

Agenda

Sacramento Suburban Water District Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, July 20, 2020
6:00 p.m.

In accordance with the California Department of Public Health's and the Governor's Executive Orders N-29-20 and N-33-20, the District's boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/83078275651?pwd=SF1GZV16M09GWGF0RzduR1h6eHlrUT09>

Meeting ID: 830 7827 5651
Password: 379730

You can also dial in using your phone: 1 (669) 900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>
Zoom uses encryption of data during Zoom meetings. The District uses a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

Please mute your line.

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.

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

1. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(a) and (d)(4); significant exposure to litigation involving one case.

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.

2. Minutes of the June 15, 2020, Regular Board Meeting
Recommendation: Approve subject minutes.
3. Return to Work Policy (PL - HR 007)
Recommendation: Ratify subject policy without changes.
4. Environmental Sustainability Policy (PL - Adm 005)
Recommendation: Approve subject policy with changes.

Items for Discussion and/or Action

5. State Water Loss Management Reporting Update
Recommendation: Receive staff presentation.
6. Contract Services Agreement Amendment Between Sacramento Suburban Water District and Del Paso Manor Water District
Recommendation: Approve amending the subject Contract Services Agreement.
7. Annual Fraud Prevention Presentation
Recommendation: Review fraud prevention policies and procedures and receive staff presentation.
8. Resolution No. 20-08 CalPERS Pension – Employer Paid Member Contribution
Recommendation: Adopt Resolution No. 20-08, rescinding Resolution No. 02-30, and establishing new guidelines for the payment of Employer Paid Member Contribution.
9. 2021 Budget Preparation Timeline
Recommendation: Consider approving proposed 2021 budget preparation timeline.
10. 2X2 SSWD / SJWD Water Management/Re-organization Committee
Recommendation: Consider re-activating the 2X2 SSWD / SJWD Water Management/Re-organization Committee or direct it to remain dormant.

General Manager's Report

11. General Manager's Report
 - a. Sacramento Region Collaboration/Integration Study Update
 - b. Sacramento Groundwater Authority / Sacramento County Groundwater Authority Update

Assistant General Manager's Report

12. Assistant General Manager's Report
 - a. 2020 Water Transfer Update

Department/Staff Reports

13. Financial Report
 - a. Financial Highlights – June 2020

- b. Financial Statements – June 2020
 - c. Investments Outstanding and Activity – June 2020
 - d. Cash Expenditures – June 2020
 - e. Purchasing Card Expenditures – June 2020
 - f. Directors Compensation and Expense Accounting – June 2020
 - g. District Reserve Balances – June 2020
 - h. Information Required by LOC Agreement
 - i. Financial Markets Report – June 2020
14. District Activity Report
15. Engineering Report
- a. Major Capital Improvement Program (CIP) Projects
 - b. Planning Documents
 - c. Other

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

16. a. Regional Water Authority (Director Jones)
Agenda for the July 9, 2020 meeting.
- Regional Water Authority Executive Committee (General Manager York)
Agenda for the June 24, 2020 meeting.
- b. Sacramento Groundwater Authority (Director Wichert)
None.
- c. Director Reports – AB 1234

Committee Reports

17. a. Facilities and Operations Committee (Director Jones)
Agenda for the July 15, 2020 meeting.

- b. Finance and Audit Committee (Director Thomas)
Draft notes from the June 30, 2020 meeting.

Information Items

- 18. Lead Service Line Inventory
- 19. Human Resources and Succession Plan Semiannual Report
- 20. Legislative and Regulatory Update
- 21. Upcoming Water Industry Events
- 22. Upcoming Policy Review
 - a. Budget Policy (PL - Fin 012)
 - b. Investment Policy (PL - Fin 003)
 - c. Employee Standards of Conduct and Discipline Policy (PL - HR 011)
 - d. Water Service Rates, Fees, and Charges Setting Policy (PL - Fin 009)

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.

Adjournment

Upcoming Meetings

Tuesday, August 11, 2020, at 4:00 p.m., Employee Benefits Ad Hoc Committee Meeting
Monday, August 17, 2020, at 6:00 p.m., Regular Board Meeting

SSWD Regular Board Meeting Agenda

July 20, 2020

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I certify that the foregoing agenda for the July 20, 2020, meeting of the Sacramento Suburban Water District Board of Directors was posted by July 17, 2020, 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

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, June 15, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #852 4440 1226

Call to Order – Videoconference/Audioconference Meeting

President Thomas called the meeting to order at 6:03 p.m.

Pledge of Allegiance

President Thomas led the Pledge of Allegiance.

Roll Call

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

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Heather Hernandez-Fort, Jeff Ott, Dana Dean, Matt Underwood, Julie Nemitz, Michelle Hirt, Cassie Crittenden and Legal Counsel Josh Horowitz.

Public Present: William Eubanks, Paul Olmstead, Dane Wadle, Alan Driscoll, Greg Zlotnick and Paul Helliker.

Announcements

General Manager Dan York (GM York) announced:

- ACWA Summer Conference will be held virtually on July 29-30, 2020.
- F&A Committee Meeting will be held virtually on June 16, 2020, at 5:00 p.m.
- Sacramento Suburban Water District/Del Paso Manor Water District 2x2 Ad Hoc Committee will be held virtually on Monday, July 6, 2020, at 5:00 p.m.
- The District office will be closed on Friday, July 3, 2020, in observance of Independence Day.

Public Comment

Dane Wadle (Mr. Wadle) of the California Special Districts Association provided information on HR 7073, urging the Board to consider providing a letter of support, and answered clarifying questions.

Director Wichert expressed he supported helping make funds available to those special districts in need due to the COVID 19 Pandemic; however, he did not support the District applying for stimulus funding, as he believed the District did not need it.

GM York expressed he would contact President Thomas offline for support on behalf of the Board and report back to the Board in July.

Consent Items

1. **Minutes of the May 18, 2020, Regular Board Meeting**
2. **Discrimination and Harassment Prevention Policy (PL – HR 012)**
3. **Workplace Violence Policy (PL - HR 013)**

Director Wichert moved to approve the 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

4. **CalPERS Pension – Employer Paid Member Contribution**
GM York presented the staff report.

Discussion ensued regarding how to balance the different tiers of benefits among the District employees.

Director Wichert inquired if it was a possibility to lay off all employees and then hire them back in an effort to get all employees on the same benefit plan.

Legal Counsel Josh Horowitz (Mr. Horowitz) explained that the employees in classic plans would be grandfathered in, and still entitled to their existing plans. He further explained that firing employees and then hiring them all right back could be seen as a pre-text by trying to deprive employees of something they have vested, and would expose the District to significant legal risks.

Mr. Eubanks commented that if the District did something like that, he would offer the names of several good lawyers to the employees, and further expressed the Board would have a very bad reputation for doing so.

Director Wichert inquired about the idea of hiring special legal counsel to look into the benefit options.

Director Jones inquired why he would want to do that, noting it would just be an extra cost and that they already knew the answers.

