3 | \$ 30,000.00 | | 30,000.00 | | - | - | \$ 30,000.00 |
| SF19-461 | VEHICLE REPL - TRUCK # 21 | \$ 34,000.00 | | 34,000.00 | | - | 2,545.00 | \$ 31,455.00 |
| SF19-462 | VEHICLE REPL - TRUCK #12 | \$ 31,000.00 | | 31,000.00 | | - | - | \$ 31,000.00 |
| SF19-463 | VEHICLE REPL - TRUCK #45 | \$ 31,000.00 | | 31,000.00 | | - | - | \$ 31,000.00 |
| SF19-464 | VEHICLE REPL - TRUCK #51 | \$ 45,000.00 | | 45,000.00 | | - | - | \$ 45,000.00 |
| SF19-465 | VEHICLE REPL - TRUCK #6 | \$ 42,000.00 | | 42,000.00 | | - | - | \$ 42,000.00 |
| SF19-466 | VEHICLE ADD - SAFETY OFFICER | \$ 31,000.00 | | 31,000.00 | | - | - | \$ 31,000.00 |
| SF19-467 | OFFICE FURNITURE/WORKSTATIONS | \$ 40,000.00 | | 40,000.00 | | - | 1,200.00 | \$ 38,800.00 |
| SF19-468 | WELL SITE/BUILD STRUCTURE MAINT | \$ 60,000.00 | | 60,000.00 | | - | - | \$ 60,000.00 |
| SF19-469 | HVAC/ROOF/BUILD REPAIRS | \$ 50,000.00 | | 50,000.00 | | - | 10,383.00 | \$ 39,617.00 |
| SF19-470 | REMOVING ANTELOPE GARDEN | \$ 54,000.00 | | 54,000.00 | 3,835.00 | 3,835.00 | - | \$ 50,165.00 |
| SF19-471 | HARDWARE REFRESH PROGRAM | \$ 107,000.00 | | 107,000.00 | 1,573.00 | 1,573.00 | - | \$ 105,427.00 |
| SF19-472 | SOFTWARE ENHANCEMENTS/MODULES | \$ 55,000.00 | | 55,000.00 | | - | 1,581.00 | \$ 53,419.00 |
| SF19-473 | BOARD LAPTOPS | \$ 5,000.00 | | 5,000.00 | | - | - | \$ 5,000.00 |
| SF19-474 | BOARD ROOM MONITORS | \$ 35,000.00 | | 35,000.00 | | - | - | \$ 35,000.00 |
| SF19-475 | REWIRE/MOVE SWITCH - WALNUT | \$ 30,000.00 | | 30,000.00 | | - | - | \$ 30,000.00 |
| SF19-476 | PC/PHONES/LIC-NEW EMPLOYEES | \$ 9,000.00 | | 9,000.00 | | - | - | \$ 9,000.00 |
| SF19-477 | PROJECT/PDF SOFTWARE-ENG DEPT | \$ 13,000.00 | | 13,000.00 | | - | - | \$ 13,000.00 |
| SF19-478 | SERVER ROOMS - WALNUT/MARCONI | \$ 42,000.00 | | 42,000.00 | | - | 8,648.00 | \$ 33,352.00 |
| SF19-480 | AMI REPLACEMENTS | - | | - | 14,744.00 | 14,744.00 | 11,000.00 | \$ (25,744.00) |
| TOTAL | | \$ 950,000.00 | \$ - | \$ 950,000.00 | \$ 20,152.00 | \$ 20,152.00 | \$ 37,902.00 | \$ 891,946.00 |

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**Sacramento Suburban Water District
Capital Improvement Project Amended Budget
2/28/2019**

| Project No. | Project Name | Original Budget | Amended Budget | Current Month Expenditures | Expenditures Year-To-Date | Committed Year-To-Date | Remaining Balance |
|-------------|--------------------------------|-------------------------|-------------------------|----------------------------|---------------------------|------------------------|------------------------|
| SC19-009 | WELL REHAB/PUMP ST IMPROVEMENT | \$ 790,000.00 | \$790,000.00 | | \$ - | \$276,432.00 | \$ 513,568.00 |
| SC19-010 | SCADA RTU/COMMUN IMPROVEMENT | \$ 60,000.00 | 60,000.00 | | - | - | \$ 60,000.00 |
| SC19-012 | WELL REPLACEMENTS | \$ 2,800,000.00 | 2,800,000.00 | | - | 43,977.00 | \$ 2,756,023.00 |
| SC19-013 | ELECTRICAL IMPROV @WELL SITES | \$ 220,000.00 | 220,000.00 | | - | - | \$ 220,000.00 |
| SC19-018 | DISTRIBUTION MAIN REPLACEMENTS | \$ 9,300,000.00 | 9,300,000.00 | 39,384.00 | 39,384.00 | 7,626,805.00 | \$ 1,633,811.00 |
| SC19-019 | DIST MAIN IMPRV/EXT/INTERTIES | \$ 1,400,000.00 | 1,400,000.00 | | - | - | \$ 1,400,000.00 |
| SC19-020 | MCCLELLAN LINE REPL | \$ 80,000.00 | 80,000.00 | | - | - | \$ 80,000.00 |
| ✓ SC19-022 | WTR RELATED STREET IMPRV | \$ 220,000.00 | 220,000.00 | 62,967.00 | 62,967.00 | - | \$ 157,033.00 |
| SC19-024 | METER RETROFIT PROGRAM | \$ 2,500,000.00 | 2,500,000.00 | | - | 796,474.00 | \$ 1,703,526.00 |
| SC19-034 | RESERVIOR/TANK IMPROVMENT | \$ 685,000.00 | 685,000.00 | | - | 1,947.00 | \$ 683,053.00 |
| SC19-035 | CORROSION CONTROL-TRAN MAINS | \$ 50,000.00 | 50,000.00 | | - | - | \$ 50,000.00 |
| SC19-038 | LARGE WTR METER >3" REPL | \$ 100,000.00 | 100,000.00 | | - | 8,200.00 | \$ 91,800.00 |
| SC19-046 | TANK INSPECTION & REPAIRS | \$ 50,000.00 | 50,000.00 | 86,802.00 | 86,802.00 | 295.00 | \$ (37,097.00) |
| SC19-048 | RIGHT OF WAY/EASEMENT ACQUISIT | \$ 5,000.00 | 5,000.00 | | - | - | \$ 5,000.00 |
| | | \$ 18,260,000.00 | \$ 18,260,000.00 | \$ 189,153.00 | \$ 189,153.00 | \$ 8,754,130.00 | \$ 9,316,717.00 |

Sacramento Suburban Water District
Debt
2/28/2019

Principal Current Month

| | Series 2009A COP | Series 2012A | Series 2018A | Total |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| Beginning Balance | \$ 42,000,000 | \$ 15,385,000 | \$ 17,295,000 | \$ 74,680,000 |
| Additions: | | | | - |
| Reductions: Payment | - | | | - |
| Ending Balance | <u>\$ 42,000,000</u> | <u>\$ 15,385,000</u> | <u>\$ 17,295,000</u> | <u>\$ 74,680,000</u> |

Principal Year-To-Date

| | Series 2009A COP | Series 2012A | Series 2018A | Total |
|------------------------|----------------------|----------------------|----------------------|----------------------|
| Beginning Balance | \$ 42,000,000 | \$ 15,385,000 | \$ 17,295,000 | \$ 74,680,000 |
| Additions: | | | | - |
| Reductions: Payment | - | | | - |
| Ending Balance | <u>\$ 42,000,000</u> | <u>\$ 15,385,000</u> | <u>\$ 17,295,000</u> | <u>\$ 74,680,000</u> |

Interest Expense

| | Current Month Actual | Year-To-Date Actual | Budget | Variance |
|------------------|-------------------------|------------------------|-------------------|-------------------|
| Interest Expense | <u>\$ 169,332</u> | <u>\$ 367,794</u> | <u>\$ 475,000</u> | <u>\$ 107,206</u> |

**Investments Outstanding and Activity
February 2019**



Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|--|-----------|--------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| U.S. Treasury Bond / Note | | | | | | | | | | | |
| US TREASURY NOTES DTD 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 | 4.08 | 76,595.97 | 74,226.60 |
| 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 | 804.30 | 173,224.58 | 170,802.80 |
| 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 | 343.75 | 98,583.93 | 97,523.40 |
| 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 | 1,500.00 | 305,191.93 | 296,660.10 |
| US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021 | 912828D72 | 200,000.00 | AA+ | Aaa | 12/01/16 | 12/05/16 | 200,593.75 | 1.93 | 10.87 | 200,321.19 | 197,554.60 |
| 01 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 | 32.61 | 602,680.25 | 592,663.80 |
| US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021 | 912828D72 | 900,000.00 | AA+ | Aaa | 07/06/17 | 07/11/17 | 905,449.22 | 1.85 | 48.91 | 903,342.68 | 888,995.70 |
| 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 | 76.09 | 1,409,274.22 | 1,382,882.20 |
| US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021 | 912828T67 | 275,000.00 | AA+ | Aaa | 08/01/17 | 08/03/17 | 269,725.59 | 1.72 | 1,149.00 | 271,642.49 | 266,170.03 |
| US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021 | 912828T67 | 475,000.00 | AA+ | Aaa | 10/05/17 | 10/10/17 | 463,997.07 | 1.85 | 1,984.63 | 467,680.66 | 459,748.23 |
| 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 | 5,013.81 | 1,187,739.73 | 1,161,469.20 |
| US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022 | 912828X47 | 450,000.00 | AA+ | Aaa | 12/04/17 | 12/06/17 | 445,324.22 | 2.12 | 2,820.27 | 446,595.89 | 441,632.70 |
| 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 | 3,133.63 | 495,296.15 | 490,703.00 |
| US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022 | 912828X47 | 950,000.00 | AA+ | Aaa | 05/03/18 | 05/07/18 | 919,644.53 | 2.73 | 5,953.90 | 925,604.41 | 932,335.70 |



Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

| Security Type/Description Dated Date/Coupon/Maturity | CUSIP | Par | S&P Rating | Moody's Rating | Trade Date | Settle Date | Original Cost | YTM at Cost | Accrued Interest | Amortized Cost | Market Value |
|---|-----------|----------------------|---------------|-------------------|---------------|----------------|----------------------|----------------|---------------------|----------------------|----------------------|
| U.S. Treasury Bond / Note | | | | | | | | | | | |
| US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022 | 912828X47 | 1,050,000.00 | AA+ | Aaa | 07/03/18 | 07/06/18 | 1,018,992.19 | 2.69 | 6,580.63 | 1,024,085.77 | 1,030,476.30 |
| 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 | 722.72 | 1,107,324.87 | 1,116,623.55 |
| US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022 | 912828N30 | 800,000.00 | AA+ | Aaa | 11/02/18 | 11/06/18 | 772,718.75 | 3.00 | 2,817.68 | 774,692.18 | 788,750.40 |
| US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022 | 912828N30 | 800,000.00 | AA+ | Aaa | 12/12/18 | 12/13/18 | 780,187.50 | 2.78 | 2,817.68 | 781,191.78 | 788,750.40 |
| US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022 | 912828N30 | 1,375,000.00 | AA+ | Aaa | 01/30/19 | 01/31/19 | 1,353,193.36 | 2.55 | 4,842.89 | 1,353,622.38 | 1,355,664.75 |
| US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022 | 912828N30 | 1,800,000.00 | AA+ | Aaa | 01/07/19 | 01/10/19 | 1,774,054.69 | 2.51 | 6,339.78 | 1,774,919.57 | 1,774,688.40 |
| Security Type Sub-Total | | 14,575,000.00 | | | | | 14,358,626.96 | 2.27 | 46,997.23 | 14,379,610.63 | 14,308,321.86 |
| Supra-National Agency Bond / Note | | | | | | | | | | | |
| 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 | 6,595.23 | 898,877.18 | 884,891.70 |
| 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 | 4,627.78 | 703,603.26 | 693,882.00 |
| INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021 | 4581X0DB1 | 225,000.00 | AAA | Aaa | 04/12/18 | 04/19/18 | 224,505.00 | 2.70 | 2,165.63 | 224,644.04 | 224,884.80 |
| 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 | 2,177.08 | 748,584.62 | 752,652.75 |
| Security Type Sub-Total | | 2,575,000.00 | | | | | 2,577,078.37 | 2.13 | 15,565.72 | 2,575,709.10 | 2,556,311.25 |
| Municipal Bond / Note | | | | | | | | | | | |



Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

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 |
|---|-----------|--------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| Municipal Bond / Note | | | | | | | | | | | |
| CT ST TXBL GO BONDS DTD 03/25/2015 1.974% 03/15/2019 | 20772JZK1 | 230,000.00 | A | A1 | 03/16/15 | 03/25/15 | 230,646.30 | 1.90 | 2,093.54 | 230,006.53 | 229,970.10 |
| Security Type Sub-Total | | 230,000.00 | | | | | 230,646.30 | 1.90 | 2,093.54 | 230,006.53 | 229,970.10 |
| Federal Agency Collateralized Mortgage Obligation | | | | | | | | | | | |
| FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019 | 3136AOD00 | 18,566.52 | AA+ | Aaa | 10/07/15 | 10/30/15 | 18,752.44 | 1.08 | 25.47 | 18,570.83 | 18,495.16 |
| FNMA SERIES 2015-M12 FA DTD 09/01/2015 2.903% 04/01/2020 | 3136AP3Z3 | 28,453.44 | AA+ | Aaa | 09/10/15 | 09/30/15 | 28,443.20 | 0.54 | 104.41 | 28,453.44 | 28,418.42 |
| FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021 | 3136B1XP4 | 195,719.25 | AA+ | Aaa | 04/11/18 | 04/30/18 | 199,612.30 | 2.27 | 580.63 | 198,665.43 | 197,944.50 |
| 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 | 201,299.17 | 201,491.00 |
| FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023 | 3137FKK39 | 199,356.09 | AA+ | Aaa | 12/07/18 | 12/17/18 | 199,355.49 | 3.11 | 532.11 | 199,355.49 | 200,702.92 |
| Security Type Sub-Total | | 642,095.30 | | | | | 647,866.56 | 2.53 | 1,757.62 | 646,344.36 | 647,052.00 |
| Federal Agency Bond / Note | | | | | | | | | | | |
| FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021 | 3130A8OS5 | 975,000.00 | AA+ | Aaa | 07/14/16 | 07/15/16 | 969,071.03 | 1.25 | 1,432.03 | 972,143.08 | 944,273.85 |
| 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 | 63.19 | 129,777.19 | 126,095.45 |
| 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 | 204.17 | 419,147.67 | 407,385.30 |
| Security Type Sub-Total | | 1,525,000.00 | | | | | 1,516,925.30 | 1.28 | 1,699.39 | 1,521,067.94 | 1,477,754.60 |
| Corporate Note | | | | | | | | | | | |



Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

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 |
|---|-----------|------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| Corporate Note | | | | | | | | | | | |
| GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019 | 38141GVT8 | 50,000.00 | BBB+ | A3 | 04/20/16 | 04/25/16 | 49,861.00 | 2.10 | 350.00 | 49,992.87 | 49,946.95 |
| 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 | 2,275.00 | 324,989.33 | 324,655.18 |
| CITIGROUP INC CORP NOTES DTD 06/09/2016 2.050% 06/07/2019 | 172967KS9 | 145,000.00 | BBB+ | A3 | 06/02/16 | 06/09/16 | 144,924.60 | 2.07 | 693.58 | 144,993.10 | 144,705.51 |
| CITIGROUP INC (CALLABLE) CORP NOTE DTD 01/10/2017 2.450% 01/10/2020 | 172967LF6 | 400,000.00 | BBB+ | A3 | 01/04/17 | 01/10/17 | 399,840.00 | 2.46 | 1,388.33 | 399,953.05 | 398,352.80 |
| JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020 | 46625HKA7 | 500,000.00 | A- | A2 | 10/01/15 | 10/06/15 | 496,400.00 | 2.43 | 1,187.50 | 499,221.83 | 497,344.00 |
| 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 | 740.56 | 400,533.29 | 397,383.20 |
| 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 | 2,338.72 | 214,923.39 | 213,644.86 |
| 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 | 2,523.26 | 250,479.41 | 248,394.50 |
| TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020 | 89236TDU6 | 275,000.00 | AA- | Aa3 | 04/11/17 | 04/17/17 | 274,873.50 | 1.97 | 1,996.04 | 274,951.59 | 272,341.58 |
| HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020 | 437076B04 | 175,000.00 | A | A2 | 05/24/17 | 06/05/17 | 174,898.50 | 1.82 | 752.50 | 174,956.68 | 173,136.43 |
| JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 06/23/2015 2.750% 06/23/2020 | 46625HLW8 | 300,000.00 | A- | A2 | 09/01/15 | 09/04/15 | 301,491.00 | 2.64 | 1,558.33 | 300,410.04 | 299,235.60 |
| 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 | 1,056.25 | 375,626.88 | 373,269.00 |
| 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 | 2,501.35 | 274,881.82 | 270,999.03 |

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Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

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 |
|---|-----------|------------|---------------|-------------------|---------------|----------------|------------------|----------------|---------------------|-------------------|-----------------|
| Corporate Note | | | | | | | | | | | |
| APPLE INC DTD 11/13/2017 2.000% 11/13/2020 | 037833DJ6 | 400,000.00 | AA+ | Aa1 | 11/06/17 | 11/13/17 | 399,664.00 | 2.03 | 2,400.00 | 399,807.17 | 395,832.80 |
| 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 | 1,504.17 | 374,685.41 | 370,200.38 |
| 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 | 731.11 | 350,602.28 | 346,775.10 |
| 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 | 134.38 | 74,978.81 | 73,907.78 |
| 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 | 765.56 | 399,872.06 | 397,880.80 |
| 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 | 5,061.20 | 374,824.73 | 374,754.00 |
| 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 | 2,005.83 | 149,886.17 | 149,769.15 |
| NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021 | 63743HER9 | 225,000.00 | A | A2 | 04/12/18 | 04/19/18 | 224,048.25 | 3.05 | 3,008.75 | 224,326.20 | 224,653.73 |
| 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 | 1,700.00 | 224,972.27 | 222,186.15 |
| 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 | 3,541.67 | 378,747.15 | 371,718.00 |
| 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 | 336.88 | 35,170.12 | 34,771.80 |
| 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 | 3,159.72 | 350,711.54 | 345,704.10 |
| 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 | 1,631.25 | 224,762.92 | 221,568.30 |