Director McPherson expressed she was not interested in doing that at this point as she felt the Board spent enough time and has gathered enough information to make a decision. She further inquired how to treat the staff fairly when half of the staff were already paying into the EPMC, a smaller portion of the staff were not paying into EPMC, and the Board was not able to change anything for rest of the staff. She commented that she didn't see how the Board would be able to phase in something that would be considered fair without everyone being impacted in some way.

GM York expressed that a 9/80 work schedule could just be a part of the package to offer to staff. He further expressed that he proposed several options in the staff report for the pre-merger employees, post-merger employees, and classic members and began describing some of those options.

Director Locke expressed that he did not support the two tiered COLA option and stated he was hoping for a cost analysis. He additionally suggested hiring a consultant such as Raftelis, to figure out how to make it fair for all of the employees, as he didn't believe any of the options in the staff report made it fair for all.

Director Jones inquired if anyone asked the employees what they wanted.

Mr. Horowitz pointed out that there were two cases pending in the California Supreme Court on the "California Rule," which is a similar topic. He noted that one of the cases has been argued and there should be a ruling sometime within the next two to three months, which could provide some clarity to this situation. He further recommended for staff to talk to the employees to see what they were willing to agree to.

GM York expressed that throughout all the discussion on this topic through the years with the different Boards, all previous Boards have chosen to honor the offer letter, which employees were provided at the time of hire. He additionally explained that he has spoken with a few PEPRAs employees who have expressed that they do not want to see anything taken away from their fellow workers, as each employee knew what their offer was at the time of hire.

Director McPherson noted that the Board was looking at long term cost savings and ways to treat all of the staff equitably.

President Thomas expressed that doing what other Districts have done, which is increasing the COLA by 2% each year, until the EMPC was covered, seemed like the only option.

Director Jones stated it was not the only option, as they could just leave it the way it is. He noted that the 23 employees that signed their offer letter at time of hire stating that

their EPMC would be paid by the District, and has been the benefit since they started working at the District, but now was going to be taken away was not right.

President Thomas noted that it would not be taken away, but that they would be compensated by something comparable.

Director Wichert pointed out that there was not a consensus among the Board and recommended reviewing changes for prospective employees at this point.

GM York agreed with Director Wichert, noting that option 2 in the staff report proposed prospectively requiring all new employees in the 2% @ 55 Plan to begin paying EPMC, which would be included in their offer letter for that prospective employee to consider before taking a job with the District.

Director McPherson agreed with making that change, and moved to prospectively require all new employees in the classic retirement plan begin paying their EPMC; Director Wichert seconded.

Director Jones inquired if that was a vote-able motion, as it may not have been properly agendaized.

Mr. Horowitz expressed the agenda lists this item as discussion, but not action, and recommended placing an action item on the July regular Board meeting.

Director Jones inquired what the employees thought about the discussion.

Director Locke expressed that none of the options were ones he was hoping to see, and recommended taking the whole issue on, instead of piecemealing it.

Director McPherson expressed that she believed it was irresponsible of the District that it was not dealt with 10 years ago, and the Board should have been much more proactive on this topic. She additionally expressed she was not in favor of incurring additional cost by hiring a specialty firm to tell the Board what they already knew. She further explained that she supported getting additional information about the 23 employees to not legally expose themselves to any lawsuits.

The Board directed staff to bring an action item to the next regular Board meeting to prospectively require all new employees in the classic retirement plan to begin paying their EPMC.

Director Locke expressed he wanted to see the whole issue be addressed, not just parts of it.

The Board agreed to bring a separate item to the next regular Board meeting regarding hiring a consultant or special legal counsel to review their options.

Mr. Olmstead recommended for the Board to be very specific on the agenda as to what actions or discussion they would like to have, so it is very clear for the public.

President Thomas reiterated that the July regular Board meeting would have two separate action items, one to vote to prospectively require all new employees in the classic retirement plan would begin paying their EPMC, and two, to review hiring a consultant or special legal counsel to review their options.

Mr. Eubanks inquired what the problem actually was, he stated that he heard the Board saying that there was unfairness with the treatment of the employees, but pointed out that the General Manager made very clear what the benefits package was in the offer letter that each employee received. He expressed that he never worked with anyone that had the exact same salary and/or benefit package as he did, he commented that the District would never reach a point where everyone was 100% fair. He concluded by stating that sometimes doing nothing eliminated any possibility for unintended consequences.

5. **San Juan Water District Water Transfer Update**

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

President Thomas voiced his support of the item.

Paul Olmstead (Mr. Olmstead) additionally supported the staff recommendation.

AGM Huot answered clarifying questions.

Director McPherson 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:			

6. **Committee and Liaison Appointments**

GM York presented the staff report.

President Thomas appointed Director Jones as a general back up to each of the District committees.

Director Jones agreed to be a general backup to each committee.

General Manager's Report

7. **General Manager's Report**

GM York presented the staff report.

- a. *Sacramento Region Collaboration/Integration Study Update*
GM York presented the staff report.
- b. *COVID-19 Update*
GM York presented the staff report.

Director Wichert inquired if there have been any changes to the sick leave policy to accommodate anyone impacted by COVID.

GM York expressed there were still provisions that the State put into place but the District was also looking into it.

- c. *Del Paso Manor Water District Operational Service Agreement Status*
GM York presented the staff report and expressed staff would bring back an amended service agreement at the July 2020, regular Board meeting.

Assistant General Manager's Report

8. **Assistant General Manager's Report**
AGM Huot presented the staff report.

- a. *Regional Water Supply/Wheeling Opportunities Update*
AGM Huot presented the staff report.

- b. *2020 Water Transfer Update*
AGM Huot presented the staff report and answered clarifying questions.

President Thomas requested for AGM Huot to report back on the 13% depletion factor and how that would impact the District.

Department/Staff Reports

9. **Financial Report**
Jeff Ott (Mr. Ott) presented the staff report and answered several clarifying questions.

Mr. Ott additionally expressed he would run an analysis on how many customers would be in collections if the District were processing them at this time.

Mr. Eubanks inquired why there was an increase in the Board of Directors budget.

GM York explained that the Community Outreach budget was added to the Board of Directors budget for administrative purposes.

Director McPherson inquired why the Community Outreach budget did not have its own separate "Public Relations" budget.

President Thomas, Director McPherson and Mr. Eubanks all supported the Community Outreach budget having its own budget for better transparency.

Director McPherson expressed that the name of the category should represent its expense and inquired if other special districts did it this way.

Mr. Eubanks suggested increasing Director stipends.

President Thomas expressed he was happy with the stipend amount.

President Thomas requested to report back on the status of this at the July regular Board meeting.

a. Financial Highlights – May 2020

A written report was provided.

b. Financial Statements – May 2020

A written report was provided.

c. Investments Outstanding and Activity – May 2020

A written report was provided.

d. Cash Expenditures – May 2020

A written report was provided.

e. Credit Card Expenditures – May 2020

A written report was provided.

f. District Reserve Balances – May 2020

A written report was provided.

g. Information Required by LOC Agreement

A written report was provided.

h. Financial Markets Report – May 2020

A written report was provided.

10. District Activity Report

A written report was provided.

11. Engineering Report

A written report was provided.

a. Major Capital Improvement Program (CIP) Projects

A written report was provided.

- b. *Planning Documents*
A written report was provided.
- c. *Other*
A written report was provided.

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

- 12. a. Regional Water Authority (Director Jones)
None.

Regional Water Authority Executive Committee (General Manager York)
The agenda for the May 27, 2020, meeting was provided.

GM York provided an oral report of the meeting.
- b. Sacramento Groundwater Authority (Director Wichert)
The agenda for the June 11, 2020, meeting was provided.

GM York and Director Wichert both provided oral reports of the meeting.

Discussion ensued regarding the SGA/RWA/Sacramento Central Groundwater Authority partnership.
- c. Water Caucus Meeting (General Manager York)
None.
- d. Water Forum Successor Effort (General Manager York)
The agenda for the June 11, 2020, meeting was provided.
- e. Director Reports – AB 1234

President Thomas provided an oral report on the Groundwater SIGMA webinar meeting he attended on May 12, 2020; the SJWD Board meeting he attended on May 13, 2020; the Supercomputing and Hydrologic webinar he attended on May 15, 2020; his meeting with Director McPherson on May 25, 2020; and his meeting with the General Manager on May 26, 2020.

Director Jones provided an oral report of the SGA meeting he attended on June 11, 2020.

Director Locke provided an oral report of the RWA Executive Committee he attended on May 27, 2020; and the Leveraging Near Real Time Monitoring and Control for a Smarter Approach to Water Quality Management meeting he attended on May 21, 2020.

Committee Reports

13. a. Finance and Audit Committee (Director Thomas)
The draft minutes from the May 21, 2020, meeting were provided.

Mr. Ott reported on the discussion of the Facility Develop Charges (FDC) from the meeting.

Director Wichert expressed a concern with the calculation of the FDC and further requested for staff to provide him with the relevant information from the AWWA M1 Manual.

- b. Ad Hoc Water Banking and Transfer Committee (Director Thomas)
The draft minutes from the June 8, 2020, meeting were provided.
- c. DPMWD/SSWD 2x2 Ad Hoc Committee (Director Locke)
The draft minutes from the June 1, 2020, meeting were provided.

Information Items

14. **Legislative and Regulatory Update**
A written report was provided.

15. **Upcoming Water Industry Events**
A written report was provided.

Director Locke and President Thomas requested to be placed on the AeroJET CAG meeting email list.

16. **Upcoming Policy Review**
A written report was provided.

- a. Return to Work Policy (PL - HR 007)
- b. Environmental Sustainability Policy (PL - Adm 005)

Director Wichert requested for the environmental sustainability policy to include a requirement for a recycling program.

Director's Comments/Staff Statements and Requests

None.

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

The Board did not meet in closed session, as there were no updates to discuss.

17. 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.
18. Conference with real property negotiator involving the purchase, sale, lease or exchange of 5334 Walnut Avenue, Sacramento, CA. Dan York, District negotiator, will negotiate with Robert Jacobs. Instructions to the negotiator(s) may include price, terms of payment, or both. (See Government Code sections 54954.5(b) and 54956.8.)

Adjournment

President Thomas adjourned the meeting at 8:11 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 3

Date: June 24, 2020

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

Staff Contact: Cassie Crittenden, Human Resources Coordinator

Recommended Board Action:

Approve the Return to Work Policy (PL – HR 007) with no changes.

Background:

On June 15, 2020, the Return to Work Policy (PL – HR 007) was brought to the Board for review. To date, no comments from the Board have been received.

Discussion:

Staff recommends approving the Return to Work Policy (PL – HR 007) with no changes.

Fiscal Impact:

No fiscal impact.

Strategic Plan Alignment:

Goal E: Retain and Recruit a Qualified and Stable Workforce.

District customers benefit from the District having a program that reduces workers' compensation costs by providing reasonable accommodations to injured and disabled employees as required by law.

Attachment:

1 – Return to Work Policy (PL – HR 007) - clean

Sacramento Suburban Water District

Return to Work Policy

Effective: December 15, 2003
Ratified without Changes on: July 20, 2020

100.00 Purpose of the Policy

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

200.00 Policy

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

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

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

300.00 Authority and Responsibility

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

400.00 Policy Review

This Policy will be reviewed at least biennially.



Agenda Item: 4

Date: July 7, 2020

Subject: Environmental Sustainability Policy (PL – Adm 005)

Staff Contact: Mike Huot, Assistant General Manager

Recommended Board Action:

Approve the updated Environmental Sustainability Policy (PL – Adm 005) with changes.

Background:

On June 15, 2020, the Environmental Sustainability Policy (PL – Adm 005) was brought to the Board for review. Director Wichert requested the Policy include a requirement for a recycling program.

Discussion:

Staff recommends approving the updated Environmental Sustainability Policy (PL – Adm 005). Both, a redlined version (Attachment 1) and a clean version (Attachment 2) are included for your reference.

In addition to some minor editing and formatting changes, Item 10 in Section 200.00 was added to require recycling of disposing of products.

Fiscal Impact:

Approving the policy has no fiscal impact.

Strategic Plan Alignment:

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

District customers benefit from the District being a steward of the environment and doing its part in the sustainability of the community.

Attachments:

1. Environmental Sustainability Policy - Redlined (PL – Adm 005)
2. Environmental Sustainability Policy - Clean (PL – Adm 005)

Sacramento Suburban Water District

Environmental Sustainability Policy

Adopted: November 12, 2007

Approved with changes on: July ~~16~~20, ~~2018~~2020

100.00 Purpose of the Policy

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

100.10 Definitions

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

200.00 Policy

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

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

5. Use resources efficiently and, when possible, reduce demand for natural resources.
6. Use cost effective measures to mitigate additional pollution through planned, proactive measures rather than only corrective action.
7. Act locally to reduce adverse global impacts by supporting and implementing innovative programs that maintain and promote the District as a sustainable business.
8. Purchase products based on long term environmental and operating costs and find ways to include environmental and social costs in short term prices.
9. Purchase products that are made of recycled materials, durable, reusable, biodegradable, ~~made of recycled materials~~, and ~~are~~ non-toxic.
- ~~8.10.~~ Recycling disposable products is required, when feasible.
- ~~9.11.~~ Educate customers and employees about the District's sustainable programs. Work with other entities, not directly related to water, to implement Best Management Practices if opportunities exist and take advantage of community resources.
- ~~12. Solicit customer input on solutions.~~ Encourage customer participation in District policy decisions.
- ~~10.13.~~ Encourage individuals and businesses to take responsibility for their actions that impact water and the environment.

300.00 Policy Review

This Policy shall be reviewed at least biennially.

Sacramento Suburban Water District

Environmental Sustainability Policy

Adopted: November 12, 2007

Approved with changes on: July 20, 2020

100.00 Purpose of the Policy

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

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3. Ensure commitment to equity so environmental impacts and the costs of protecting the environment do not unfairly burden the District’s ratepayers.
4. Ensure environmental quality and understand environmental linkages when decisions are made regarding project development and implementation, District owned facility use, transportation needs, energy use, water conservation, and air quality impacts.