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Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

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 |
|---|-----------|---------------------|---------------|-------------------|---------------|----------------|---------------------|----------------|---------------------|---------------------|---------------------|
| Corporate Note | | | | | | | | | | | |
| BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021 | 05531FAV5 | 200,000.00 | A- | A2 | 05/10/16 | 05/16/16 | 199,868.00 | 2.06 | 1,264.17 | 199,940.45 | 196,135.00 |
| HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021 | 4278668A5 | 150,000.00 | A | A1 | 05/03/18 | 05/10/18 | 149,896.50 | 3.12 | 1,369.17 | 149,922.99 | 150,998.40 |
| 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 | 607.75 | 109,786.44 | 107,689.01 |
| 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 | 2,256.94 | 249,994.24 | 252,606.50 |
| 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 | 2,328.00 | 240,000.00 | 237,402.00 |
| AMERICAN HONDA FINANCE CORP NOTES DTD 10/10/2018 3.375% 12/10/2021 | 02665WCP4 | 375,000.00 | A | A2 | 10/03/18 | 10/10/18 | 374,820.00 | 3.39 | 2,847.66 | 374,830.94 | 379,497.00 |
| PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022 | 69371RP75 | 150,000.00 | A+ | A1 | 02/22/19 | 03/01/19 | 149,868.00 | 2.88 | 0.00 | 149,868.00 | 149,900.10 |
| 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 | 909.74 | 90,000.00 | 90,612.99 |
| PNC BANK NA CORP NOTES DTD 01/23/2019 3.500% 01/23/2024 | 693475AV7 | 380,000.00 | A- | A3 | 02/12/19 | 02/15/19 | 382,705.60 | 3.34 | 1,403.89 | 382,683.58 | 383,713.74 |
| Security Type Sub-Total | | 9,190,000.00 | | | | | 9,203,384.95 | 2.43 | 58,329.26 | 9,196,286.75 | 9,141,685.47 |
| Commercial Paper | | | | | | | | | | | |
| 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 | 747,537.08 | 747,552.00 |
| BNP PARIBAS NY BRANCH COMM PAPER DTD 10/19/2018 0.000% 04/17/2019 | 09659CRH3 | 750,000.00 | A-1 | P-1 | 10/19/18 | 10/19/18 | 739,875.00 | 2.74 | 0.00 | 747,356.25 | 747,549.75 |
| 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 | 497,910.42 | 497,950.00 |



Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

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 |
|---|-----------|--------------|------------|----------------|------------|-------------|---------------|-------------|------------------|----------------|--------------|
| Security Type Sub-Total | | 2,000,000.00 | | | | | 1,966,104.17 | 2.66 | 0.00 | 1,992,803.75 | 1,993,051.75 |
| Certificate of Deposit | | | | | | | | | | | |
| BANK OF NOVA SCOTIA HOUSTON 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 | 2,924.69 | 375,000.00 | 374,735.63 |
| CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020 | 22549LFR1 | 375,000.00 | A-1 | P-1 | 02/07/18 | 02/08/18 | 375,000.00 | 2.67 | 10,652.19 | 375,000.00 | 375,376.50 |
| 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 | 5,735.56 | 400,000.00 | 401,231.20 |
| 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 | 2,759.17 | 374,908.64 | 377,386.13 |
| 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 | 854.17 | 625,000.00 | 620,216.25 |
| 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 | 12,467.58 | 670,000.00 | 672,251.20 |
| SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020 | 86565BPC9 | 380,000.00 | A | A1 | 10/16/18 | 10/18/18 | 379,483.20 | 3.46 | 4,759.18 | 379,576.14 | 384,558.86 |
| 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 | 4,634.58 | 700,000.00 | 692,113.10 |
| 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 | 4,914.00 | 650,000.00 | 655,529.55 |
| MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.980% 02/25/2022 | 55379WZU3 | 375,000.00 | A | A1 | 02/27/19 | 02/28/19 | 375,000.00 | 3.01 | 31.04 | 375,000.00 | 378,311.59 |
| Security Type Sub-Total | | 4,925,000.00 | | | | | 4,924,340.70 | 2.78 | 49,732.16 | 4,924,484.78 | 4,931,710.01 |
| Asset-Backed Security / Collateralized Mortgage Obligation | | | | | | | | | | | |
| NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020 | 65475WAD0 | 277.67 | NR | Aaa | 07/15/15 | 07/22/15 | 277.65 | 1.34 | 0.17 | 277.67 | 277.52 |
| JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020 | 47788NAC2 | 18,973.87 | NR | Aaa | 07/19/16 | 07/27/16 | 18,972.36 | 1.25 | 10.54 | 18,973.45 | 18,913.09 |



Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

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 |
|---|-----------|----------------------|------------|----------------|------------|-------------|----------------------|-------------|-------------------|----------------------|----------------------|
| Asset-Backed Security / Collateralized Mortgage Obligation | | | | | | | | | | | |
| ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020 | 02007LAC6 | 19,631.57 | AAA | Aaa | 05/24/16 | 05/31/16 | 19,629.66 | 1.44 | 12.56 | 19,630.98 | 19,599.25 |
| HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020 | 44930UAD8 | 19,376.10 | AAA | Aaa | 03/22/16 | 03/30/16 | 19,372.35 | 1.57 | 13.43 | 19,375.00 | 19,332.06 |
| FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020 | 34532EAD7 | 20,957.68 | AAA | NR | 04/19/16 | 04/26/16 | 20,955.70 | 1.33 | 12.39 | 20,957.23 | 20,894.74 |
| HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021 | 44891EAC3 | 127,764.83 | AAA | Aaa | 09/14/16 | 09/21/16 | 127,747.63 | 1.30 | 73.25 | 127,757.71 | 126,891.00 |
| ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021 | 02007PAC7 | 97,596.60 | NR | Aaa | 01/24/17 | 01/31/17 | 97,588.07 | 1.70 | 73.74 | 97,592.36 | 97,128.47 |
| 17 FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021 | 34531EAD8 | 375,099.71 | NR | Aaa | 01/18/17 | 01/25/17 | 375,098.32 | 1.67 | 278.41 | 375,099.11 | 373,076.31 |
| ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021 | 02007HAC5 | 389,721.43 | NR | Aaa | 03/21/17 | 03/29/17 | 389,675.49 | 1.79 | 308.31 | 389,696.72 | 387,814.56 |
| 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 | 324,996.04 | 326,186.74 |
| HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023 | 43815AAC6 | 325,000.00 | AAA | Aaa | 11/20/18 | 11/28/18 | 324,951.41 | 3.17 | 456.44 | 324,954.22 | 326,826.24 |
| 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 | 399,976.66 | 401,275.88 |
| 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 | 2,126.88 | 749,918.63 | 746,316.00 |
| NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023 | 65478NAD7 | 350,000.00 | AAA | Aaa | 12/04/18 | 12/12/18 | 349,932.94 | 3.53 | 500.89 | 349,936.28 | 352,768.22 |
| Security Type Sub-Total | | 3,219,399.46 | | | | | 3,219,065.58 | 2.53 | 4,827.90 | 3,219,142.06 | 3,217,300.08 |
| Managed Account Sub-Total | | 38,881,494.76 | | | | | 38,644,038.89 | 2.37 | 181,002.82 | 38,685,455.90 | 38,503,157.12 |



Managed Account Detail of Securities Held

For the Month Ending February 28, 2019

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

| | | | | | | |
|----------------------|-----------------|-----------------|-------|--------------|-----------------|-----------------|
| Securities Sub-Total | \$38,881,494.76 | \$38,644,038.89 | 2.37% | \$181,002.82 | \$38,685,455.90 | \$38,503,157.12 |
| Accrued Interest | | | | | | \$181,002.82 |
| Total Investments | | | | | | \$38,684,159.94 |

Boided items are forward settling trades.

**Investment Activity
February 2019**



Managed Account Security Transactions & Interest

For the Month Ending February 28, 2019

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 |
|----------------------------|----------|----------|---|-----------|------------|--------------------|------------------|--------------|-------------------|-------------------------|-------------|
| BUY | | | | | | | | | | | |
| | 02/12/19 | 02/15/19 | PNC BANK NA CORP NOTES DTD 01/23/2019 3.500% 01/23/2024 | 693475AV7 | 380,000.00 | (382,705.60) | (812.78) | (383,518.38) | | | |
| | 02/22/19 | 03/01/19 | PACCAR FINANCIAL CORP NOTE DTD 03/01/2019 2.850% 03/01/2022 | 69371RP75 | 150,000.00 | (149,868.00) | 0.00 | (149,868.00) | | | |
| | 02/27/19 | 02/28/19 | MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.980% 02/25/2022 | 55379WZU3 | 375,000.00 | (375,000.00) | 0.00 | (375,000.00) | | | |
| Transaction Type Sub-Total | | | | | 905,000.00 | (907,573.60) | (812.78) | (908,386.38) | | | |

| | | | | | | | | | | | |
|-----------------|----------|----------|---|-----------|------------|------|----------|----------|--|--|--|
| INTEREST | | | | | | | | | | | |
| | 02/01/19 | 02/01/19 | BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021 | 05531FA26 | 75,000.00 | 0.00 | 806.25 | 806.25 | | | |
| | 02/01/19 | 02/01/19 | MONEY MARKET FUND | MONEY0002 | 0.00 | 0.00 | 1,691.40 | 1,691.40 | | | |
| | 02/01/19 | 02/25/19 | FNMA SERIES 2015-M12 FA DTD 09/01/2015 2.903% 04/01/2020 | 3136AP3Z3 | 40,165.95 | 0.00 | 97.17 | 97.17 | | | |
| | 02/01/19 | 02/25/19 | FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021 | 3136B1XP4 | 199,026.54 | 0.00 | 601.11 | 601.11 | | | |
| | 02/01/19 | 02/25/19 | FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019 | 3136AODO0 | 23,721.81 | 0.00 | 32.54 | 32.54 | | | |
| | 02/01/19 | 02/25/19 | FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023 | 3137FKK39 | 199,678.87 | 0.00 | 532.98 | 532.98 | | | |
| | 02/01/19 | 02/25/19 | FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022 | 3137BM6P6 | 200,000.00 | 0.00 | 515.00 | 515.00 | | | |
| | 02/04/19 | 02/04/19 | SKANDINAVISKA ENSKILDA BANKEN NY CERT DE DTD 08/04/2017 1.840% 08/02/2019 | 83050FXT3 | 700,000.00 | 0.00 | 6,654.67 | 6,654.67 | | | |
| | 02/05/19 | 02/05/19 | IBM CORP CORP NOTES DTD 02/06/2018 2.650% 02/05/2021 | 44932HAG8 | 400,000.00 | 0.00 | 5,300.00 | 5,300.00 | | | |
| | 02/07/19 | 02/07/19 | WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020 | 96121T4A3 | 625,000.00 | 0.00 | 6,406.25 | 6,406.25 | | | |
| | 02/15/19 | 02/15/19 | NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023 | 65478NAD7 | 350,000.00 | 0.00 | 939.17 | 939.17 | | | |

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Managed Account Security Transactions & Interest

For the Month Ending February 28, 2019

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 |
|------------------|----------|----------|--|-----------|--------------|--------------------|------------------|----------|-------------------|-------------------------|-------------|
| INTEREST | | | | | | | | | | | |
| | 02/15/19 | 02/15/19 | US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022 | 912828TJ9 | 1,150,000.00 | 0.00 | 9,343.75 | 9,343.75 | | | |
| | 02/15/19 | 02/15/19 | ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021 | 02007PAC7 | 106,425.32 | 0.00 | 150.77 | 150.77 | | | |
| | 02/15/19 | 02/15/19 | TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022 | 89238TAD5 | 325,000.00 | 0.00 | 801.67 | 801.67 | | | |
| | 02/15/19 | 02/15/19 | HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023 | 43815AAC6 | 325,000.00 | 0.00 | 855.83 | 855.83 | | | |
| | 02/15/19 | 02/15/19 | JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020 | 47788NAC2 | 25,290.40 | 0.00 | 26.34 | 26.34 | | | |
| | 02/15/19 | 02/15/19 | FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021 | 34531EAD8 | 406,713.85 | 0.00 | 566.01 | 566.01 | | | |
| 21 | 02/15/19 | 02/15/19 | ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021 | 02007HAC5 | 422,085.56 | 0.00 | 626.09 | 626.09 | | | |
| | 02/15/19 | 02/15/19 | NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020 | 65475WAD0 | 7,498.03 | 0.00 | 8.37 | 8.37 | | | |
| | 02/15/19 | 02/15/19 | 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 | | | |
| | 02/15/19 | 02/15/19 | HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021 | 44891EAC3 | 140,207.28 | 0.00 | 150.72 | 150.72 | | | |
| | 02/15/19 | 02/15/19 | FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020 | 34532EAD7 | 25,284.53 | 0.00 | 28.02 | 28.02 | | | |
| | 02/15/19 | 02/15/19 | HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020 | 44930UAD8 | 23,643.23 | 0.00 | 30.74 | 30.74 | | | |
| | 02/15/19 | 02/15/19 | ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020 | 02007LAC6 | 25,289.07 | 0.00 | 30.35 | 30.35 | | | |
| | 02/17/19 | 02/17/19 | FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021 | 3135G0N82 | 420,000.00 | 0.00 | 2,625.00 | 2,625.00 | | | |
| | 02/17/19 | 02/17/19 | FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021 | 3135G0N82 | 130,000.00 | 0.00 | 812.50 | 812.50 | | | |
| | 02/28/19 | 02/28/19 | US TREASURY NOTES DTD 02/28/2014 2.000% 02/28/2021 | 912828B90 | 75,000.00 | 0.00 | 750.00 | 750.00 | | | |
| | 02/28/19 | 02/28/19 | US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021 | 912828D72 | 600,000.00 | 0.00 | 6,000.00 | 6,000.00 | | | |



Managed Account Security Transactions & Interest

For the Month Ending February 28, 2019

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 |
|----------------------------|----------|----------|---|-----------|---------------------|--------------------|------------------|------------------|-------------------|-------------------------|-------------|
| INTEREST | | | | | | | | | | | |
| | 02/28/19 | 02/28/19 | US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021 | 912828D72 | 900,000.00 | 0.00 | 9,000.00 | 9,000.00 | | | |
| | 02/28/19 | 02/28/19 | US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021 | 912828D72 | 200,000.00 | 0.00 | 2,000.00 | 2,000.00 | | | |
| | 02/28/19 | 02/28/19 | US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021 | 912828D72 | 1,400,000.00 | 0.00 | 14,000.00 | 14,000.00 | | | |
| Transaction Type Sub-Total | | | | | 9,920,030.44 | 0.00 | 72,382.70 | 72,382.70 | | | |
| PAYDOWNS | | | | | | | | | | | |
| | 02/01/19 | 02/25/19 | FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023 | 3137FKK39 | 322.78 | 322.78 | 0.00 | 322.78 | 0.00 | 0.00 | |
| 22 | 02/01/19 | 02/25/19 | FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019 | 3136AODO0 | 5,155.29 | 5,155.29 | 0.00 | 5,155.29 | (51.63) | 0.00 | |
| | 02/01/19 | 02/25/19 | FNMA SERIES 2015-M12 FA DTD 09/01/2015 2.903% 04/01/2020 | 3136AP3Z3 | 11,712.51 | 11,712.51 | 0.00 | 11,712.51 | 4.22 | 0.00 | |
| | 02/01/19 | 02/25/19 | FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021 | 3136B1XP4 | 3,307.29 | 3,307.29 | 0.00 | 3,307.29 | (65.79) | 0.00 | |
| | 02/15/19 | 02/15/19 | JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020 | 47788NAC2 | 6,316.53 | 6,316.53 | 0.00 | 6,316.53 | 0.50 | 0.00 | |
| | 02/15/19 | 02/15/19 | FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021 | 34531EAD8 | 31,614.14 | 31,614.14 | 0.00 | 31,614.14 | 0.12 | 0.00 | |
| | 02/15/19 | 02/15/19 | ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021 | 02007HAC5 | 32,364.13 | 32,364.13 | 0.00 | 32,364.13 | 3.82 | 0.00 | |
| | 02/15/19 | 02/15/19 | NISSAN ABS 2015-B A3 DTD 07/22/2015 1.340% 03/15/2020 | 65475WAD0 | 7,220.36 | 7,220.36 | 0.00 | 7,220.36 | 0.57 | 0.00 | |
| | 02/15/19 | 02/15/19 | HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020 | 44930UAD8 | 4,267.13 | 4,267.13 | 0.00 | 4,267.13 | 0.83 | 0.00 | |
| | 02/15/19 | 02/15/19 | ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021 | 02007PAC7 | 8,828.72 | 8,828.72 | 0.00 | 8,828.72 | 0.77 | 0.00 | |
| | 02/15/19 | 02/15/19 | HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021 | 44891EAC3 | 12,442.45 | 12,442.45 | 0.00 | 12,442.45 | 1.67 | 0.00 | |
| | 02/15/19 | 02/15/19 | ALLY ABS 2016-3 A3 DTD 05/31/2016 1.440% 08/15/2020 | 02007LAC6 | 5,657.50 | 5,657.50 | 0.00 | 5,657.50 | 0.55 | 0.00 | |



Managed Account Security Transactions & Interest

For the Month Ending February 28, 2019

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 |
|-----------------------------|----------|----------|---|-----------|---------------------|---------------------|--------------------|---------------------|---------------------|-------------------------|-------------|
| PAYDOWNS | | | | | | | | | | | |
| | 02/15/19 | 02/15/19 | FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020 | 34532EAD7 | 4,326.85 | 4,326.85 | 0.00 | 4,326.85 | 0.41 | 0.00 | |
| Transaction Type Sub-Total | | | | | 133,535.68 | 133,535.68 | 0.00 | 133,535.68 | (103.96) | 0.00 | |
| SELL | | | | | | | | | | | |
| | 02/07/19 | 02/11/19 | SKANDINAVISKA ENSKILDA BANKEN NY CERT DE DTD 08/04/2017 1.840% 08/02/2019 | 83050FXT3 | 700,000.00 | 697,256.00 | 322.00 | 697,578.00 | (2,471.00) | (2,679.50) | FIFO |
| | 02/26/19 | 02/28/19 | MUFG BANK LTD/NY CERT DEPOS DTD 09/27/2017 2.070% 09/25/2019 | 06539RGM3 | 350,000.00 | 348,711.29 | 3,139.50 | 351,850.79 | (1,288.71) | (1,288.71) | FIFO |
| Transaction Type Sub-Total | | | | | 1,050,000.00 | 1,045,967.29 | 3,461.50 | 1,049,428.79 | (3,759.71) | (3,968.21) | |
| Managed Account Sub-Total | | | | | | 271,929.37 | 75,031.42 | 346,960.79 | (3,863.67) | (3,968.21) | |
| Total Security Transactions | | | | | | \$271,929.37 | \$75,031.42 | \$346,960.79 | (\$3,863.67) | (\$3,968.21) | |

Bolded items are forward settling trades.