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

300.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 5

Date: July 1, 2020

Subject: State Water Loss Management Reporting Update

Staff Contact: Greg Bundesen, Water Conservation Supervisor

Purpose

The purpose of this report is to inform the Board of Directors of recent activity by the State Water Resources Control Board's (SWRCB) continuation of the rule making process for SB 555 – Water Loss Management.

Background:

What is Water Loss

Water loss is the volume of water lost in a distribution system, categorized into real and apparent losses. Real losses account for any water that is lost to leaks. There are three different type of leaks: (1) reported leaks that are reported by the public or discovered by District employees, (2) unreported leaks that are found through leak detection, and (3) background leaks, which are too small to be detected. Water agencies can estimate real losses by performing a Top-Down Water Audit (Audit) and Real Loss Component Analysis. An Audit estimates the quantity of real losses in a water system and a Real Loss Component Analysis quantifies the amount of each leak type and estimates the economically recoverable amount of those leaks. Water agencies can control real losses by finding and repairing leaks.

Apparent loss is water unaccounted for through systematic data handling errors in the billing system (estimated meter reads), customer meter inaccuracies, and unauthorized consumption (i.e. water theft). An Audit can be performed to estimate the amount of apparent losses in a water system and a Revenue Protection Plan (RPP) can be created to identify systematic data handling errors, customer metering inaccuracies, and unauthorized water consumption.

Some of the best practices to reduce water losses include: metering production and customer connections, meter accuracy testing, pressure management, leak detection, and asset management.

Regulation

There are many different laws and regulations driving water loss reduction in California. In 2015, the California State Legislature passed Senate Bill (SB) 555. SB 555 sets statutory requirements for reducing water waste by developing reliable water loss estimates through validated Audit. The bill also requires urban water utilities to conduct and submit a validated Audit each year and meet water loss standards set by the SWRCB by 2028. Since the passing of the bill, SWRCB has worked with the Department of Water Resources (DWR) and other interested parties to develop standards to meet the goals of the legislation in an economical fashion. Staff has engaged SWRCB through various workshops to remain informed on the standard setting process and to provide feedback to SWRCB and DWR when necessary. Additionally, two executive orders, B-37-16 (2016) and B-40-17 (2017), were signed by the Governor directing SWRCB and DWR to minimize water system leaks through direct regulation.

Finally, SB 606 and Assembly Bill (AB) 1668 requires water utilities to meet water conservation standards based on an indoor water use standard; an outdoor water use standard; a Commercial, Industrial, and Institutional water use standard; and, an overall water loss standard. The water loss standard shall be determined by the standards set in SB 555.

Discussion:

Proposed Regulatory Framework

The Proposed Regulatory Framework (Framework) is being developed to ensure the standards are based on an economic model for leak detection and repair. These initial standards are required to be met by 2028 and will be based on a three-year average (2016-2018) of real loss per connection per day from water loss audits received by DWR from 2016-2017.

Post 2028 compliance will be based on a three-year average with an allowed variation of 5 gallons per connection per day over three years. Compliance will also include surveying water utilities regarding: water loss data quality and feasibility (due by 2022), pressure management (due by 2024), and systematic asset management (due by 2024). An off-ramp for compliance is being proposed for water utilities with low real losses and high data quality. As currently proposed, if a water utility's assigned water loss standard is at or below 10 gallons per connection per day, the water utility could apply for an off-ramp and not have to take additional measures to meet their standard. SWRCB feels that meeting a standard at or below 10 gallons per connection per day is not economically feasible. In addition to having a water loss standard at or below 10 gallons per connection per day, there are 9 different criteria that must be met to qualify for the off-ramp. The off-ramp criteria are as follows:

1. There shall be no variability above 10 gallons per connection per day between form water loss audits submitted between 2016 and 2018.
2. There shall be no reporting of negative losses.
 - a. Negative losses are defined as recording more consumption of water than water produced.
3. The water supplier shall have 100% of water supplies metered.
4. 100% of customers are metered with a 90% successful read rate (10% or less of the customer meter reads are estimated).

5. The water supplier shall perform accuracy testing of 95% of meters from its own sources.
6. The water supplier shall perform accuracy testing on 95% of the meters from imported water.
7. The water supplier shall perform accuracy testing on 95% of the meters from exported water.
8. The water supplier shall test at least 300 customer water meters annually.
9. Annual reading of unbilled metered volumes if total volume is greater than 1% of the total consumption.

There will also be a variance process in place to accommodate non-compliance due to adverse economic conditions. An economic model has been created by SWRCB to help water utilities understand how their standard was generated. This model is an excel file and can be updated with current information to challenge a water utility's standard. Staff has reviewed the model and has submitted a comment letter regarding the models performance. A copy of the letter can be furnished upon request.

Compliance Timeline

2020 – Potential adoption of regulations in November.

2022 – Survey data submissions required for water loss data quality and feasibility by July.

2024 – Survey data submissions required for pressure management and systematic asset management due in July.

2027 – Updated responses of surveys due by July.

2028 – Water loss standards to be met by water utilities.

District Compliance Standard

The District has complied with SB 555 by submitting water loss audits for 2016, 2017, and 2018. In accordance with the proposed Framework, the District's current standard is calculated using the three-year average of real loss per connection per day from water loss audits submitted from 2016-2018. The District's three-year average water loss per connection per day is 22.1 gallons and its proposed water loss standard is currently 15 gallons per connection per day.

Actions Taken

District staff has implemented many different strategies to reduce water loss over the past several years. One of the most notable actions, was the installation of highly accurate Magnetic Flow (MAG) meters on District production wells. MAG meters are highly accurate and do not contain moving parts that would wear out over time. Staff is also annually performing efficiency and volumetric testing on all production meters to identify malfunctioning meters. The installation of MAG meters has increased the accuracy of accounting water produced from our own sources.

Another notable action staff has taken is increasing the number of customer meters tested for accuracy. Testing customer meters will allow staff to analyze the accuracy of the customer meter inventory over time. Additionally, staff has increased the number of miles of water main surveyed for leaks. A Real Loss Component Analysis conducted in 2018 showed the District should increase the number of miles surveyed for leaks from 60 to 145 miles. Increasing the

number of miles of distribution mains surveyed for leaks will help identify additional unreported leaks.

Finally, staff has implemented an Asset Management Plan that identifies the water mains most vulnerable to leaks and have developed a schedule for replacement. The Asset Management Plan is also used to select the areas for the leak detection survey. These actions have substantially improved the District's water loss data and improved the water loss accounting process.

Staff is confident that the District will comply with the water loss requirements of SB 555, SB 606, and AB 1668. Staff will continue to evaluate effective water loss management techniques and implement them in a manner that is both cost effective and economically responsible.

Fiscal Impact:

The fiscal impact of the water loss regulations will be based in the District's ability to meet its water loss standard in 2028. If the District's standard remains 15 gallons per connection per day, staff is confident that the fiscal impact to District operations will be minimal.