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**Cash Expenditures
February 2019**

AP Warrant List from 2/1/2019 to 2/28/2019

| Group | Vendor Name | Amount | Description |
|-------|---------------------------------------|---------------|-------------------------------------|
| | ACWA JPIA INSURANCE/EAP - Invoices:1 | \$ 150.40 | Miscellaneous Employee Benefits |
| | AFLAC - Invoices:1 | \$ 1,011.02 | Supplemental Insurance |
| | AMERITAS (VISION) - Invoices:1 | \$ 1,956.00 | Employee Benefit - Vision |
| | BASIC PACIFIC - Invoices:2 | \$ 529.00 | Miscellaneous Employee Benefits |
| | CIGNA GROUP INS LIFE/LTD - Invoices:1 | \$ 3,796.95 | Employee Benefit - LTD Insurance |
| | CIGNA-DENTAL INS - Invoices:1 | \$ 13,226.83 | Employee Benefit - Dental |
| | EMPLOYEE RELATIONS NETWORK - Payroll | \$ 250.35 | Miscellaneous Employee Benefits |
| | | \$ 399,684.27 | Payroll |
| | PERS HEALTH - Invoices:2 | \$ 94,218.23 | Miscellaneous Employee Benefits |
| | PERS LONG TERM CARE PROGRAM - | \$ 2,657.04 | Miscellaneous Employee Benefits |
| | PERS PENSION - Invoices:3 | \$ 33,211.09 | Employee Benefit - PERS |
| | SUTTER MEDICAL FOUNDATION - | \$ 965.00 | Miscellaneous Employee Benefits |
| | ASTRAL COMMUNICATIONS INC - | \$ 15,959.00 | Construction In Progress |
| | CDWG - Invoices:2 | \$ 1,826.13 | Construction In Progress |
| | COUNTY OF SAC PUBLIC WORKS - | \$ 974.75 | Construction In Progress |
| | DOUG VEERKAMP GENERAL ENGR - | \$ 62,967.00 | Construction In Progress |
| | ERC CONTRACTING - Invoices:1 | \$ 21,968.75 | Construction In Progress |
| | FERGUSON WATERWORKS - Invoices:6 | \$ 4,380.19 | Construction In Progress |
| | GEI CONSULTANTS - Invoices:1 | \$ 3,205.00 | Construction In Progress |
| | GEOSPACE TECHNOLOGIES - Invoices:1 | \$ 6,750.00 | Construction In Progress |
| | KIMMEL ENVIRONMENTAL - Invoices:1 | \$ 700.00 | Construction In Progress |
| | LAKE VUE ELECTRIC INC - Invoices:1 | \$ 3,030.00 | Construction In Progress |
| | RIVER CITY FIRE EQUIP CO INC - | \$ 430.40 | Building Service Expense - Office & |
| | S E AHLSTROM INSPECTION - Invoices:1 | \$ 12,600.00 | Construction In Progress |
| | STANDARD INDUSTRIES INC - Invoices:1 | \$ 79,888.40 | Construction In Progress |
| | TANK INDUSTRY CONSULTANTS - | \$ 6,913.59 | Construction In Progress |
| | SUMITOMO MITSUI BANKING | \$ 44,309.72 | 2009A COP Interest Expense |
| | WELLS FARGO SWAP - Invoices:1 | \$ 48,634.05 | 2009A COP Interest Expense |
| | ADP, INC - Invoices:5 | \$ 2,390.04 | Financial Services |
| | BARTKIEWICZ KRONICK & SHANAHAN - | \$ 14,726.85 | Legal Services |
| | BRINKS - Invoices:2 | \$ 1,197.08 | Financial Services |
| | WESTAMERICA BANK ANALYSIS FEES - | \$ 6,775.82 | Financial Services |
| | WESTAMERICA CARD PROCESSING STMT - | \$ 8,702.89 | Financial Services |
| | WORLDPAY INTEGRATED PAYMENTS - | \$ 584.27 | Financial Services |
| | A & A STEPPING STONE MFG., INC - | \$ 47.41 | Operating Supplies |
| | AARON DUKOVICH - Invoices:1 | \$ 150.00 | BMP Rebates |
| | ABC PRINTING - Invoices:1 | \$ 306.01 | Printing |
| | ADVANCED ROOF DESIGN INC - Invoices:2 | \$ 900.00 | Building Maintenance - Office & |
| | AIRGAS USA LLC - Invoices:1 | \$ 27.52 | Operating Supplies |

| | | | |
|---------------------------------------|----|-----------|-------------------------------------|
| ALL PRO BACKFLOW - Invoices:1 | \$ | 204.00 | Backflow Services |
| AMERICAN RIVER PARKWAY FOUNDATION - | \$ | 500.00 | Public Relations |
| ANDREW DUARTE - Invoices:1 | \$ | 173.73 | Uniforms |
| ANSWERNET - Invoices:1 | \$ | 458.19 | Communication |
| APPLIED BEST PRACTICES - Invoices:1 | \$ | 729.00 | Consulting Services |
| ARMANINO - Invoices:1 | \$ | 14,421.25 | Licenses, Permits & Fees |
| AT&T CALNET 3 - Invoices:2 | \$ | 2,496.82 | Communication |
| ATLAS DISPOSAL - Invoices:2 | \$ | 406.69 | Building Service Expense - Office & |
| AVILES SIGN AND LIGHTING REPAIR - | \$ | 2,296.08 | Building Maintenance - Office & |
| AWWA - Invoices:1 | \$ | 406.60 | Publication |
| BADGER METER INC - Invoices:1 | \$ | 22.25 | Communication |
| BARTEL ASSOCIATES LLC - Invoices:1 | \$ | 6,705.00 | Consulting Services |
| BAY ALARM COMPANY - Invoices:1 | \$ | 116.55 | Building Service Expense - Office & |
| BROADRIDGE MAIL LLC - Invoices:13 | \$ | 42,451.43 | Contract Services |
| BROWER MECHANICAL - Invoices:4 | \$ | 1,054.00 | Building Service Expense - Office & |
| BRYCE CONSULTING INC - Invoices:1 | \$ | 320.00 | Consulting Services |
| BUD'S TRI COUNTY TREE SERVICE - | \$ | 550.00 | Contract Services |
| BURTON ROB /BURT'S LAWN & GARDEN | \$ | 7,180.00 | Contract Services |
| CALIFORNIA LABORATORY SERVICES - | \$ | 4,170.00 | Inspection & Testing |
| CAPITAL RUBBER CO LTD - Invoices:3 | \$ | 1,893.63 | Equipment Maintenance Services |
| CENTRAL VALLEY ENG & ASPHALT - | \$ | 28,432.10 | Misc. Repairs |
| CHENA BLAIR - Invoices:1 | \$ | 150.00 | BMP Rebates |
| CHRISTOPHER L JAWORSKI - Invoices:1 | \$ | 75.00 | BMP Rebates |
| CINTAS - Invoices:10 | \$ | 2,437.03 | Building Maintenance - Office & |
| CITRA COMMUNICATIONS - Invoices:1 | \$ | 937.43 | Public Relations |
| CITRUS HEIGHTS SAW & MOWER - | \$ | 203.28 | Equipment Maintenance Services |
| CITY OF SACRAMENTO DEPT OF UTILITIES | \$ | 12.77 | Utilities |
| CLEAR VISION WINDOW CLEANING - | \$ | 550.00 | Building Service Expense - Office & |
| COLLEGE OAK TOWING - Invoices:1 | \$ | 262.50 | Vehicle Maintenance Services |
| COMCAST - Invoices:1 | \$ | 44.90 | Communication |
| CONSOLIDATED COMMUNICATIONS - | \$ | 409.62 | Communication |
| COTTON SHOPPE - Invoices:1 | \$ | 22.19 | Uniforms |
| COUNTY OF SAC ENVIRO MGT DEPT - | \$ | 24,161.00 | Licenses, Permits & Fees |
| COUNTY OF SAC UTILITIES - Invoices:4 | \$ | 885.60 | Utilities |
| CROWN DISTRIBUTING - Invoices:1 | \$ | 145.59 | Building Maintenance - Office & |
| CSMFO - Invoices:1 | \$ | 110.00 | Membership & Dues |
| Customer Refunds: 391 | \$ | 49,260.13 | Refund Clearing Account |
| DAN YORK - Invoices:3 | \$ | 322.56 | Local Travel Cost |
| DAVE JONES - Invoices:1 | \$ | 690.00 | Travel Conferences |
| DAVID A ZAVISLAN - Invoices:1 | \$ | 75.00 | BMP Rebates |
| DIG SMART LLC - Invoices:1 | \$ | 9,000.00 | Annual Software Maintenance |
| DIRECT TV - Invoices:1 | \$ | 5.00 | Communication |
| DITCH WITCH EQUIPMENT CO - Invoices:3 | \$ | 2,887.26 | Equipment Maintenance Services |
| ELLEN M CROSS/STRATEGY DRIVER INC - | \$ | 3,646.80 | Consulting Services |
| EMIGH ACE HARDWARE - Invoices:5 | \$ | 55.18 | Operating Supplies |

| | | | |
|--|----|------------|-------------------------------------|
| EUROFINS EATON ANALYTICAL - Invoices:1 | \$ | 8,426.00 | Inspection & Testing |
| EXPRESS OFFICE PRODUCTS - Invoices:3 | \$ | 592.62 | Office Supplies |
| FASTENAL COMPANY - Invoices:3 | \$ | 617.42 | Operating Supplies |
| GM CONSTRUCTION & DEVELOPERS - | \$ | 26,544.18 | Construction Services |
| GRAINGER - Invoices:6 | \$ | 2,317.31 | Operating Supplies |
| GRAYBAR ELECTRIC CO - Invoices:1 | \$ | 326.70 | Operating Supplies |
| GREG BUNDESEN - Invoices:1 | \$ | 14.50 | Local Travel Cost |
| HARROLD FORD - Invoices:6 | \$ | 978.92 | Vehicle Maintenance Services |
| HASTINGS AT ANTELOPE - Invoices:1 | \$ | 1,000.00 | BMP Rebates |
| IRON MOUNTAIN OFF SITE DATA | \$ | 454.75 | Equipment Maintenance Services |
| J&J LOCKSMITH - Invoices:1 | \$ | 16.16 | Operating Supplies |
| JACOB SCHMITZ - Invoices:1 | \$ | 191.20 | Uniforms |
| JULDY L PROHOFSKY - Invoices:1 | \$ | 100.00 | BMP Rebates |
| KEVIN THOMAS - Invoices:1 | \$ | 77.20 | Travel Conferences |
| LEO ORCIUOLI ELECTRIC - Invoices:1 | \$ | 150.00 | Contract Services |
| LES SCHWAB TIRE CENTER/MADISON - | \$ | 2,689.84 | Equipment Maintenance Services |
| LIFEGUARD FIRST AID - Invoices:1 | \$ | 149.02 | Building Service Expense - Office & |
| LOEWEN PUMP MAINTENANCE - Invoices:1 | \$ | 800.00 | Contract Services |
| MARILYN T HASBROUCK - Invoices:1 | \$ | 129.00 | BMP Rebates |
| MICHAEL PHILLIPS LANDSCAPE CORP - | \$ | 6,310.00 | Building Service Expense - Office & |
| NATIONAL METER AND AUTOMATION INC - | \$ | 188,142.90 | Purchase Price Variance |
| NOELLE FOSTER - Invoices:1 | \$ | 384.00 | BMP Rebates |
| OFFICE DEPOT INC - Invoices:4 | \$ | 602.47 | Office Supplies |
| ONE STOP TRUCK SHOP - Invoices:1 | \$ | 2,098.29 | Vehicle Maintenance Services |
| PACE SUPPLY CORP - Invoices:3 | \$ | 4,479.76 | Operating Supplies |
| PACIFIC RIVER SUPPLY CO INC - Invoices:1 | \$ | 166.00 | Uniforms |
| PALADIN PRIVATE SECURITY - Invoices:1 | \$ | 674.16 | Building Service Expense - Office & |
| PAUL JOHNSON - Invoices:1 | \$ | 90.00 | Other Training |
| PAYNE ENVIRONMENTAL CONSULTANTS - | \$ | 18,926.54 | Consulting Services |
| PEOPLEREADY - Invoices:4 | \$ | 3,811.12 | Temporary Help |
| PEST PROS - Invoices:6 | \$ | 510.00 | Building Service Expense - Office & |
| PICOVALE SERVICES INC - Invoices:1 | \$ | 2,640.00 | Licenses, Permits & Fees |
| POLLARD WATER - Invoices:1 | \$ | 7,116.41 | Operating Supplies |
| RACK SOLUTIONS - Invoices:1 | \$ | 1,574.99 | Operating Supplies |
| RAFTELIS - Invoices:1 | \$ | 3,357.50 | Consulting Services |
| RAMOS ENVIRONMENTAL - Invoices:1 | \$ | 424.01 | Hazardous Waste Disposal |
| RAUL PALOMAR - Invoices:2 | \$ | 115.00 | Required Training |
| RAY MORGAN CO - Invoices:1 | \$ | 193.80 | Equipment Maintenance Services |
| RUE EQUIPMENT INC - Invoices:9 | \$ | 9,467.01 | Equipment Maintenance Services |
| SACRAMENTO SUBURBAN WATER | \$ | 342.78 | Operating Supplies |
| SAWWA - Invoices:1 | \$ | 100.00 | Membership & Dues |
| SIGNS IN 1 DAY - Invoices:1 | \$ | 128.23 | Building Maintenance - Office & |
| SONITROL - Invoices:2 | \$ | 1,876.29 | Building Service Expense - Office & |
| STANDARD DEMOLITION - Invoices:1 | \$ | 2,279.48 | Hydrant Permit Refund |
| TEE JANITORIAL & MAINTENANCE - | \$ | 6,447.00 | Building Service Expense - Office & |

| | | | |
|--------------------------------------|-----------|---------------------|-------------------------------------|
| TELDATA - Invoices:1 | \$ | 1,527.64 | Operating Supplies |
| TINA LYNN DESIGN - Invoices:2 | \$ | 285.00 | Contract Services |
| US BANK CORPORATE PAYMENT SYSTEM - | \$ | 4,291.16 | Vehicle Maintenance Supplies |
| VERIZON WIRELESS/DALLAS TX - | \$ | 4,576.15 | Communication |
| VOCANTAS - Invoices:1 | \$ | 8,789.35 | Annual Software Maintenance |
| VOYAGER FLEET SYSTEMS - Invoices:1 | \$ | 7,101.50 | Operating Supplies |
| WASTE MANAGEMENT - Invoices:3 | \$ | 993.55 | Building Service Expense - Office & |
| WEST YOST & ASSOCIATES - Invoices:1 | \$ | 551.75 | Consulting Services |
| WOLF CONSULTING - Invoices:1 | \$ | 750.00 | Consulting Services |
| Utilities | | | |
| PG&E - Invoices:3 | \$ | 545.90 | Utilities |
| SIERRA CHEMICAL COMPANY - Invoices:4 | \$ | 13,995.69 | HFA, Chemical & Delivery |
| SMUD - Invoices:3 | \$ | 47,746.11 | Electrical Charges |
| Total: | \$ | 1,512,323.57 | |

**Credit Card Expenditures
February 2019**

Sacramento Suburban Water District
 US Bank Purchasing Card Program
 CalCard Expenditures
 February 2019

| Vendor Name | Description | Amount | Proj/GLAcct |
|---------------------------------|--|------------|-------------|
| CALIFORNIA SPECIAL DISTRICTS | CSDA HUMAN RESOURCES BOOT CAMP TRAINING FOR CASSIE CRITTENDEN | \$225.00 | 17-51407 |
| CALIFORNIA IRRIGATION INSTITUTE | CONFERENCE FOR RACHEL MIDDLESTEAD FOR CEU REQUIREMENTS FOR CLIA CERT. | \$225.00 | 15-51407 |
| AWWA.ORG | AWWA WEBINAR FOR DAVID ESPINOZA, JAMES ARENZ, DAVID MORROW, MITCHELLE MCCARTHY & DANA DEAN | \$255.00 | 15-51407 |
| BATH AND BODY | HAND SOAP FOR THE OFFICE | \$19.49 | 03-52108 |
| AMAZON | KITCHEN SUPPLIES | \$19.34 | 03-52108 |
| RALEY'S | GENERAL MANAGER APPRECIATION LUNCH COOKIES AND SODA | \$13.59 | 02-51403 |
| ROUND TABLE PIZZA | GENERAL MANAGER APPRECIATION LUNCH | \$91.82 | 02-51403 |
| AMAZON MARKET PLACE | TRIAL SCREEN PROTECTORS FOR SMART PHONES | \$19.76 | 18-52101 |
| NUANCE | UPGRADE OF SOFTWARE | \$645.00 | 18-54509 |
| AMAZON MARKET PLACE | SCREEN PROTECTORS FOR SMART PHONES (FIELD SERVICES) | \$59.28 | 18-52101 |
| HOMEDEPOT.COM | 6" HOLE SAW TO INSTALL 6" FIRE PLUGS IN SERVER ROOM FIREWALL | \$51.69 | 12-52101 |
| RAM MOUNTS | LAPTOP TRAY SIDE KEEPERS | \$166.02 | 12-54006 |
| HD SUPPLY | FIRE BLOCK FOAM SEALANT FOR SERVER ROOM FIREWALL | \$37.86 | 12-54008 |
| THE HOME DEPOT | FIRE BLOCK FOAM SEALANT AND RECESSED MEDIA BOX - MARCONI | \$62.90 | 12-54008 |
| SACRAMENTO COUNTY | HOUSEHOLD HAZARDOUS WASTE DISPOSAL | \$696.90 | 12-54010 |
| DANNER.COM | 2019 SAFETY BOOTS - MICHELLE HIRT | \$204.73 | 12-51408 |
| AMAZON.COM | DECORA/BLANK SS PLATE COVER FOR SERVER ROOM - MARCONI | \$7.90 | 12-54008 |
| SUPERBRIGHTLEDS.COM | LED BRAKE/TURN SIGNAL ASSEMBLIES FOR VEHICLE #54 | \$88.18 | 12-54005 |
| THE HOME DEPOT | DOOR STOPS AND PUSH PLATES | \$58.68 | 12-52101 |
| PEP BOYS | SILICONE TO SEAL LEAK PASSENGER SIDE FRONT BIN VEHICLE #77 | \$14.20 | 12-54006 |
| CARHARTT | UNIFORM SUPPLIES SCOTT BLAKE | \$150.84 | 12-51408 |
| ANTELOPE CHEVRON | GAS FOR VEHICLE #11 | \$32.99 | 12-52101 |
| HARBOR FREIGHT TOOLS | MISC. TOOLS AND STROAGE FOR MAINTENANCE DEPARTMENT | \$130.22 | 12-52101 |
| CALIFORNIA DOOR AND FRAME | DOOR CLOSER FOR SERVER ROOM AT MARCONI | \$129.90 | 12-54008 |
| PAY PAL | CALIFORNIA IRRIGATION INSTITUTE CONF- GREG BUNDENSEN | \$225.00 | 13-51406 |
| PAY PAL | CALIFORNIA IRRIGATION INSTITUTE CONF- VICKI SPRAGUE | \$225.00 | 13-51406 |
| CHIPTOLE | LUNCH FOR INVENTORY COUNTERS- DAY 1 | \$88.67 | 03-55002 |
| IN N OUT | LUNCH FOR INVENTORY COUNTERS- RE-COUNTERS, DAY 2 | \$29.63 | 03-55002 |
| HOME DEPOT | RETURNED PARTS | (\$20.89) | 07-52101 |
| HOME DEPOT | REPLENISH WAREHOUSE SUPPLIES | \$207.59 | 05-52101 |
| SMART & FINAL | REPLENISH KITCHEN SUPPLIES | \$115.11 | 03-52108 |
| Totals: | | \$4,276.40 | |

**DRAFT - District Reserve Balances
February 28, 2019**

**Sacramento Suburban Water District
Reserve Fund Balance**

| | <u>February 28, 2019</u> | <u>December 31, 2018</u> |
|--------------------------|--------------------------|--------------------------|
| Debt Service Reserve | \$ - | \$ - |
| Facilities Reimbursement | - | - |
| Emergency/Contingency | 11,542,750 | 11,255,000 |
| Operating | 7,665,250 | 7,390,000 |
| Rate Stabilization | 6,652,000 | 6,244,500 |
| Interest Rate Risk | - | - |
| Grant | 137,500 | - |
| Capital Asset | 20,099,968 | 20,160,655 |
| TOTAL | <u>\$ 46,097,468</u> | <u>\$ 45,050,155</u> |

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

| | <u>February 28, 2019</u> | <u>December 31, 2018</u> |
|---|--------------------------|--------------------------|
| Cash and Cash Equivalents | \$ 9,389,935 | \$ 7,585,118 |
| Water Transfer Fund Receivable ¹ | - | 872,280 |
| Investments | 36,510,146 | 36,369,025 |
| Interest Receivable | 187,619 | 215,917 |
| Restricted Cash | 9,768 | 7,814 |
| TOTAL | <u>\$ 46,097,468</u> | <u>\$ 45,050,155</u> |

Information Required by Bond Agreement

Sacramento Suburban Water District
6 - Months Debt Service Schedule
2/28/2019

| Month | Total SSWD Debt Service | | | | | Debt Service |
|--------|-------------------------|-----------------------------------|--------------|--------------|---------------|--------------|
| | Principal | Interest Adjustable/Fixed/Swap | Facility Fee | Remarketing | | |
| Mar-19 | \$ - | \$ 99,200.91 | \$ 50,400.00 | \$ 13,125.00 | \$ 162,725.91 | |
| Apr-19 | - | 99,200.91 | - | - | 99,200.91 | |
| May-19 | - | 715,925.91 | - | - | 715,925.91 | |
| Jun-19 | - | 99,200.91 | 50,400.00 | 13,125.00 | 162,725.91 | |
| Jul-19 | - | 99,200.91 | - | - | 99,200.91 | |
| Aug-19 | - | 99,200.91 | - | - | 99,200.91 | |

| Month | Series 2012A Fixed Rate Bonds (\$23,440,000.00) | | | | | Debt Service |
|--------|---|---------------------------|------|------|------|--------------|
| | Principal | Interest - Fixed 4.25% | | | | |
| Mar-19 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Apr-19 | - | - | - | - | - | - |
| May-19 | - | 339,013.00 | - | - | - | 339,013.00 |
| Jun-19 | - | - | - | - | - | - |
| Jul-19 | - | - | - | - | - | - |
| Aug-19 | - | - | - | - | - | - |

| Month | Series 2009A Adjustable Rate COPs (\$42,000,000.00) | | | | | Debt Service |
|--------|---|-------------------------------|------------------------|-----------------------|---------------|--------------|
| | Principal | Interest, Adjustable 1.56% | Facility Fee 0.480% | Remarketing 0.125% | | |
| Mar-19 | \$ - | \$ 54,600.00 | \$ 50,400.00 | \$ 13,125.00 | \$ 118,125.00 | |
| Apr-19 | - | 54,600.00 | - | - | 54,600.00 | |
| May-19 | - | 54,600.00 | - | - | 54,600.00 | |
| Jun-19 | - | 54,600.00 | 50,400.00 | 13,125.00 | 118,125.00 | |
| Jul-19 | - | 54,600.00 | - | - | 54,600.00 | |
| Aug-19 | - | 54,600.00 | - | - | 54,600.00 | |

| Month | Series 2018A Fixed Rate COPs (\$27,915,000) | | | | | Debt Service |
|--------|---|---------------------------|------|------|------|--------------|
| | Principal | Interest - Fixed 3.45% | | | | |
| Mar-19 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Apr-19 | - | - | - | - | - | - |
| May-19 | - | 277,712.00 | - | - | - | 277,712.00 |
| Jun-19 | - | - | - | - | - | - |
| Jul-19 | - | - | - | - | - | - |
| Aug-19 | - | - | - | - | - | - |

| Month | 2012 SWAP Interest, Net (\$33,000,000.00) | | | | | Debt Service |
|--------|---|--|---|---|-----------|--------------|
| | Principal | Interest, Swap Net (3.283-1.49576-.18)% | | | | |
| Mar-19 | | \$ 44,600.91 | - | - | 44,600.91 | |
| Apr-19 | | \$ 44,600.91 | - | - | 44,600.91 | |
| May-19 | | \$ 44,600.91 | - | - | 44,600.91 | |
| Jun-19 | | \$ 44,600.91 | - | - | 44,600.91 | |
| Jul-19 | | \$ 44,600.91 | - | - | 44,600.91 | |
| Aug-19 | | \$ 44,600.91 | - | - | 44,600.91 | |

Sacramento Suburban Water District
Schedule of Net Revenues
As Of

| | Actual Year-To-Date 2/28/2019 | Budget Year-To-Date 2/28/2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| REVENUES | | |
| Water sales charges | \$2,568,735.20 | \$3,755,607.00 |
| Capital facilities charge | 3,751,248.78 | 4,095,166.00 |
| Facility development charges | | 50,000.00 |
| Interest and investment income | 245,604.54 | 155,334.00 |
| Rental & other income | 96,911.57 | 66,666.00 |
| TOTAL REVENUES | 6,662,500.09 | 8,122,773.00 |
| EXPENSES | | |
| Source of supply | 372,506.35 | 497,506.50 |
| Pumping | 470,929.31 | 801,242.50 |
| Transmission and distribution | 694,420.33 | 776,278.86 |
| Water conservation | 48,767.49 | 69,395.88 |
| Customer accounts | 139,995.63 | 232,858.54 |
| Administrative and general | 996,728.43 | 1,632,718.29 |
| TOTAL EXPENSES | 2,723,347.54 | 4,010,000.57 |
| NET REVENUE | 3,939,152.55 | 4,112,772.43 |

Financial Markets Report February 28, 2019

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 | \$ 15,385,000 | Fixed Rate Revenue Bond | | 11/1/2027 |
| 2018A | \$ 19,615,000 | \$ 17,295,000 | Fixed Rate Revenue Bond | | 11/1/2028 |
| | <u>\$ 90,105,000</u> | <u>\$ 74,680,000</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 | 2.17% |
| | Notional Amount | Counterparty | FMV | Receive Rate | Fixed Rate |
| Swap | \$33,300,000 | Wells Fargo Bank, N.A. | (\$5,148,116) | 1.6758% | 3.283% |

Current Status of District's Investment Portfolio (February 28, 2019):

| Fair Market Value | Security Type | Yield |
|-------------------------|---|--------------|
| \$ 669,956.47 | Money Market | 2.02% |
| 3,251,374.66 | LAIF | 2.39% |
| 1,993,051.75 | commercial paper | 2.66% |
| 3,217,300.08 | Asset-Backed Securities/CMOs | 2.53% |
| 4,931,710.01 | Certificates of Deposit | 2.78% |
| 9,141,685.47 | Corporate Notes | 2.43% |
| 1,477,754.60 | Federal Agency Collateralized Mortgage Obligati | 1.28% |
| 647,052.00 | Federal Agency Securities Bonds/Notes | 2.53% |
| 229,970.10 | Municipal Bonds | 1.90% |
| 2,556,311.25 | Supra-National Agency Bond | 2.13% |
| 14,308,321.86 | Treasury Bonds/Notes | 2.27% |
| <u>\$ 42,424,488.25</u> | | <u>2.37%</u> |

Market:

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

Current Bond Markets

- Bond market volatility subsided. The U.S. Treasury yield curve remained slightly inverted between 2- and 5- year maturities. U.S. Treasury yields were modestly lower, falling two to eight basis points (0.02% to 0.08%) over the month.
- As a result of declining yields across the yield curve in January, fixed income returns were strongly positive, with longer duration indexes outperforming shorter-term ones. For example, the 3-Month and 2-Year Constant Maturity U.S. Treasury Indices returned 0.20% and 0.27%, respectively, while the 5-Year and 10-Year indices generated 0.53% and 0.71% total return for the month.
- The "risk-on" recovery led to a sharp contraction in credit spreads across the ratings spectrum. Returns on corporate indices far outpaced returns on comparable-maturity Treasury indices for the month.

PFM Outlook

- With the Fed on hold, we now favor duration-neutral portfolio positions relative to benchmarks. We are focusing our efforts on generating income as the primary source of total return.
- Federal agency and supranational supply remained constrained as new issuance was limited. Consequently, agency and supranational yield spreads remain tight, but have begun to inch their way wider. This applies particularly to agency spreads on maturities beyond seven years where relative yields are slowly becoming more attractive. We will continue to look for issue specific value amidst new issue offerings as we approach the seasonal uptick in issuance.
- Over January, investment-grade (IG) credit spreads reversed the bulk of December's widening. The reversal has reduced the relative value of corporate bonds to the levels experienced before the December blow-out. Fourth quarter returns, depressed by this spread widening, rebounded in January. Consequently, the sector now offers only modest or fair value. With the yield curve flat and spreads near last November's levels, we plan to be more selective, assessing issue-specific value based on issuer quality and maturity.
- Mortgage-backed securities (MBS) have recovered somewhat from their underperformance in December, but they still face uncertainty due to elevated volatility, weakness in the housing market, higher mortgage rates, and the Fed's ongoing wind down of balance sheet holdings. On balance, however, the underperformance of the mortgage sector over the past several months has created more attractive valuations and some opportunity to selectively add MBS allocations to portfolios.

- AAA-rated asset-backed securities (ABS) proved their worth in the face of heightened late-2018 volatility. We continue to maintain an overweight to high-quality ABS and look forward to a higher-volume issuance season.
- With the Fed on hold, short-term rates may have peaked. However, money market investors continue to reap the benefits of 2.25% rate increase over the past three years, which put short rates near their highest levels in over a decade. Commercial paper, negotiable CDs and even Treasury notes look attractive for ultra-short investors.

(Source: PFMAM February 2019 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: 16

Date: March 8, 2019

Subject: District Activity Report

Staff Contact: Matt Underwood, Operations Manager

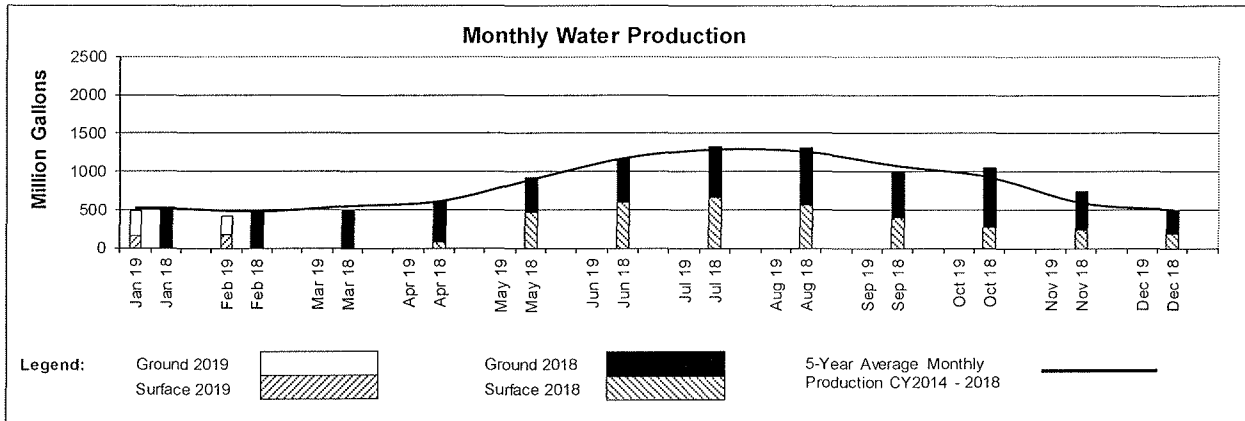
Described below are significant District Activities and milestones over the past month. The report is separated into the following sections: Water Operations and Exception Report, Water Quality Report, Water Conservation and Regional Water Efficiency Program Report, Customer Service Report, and Community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

Water Operations And Exceptions Report

- i. Monthly Water Production – Attachment 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 2018 and 2019. 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 – Attachment WO-2**
This indicates the amount of water the District served to other water purveyors in Calendar Year 2019. The amount is indicated in Million Gallons (MG) and Acre Feet (AF).
- iii. Water Operations Activity – Attachment 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 – Attachment 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
 2019

| 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 | 158.366 | 118.459 | 276.825 | 0.000 | 200.316 | 200.316 | 477.141 | 15.392 | 53.655 |
| Feb | 176.172 | 69.922 | 246.094 | 0.000 | 166.040 | 166.040 | 412.134 | 14.719 | 46.345 |
| Mar | | | | | | | | | |
| Apr | | | | | | | | | |
| May | | | | | | | | | |
| Jun | | | | | | | | | |
| July | | | | | | | | | |
| Aug | | | | | | | | | |
| Sep | | | | | | | | | |
| Oct | | | | | | | | | |
| Nov | | | | | | | | | |
| Dec | | | | | | | | | |
| MG | 334.538 | 188.381 | 522.919 | 0.000 | 366.356 | 366.356 | 889.275 | 15.072 | |
| AF | 1,026.659 | 578.120 | 1,604.779 | 0.000 | 1,124.305 | 1,124.305 | 2,729.085 | 46.256 | |



* North Service Area (North Highlands, Antelope, McClellan Park and The Arbors)
 ** South Service Area (Town and Country and Arden-Arcade)
 ***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.

| Mo/Yr | Million Gallons (MG) | | | Difference |
|--------|----------------------|---------|-----------|------------|
| | Surface | Ground | Total | |
| Jan 19 | 158.366 | 318.775 | 477.141 | -34.762 |
| Jan 18 | 0.000 | 511.903 | 511.903 | |
| Feb 19 | 176.172 | 235.962 | 412.134 | -62.918 |
| Feb 18 | 0.000 | 475.052 | 475.052 | |
| Mar 19 | | | | |
| Mar 18 | 0.000 | 474.999 | 474.999 | |
| Apr 19 | | | | |
| Apr 18 | 82.525 | 530.852 | 613.377 | |
| May 19 | | | | |
| May 18 | 459.997 | 467.871 | 927.868 | |
| Jun 19 | | | | |
| Jun 18 | 590.922 | 578.295 | 1,169.217 | |

| Mo/Yr | Million Gallons (MG) | | | Difference |
|--------|----------------------|---------|-----------|------------|
| | Surface | Ground | Total | |
| Jul 19 | | | | |
| Jul 18 | 652.821 | 678.911 | 1,331.732 | |
| Aug 19 | | | | |
| Aug 18 | 567.414 | 736.186 | 1,303.600 | |
| Sep 19 | | | | |
| Sep 18 | 398.291 | 602.912 | 1,001.203 | |
| Oct 19 | | | | |
| Oct 18 | 270.532 | 774.828 | 1,045.360 | |
| Nov 19 | | | | |
| Nov 18 | 231.430 | 507.036 | 738.466 | |
| Dec 19 | | | | |
| Dec 18 | 188.766 | 316.061 | 504.827 | |

SACRAMENTO SUBURBAN WATER DISTRICT
Water Wheeled To Other Purveyors
 2019

| 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 | 166.143 | 54.138 | 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 | 123.489 | 40.239 | 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 | | | | | | | | | | | | | | |
| April | | | | | | | | | | | | | | |
| May | | | | | | | | | | | | | | |
| June | | | | | | | | | | | | | | |
| July | | | | | | | | | | | | | | |
| August | | | | | | | | | | | | | | |
| September | | | | | | | | | | | | | | |
| October | | | | | | | | | | | | | | |
| November | | | | | | | | | | | | | | |
| December | | | | | | | | | | | | | | |
| YTD | 289.632 | 94.377 | 0.000 | 0.000 | 0.000 | 0.000 | 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.