Strategic Plan Alignment

Goal A – Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean and Safe.

Goal B – Optimize Operational and Organizational Efficiencies.

Attachment:

1 – State Water Loss Management Reporting Update Presentation

The background is a light blue gradient with several realistic water droplets of various sizes scattered across it. The droplets have highlights and shadows, giving them a three-dimensional appearance. The title text is centered in the upper half of the image.

WATER LOSS REGULATIONS

GREG BUNDESEN

WATER CONSERVATION SUPERVISOR

JULY 20, 2020

BACKGROUND

WHAT IS WATER LOSS?

- THE VOLUME OF WATER LOST TO REAL AND APPARENT LOSSES.
- BEST PRACTICES TO REDUCE WATER LOSS
 - ❖ METERING PRODUCTION AND CUSTOMER CONNECTIONS
 - ❖ METER ACCURACY TESTING
 - ❖ PRESSURE MANAGEMENT
 - ❖ LEAK DETECTION
 - ❖ ASSET MANAGEMENT



BACKGROUND REGULATION

- SB 555 (2015)
 - ❖ SETS STATUTORY REQUIREMENT FOR REDUCING WATER WASTE BY DEVELOPING RELIABLE WATER LOSS ESTIMATES THROUGH VALIDATED WATER LOSS AUDITING.
 - ❖ REQUIRES URBAN WATER SUPPLIERS TO CONDUCT AND SUBMIT A VALIDATED WATER LOSS AUDIT EACH YEAR.
- EXECUTIVE ORDERS B-37-16 (2016) AND B-40-17 (2017)
 - ❖ DIRECT THE SWRCB AND DWR TO MINIMIZE WATER SYSTEM LEAKS THROUGH DIRECT REGULATION.
- SB 606 & AB 1668 (2018)
 - ❖ SETS WATER CONSERVATION STANDARDS FOR WATER UTILITIES THAT INCLUDES A STANDARD FOR WATER LOSS.

PROPOSED REGULATORY FRAMEWORK

WATER LOSS STANDARD COMPLIANCE

- BY 2028 - INDIVIDUAL VOLUMETRIC STANDARDS BASED ON ECONOMIC MODEL FOR LEAK DETECTION AND REPAIR ACTIONS BY 2028.
- POST-2028 - REAL LOSS PER CONNECTION PER DAY VOLUMETRIC STANDARDS ON A THREE-YEAR AVERAGE BASIS WITH AN ALLOWED VARIATION OF 5 GALLONS PER CONNECTION PER DAY OVER 3 YEARS.
- SURVEY REQUIREMENT - COMPLIANCE INCLUDES RESPONSES TO SURVEYS ON (A) WATER LOSS DATA QUALITY IN 2022, AND FEASIBILITY OF (B) PRESSURE MANAGEMENT AND (C) SYSTEMATIC ASSET MANAGEMENT IN 2024.
- OFF-RAMP - SUPPLIERS WITH LOW REAL LOSS AND HIGH DATA QUALITY.
- VARIANCE - ACCOMMODATE NON-COMPLIANCE DUE TO ADVERSE ECONOMIC CONDITIONS.

PROPOSED REGULATORY FRAMEWORK

SURVEY REQUIREMENTS

- APPARENT LOSS MANAGEMENT
 - ❖ APPARENT LOSSES - LOSSES IN THE BILLING SYSTEM AND FROM METER INACCURACIES.
 - ❖ SWRCB TO GATHER MORE DATA ABOUT PRACTICES TO REDUCE THESE LOSSES BY 2024.
- ASSET MANAGEMENT
 - ❖ SYSTEMATIC MAIN REPLACEMENT.
 - ❖ SWRCB IS PROPOSING TO GATHER INFORMATION ON ASSET MANAGEMENT BY 2024.
- PRESSURE MANAGEMENT
 - ❖ BEST PRACTICE FOR CONTROLLING WATER LOSS.
 - ❖ SWRCB IS PROPOSING TO GATHER INFORMATION ABOUT PRESSURE MANAGEMENT BY 2024

PROPOSED REGULATORY FRAMEWORK

OFF-RAMP OPTION

- AGENCIES WITH A LOW LEVEL OF LOSS AND RELIABLE DATA MAY BE PROVIDED WITH AN OFF-RAMP.
 - ❖ THE VOLUMETRIC THRESHOLD TO USE AN OFF-RAMP IS A STANDARD OF 10 GALLONS PER CONNECTION PER DAY OR LESS.
 - SWRCB BELIEVES THAT MEETING A STANDARD OF 10 GALLONS PER CONNECTION PER DAY OR LESS IS NOT COST EFFECTIVE.
 - AGENCIES APPLYING FOR AN OFF-RAMP WOULD HAVE TO MEET 9 DIFFERENT CRITERIA TO QUALIFY FOR THE OFF-RAMP AS CURRENTLY PROPOSED.

PROPOSED REGULATORY FRAMEWORK

COMPLIANCE TIMELINE

- Potential adoption of Regulation

November
2020

July 2022

- Suppliers shall meet requirements for data submission requirements
- Suppliers may request adjustments.
- Suppliers may request an off-ramp

- Inclusion of allowable water loss volume in urban water use objective.

January
2024

July 2024

- Submit responses on feasibility of water loss control approaches.

- Submit updated responses on feasibility of water loss control approaches.