Water Operations Activity

| | <u>February</u> | <u>Monthly Avg</u> | <u>Total</u> | <u>Goal</u> | <u>% of Goal Completed in</u> |
|---|-----------------|--------------------|----------------|----------------|-------------------------------|
| | <u>2019</u> | <u>CY 2019</u> | <u>CY 2019</u> | <u>CY 2019</u> | <u>CY 2019</u> |
| <u>Production Department</u> | | | | | |
| <u>Service Orders</u> | | | | | |
| <u>Water Quality</u> | | | | | |
| Complaints | 0 | 0 | 0 | | |
| Inquiries | 5 | 11 | 21 | | |
| Taste & Odor Complaints | 0 | 0 | 0 | | |
| Taste & Odor Inquiries | 2 | 4 | 8 | | |
| <u>Distribution Department</u> | | | | | |
| <u>Service Orders</u> | | | | | |
| Main Leaks | 2 | 6 | 11 | | |
| Service Line Leaks | 4 | 4 | 7 | | |
| Water Main Shutdown | | | | | |
| -- Emergency | 3 | 6 | 11 | | |
| -- Scheduled | 2 | 2 | 4 | | |
| <u>Preventive Maintenance Program</u> | | | | | |
| Fire Hydrants Inspected | 30 | 28 | 55 | 1,240 | 4.4% |
| Fire Hydrant Valves Inspected | 28 | 26 | 51 | 1,090 | 4.7% |
| Fire Hydrant Valves Exercised | 28 | 26 | 51 | 1,090 | 4.7% |
| Mainline Valves Inspected | 217 | 205 | 409 | 2,487 | 16.4% |
| Mainline Valves Exercised | 161 | 170 | 340 | 2,487 | 13.7% |
| <u>Field Services Department</u> | | | | | |
| <u>Meters</u> | | | | | |
| PM - Meters Tested (3 - 10 inch) | 14 | 8 | 15 | 113 | 13.3% |
| PM - Meters Replaced (⁵ / ₈ - 1 inch) | 1 | 5 | 10 | 1,000 | 1.0% |
| PM - Meter Re-Builds (1 ¹ / ₂ - 2 inch) | 26 | 14 | 27 | 244 | 11.1% |
| Customer Pressure Inquiries | 3 | 8 | 15 | | |
| <u>Field Operations Department</u> | | | | | |
| Service Requests Generated | 2,406 | 2,319 | 4,638 | | |
| Work Orders Generated | 1,170 | 1,687 | 3,373 | | |
| <u>After Hours Activity (On-Call Technician)</u> | | | | | |
| Calls Received Distribution | 22 | 38 | 76 | | |
| Calls Responded Distribution | 19 | 27 | 53 | | |
| Overtime Hours Distribution | 25 | 41 | 82 | | |
| Calls Received Production | 12 | 13 | 26 | | |
| Calls Responded Production | 4 | 6 | 11 | | |
| Overtime Hours Production | 12 | 15 | 30 | | |

Attachment WO-4

Date: March 6, 2019

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.

Water Quality Report

Sodium Hypochlorite Overfeed – Enterprise/Northrop Reservoir and Booster Pump Station

On February 19, 2019, District staff recorded a high chlorine residual during weekly Total Coliform Rule monitoring at Sample Station No. 30b. The District dispatched five additional Production Operators to determine the extent of high chlorine residuals in the distribution system. Staff determined the high residuals resulted from a sodium hypochlorite (chlorine) overfeed at the Enterprise/Northrop Reservoir and Booster Pump Station (BPS) during routine turnover of the water in the reservoir. The booster pumps were immediately taken offline, the chlorine dosing pumps were de-energized, and the State Water Resources Control Board, Division of Drinking Water (DDW) was notified. In addition to checking system residuals, staff concurrently began strategically flushing near the reservoir and BPS to reduce chlorine levels. Staff brought on available wells in the southwestern portion of the South Service Area (SSA) to push the high chlorine residual water back toward the flushing area. To further expedite the removal of water with elevated chlorine levels, staff began filling the 5-MG reservoir with system water at a rate of over 3,000 gallons per minute.

Restoration of chlorine residuals to normal levels was completed on the same day, February 19, 2019. The District received no water quality inquiries or complaints from customers in the SSA.

Investigation

District staff identified that the overfeed was triggered by an analyzer that failed to accurately measure the chlorine residual of water from the reservoir entering the system. The analyzer erroneously reported a trace level of chlorine residual, thereby calling on the chlorine pump to boost the artificially low reading. This sequence of events consequently resulted in the overfeed.

Based on field testing and bench testing (office controlled testing) only one sample may have exceeded the maximum residual disinfectant level (MRDL) of 4.0 mg/L. According to Title 22, Section 64535.4(b)(1), compliance with the MRDL for chlorine is based on the running annual average, that is computed quarterly of monthly chlorine residual averages that are recorded during (weekly) Total Coliform Rule sampling. Therefore, no MRDL or any other regulatory standard were violated.

Investigative Response/Future Actions

In an effort to prevent an overfeed of sodium hypochlorite from happening again, staff is re-evaluating chlorine analyzer maintenance schedules, re-evaluating staff training, reviewing the control programs, and setting up automatic texts to production staff when low or high chlorine levels are identified. Finally, the chlorine dosing pumps will remain de-energized until the safeguards discussed above have been implemented or otherwise completed. This process will be expedited to minimize the time that operational components are unavailable.

Water Conservation and Regional Water Efficiency Program Report

i. Program Overview for February 2019

The District continues to message water conservation and use efficiency to its customers. The District's website reflects the current water use restrictions and Regulation No. 15, which is the District's Water Shortage Contingency Plan that outlines water use prohibitions for each Water Conservation Stage approved by the Board of Directors. The District adopted Normal Water Supply conditions through March 2019. Staff will continue engaging customers to ensure they are aware of the current water use efficiency practices and water conservation programs offered by the District and other local and state agencies. The following is a list of District water conservation related activities for February 2019.

- a. On April 23, 2018, the District's Board of Directors declared Normal Water Supply conditions but called on District customers to use water as efficiently as possible. The District set an overall water conservation goal of 10%. The District reduced water use by 23.6% in February 2019 (when compared to February 2013), exceeding the District's 10% monthly goal. Since June 2015, The District has maintained a cumulative water use reduction of 23% when compared to 2013¹.
- b. Customer Leak Notifications – Through the District's Advanced Metering Infrastructure, staff sent 1,654 leak notification post cards to customers regarding 72-hour continuous flow events in February 2019. Staff conducted 12 customer leak investigations as a result of the post cards.
- c. Public Outreach – The District used informational graphics for public outreach in February 2019. Staff used online advertising and the District's website to communicate the District's water use efficiency message. The online advertisements used for Google generated an above average amount of activity, seeing 443 clicks and leaving 237,620 impressions. The District's primary focus for February 2019 was asking customers to turn off their sprinklers for the winter and begin advertising the WaterSense Fix-a-Leak Week campaign for March 19-25, 2019.

ii. Water Conservation Program and Results

District staff continues to promote water conservation. During February 2019, District staff and the District's contract company performed 18 Single Family Residential Water-Wise House Calls (WWHC) and 1 Multi-Family WWHC.

Staff received 8 total reports from the public regarding water waste, 3 calls and 5 reports via the District's website. Staff issued a total of 7 water waste notices, 5 Information Only Water Waste Notices, and 2 Notices of Violation (NOV). Though the District received 8 reports regarding water waste, staff only issued 7 water waste notices because one of the reports was determined to be a leak.

The District issued rebates for 7 toilets, 3 clothes washers, 1 pool cover, and 2 weather-based irrigation controllers in February 2019.

iii. Upcoming Events

April 13, 2019 – Creek Week Celebration Event, Carmichael Park

May 3, 2019 – Speaker Series, District Marconi Office

May 4, 2019 – Mulch Mayhem Event, Antelope Facility².

¹ The cumulative water savings since June 2015 is 10,821 million gallons (33,210 acre feet).

² Please note that the Mulch Mayhem Event will take place at the Antelope Building Facility, not Antelope Gardens.

Customer Service Report

i. Customer Service Monthly Activity - Attachment CS-1

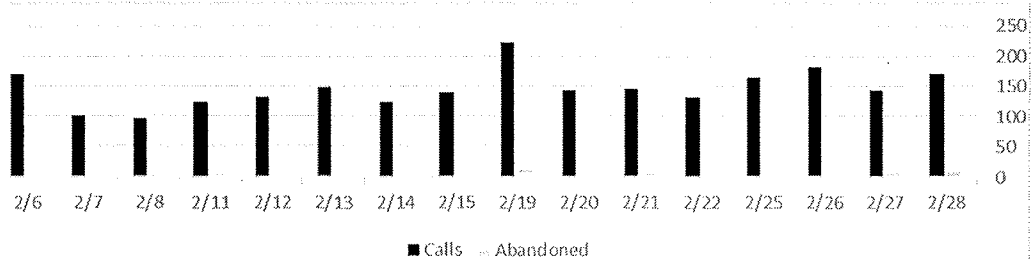
1. Customer Service Activity Report shows Customer Service activity for the month of February 2019.

Attachment CS-1

| | February 2019 | | Calendar Year 2019 | |
|--------------------------|---------------|-------|--------------------|-------|
| Billing | | | | |
| Connections-Total Active | 46,515 | | | |
| E-billing | 4,250 | | | |
| Payments | | | | |
| Cash/Check | 811 | 2.4% | 2,059 | 2.7% |
| Credit Card | 717 | 2.1% | 1,560 | 2.0% |
| Web | 4,917 | 14.4% | 10,769 | 13.9% |
| Auto-Pay (Checking) | 4,423 | 12.9% | 8,883 | 11.4% |
| Auto-Pay (Credit Card) | 4,250 | 12.4% | 8,754 | 11.3% |
| IVR (Auto Phone) | 1,590 | 4.7% | 3,376 | 4.3% |
| Online Banking | 8,927 | 26.1% | 20,333 | 26.2% |
| LockBox | 8,528 | 25.0% | 21,955 | 28.3% |

Monthly Calls

| Date | Total Calls | Calls Abandoned | % of Calls Abandoned | Avg Wait On Queue | Max Wait on Queue | Avg Talk Time |
|--------------------|-------------|-----------------|----------------------|-------------------|-------------------|----------------|
| 2/1/2019 | 141 | 3 | 2.13% | 21s | 4m, 56s | 2m, 42s |
| 2/4/2019 | 143 | 3 | 2.10% | 43s | 7m, 40s | 3m, 7s |
| 2/5/2019 | 139 | 4 | 2.88% | 18s | 4m, 58s | 3m, 30s |
| 2/6/2019 | 171 | 3 | 1.75% | 48s | 8m, 59s | 3m, 32s |
| 2/7/2019 | 103 | 3 | 2.91% | 23s | 5m, 19s | 3m, 25s |
| 2/8/2019 | 97 | 1 | 1.03% | 11s | 1m, 49s | 3m, 17s |
| 2/11/2019 | 124 | 2 | 1.61% | 18s | 3m, 46s | 3m, 13s |
| 2/12/2019 | 131 | 2 | 1.53% | 24s | 7m, 15s | 3m, 11s |
| 2/13/2019 | 150 | 0 | 0.00% | 24s | 3m, 52s | 3m, 48s |
| 2/14/2019 | 124 | 4 | 3.23% | 27s | 4m, 37s | 3m, 48s |
| 2/15/2019 | 140 | 2 | 1.43% | 41s | 5m, 55s | 3m, 14s |
| 2/19/2019 | 223 | 11 | 4.93% | 1m, 2s | 12m, 30s | 3m, 18s |
| 2/20/2019 | 143 | 1 | 0.70% | 20s | 3m, 58s | 3m, 15s |
| 2/21/2019 | 146 | 5 | 3.42% | 51s | 6m, 55s | 3m, 8s |
| 2/22/2019 | 132 | 3 | 2.27% | 30s | 6m, 3s | 3m, 18s |
| 2/25/2019 | 165 | 5 | 3.03% | 26s | 5m, 27s | 3m, 26s |
| 2/26/2019 | 181 | 0 | 0.00% | 39s | 7m, 4s | 3m, 15s |
| 2/27/2019 | 144 | 5 | 3.47% | 26s | 5m, 37s | 3m, 8s |
| 2/28/2019 | 170 | 8 | 4.71% | 47s | 6m, 58s | 3m, 43s |
| Group Total | 2767 | 65 | 2.35% | 34s | 6m, 11s | 3m, 18s |



i. April Bill Insert – Attachment CO-1

The April bill insert will begin on March 25, 2019 and continue until April 21, 2019. A sample of the bill insert has been included with this report.

ii. April Envelope Message

The April envelope promotes the Speaker's Series – Sprinkler Spruce Up 101 on May 3rd from noon to 1:00 p.m. The envelope will begin on March 25, 2019 and continue until April 21, 2019.

Community Meetings/Events (Heather – Enter Dan's Meetings)

Staff, representing SSWD, attended the following agency meetings, community meetings, and events in February 2019:

| <u>Date:</u> | <u>Meeting:</u> | <u>Staff:</u> |
|--------------|---|---------------|
| 02/06/19 | Collaboration/Integration Discussion SJWD | Dan York |
| 02/06/19 | ACWA/JPIA Meeting | Mike Huot |
| 02/13/19 | Water Caucus | Dan York |
| 02/13/19 | RWRP Meeting at RWA | Mike Huot |
| 02/14/19 | SGA Board Meeting | Dan York |
| 02/15/19 | RWA Special Board Meeting | Dan York |
| 02/21/19 | SSWD Open House – Jonas Main Replacement | York/Huot |
| 02/21/19 | SAWWA Meeting | Dan York |
| 02/27/19 | RWA Executive Committee Meeting | Dan York |

April Bill Insert

00216676



H₂O on the Go

April 2019



Delivering With Every Turn | 21st Century Water Delivery



SSWD is constantly innovating and adopting the newest technology to make sure we are able to provide high-quality water at the best possible price today and into the future. Some of the newer devices and techniques we are now using include:

Show Your **Trees** Some Love This Arbor Day Friday, April 26th

Trees are an invaluable part of our environment. They provide shade on a hot day, fruit for our tables, clean the air, are beautiful to view, and have been shown to increase business and property values.

Here are some handy tips for how to care for them:

1. Mulch helps to moderate soil temperature and reduce evaporation. Spread mulch like a donut around your trees, keeping it four inches away from the trunk, layering it six inches deep and spreading it in a three to four foot diameter. *You can get complimentary mulch for your yard at the May 4th Mulch Mayhem event (see page 2 for details).*
2. Give your trees a deep drink of water. Young trees especially need deep watering to encourage healthy root growth. Be sure to check the soil moisture before watering, and use drip irrigation or a soaker hose.
3. Keep weeds and grass away from the base of your tree. Using mulch will help. And make sure to remove the weeds and grass by hand (weed trimmers or lawn mowers can injure the bark of your trees).

Visit the Sacramento Tree Foundation website to find more ways to care for your trees and information on the best ones to plant for our region.
<https://www.sactree.com>

Acoustic Leak Detection that "listens" for vibrations from leaks in our pipes and mains, which allow us to more accurately pinpoint the exact location of a leak. Using these devices helps us find leaks that would not have been easily discovered in the past and be more efficient with the repair. We are able to spend less time digging and repaving because we are able to determine the precise location.

Delivering With Every Turn | page 2

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.



April Bill Insert



Speaker's Series | Sprinkler Spruce Up 101

Friday, May 3rd from 12:00 to 1:00 p.m.

You're invited to attend a special presentation by SSWD Water Conservation staff on everything you need to know to spruce up your sprinklers this spring, including:

- * The varieties of water-efficient sprinkler systems
- * How to fix and repair breaks and leaks
- * Programming your sprinkler timer
- * Setting the right amount of pressure for your sprinklers
- * Rebates available on WaterSense-labeled sprinkler timers and other water-wise irrigation products

Complimentary moisture meters, hose timers and other water-saving items will be provided to all attendees. Bring a lunch if you would like.

Mulch Mayhem | Saturday, May 4th, 9:00 a.m. to 12:00 p.m.

SSWD will be providing complimentary mulch to our customers at 7800 Antelope North Road, Antelope, CA 95843. Please bring a shovel, a container and a means to haul it away. First-come, first-served, while supplies last.

Delivering With Every Turn | from page 1

Advanced Metering Infrastructure (AMI) that transmits water consumption data over a secure communications network to our billing system. AMI eliminates the need for manual reading by our staff, provides more accurate water use data and identifies potential leaks in a more timely fashion.

Geographic Information System Maps that make it easier for SSWD staff to update maps of our water system electronically, quickly locate valves if there is a leak in the system and analyze growth and water use patterns to help us plan for the future.

The talk will take place in the boardroom at the District's Administrative office at 3701 Marconi Avenue, Sacramento, CA 95821. If you have any questions or would like additional information, please call 916.972.7171.

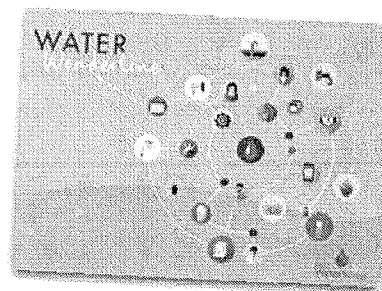
Water Wonderline

Q: How do I change my payment information online?

A: If you would like to update your payment information (such as credit/debit cards or checking account information for automatic payments), please contact a Customer Service

Representative by calling 916.972.7171 or visiting our main office at 3701 Marconi Avenue. We do not allow this change to take place online in order to protect customer data.

Do you have a question about water use, billing or SSWD's operations? Submit your questions via feedback@sswd.org and we'll include the answer in future bill inserts, newsletters or online.



Important Note About Paying Your Bill Online

SSWD offers many different ways to settle your bill, including paying online. However, it's important to note that online payments must go through sswd.org or our automated phone system. Other online payment options are not currently supported by SSWD, and your payment could be delayed by up to five days. To see a full list of options for paying your bill, visit sswd.org/payment-options.





Agenda Item: 17

Date: February 25, 2019
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; b) Asset Management Plans; and c) 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 is consistent with the Board approved funding program.

1) Supply

Well N6A Palm (Replacement Well at Existing Site)

- Pumping plant and treatment plant construction began in July 2018.
- The well is anticipated to be on line in summer 2019.

Well 78 Butano / Cottage (New Well at New Site)

- Well construction is complete.
- Pumping plant design is anticipated to be completed in late summer 2019.
- Pumping plant construction is anticipated to begin in fall 2019.
- The well is anticipated to be on line in summer 2020.

Well 79 Verner / Panorama (New Well at Existing Site)

- Well construction is complete.
- Pumping plant design is anticipated to be completed in late 2019.
- Pumping plant construction is anticipated to begin in early 2020.
- The well is anticipated to be on line in spring 2021.

2) Distribution

Jonas Main Replacement Project

This is the 2019 Main Replacement Program project. This project began in January 2019 and is anticipated to be completed in late 2019.

Meter Retrofit Projects

The 2019 Meter Retrofit Program project has been split into two projects to control costs due to the grant funding component this year: a) grant-funded project; and b) non grant-funded project.

Grant-Funded Project

The grant (*Bay-Delta Restoration Program: CalFed Water Use Efficiency Grant Program 2018*) has been awarded and is finalized for a total amount of \$750,000 to be shared among three entities (City of Sacramento, Sacramento County, and the District). The District has been informed it will receive funding in the amount of \$279,000.

This project was awarded to Flowline Contractors, Inc., via a competitive bid. Work is expected to begin in March 2019.

Non Grant-Funded Project

As was reported in 2018, staff plans to use the Master Services Contract (MSC) contracting approach, which has been effective at containing costs in the Distribution Main Replacement Program. Staff expects this 3 to 5 year contract to be the final contract for the Meter Retrofit Program.

A Request for Proposal was issued in January 2019 and the bid opening occurred in February 2019. Staff plans on bringing bid results, with a recommendation for contract award to the next Board Meeting on March 18, 2019. Staff anticipates construction starting in April 2019.

b. Asset Management Plans

The District has Asset Management Plans (AMPs) for all of its infrastructure categories. Plans are updated on a staggered schedule and the update frequency of the AMPs range between 3 and 7 years. Following is summary information about the AMP's scheduled for updates this calendar year.

- Distribution Main AMP – This AMP was scheduled for updating in 2018. In September 2018, the F&O Committee directed staff to develop a Condition Assessment (CA) component and incorporate it into the AMP, and then to bring the updated draft AMP back to the Committee for review.

District AMPs do not contain a CA so this is being developed from the ground up. Based on the effort likely required to develop and incorporate a CA into the AMP, staff anticipates bringing a preliminary CA to the F&O Committee for their review and comment prior to taking the next step of incorporating it into the AMP. Staff anticipates bringing the draft CA to the F&O Committee in Spring 2019, or directly to the Board in April, 2019, if an F&O Committee is not held.

Staff is completing the following steps to develop a CA:

Research – Contact other water agencies to learn of successful approaches (ex. East Bay Municipal Utilities District, Sacramento County Water Agency, Las Vegas Valley Water District, etc.); research state-of-the-art technologies and methodologies; and research information available via such resources as utility management groups/conferences and organizations, as well as professional organizations (ex. AWWA, ASCE).

Outline – Draft a CA outline. The outline will include a CA overview, CA options, a decision making process based on the outcome of CA performed on the Distribution Mains, and timing on when to implement CA options.

Draft CA – A draft CA will be prepared and routed to management and the F&O Committee for review.

Incorporate CA into AMP – The final draft CA will be incorporated into the AMP for review. After the AMP is approved, the CA will be a template for using in the other AMPs.

- Transmission Main AMP – This AMP is scheduled and in progress to be updated in 2019.
- AMP Summary Report – This report is scheduled and in progress to be updated in 2019.
- Groundwater Well Facility AMP – This AMP is scheduled and in progress to be updated in 2019.
- Buildings and Structures AMP – This AMP is scheduled and in progress to be updated in 2019.

c. Other

Well Investigation and Rehabilitation Projects

- Well 69 Hilldale/Cooper
This well is offline. The pump is pulled so the well can be inspected to determine an approach to mitigate biological contamination. It is too early in the assessment to develop an estimated return to service period, but if an economic approach is developed, the well could be returned to service by late spring 2019.
- Well N36 Verner
This well remains offline. The well has successfully been modified to remove Manganese from the well discharge by plugging the lower part of the well where groundwater contains Manganese. Indication from early test results are favorable at a flowrate of up to 1,200 gallons per minute. Further evaluation of the existing well pump and additional water quality sampling is required prior to placing the well back

in service. It is anticipated that the well may be returned to service as early as the spring of 2019.

Safety Upgrades for the Administration Building's Backup Electrical System

This project will provide the District an electrical distribution panel compliant with NFPA 70E (*Standard for Electrical Safety in the Workplace*). The project includes permitting and coordinating with SMUD for grading and construction of a new transformer pad and installation of a new transformer, new underground primary and secondary electrical conduit, electrical panel upgrades, and related new wiring. Work is expected to be complete between late 2019 and early 2020.

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, March 14, 2019, 9:00 a.m.**

5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(916) 967-7692

AGENDA

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

1. CALL TO ORDER AND ROLL CALL

2. PUBLIC COMMENT

3. CONSENT CALENDAR

- a. Minutes from the January 10, 2019 RWA regular board meeting
Action: Approve January 10, 2019 RWA Board meeting minutes
- b. Nominations to the ACWA/JPIA Executive Committee
Action: Approve Resolution 2019-02 concurring in the nomination of Paul Green to the California Water Insurance Fund Board of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA/JPIA").
Action: Approve Resolution 2019-03 concurring in the nomination of Jerry Gladbach to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA/JPIA").
Action: Approve Resolution 2019-04 concurring in the nomination of Brent Hastey to the Executive Committee of the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA/JPIA").

4. EXECUTIVE COMMITTEE REPORT AND RECOMMENDATIONS

- a. Information: Final minutes of the January 23, 2019 Executive Committee meeting and the January 29, 2019 Special Executive Committee meeting and draft minutes from the February 27, 2019 Executive Committee meeting

5. FILL VACANCY ON THE EXECUTIVE COMMITTEE

Action: Fill the Vacancy on the RWA Executive Committee pursuant to Policy 200.3, Procedures for Selection of the Executive Committee

6. PROPOSED FISCAL YEAR 2019 – 2020 BUDGET

Presentation: Rob Swartz, Interim Executive Director
Action: Adopt Budget for Fiscal Year 2019 - 2020

7. RESOLUTION REGARDING CalPERS HEALTH BENEFIT VESTING AND PAYMENTS

Presentation: Rob Swartz, Interim Executive Director

Action: Approve Resolution 2019-05 to Rescind CalPERS Health Benefit Vesting

Action: Adopt Resolution 2019-06 CalPERS Minimum Payment Resolution

8. RWA HEALTH BENEFIT PLANS

Presentation: Rob Swartz, Interim Executive Director

Action: Approve Resolution 2019-07 Adopting the Regional Water Authority Cafeteria Plan and the Regional Water Authority Retiree Health Premium Reimbursement Plan

9. REGIONAL WATER RELIABILITY PLAN UPDATE

Presentation: Rob Swartz, Interim Executive Director

10. EXECUTIVE DIRECTOR'S REPORT

11. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Next Executive Committee Meetings – Wednesday, March 27, 2019, 8:00 a.m. at the RWA office and April 24, 2019, 8:30 a.m. at the RWA office. **Please note that the March 27, 2019 Executive Committee meeting will begin at 8:00 a.m.**

Next RWA Board of Directors' Meeting – Thursday, May 2, 2019, 9:00 a.m., at the RWA Office.

The RWA Board Meeting electronic packet is available on the RWA website at <https://rwah2o.org/meetings/board-meetings/> to access and print the RWA Board electronic packet.



Agenda Item: 19

No meetings were held.



Agenda Item: 20

Date: March 5, 2019

Subject: Legislative and Regulatory Update

Staff Contact: Greg Bundesen, Water Conservation Supervisor

RWA Government Affairs Committee

The California Legislature reconvened on January 7, 2019. During February, the Legislature had the opportunity to introduce new bills that will be considered during the 2019 and 2020 Legislative session. Tables 1 and 2 below show various Assembly Bills (AB) and Senate Bills (SB) staff will be tracking throughout the year. The table is organized to show the bill number, name, voting results, District’s recommended position regarding the bill (favor, not favor, watch), the Sacramento Regional Water Authority’s (RWA) position (if known), and the Association of California Water Agencies’ (ACWA) position (if known). Staff will participate with the RWA and ACWA to update Tables 1 and 2 each month and add information as the legislative session progresses throughout the year. A brief summary of each bill and any potential impacts to District operations will follow each table. Due to the high number of bills, staff has updated the table to track only the bills tracked by the RWA’s Advocacy Committee and the ACWA Legislative Committee.

On February 6, 2019, the District sent a letter to the Chairpersons of the California Assembly Water Parks and Wildlife Committee, the California Assembly Environmental Safety and Toxic Materials Committee, and the California Assembly Budget Subcommittee No. 3 of Resources and Transportation in support of the ACWA/California Municipal Utility Association (CMUA) proposal to create a budgetary trust fund and oppose a statewide water tax (See Attachment 1).

| Table 1: Assembly Bills | | | | | |
|--------------------------------|--|---------------|--------------------------|---------------------|----------------------|
| Bill Number | Name | Result | District Position | RWA Position | ACWA Position |
| AB 134 | Safe, Clean, Affordable, and Accessible Drinking Water | | Watch | Watch | Watch |
| AB171 | Employment: Sexual Harassment | | Watch | Watch | Watch |
| AB 217 | Safe and Affordable Drinking Water Fund | | Watch | Watch | Watch |
| AB 223 | California Safe Drinking Water Act: Microplastics | | Watch | Watch | Watch |
| AB 382 | Integrated Regional Water Management | | Watch | Watch | Watch |

| | | | | | |
|---------------|---|--|-------|-------|-------|
| | Plans: Grant Funding: Upper Watershed Health | | | | |
| AB 405 | Sales and Use Taxes: Exemption: Water Treatment | | Watch | Watch | Watch |
| AB 417 | Agriculture and Rural Prosperity Act | | Watch | Watch | Watch |
| AB 441 | Water: Underground Storage | | Favor | Favor | Watch |
| AB 533 | Income Tax: Water Conservation or Efficiency Programs | | Favor | Favor | Watch |

AB 134

Existing law, the California Safe Drinking Water Act, requires the State Water Resources Control Board (SWRCB) to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would state findings and declarations relating to the intent of the Legislature to adopt policies to ensure that every Californian has the right to safe, clean, affordable, and accessible drinking water.

District Impact: Unknown at this time. This legislation seems to set the stage for new policies to ensure every Californian has the right to safe, clean, affordable, and accessible drinking water without specifically stating what those policies are.

AB 171

Existing law prohibits an employer from discharging or in any manner discriminating or retaliating against an employee who is a victim of domestic violence, sexual assault, or stalking for taking time off work to obtain specified relief or because of the employee’s status as a victim of domestic violence, sexual assault, or stalking, if the victim provides notice to the employer of the status or the employer has actual knowledge of the status. Existing law authorizes an employee to file a complaint with the Division of Labor Standards Enforcement for a violation of these prohibitions within one year from the date of occurrence of the violation. Existing law makes it a misdemeanor for an employer to refuse to rehire, promote, or restore an employee who has been determined to be so eligible by a grievance procedure or legal hearing.

This bill would also prohibit an employer from discharging or in any manner discriminating or retaliating against an employee because of the employee’s status as a victim of sexual harassment, as defined by the California Fair Employment and Housing Act. The bill would establish a

rebuttable presumption of unlawful retaliation based on the employee's status as a victim of domestic violence, sexual assault, sexual harassment, or stalking if an employer takes specific actions within 90 days following the date that the victim provides notice to the employer or the employer has actual knowledge of the status. By expanding the definition of a crime, this bill would impose a state-mandated local program.

District Impact: There are no known negative impacts of AB 171 on District operations at this time.

AB 217

Existing law, the California Safe Drinking Water Act, requires the SWRCB to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are available, upon appropriation by the Legislature, to the SWRCB to provide a stable source of funding to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.

District Impact: This bill currently does not include the details for this funding program, including the proposed source(s) of revenue. Staff will continue to watch for additional amendments.

AB 223

Existing law, the California Safe Drinking Water Act, requires the SWRCB to administer provisions relating to the regulation of drinking water to protect public health. Existing law requires the SWRCB, on or before July 1, 2020, to adopt a definition of microplastics in drinking water and, on or before July 1, 2021, to adopt a standard methodology to be used in the testing of drinking water for microplastics and requirements for 4 years of testing and reporting of microplastics in drinking water, including public disclosure of those results.

This bill would require the SWRCB, to the extent possible, and where feasible and cost effective, to work with the State Department of Public Health in complying with those requirements.

District Impact: Impacts to District operations are not yet known. Staff does not yet know if AB 223 will be limited to its current language or if the author plans to develop it into more substantial legislation.

AB 382

Existing law, the Integrated Regional Water Management Planning Act (IRWMP), authorizes a regional water management group to prepare and adopt an integrated regional water management plan with specified components relating to water supply and water quality. Existing law provides that an integrated regional water management plan is eligible for funding allocated specifically for

implementation of integrated regional water management. Existing law requires certain state agencies to include in any set of criteria used to select projects and programs for funding, a criterion that provides a preference for regional projects or programs.

This bill would require DWR to include in any criteria used to select a project or program for grant funding authorized on or after January 1, 2020 a criterion that provides a preference for a regional water management group undertaking a project improving upper watershed health upstream and outside of the defined geographical area covered by the group's plan. The bill, if consistent with a general obligation bond act providing grant funding authorized on or after January 1, 2020, would require a group to contribute a lower amount of matching funds as a local cost share for a project that improves upper watershed health upstream and outside of the defined geographical area covered by the group's plan.

District Impact: This bill would reduce the amount of the District's cost share for a grant or loan by DWR if the associated project can be shown to benefit the local upper watershed.

AB 405

Existing law requires the state to reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse any local agencies for sales and use tax revenues lost by them pursuant to this bill. This bill would take effect immediately as a tax levy.

District Impact: There is no immediate impact to the District. The District does not pay taxes for water treatment chemicals.

AB 417

Existing law requires the Department of Food and Agriculture DFA, headed by the Secretary of Food and Agriculture, to promote and protect the agricultural industry of the state. Existing law requires DFA, among other things, to ensure the inclusion of socially disadvantaged farmers and ranchers in developing, adopting, implementing, and enforcing food and agriculture laws, regulations, policies, and programs.

This bill would enact the Agriculture and Rural Prosperity Act. The bill would authorize the Secretary of Agriculture to carry out various activities to support rural communities and further the development of rural agricultural economies in California, including, among other things, consulting with government agencies and members of the public and private sectors to identify opportunities and partnerships to further the development of rural agricultural economies, and disseminating information on DFA's internet website. The bill would require the secretary to prepare and submit to the Governor and the Legislature a comprehensive study on the economic impacts on the state's agricultural industry resulting from the implementation of the Sustainable Groundwater Management Act, as provided. The bill would require the secretary to create a position within DFA's executive office to assist the secretary in carrying out the purposes of these provisions. The bill would create within the DFA and Agriculture Fund the Rural Economic

Development Account, consisting of public and private moneys that are deposited in the account, and would make moneys in the account available, upon appropriation by the Legislature, to carry out the purposes of these provisions.

District Impact: This bill could potentially impact the broader implementation of the State Groundwater Management Act (SGMA), specifically on the development or operations of an American basin regional water bank.

AB 441

Under existing law, the right to water or to the use of water is limited to the amount of water that may be reasonably required for the beneficial use to be served. Existing law provides for the reversion of water rights to which a person is entitled when the person fails to beneficially use the water for a period of 5 years. Existing law declares that the storing of water underground, and related diversions for that purpose, constitute a beneficial use of water if the stored water is thereafter applied to the beneficial purposes for which the appropriation for storage was made.

This bill would revise the above declaration to additionally provide that certain uses of stored water while underground constitute beneficial use. The bill would provide that the forfeiture periods of a water right do not apply to water being beneficially used, as provided, or being held in storage for later beneficial use.

District Impact: The District may be able to store imported surface water for future “beneficial use”.

AB 533

The Personal Income Tax Law and the Corporation Tax Law, in conformity with federal income tax law, generally defines “gross income” as income from whatever source derived, except as specifically excluded, and provides various exclusions from gross income.

This bill would provide an exclusion from gross income for any amount received as a rebate, voucher, or other financial incentive issued by a local water agency or supplier for any water conservation or efficiency program or water runoff management improvement program, as provided. This bill would take effect immediately as a tax levy.