July 2027

January
2028

- Water Loss Reduction

PROPOSED REGULATORY FRAMEWORK

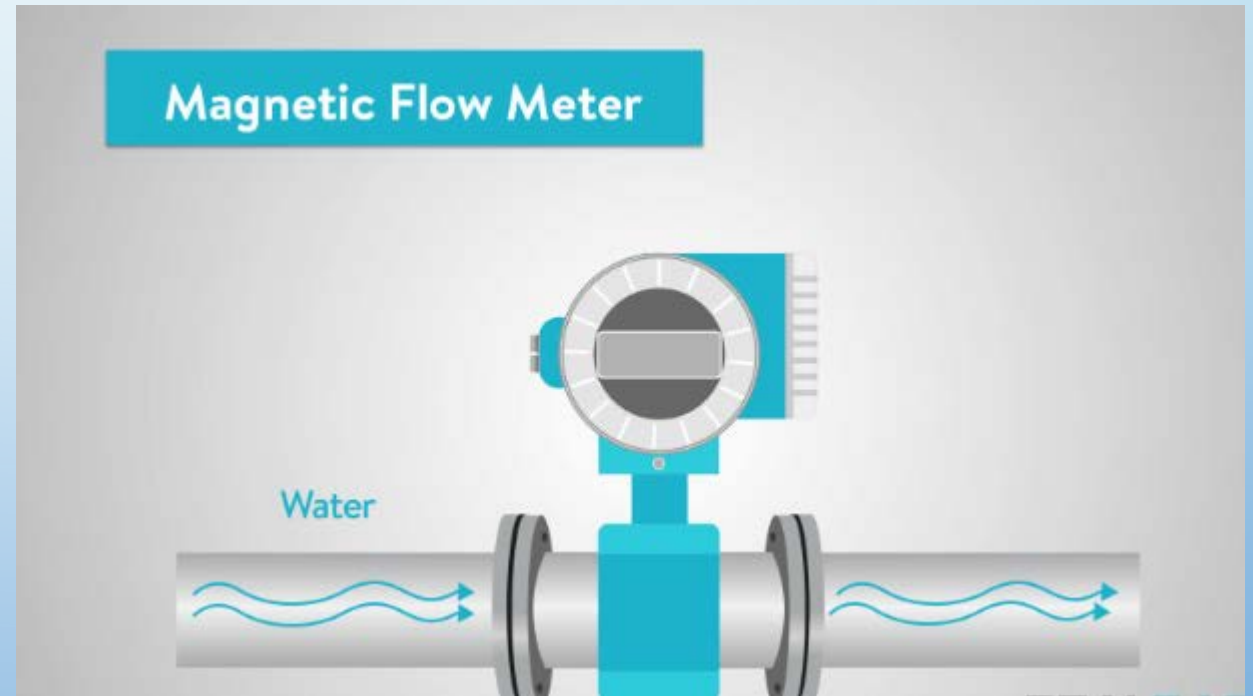
DISTRICT COMPLIANCE STANDARD

- 3 YEAR AVERAGE (2016-2018) = 22.1 GALLONS PER CONNECTION PER DAY
- PROPOSED WATER LOSS STANDARD: 15 GALLONS PER CONNECTION PER DAY
- COMPLIANCE IN 2028
- REAL LOSS PER CONNECTION PER DAY
 - ❖ 2016: 34.14 GALLONS PER CONNECTION PER DAY
 - ❖ 2017: 16.60 GALLONS PER CONNECTION PER DAY
 - ❖ 2018: 15.81 GALLONS PER CONNECTION PER DAY
 - ❖ 2019: IN PROCESS
- COMMENTS TO SWRCB INCLUDE AN OPTION TO USE DIFFERENT YEARS TO AVERAGE AN AGENCY'S WATER LOSS STANDARD

DISTRICT ACTIONS

MAGNETIC FLOW (MAG) METER INSTALLATION

- MAG METERS INCREASE THE ACCOUNTING ACCURACY FOR WATER PRODUCED BY OUR OWN SOURCES.
- EFFICIENCY AND ACCURACY TESTING OF ALL PRODUCTION METERS.



DISTRICT ACTIONS METER TESTING

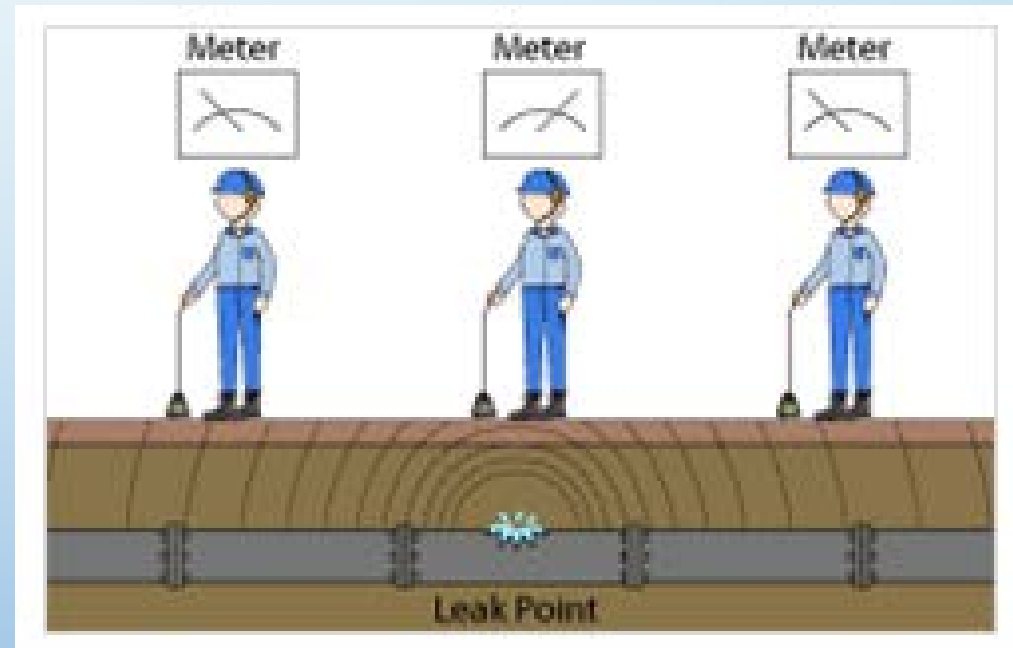
- INCREASED METER TESTING VERIFIES THE ACCURACY OF AUTHORIZED CONSUMPTION.
- OVER 300 METERS TESTED IN 2019.



DISTRICT ACTIONS

INCREASED LEAK DETECTION

- BASED ON 2018 REAL LOSS COMPONENT ANALYSIS.
- INCREASED NUMBER OF MILES TESTED FOR LEAKS FROM 60 TO 145.
- WILL IDENTIFY ADDITIONAL UNREPORTED LEAKS.



DISTRICT ACTIONS

ASSET MANAGEMENT

- ASSET MANAGEMENT IS EFFECTIVE AT IDENTIFYING VULNERABLE SECTIONS OF THE DISTRIBUTION SYSTEM AND HELPING TO SCHEDULE THEM FOR REPLACEMENT.
- USED TO PRIORITIZE LEAK DETECTION AREAS.



The image features a light blue gradient background with several realistic water droplets of various sizes scattered in the corners. The droplets have highlights and shadows, giving them a three-dimensional appearance. The word "QUESTIONS?" is centered in the middle of the page in a bold, black, sans-serif font.

QUESTIONS?



Agenda Item: 6

Date: July 7, 2020

Subject: Contract Services Agreement Amendment Between Sacramento Suburban Water District and Del Paso Manor Water District

Staff Contact: Dan York, SSWD General Manager

Recommended Board Action:

Approve Amending the Contract Services Agreement between Sacramento Suburban Water District and Del Paso Manor Water District, pending legal review.

Background:

On January 27, 2020, the Contract Services Agreement (Agreement) between Sacramento Suburban Water District (SSWD) and Del Paso Manor Water District (DPMWD) was signed, effective February 1, 2020 through July 31, 2020. The scope includes field maintenance support, including on-call certified water treatment operator(s) when DPMWD field personnel are unavailable. Such services may include, but are not limited to, water service line repairs; customer service calls; well site operations; emergency repairs; and, maintenance support.

At the May 4, 2020, 2x2 Ad Hoc Committee meeting between SSWD and DPMWD, DPMWD Directors Burt and Lenahan agreed to work towards extending the current Agreement with the potential for enhancing it. SSWD's General Manager, Mr. York, expressed that he and DPMWD's Consulting Manager, Mr. Nelson, could work together on drafting an extension to the contract past July 31, 2020.

At the June 1, 2020, 2X2 Ad Hoc Committee meeting between SSWD and DPMWD, SSWD Director Wichert recommended the use of SSWD staff for training, such as mentoring or trading of labor hours. Mr. York expressed he would work with Mr. Nelson to put some language in the current Agreement, then bring it to the SSWD and DPMWD Board for approval.

Discussion:

As mentioned above, the District has been conducting the majority of operational tasks for DPMWD, mainly due to staffing issues. DPMWD is in the process of hiring a new General Manager, of which the anticipated start date is July 8, 2020. However, DPMWD is currently down one operator. District staff is anticipating DPMWD will be fully staffed by August/September 2020; therefore, the assistance currently being provided can be greatly reduced. Therefore, staff is recommending the Agreement expire October 31, 2020.

DPMWD will be considering approval of the amended Agreement in July 2020.

Contract Services Agreement Amendment Between Sacramento Suburban Water District and
Del Paso Manor Water District

July 7, 2020

Page 2 of 2

Attached is a proposed amendment to the Agreement with DPMWD with changes tracked. In addition to minor edits, the following sections have been modified:

- Section 2: Contracted Services
 - Added distribution operators to assist for on-call services.
 - Added training and mentoring services relevant to water treatment or distribution operations that can be offered to DPMWD staff.
- Section 7: Costs to be paid by DPMWD will be charged at minimum of 15 minutes and will be rounded up to the next 15-minute increment. Overtime will be charged when SSWD staff is required to work for DPWMD outside normal working hours and when SSWD staff has to work overtime to catch up for work delayed when helping DPWMD.
- Section 12: Term of agreement will be extended through October 31, 2020.

Fiscal Impact:

Costs incurred and labor support services will be reimbursed by DPMWD, so there will be no cost impact to the District.

Strategic Plan Alignment:

Goal B: Optimize Operational and Organizational Efficiencies

Attachment:

- 1 – Contract Services Agreement Between Sacramento Suburban Water District and Del Paso Manor Water District – redline version
- 2- Contract Services Agreement Between Sacramento Suburban Water District and Del Paso Manor Water District – clean version

CONTRACT SERVICES AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT AND DEL PASO MANOR WATER DISTRICT

This Agreement is entered into as of January 27, 2020, by and between Sacramento Suburban Water District, a County Water District formed and existing under California Water Code § 30000 *et seq.* (hereinafter “SSWD”), and Del Paso Manor Water District, a County Water District formed and existing under California Water Code § 30000 *et seq.* (hereinafter “DPMWD”). SSWD and DPMWD may sometimes be referred to individually as “Party” or together as “Parties” throughout this Agreement.

RECITALS

WHEREAS, SSWD, under its permit with the State of California State Water Resources Control Board, Division of Drinking Water, is a public agency providing domestic drinking water to residential and commercial customers within its boundaries located in the County of Sacramento;

WHEREAS, DPMWD, under its permit with the State of California State Water Resources Control Board, Division of Drinking Water, is a public agency providing domestic drinking water to residential and commercial customers within its boundaries located in the County of Sacramento;

WHEREAS, the entirety of the DPMWD service area is inside of and contiguous with the SSWD service area;

WHEREAS, the Parties are participants in and parties to that certain “Mutual Aid and Assistance Agreement Between Del Paso Manor Water District and Sacramento Suburban Water District”, dated as of January 11, 2011 (the “Mutual Aid Agreement”);

WHEREAS, the Parties maintain interconnections between their respective water systems to enable groundwater and surface water deliveries (where permissible) to each other in the event of an emergency;

WHEREAS, the Mutual Aid Agreement sets forth additional resources, including personnel and equipment, which one Party may deploy to assist the other in the event of an emergency, including the criteria therefore and mechanisms for reimbursement;

WHEREAS, DPMWD requested assistance from SSWD under the Mutual Aid Agreement in May 2019, which request remains in effect, whereby SSWD has provided field personnel to assist SSWD during a staff shortage to ensure adequate, certified field maintenance support in the DPMWD service area in order for DPMWD to remain in compliance with applicable Division of Drinking Water regulations and the terms of its permit, and otherwise protect the public health and safety of customers within the DPMWD service area; and

WHEREAS, the Parties desire that DPMWD contract with SSWD for maintenance and support services on an as-needed basis under non-emergency conditions, based on the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises herein contained, it is hereby agreed by and between SSWD and DPMWD as follows:

1. Recitals

The Recitals herein are expressly made part of this Agreement.

2. Contracted Services

SSWD agrees to provide the following services to DPMWD on a contract basis upon request: Field maintenance support, including on-call certified water treatment or distribution operator(s), ~~when DPMWD field personnel are unavailable~~. Such services may include, but are not limited to, water service line repairs; customer service calls; well site operations; emergency repairs and maintenance support (the “Contracted Services”). Training and mentoring services relevant to water treatment or distribution operations that are provided to SSWD staff will be offered to DPMWD staff.

3. Control and Record Keeping

Field personnel provided by SSWD shall remain under the supervision and control of SSWD, and shall perform such tasks as requested ~~and~~/or directed by DPMWD. SSWD shall designate a supervising employee to oversee the performance of any Contracted Services pursuant to this Agreement, and shall otherwise keep accurate records of the work performed, including the preparation of all time sheets for billing purposes.

4. Status

Unless otherwise provided by law, SSWD’s officers and employees retain the same privileges, immunities, rights, duties and benefits as provided in its own jurisdiction while performing Contracted Services within the DPMWD service area.

5. Licenses and Permits

To the extent permitted by law, SSWD personnel that hold licenses, certificates, or permits evidencing professional, mechanical, or other skills shall be allowed to carry out activities and tasks relevant and related to their respective credentials during the performance of any Contracted Services requested by DPMWD under this Agreement.

6. SSWD Discretion Regarding Availability of Personnel

SSWD retains the right to commit or withdraw some or all of its resources at any time for any reason in SSWD’s sole and absolute discretion. SSWD shall have the sole and exclusive discretion to determine availability of personnel and resources requested by DPMWD. SSWD shall make a reasonable attempt to provide DPMWD with 24 hours’ notice of withdrawal of resources and personnel.

7. Personnel

SSWD shall be paid by DPMWD for personnel costs incurred for work performed. Time incurred will be charged at a minimum of 15 minutes and will be rounded up to the next 15-minute increment. DPWMD will be billed overtime for the time SSWD staff spends working outside of normal work hours, which includes time spent working for DPWMD and time spent working on tasks that were delayed when helping DPWMD during normal work hours. SSWD personnel costs shall be calculated according to the most current pricing and in compliance to the terms provided in its employment contracts or other conditions of employment. SSWD's designated supervisor(s) must keep accurate records of work performed by personnel. Payment for services rendered shall consist of all personnel costs, including salaries or hourly wages, costs for fringe benefits, and indirect costs.

8. Equipment

DPMWD shall reimburse SSWD for the use of equipment during the performance of services, including, but not limited to, reasonable rental rates, all fuel, lubrication, maintenance, transportation, and loading/unloading of loaned equipment. Applicable rates for equipment used during the performance of Contracted Services are listed on the attached Schedule 1.