District Impact: This bill would save staff time from generating and issuing IRS Tax Form 1099 for customers who receive \geq \$600 in rebate funding throughout a calendar year. Staff would no longer have to track submitted IRS Form w-9s from customer’s applying for rebates. This bill would also break the tax barrier for customers who want to implement water efficiency at their property, but do not want to pay the associated taxes.

| Bill Number | Name | Result | District Position | RWA Position | ACWA Position |
|--------------------|---------------|---------------|--------------------------|---------------------|----------------------|
| SB 19 | Stream Gauges | | Favor | Watch | Favor |

| | | | | | |
|----------------------------|--|--|------------------------|-----------------------|-----------------------|
| SB 45 | Wildfire, Drought, and Flood Protection Bond Act of 2020 | | Favor if Amended | Watch | Favor if Amended |
| SB 134 | Water Conservation: Water Loss Performance Standards | | Watch | Watch | Watch |
| SB 200 | Safe and Affordable Drinking Water Fund | | Water | Watch | Watch |
| SB 669 | Water Quality: Safe Drinking Water Fund | | Watch | Watch | Watch |
| ACA 3 | Water: Minimum Funding Guarantee | | Watch | Watch | Watch |
| Budget Trailer Bill | Water Tax | | Opposed Unless Amended | Oppose Unless Amended | Oppose Unless Amended |

SB 19

This bill would require the Department of Water Resources (DWR) and SWRCB, upon an appropriation of funds by the Legislature, to develop a plan to deploy a network of stream gauges that measure surface water levels or volumetric discharges and determine funding needs and opportunities for modernizing and reactivating existing gauges and deploying new gauges, as specified. The bill would require DWR and SWRCB, in consultation with Department of Fish and Wildlife, the Department of Conservation, the Central Valley Flood Protection Board, interested stakeholders, and, to the extent they wish to consult, local agencies, to develop the plan to address significant gaps in information necessary for water management and the conservation of freshwater species. The bill would require DWR and SWRCB to give priority in the plan to placing or modernizing and reactivating stream gauges where lack of data contributes to conflicts in water management, or where water can be more effectively managed for multiple benefits and to consider specified criteria in developing the plan.

District Impact: The potential impacts (if any) of SB 19 are not known at this time. Staff will continue to follow this bill until it is determined there is no impact to District operations should it pass.

SB 45

This bill would enact the Wildfire, Drought, and Flood Protection Bond Act of 2020. If approved by the voters, it would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law. Financing would be made available to restore fire damaged areas, reduce wildfire risk, create healthy forest and watersheds, reduce climate impacts on urban areas and vulnerable populations, protect water supply and water quality, protect rivers, lakes, and streams, reduce flood risk, protect fish and wildlife from climate impacts, improve climate resilience of agricultural lands, and protect coastal lands and resources.

District Impact: SB 45 has the potential to provide grant/loan opportunities to water utilities seeking to fund projects that will benefit disadvantaged communities and/or protect wildlife on public and private lands.

SB 134

This bill would prohibit SWRCB from imposing liability for a violation of the performance standards for the volume of water losses except as part of the enforcement of an urban water use objective. This bill makes a correction to SB 555 that would have penalized a water utility should they not meet their SB 555 performance standard.

District Impact: Impacts to District operations is not yet known.

SB 200

Existing law, the California Safe Drinking Water Act, requires the SWRCB to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would establish the Safe and Affordable Drinking Water Fund in the State Treasury and would provide that moneys in the fund are available, upon appropriation by the Legislature, to the SWRCB to provide a stable source of funding to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.

District Impact: There is no known impact to the District from SB 200 as written.

SB 669

(1) Existing law, the California Safe Drinking Water Act, requires the SWRCB to administer provisions relating to the regulation of drinking water to protect public health. Existing law declares it to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

This bill would establish the Safe Drinking Water Fund in the State Treasury and would provide that moneys in the fund are continuously appropriated to the SWRCB. The bill would require the SWRCB to administer the fund to assist community water systems in disadvantaged communities that are chronically noncompliant relative to the federal and state drinking water standards and do not have the financial capacity to pay for operation and maintenance costs to comply with those standards, as specified. The bill would authorize the SWRCB to provide for the deposit into the fund of federal contributions, voluntary contributions, gifts, grants, and bequests, transfers by the Legislature from the General Fund and the Greenhouse Gas Reduction Fund, funding from authorized general obligation bond acts, and net revenue from the Safe Drinking Water Trust that this bill would create. The bill would require the SWRCB to expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants. The bill by July 1, 2021, and by July 1 of

each year thereafter, would require the SWRCB to adopt, working with a multi-stakeholder advisory group, after a public workshop and a public hearing, an annual fund implementation plan. The bill would require the SWRCB annually to prepare and make publicly available a report of expenditures of the fund and to adopt annually, after a public hearing, an annual update to a specified needs analysis. By creating a new continuously appropriated fund, this bill would make an appropriation.

(2) Existing law requires a trustee to administer a trust with reasonable care, skill, and caution under the circumstances then prevailing that a prudent person acting in a like capacity would use, as specified. The existing Uniform Prudent Investor Act requires a trustee to invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust.

This bill would create in the State Treasury the Safe Drinking Water Trust Fund, to hold the trust property of the Safe Drinking Water Trust. The bill would create the Safe Drinking Water Trust Commission, consisting of 3 members, to serve as the trustee of the trust and would require the trustee to abide by the act and have all of the fiduciary duties, responsibilities, and obligations consistent with serving as a trustee of a trust. The bill would require the trustee to transfer the net income from the trust fund to the Safe Drinking Water Fund for expenditure, as prescribed. The bill would authorize funding of the trust principal, subject to transfer by the Legislature. The bill would require the trustee to accept donations that shall be deemed trust property and increase the principal of the trust. The bill would require the trustee to meet, not less than quarterly, to review the investment of the trust principal and administer the trust. The bill would require the trustee to provide the SWRCB annually with an accounting of the investments and a forecast of the projected income to be distributed from the funds in future fiscal years. The bill would require the trust to be deemed a charitable trust subject to the supervision of the Attorney General.

District Impact: This bill is sponsored by ACWA and would not be a direct financial burden to District customers.

ACA 3

This measure would require, commencing with the 2021–22 fiscal year, not less than 2% of specified state revenues to be set apart for the payment of principal and interest on bonds authorized pursuant to the Water Quality, Supply, and Infrastructure Improvement Act of 2014; water supply, delivery, and quality projects administered by DWR, and water quality projects administered by the SWRCB, as provided.

District Impact: It is not yet known if ACA 3 will have an impact on the District.

Budget Trailer Bill

There is currently a trailer bill in the budget, Section 116771 (A) that establishes a \$0.95 per month fee for all water utility customers based on the size of their water meter as follows:

- a. \leq 1 inch - \$0.95 per month;
- b. \geq 1 inch - \$4 per month;
- c. \geq 2 inches and \leq 4 inches - \$6 per month;

- d. > 4 inches - \$10 per month; and,
- e. Customers without a water meter, \$0.95 per month.

Customer exemptions from the fee are as follows:

- a. Household income is equal to or less than 200% of the federal poverty level and/or
- b. Customer operates a deed-restricted multi-family housing development that is required to provide housing exclusively to tenants with household incomes equal to or less than 200% of the federal poverty level.

District Impact: There is a significant impact to District operations should the budget trailer bill be signed into law during CY2019. The District would see a significant increase in administration services to implement the tracking and collection of this fee. Staff will continue to follow this process.

Implementation of Bills Approved in 2018

SB 998

SB 998 requires the District to make changes to its policy regarding the discontinuation of water service. Staff is in the process of reviewing the current policy and making any necessary changes to ensure compliance. SB 998 is effective beginning February 1, 2020.

AB 1668 and SB 606

AB 1668 and SB 606 requires SWRCB and DWR to adopt long-term standards for the efficient use of water on or before June 30, 2022. The long-term standards are an estimation for indoor water use (55 gallons per person per day), outdoor water use (estimated water use for irrigable landscapes as measured by satellite), water loss (as validated in accordance with SB 555), and Commercial, Industrial, and Institutional water use (yet to be determined). SWRCB and DWR are currently in the rule making process of the legislation. Recommendations for performance standards are due by October 1, 2021. Staff is actively engaged in the rule making process. So far, DWR has published a primer of how the indoor and outdoor water use standard will be calculated. The next step is to begin actively calculating the outdoor standards by taking landscape measurements via satellite.

Statewide Water Rate Assistance Program

In 2015, AB 401 was passed and signed by the Governor establishing the Low-Income Water Rate Assistance Act, which requires the SWRCB to develop a plan for a Low-Income Rate Assistance Program and report to the legislature its findings regarding such a program. AB 401 has the intention of establishing a program that will assist low-income households in paying their water bills. In January 2019, the SWRCB released the first draft report called "Options for Implementation of a Statewide Water Rate Assistance Program" for a 30 day public review. ACWA submitted a comment letter regarding the draft report that focused on the program basis, revenue source, benefit distribution, program tier structure, and local rate structures. ACWA's comment letter can be found in Attachment 2.

General Manager

Daniel R. York



Board of Directors

President - David A. Jones
Vice President - Kevin M. Thomas
Craig M. Locke
Kathleen McPherson
Robert P. Wichert

February 6, 2019

California Assembly Water Parks and Wildlife Committee.
Chair Assemblymember Edurado Garcia
State Capitol, Room 4140
Sacramento, CA 95814

California Assembly Environmental Safety and Toxic Materials Committee and Budget Subcommittee 3
Chair Assemblymember Quirk
State Capitol, Room 2163
Sacramento, CA 95814

California Assembly Budget Subcommittee No. 3 on Resources and Transportation
Chair Assemblymember Bloom
State Capitol, Room 2003
Sacramento, CA 95814

RE: Support for the ACWA/CMUA-Sponsored Trust and Opposition to a Statewide Water Tax

Chairs Garcia, Quirk, and Bloom,

Sacramento Suburban Water District (SSWD) was formed on February 1, 2002, through a consolidation of two adjacent water districts, the Northridge Water District and the Arcade Water District. SSWD currently provides water to about 178,000 people through approximately 47,800 service connections within a service area of approximately 36 square miles. In addition to the unincorporated areas of Sacramento County, SSWD's service area includes parts of Antelope, Carmichael, Citrus Heights, Foothill Farms, North Highlands, the City of Sacramento, and all of McClellan Business Park (formerly McClellan Air Force Base).

SSWD is sending this letter to be included in the record for the joint informational hearing on Safe and Affordable Drinking Water being held on Wednesday, February 6, 2019. SSWD would like to express its support to the Association of California Water Agencies/California Municipal Utilities Association (ACWA/CMUA) - Sponsored Trust and opposition of a statewide water tax.

SSWD supports the ACWA/CMUA Sponsored Trust because a one-time capitalization of a trust fund is appropriate and will be effective. With the current estimated state budget surplus of \$20 billion, this one-time investment of less than \$1 billion will provide stable and on-going funding to providing safe, clean, and affordable drinking water to all Californians. Funding by water suppliers would compromise the long-term fiscal stability of drinking water service, be a regressive tax on a basic human need, and require complex administration and associated significant expense. Furthermore, this Trust would ease the challenge of water affordability and provide the ability of water suppliers to achieve the human right to water.

Thank you for your time and consideration. Please contact me if you should have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan York', with a long horizontal flourish extending to the right.

Dan York
General Manager

C.c. Assemblymember Kevin McCarty
Assemblymember Kevin Cooley



Bringing
Water
Together

Comments submitted via: commentletters@waterboards.ca.gov

February 1, 2019

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

Re: **Comment Letter – Options for Implementation of a Statewide Low-Income Water Rate Assistance Program**

Dear Ms. Townsend:

The Association of California Water Agencies (ACWA) appreciates the opportunity to provide comments regarding the State Water Resources Control Board (State Water Board) draft AB 401 (Dodd, 2015) implementation report entitled *Options for Implementation of a Statewide Low-Income Water Rate Assistance Program* (Draft Report). ACWA represents more than 450 public water agencies that collectively supply approximately 90 percent of the water delivered in California for domestic, agricultural, and industrial uses.

I. Stakeholder Engagement

Comment 1 – ACWA appreciates the State Water Board’s engagement with stakeholders in development of the Draft Report.

In addition to conducting a series of public meetings in 2017 and a very substantive Water Affordability Symposium on April 5, 2018, State Water Board staff held stakeholder meetings in August of 2017 and May of 2018. One or two State Water Board Members also attended the stakeholder meetings. ACWA appreciates this engagement with stakeholders by Board Members and staff which allowed for a real and in-depth dialogue about the pros and cons for different options on issues such as revenue collection and benefit distribution.

II. Program Benefit

Comment 2 – The “basis” for program benefit should be consistent with the Human Right to Water Policy by being calculated for efficient indoor water use

(e.g., 8.8 hundred cubic feet (CCF) per month until 2025) instead of being calculated for indoor and outdoor use (at 12 CCF per month).

Staff is proposing that the benefit be based on 12 hundred cubic feet (CCF) per month for water (e.g., at Pages 4, 6 and 9). At Page 19, staff indicates that the 12 CCF number is based on 55 gallons per person per day for a family of four plus 75 gallons per day of outdoor use. California Water Code Section 106 sets forth the Human Right to Water policy as follows:

“(a) It is hereby declared to be the established policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for *human consumption, cooking and sanitary purposes*. (...)” [Emphasis added.]

This state policy for human right to affordable water relates to indoor uses – human consumption, cooking and sanitary purposes. The basis for the benefit should also be calculated for indoor uses. Recent state water use efficiency laws enacted in 2018 set standards for indoor residential water use of 55 gallons per capita per day (GPCD) until 2025, 52.5 GPCD from 2025 to 2030, and 50 GPCD beginning in 2030. These state per-capita-indoor-water-use-efficiency standards are to be used by local water suppliers to develop water use objectives on a service-area basis.

ACWA suggests that the basis for the program be based on the new water use efficiency standards. For example, for 55 GPCD, the basis for a monthly benefit for a family of four would be 8.8 CCF instead of the currently proposed 12 CCF. This would tie the basis to indoor use – consistent with the Human Right to Water policy.

III. Revenue Source

Comment 3 – ACWA concurs with staff’s statements in the Draft Report regarding the “drawbacks” to using local water bills to generate the revenue for the program.

At Page 32 of the Appendices, staff indicates that the two collection approaches evaluated for community water systems would have resulted in a “surcharges between \$7 and 10 per month on single-family account holders.” Staff concludes that the State Water Board should **not** propose using local water bills to generate the revenue for this program. ACWA concurs with that conclusion. **Such “surcharges” would work against keeping water affordable for all Californians.**

Additionally, we urge the State Water Board to be mindful of the local administrative costs for approximately 3,000 community water systems to collect the benefit. The staff recognizes in the report that there is a cost of changing the billing software but does not go into the magnitude of those costs for one system (e.g., \$100,000) or the magnitude

of the combined costs for software modification for approximately 3,000 systems. Similarly we did not see references to the per system cost of a community water system hiring staff to implement a program that involves verifying customer income levels and dealing with fraud – or the combined costs for approximately 3,000 community water systems.

Finally, as was discussed in the stakeholder meeting forum, when **one** state agency (e.g., Franchise Tax Board) collects the revenue (e.g., via personal income tax), the revenue collection is implemented much more efficiently. ACWA appreciates the discussion of other revenue sources besides local water bills in the Draft Report.

IV. Benefit Distribution

Comment 4 – ACWA agrees that it makes sense to use an existing benefit distribution system. ACWA recommends the CalFresh Program option.

At Page 6 of the Executive Summary, State Water Board staff proposes that the State Board envision a statewide program, with benefits distributed through other existing assistance programs. **ACWA agrees with State Water Board staff that it makes sense to use an existing benefit distribution program. That approach is much more efficient.**

CalFresh is a longstanding program in California that helps low-income households afford food by administering electronic benefit transfer (EBT) cards to subsidize essential food costs. CalFresh uses the criterion of 200 percent of the federal poverty level (FPL) which aligns with the “low-income” definition in the AB 401 statute. Further, the delivery of the benefit through CalFresh would not be limited to households that directly pay water bills. So this approach would benefit those renting homes and residents of multi-unit apartment complexes.

Since California counties are already administering the CalFresh program, a water subsidy could be added to the EBT cards with the existing food subsidy for households that meet the parameters of the low-income water rate assistance program. There are already existing administrative processes for verifying customer eligibility and auditing for fraud. ACWA recognizes that the enrollment process takes some time, but the enrollment process helps to reduce fraud regarding income levels. (There was a significant discussion on the issue of fraud at the May 18, 2018 stakeholder meeting.)

State Water Board staff note at Page 25 that participants in CalFresh must demonstrate their legal permanent residency status. That is true, but the State could augment the California Food Assistance Program (CFAP) which the State maintains for applicants who cannot receive the CalFresh food subsidy due to their immigration status.

Comment 5 – Benefit distribution via the monthly bills for approximately 3,000 community water systems has many drawbacks, including that it would be very inefficient and would work against water affordability.

ACWA appreciates that Appendix K goes into detail about the broad disadvantages of using water community water systems to distribute the benefit. For example, staff explains how many California households, and in particular low-income households, do not pay a water bill directly to the community water system. Staff notes at Page 47 that “they are inadvertently made ineligible for the program even though they are indirectly paying the cost of water.”

As noted in Comment 3, having approximately 3,000 community water systems change their billing systems and hire the staff needed to implement the program results in implementation costs that work against water affordability. As noted in Comment 4, **ACWA agrees that it makes sense to use an existing benefit distribution system.**

V. Proposed Program Scenario Factors

Comment 6 – A single-“tier” approach with a set benefit amount (a flat rate) is a better approach than the proposed three-tier structure to distributing the benefit.

The Draft Report proposes three tiers as potential program benefit levels. (Please see Text Box 1 on page 6 for the complete details.) ACWA suggests instead that a single-“tier” approach be used. The Draft Report states at Page 6 that “...because the average monthly water bill is around \$60 per month, most low-income households would be in Tier 1.” Indeed, from Table 7 on Page 21, the estimated percentage is 93 percent of the households would fall in Tier 1. Using three tiers would unnecessarily complicate the program.

Similarly, ACWA’s suggests having a set benefit amount (a flat rate) as opposed to setting the benefit amount on the “consumption level of 12 CCF each month for each of the 3,000 community water systems” as proposed on Page 6. This aspect of the proposal would also unnecessarily complicate administration.

VI. Public Water System Rate Structures

Comment 7 – The State Water Board should NOT recommend to the Legislature that there be additional state oversight and direction on how public water systems set rates. This draft proposal should be deleted.

ACWA and our members were surprised to see in Appendix L a draft proposal that is quoted here:

“(…) one of the Board’s proposals is for the Legislature to evaluate (or direct the Board to evaluate) options for additional state oversight and direction on how public water systems set rates.”

The proposal in the draft Appendix L appears to be premised on a notion that there is one correct way for a public water system to establish a rate structure. That just is not the case. It is critical to having a reliable water supply in California that public water systems have self-determination of fiscally-sound rate structures given their individual circumstances (e.g., service characteristics, infrastructure needs, and operational requirements). The circumstances for each system are different.

The text in Appendix L, regarding an example that is intended to support the draft proposal, helps make this point by stating that “this analysis does not attempt to fully explain the complexity of rate structure design and the constraints which different types of CWS face in rate design and revenue recovery.”

AB 401 requires the State Water Board to develop the AB 401 plan “in collaboration” with relevant stakeholders. There were robust discussions in the stakeholder meetings regarding many issues such as revenue collection and benefit distribution. ACWA greatly appreciates those discussions. However, we do not recall discussions in the stakeholder meetings, let alone collaboration on, the idea of additional state oversight on how public water systems set their rates.

ACWA suggests that the State Water Board stay focused on the very complex task at hand - developing a workable plan for a low-income water rate assistance program. We urge the State Water Board to **delete this draft proposal regarding rate structures.**

Thank you for the opportunity to provide comments on the Draft Report. I am available to discuss ACWA’s comments at (916) 441-4545 or at cindy@acwa.com.

Sincerely,

A handwritten signature in black ink that reads "Cindy Tuck". The signature is written in a cursive, flowing style.

Cindy Tuck
Deputy Executive Director for Government Relations

cc: The Honorable Felicia Marcus, Chair, State Water Board
The Honorable Members, State Water Board
Ms. Eileen Sobeck, Executive Director, State Water Board
Mr. Eric Oppenheimer, Chief Deputy Director, State Water Board
Mr. Max Gomberg, Climate and Conservation Manager, State Water Board
Ms. Melissa Sparks-Kranz, Regulatory Advocate, ACWA



Agenda Item: 21

Date: March 4, 2019

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. CSDA Rate Setting Under Propositions 218 and 26
March 20, 2019
Sacramento, CA
https://members.csda.net/iMIS1/CSDA2/Shared_Content/Higher_Logic/Workshops.aspx
2. Californi-Nevada AWWA - Spring Conference
March 25-28, 2019
Sacramento, CA
<http://ca-nv-awwa.org/canv/CNS/EventsandClasses/conf/SC19/Homepage.aspx>
3. CSDA Spring Education Day
March 26, 2019
Sacramento, CA
https://members.csda.net/iMIS1/CSDA2/Shared_Content/Higher_Logic/HLEvents_Calendar.aspx
4. CSDA Special District Leadership Academy
April 7, 2019
San Diego, CA
https://members.csda.net/iMIS1/CSDA2/Shared_Content/Higher_Logic/HLEvents_Calendar.aspx

Upcoming Water Industry Events

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5. SGA Board Meeting
April 11, 2019
RWA Office
<http://www.sgah2o.org/meetings/board-meetings/>
6. Creek Week Celebration
April 13, 2019
Carmichael Park, CA
7. RWA Board Meeting
May 2, 2019
RWA Office
<http://rwah2o.org/>
8. Capitol – to – Capitol
May 4 – 8, 2019
Washington DC
<http://business.metrochamber.org/events/details/49th-annual-capitol-to-capitol-22322>
9. ACWA 2019 Spring Conference
May 7, 2019
Monterey, CA
<https://www.acwa.com/events/>
10. CSDA 2019 Special Districts Legislative Days
May 21, 2019
Sacramento, CA
https://members.csda.net/iMIS1/CSDA2/Shared_Content/Higher_Logic/Workshops.aspx
11. SGA Board Meeting
June 13, 2019
RWA Office
<http://www.sgah2o.org/meetings/board-meetings/>
12. CSDA Special District Leadership Academy Conference
July 7 – 10, 2019
Napa, CA
https://members.csda.net/iMIS1/CSDA2/Shared_Content/Higher_Logic/HLEvents_Calendar.aspx
13. RWA Board Meeting
July 11, 2019
RWA Office
<http://rwah2o.org/>

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14. SGA Board Meeting

August 8, 2019

RWA Office

<http://www.sgah2o.org/meetings/board-meetings/>

15. RWA Board Meeting

September 12, 2019

RWA Office

<http://rwah2o.org/>

16. CSDA Annual Conference and Exhibitor Showcase

September 25-28, 2019

Anaheim, CA

https://members.csdanet.net/iMIS1/CSDA2/Shared_Content/Higher_Logic/HLEvents_Calendar.aspx

17. SGA Board Meeting

October 10, 2019

RWA Office

<http://www.sgah2o.org/meetings/board-meetings/>

18. Californi-Nevada AWWA – Fall Conference

October 21-24, 2019

San Diego, CA

[http://ca-nv-](http://ca-nv-awwa.org/canv/CNS/Events_Classes/Future_Events/CNS/EventsandClasses/Copy_of_events.aspx?hkey=40976128-710b-4097-b27b-e35fe6133849)

[awwa.org/canv/CNS/Events_Classes/Future_Events/CNS/EventsandClasses/Copy_of_events.aspx?hkey=40976128-710b-4097-b27b-e35fe6133849](http://ca-nv-awwa.org/canv/CNS/Events_Classes/Future_Events/CNS/EventsandClasses/Copy_of_events.aspx?hkey=40976128-710b-4097-b27b-e35fe6133849)

19. RWA Board Meeting

November 14, 2019

RWA Office

<http://rwah2o.org/>

20. ACWA Fall Conference

December 3-6, 2019

San Diego, CA

<https://www.acwa.com/events/2019-fall-conference-exhibition/>

21. SGA Board Meeting

December 12, 2019

RWA Office

<http://www.sgah2o.org/meetings/board-meetings/>

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

- Carmichael Water District: <http://carmichaelwd.org/> - Every 3rd Monday of the month at 7:00 p.m.
- Citrus Heights Water District: <http://chwd.org/> - Every 3rd Wednesday of the month at 6:30 p.m.
- Del Paso Manor Water District: <https://www.delpasomanorwd.org/> (916)487-0419 - Every 1st Monday of the month at 6:30 p.m.
- El Dorado County Water Agency - <http://www.edlafco.us/> - Every 4th Wednesday of the month at 5:30 p.m.
- El Dorado Irrigation District - <http://www.eid.org/> - Every 2nd and 4th Monday's of the month at 9:00 a.m.
- Fair Oaks Water District: <http://www.fowd.com/> - Every 2nd Monday of the month at 6:30 p.m.
- Natomas Mutual Water Company - <http://natomaswater.com/> - Every 2nd Tuesday of the month at 9:00 a.m.
- Orangevale Water Company - <https://orangevalewater.com/> - Every 1st Tuesday of the month at 4:00 p.m.
- Placer County Water Agency: <https://pcwa.net/> - Every 1st and 3rd Thursdays of the month at 2:00 p.m.
- Rio Linda/Elverta Community WD: <http://www.rlecwd.com/> - Every 3rd Monday of the month at 6:30 p.m.
- San Juan Water District: <http://www.sjwd.org/> - Every 4th Wednesday of the month at 6:00 p.m.



Agenda Item: 22 a.

Date: March 11, 2019

Subject: Upcoming Policy Review – Electronic Mail Management and Retention Policy (PL – IT 003)

Staff Contact: Matthew B. Winans, IT Manager

The Electronic Mail Management and Retention Policy (PL – IT 003) was last reviewed by the Board in February 2017.

Staff has one minor recommended change to the Policy, which is located in Section 100.00. The wording “other than” was removed from the 2nd paragraph, line 3.

The Policy is scheduled for Board consideration and adoption at the April Board meeting. If a Director wishes to have their comments included in Board packet, please provide those comments to staff by Monday, April 1, 2019.

Sacramento Suburban Water District

**Electronic Mail Management
and Retention Policy**

Adopted: February 25, 2008

Revised: February 22, 2010, March 21, 2011, March 16, 2015, February 27, 2017

100.00 Purpose

The Sacramento Suburban Water District (District) provides electronic mail (“e-mail”) for the employees to conduct District business. In return for providing e-mail, the District expects the employees to manage and protect records resulting from the e-mail communications. This policy is adopted by the Board for the purposes of stating the responsibilities of all District employees concerning the creation, removal, storage, and retention of e-mails that are designated official District records.

District e-mail and e-mail systems are intended solely as a means of communicating District information. All District e-mail users are forbidden from using the District e-mail system for the storage and maintenance of District records. To ensure the District e-mail system functions as intended, it is imperative that all District employees and e-mail users regularly delete e-mails from the system as provided in this policy.

This policy supplements and is intended to be carried out in concert with the District’s Records Inspection, Retention and Disposal Policy (PL – Adm 002, “Records Policy”). While not all e-mail communications are designated District records, all e-mail communications are subject to discovery and can be used as electronic evidence in the event of litigation. Unmanaged and unidentified e-mails residing on District computers could create expensive and unmanageable problems in the event of litigation and pose a threat to the District’s ability to properly and coherently document and reconstruct business and allow decision-making processes.

The Board makes the following findings concerning specific features of the District’s computer network and related hardware and software that comprise the District e-mail system:

- I. District performs an electronic back-up of its computer network, including the e-mail system, on a regular schedule. Those back-ups are an electronic recording of the status of the District’s computer systems at a particular moment in time and cannot accurately capture or reflect all e-mail or other activity that occurred on the District’s computer network on a specific day.

Deleted: other than

For example, a back-up does not capture items on employees' desktops or in their non-networked drives.

2. District maintains a particular computer system back-up for a set period of time, after which that back-up is completely over written. Such overwriting is necessary for management and security reasons and to aid the recovery of the computer system in case of a complete failure. Because the process is transitory, a back-up is not reliable and cannot constitute official District records.
3. District maintains an e-mail filter which reduces SPAM, Phishing, viruses, and other unwanted e-mail from entering the District's system. Employees of the District are responsible for reviewing summary e-mail lists from the e-mail filter to determine if valid e-mails were captured by the filter. The e-mail filter system automatically deletes filtered e-mail after a certain set time period.
4. District has implemented a Records Management System (RMS) which serves as the repository of all District records for future storage and retrieval, retention control, and document protection. The RMS will be used to notify District employees of all records that have met retention policy requirements and are available for deletion from the system.

100.10 Scope

E-mail communications are considered public records and therefore, the retention and disposition of public records is governed by the District's Records Policy. In general, e-mail communications fall into three categories:

1. E-mails that document official District business, which include without limitation, approvals for staff action initiating a business transaction, requests and replies to a request for public information, and direction to employees or consultants. Such e-mail communications generally should be transferred to the RMS and retained in accordance with the District's Records Policy.
2. E-mails that provide general information, such as announcing the date and time of a meeting, responses to professional organizations in which an employee participates, external colleague communications, and for information about the District other than for public records. Such e-mail communications are not considered District records that must be managed according to the District's Records Policy and shall be routinely deleted from the District e-mail system. If a District employee believes that any e-mail of this type constitutes a District official record, such an e-mail or e-mail attachment should be transferred to the RMS and retained in accordance with the District's Records Policy.

3. Electronic documents such as personal e-mail correspondence, informal e-mail communications between District employees, and working notes and drafts (unless intentionally saved for an official purpose). Such documents are not District records and should be deleted from the District's computer network as soon as they are received and read, or are otherwise superseded or subject to deletion under this policy.

200.00 Policy

It is the Policy of the District that any e-mail communication containing information that documents District business must be saved into the RMS in accordance with the District's Records Policy. Responsibility for complying with this policy is imposed on each District employee. If an employee has any question or concern about retaining an e-mail or attachment or other issues of compliance with this policy, he or she should discuss the issue with the General Manager or his/her designee. If deemed necessary, the Assistant General Manager may consult with legal counsel about any e-mail retention or removal issue.

200.10 Violation of Policy

While the Board recognizes that occasional lapses in the use and management of e-mail occur in the process of business, a failure to adhere to this policy also could have serious legal and financial consequences for the District. Therefore, violations of this policy will be reviewed on a case-by-case basis. In appropriate cases, as determined by the General Manager, a violation may result in disciplinary action against an employee, up to and including termination.

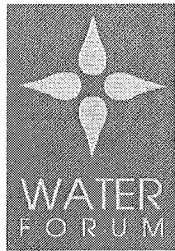
200.20 Procedures

The General Manager will prepare procedures outlining implementation protocols for this policy.

300.00 Policy Review

This Policy shall be reviewed at least biennially.

Monthly Runoff and Allocation Report -March 2019-



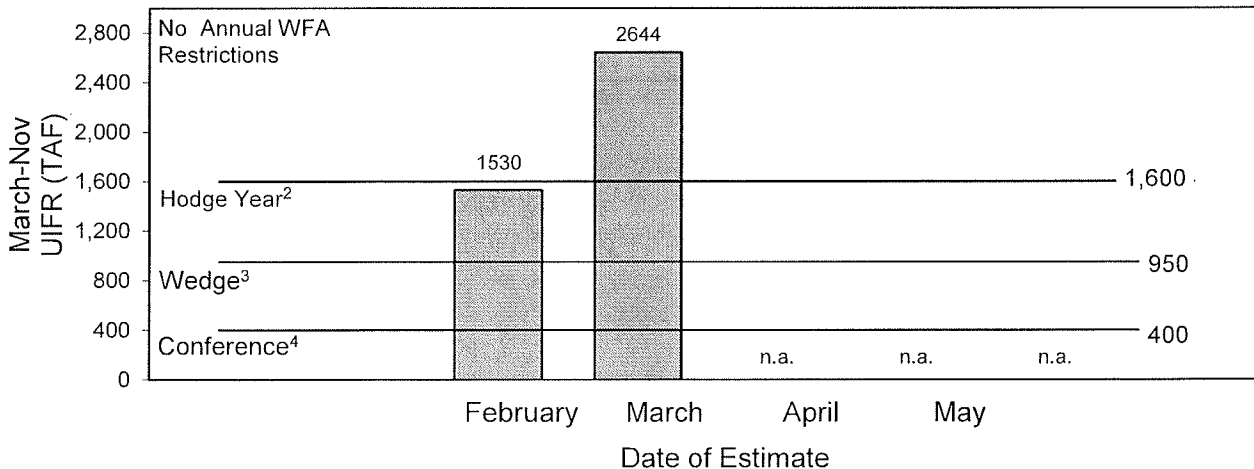
Water Forum
Successor Effort

Issuance Date: March 11, 2019

Purpose: This monthly report is issued for each of four months (i.e., February, March, April, and May) every year by the Water Forum Successor Effort to provide the status of the March through November Unimpaired Inflow into Folsom Reservoir (March-Nov UIFR). Per the Water Forum Agreement of 2000, this hydrologic index is used to determine the type of water year and may be used by American River water purveyors and water right holders to determine the extent of their dry-year procedures. For more information on these topics, visit <http://www.WaterForum.org/Dry Year Procedures>.

Projected Mar-Nov UIFR for March 2019 is 2644 TAF. For this year type there are no annual restrictions in the Water Forum Agreement.

Figure 1. UIFR Projections and American River Water Allocation¹



¹Several factors can affect the allocation of water supply from the American River. When Mar-Nov UIFR is greater than 1.6 MAF then no annual WF restrictions are applied. However, other restrictions could be in effect such as the CVP shortage criteria.

²A "Hodge Year" occurs when the Mar-Nov UIFR is less than 1,600 TAF. This affects the allocation of American River water for Sacramento Suburban WD (after 2010) and South County Agriculture (see footnote #9 on page 11 of the 2000 Water Forum Agreement). This is different than the instantaneous "Hodge Flow trigger" which affects diversions at the Fairbairn treatment plant when the LAR flow is less than 3,000 cfs during Mar-Jun; 2) Less than 2,000 cfs from October 16-Feb; and 3) Less than 1,750 cfs from July-Oct15.

³A "Wedge" occurs when the Mar-Nov UIFR is less than 950 TAF. This may affect the allocation of American River water for the City of Folsom, Placer County Water Agency, City of Roseville, San Juan Water District, Sacramento Suburban WD (prior to 2010) and SMUD (see footnote #3 on page 11 of the 2000 Water Forum Agreement).

⁴"Conference" years occur when Mar-Nov UIFR is less than 400 TAF. In those years diverters and others are required to meet and confer on how best to meet demands and protect the American River (footnote #2 on page 11 of the 2000 Water Forum Agreement).

Table 1. Monthly Runoff Values

| Month | UIFR Monthly and Total Volumes in TAF | | | | |
|------------------------|---------------------------------------|-------------------|-------------------|-----------------|--------------|
| | February Publication | March Publication | April Publication | May Publication | Final Values |
| March ¹ | 370 | 720 | n.a. | n.a. | n.a. |
| April ¹ | 410 | 595 | n.a. | n.a. | n.a. |
| May ¹ | 450 | 690 | n.a. | n.a. | n.a. |
| June ¹ | 180 | 430 | n.a. | n.a. | n.a. |
| July ¹ | 40 | 105 | n.a. | n.a. | n.a. |
| August ¹ | 11 | 26 | n.a. | n.a. | n.a. |
| September ¹ | 9 | 18 | n.a. | n.a. | n.a. |
| October ² | 30 | 30 | n.a. | n.a. | n.a. |
| November ² | 30 | 30 | n.a. | n.a. | n.a. |
| Total | 1530 | 2644 | n.a. | n.a. | n.a. |

¹ Values are from *Bulletin 120, Water Conditions in California*, California Department of Water Resources (DWR) for the given publication month (<http://cdec.water.ca.gov/snow/bulletin120/>). DWR publishes Bulletin 120 four times a year (February through May), providing forecasts of unimpaired flow for several watersheds in California for the given water year.

² Values are from *Technical Memorandum No. 1, Computing March through November Unimpaired Inflow into Folsom Reservoir*, Water Forum, May 2007.

From:

Sent: Thursday, March 14, 2019 10:37 AM

To: feedback

Subject: THANK YOU

I just want to say how impressed I am with your organization.

After a YEAR, no joke, of reporting to the county, and walking AROUND a LEAK of some kind on Walnut Avenue, I finally called the County yesterday (vs using the 311 online to report by phone or computer) and they referred me to you.

The person I talked to on the phone expressed genuine concern, said someone would be out either yesterday or today to have a look. After so much time had gone by I wasn't holding my breath... but leaving the house late yesterday I observed two of your people actually AT the location, investigating what I had reported.

I'd just like to thank you for your excellent response time & concern for public safety.

As I told the person on the phone, I actually fell on a similar spot over on Palm some years ago- fortunately not seriously injured, but the kids walk that way home from school every day.

Thank you again for the pleasant surprise.

Cindy