9. Materials and Supplies

DPMWD shall reimburse SSWD in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. SSWD will not charge direct fees or rental charges to DPMWD for other supplies and reusable items that are returned to SSWD in a clean, damage-free condition. Reusable supplies that are returned to SSWD with damage must be treated as expendable supplies for purposes of cost reimbursement.

10. Payment Period

SSWD shall provide an itemized invoice to DPMWD for all costs associated with providing Contracted Services. Invoices shall be submitted on a monthly basis for Contracted Services provided during the previous month. DPMWD shall render payment in full of all undisputed invoices by the thirtieth day of the following month.

11. Records

Each Party and its duly authorized representatives shall have access to the other Party's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement for the purposes of reviewing the accuracy of a cost bill or making a financial, maintenance or regulatory audit. Such records shall be maintained for at least three (3) years or longer where required by law.

12. Term

This Agreement shall take effect on February 1, 2020 and terminate on ~~July-October~~ 31, ~~2020~~2020, unless extended upon mutual written agreement of the Parties. Upon termination, SSWD shall be compensated for all work performed to the date of termination as calculated by SSWD based on the above payment provisions.

13. Insurance

Each Party is a member of ACWA-JPIA and has sufficient coverage under the pool's memorandum of coverage to cover all risks that may occur under this Agreement. Each Party shall maintain such coverage in good standing at its sole cost. Each Party shall name the other Party, its officers, agents, and employees as additional insureds on all insurance policies, except its worker's compensation policy, for activities undertaken pursuant to this Agreement.

14. Indemnification

Each Party agrees to indemnify, defend, and hold harmless the other Party and its Directors, officers, employees, representatives, and agents from and against any and all actions, claims, costs, damages, demands (including reasonable outside attorneys' fees), liability, losses, obligations, penalties, suits in law or in equity which are made by a third party to the extent arising out of the Party's negligence or willful misconduct in performing any work or taking any actions authorized by or related to this Agreement.

15. Miscellaneous

15.1 Entire Agreement

This Agreement (including the Exhibits hereto) constitutes the entire understanding and agreement of the Parties relating to subject matter hereof.

15.2 Waiver

No waiver of any right or remedy by a Party with respect to any occurrence or event under this Agreement shall constitute a continuing waiver or be deemed a waiver of any right or remedy in respect to any other or subsequent occurrence or event.

15.3 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

15.4 Severability

If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable,

the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished.

15.5 Amendments

All amendments to this Agreement shall be in writing and, if approved, must be signed by all Parties.

15.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

16. Legal Action

In addition to any other rights and remedies, either Party may institute legal action to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of this Agreement.

17. Authority to Execute Agreement

The person or persons executing this Agreement on behalf of SSWD and DPMWD warrant and represent that they have the authority to execute this Agreement and the authority to bind SSWD or DPMWD, as appropriate, to the performance of its obligations hereunder.

18. Consent

Where consent or approval of a Party hereto is required or necessary under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

19. Assignment

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

20. Interpretation of Agreement

All Parties hereto have been represented by legal counsel in the preparation of this Agreement and no presumption or rule that ambiguity shall be construed against the drafting party shall apply to interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend, or affect the meaning of the provision to which they pertain.

21. No Joint Venture or Partnership

SSWD and DPMWD hereby renounce the existence of any form of joint venture, partnership or other association between them, and agree that nothing in this Agreement or in any document executed in conjunction with this Agreement shall be construed as creating any such relationship between the Parties.

22. Partial Invalidity Due to Governmental Action

In the event that State or Federal laws or regulations enacted after the effective date of this Agreement, or formal action of any governmental jurisdiction other than SSWD or DPMWD, prevent compliance with one or more provisions of this Agreement, the Parties agree that the provisions of this Agreement shall be modified or suspended only to the minimum extent necessary to comply with such laws or regulations.

23. Further Actions and Instruments

The Parties agree to provide reasonable assistance to each other and cooperate to carry out the intent and fulfill the provisions of this Agreement. Each of the Parties shall promptly execute and deliver all documents and perform all acts as necessary to carry out the matters contemplated by this Agreement.

24. No Third Party Beneficiaries

This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other person shall have any right or action based upon any provision of this Agreement.

25. Venue

Any action arising out of this Agreement shall be brought in the Superior Court of Sacramento County, California, regardless of where else venue may lie.

26. Time is of the Essence

Time is of the essence of each and every provision of this Agreement.

27. Notices

All notices required or provided under this Agreement shall be in writing and shall be sent by (i) U.S. mail first class postage prepaid with return receipt requested, (ii) by overnight courier or hand delivery, or (iii) by facsimile with original forwarded by U.S. mail, addressed as follows, with any email copies provided to the email addresses below:

Notice to SSWD:	Sacramento Suburban Water District Attention: General Manager 3701 Marconi Avenue Sacramento, CA 95821 Telephone: (916) 972-7171 Facsimile: (916) 972-7639
-----------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Notice to DPMWD: Del Paso Manor Water District
Attention: General Manager
1817 Maryal Drive, #300
Sacramento, CA 95864
Telephone: (916) 487-0419
Facsimile: (916) 487-8534

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

“SSWD”

SACRAMENTO SUBURBAN WATER DISTRICT

By: _____
Daniel R. York
General Manager

APPROVED AS TO FORM:

By: _____
Joshua M. Horowitz
General Counsel

“DPMWD”

DEL PASO MANOR WATER DISTRICT

By: _____
John Lenahan
Board President

ATTEST:

By: _____
DPMWD Secretary

APPROVED AS TO FORM:

By: _____
Barbara Brenner
General Counsel

SCHEDULE 1
SSWD LABOR AND EQUIPMENT RATES (2020)

CONTRACT SERVICES AGREEMENT BETWEEN SACRAMENTO SUBURBAN WATER DISTRICT AND DEL PASO MANOR WATER DISTRICT

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RECITALS

WHEREAS, SSWD, under its permit with the State of California State Water Resources Control Board, Division of Drinking Water, is a public agency providing domestic drinking water to residential and commercial customers within its boundaries located in the County of Sacramento;

WHEREAS, DPMWD, under its permit with the State of California State Water Resources Control Board, Division of Drinking Water, is a public agency providing domestic drinking water to residential and commercial customers within its boundaries located in the County of Sacramento;

WHEREAS, the entirety of the DPMWD service area is inside of and contiguous with the SSWD service area;

WHEREAS, the Parties are participants in and parties to that certain “Mutual Aid and Assistance Agreement Between Del Paso Manor Water District and Sacramento Suburban Water District”, dated as of January 11, 2011 (the “Mutual Aid Agreement”);

WHEREAS, the Parties maintain interconnections between their respective water systems to enable groundwater and surface water deliveries (where permissible) to each other in the event of an emergency;

WHEREAS, the Mutual Aid Agreement sets forth additional resources, including personnel and equipment, which one Party may deploy to assist the other in the event of an emergency, including the criteria therefore and mechanisms for reimbursement;

WHEREAS, DPMWD requested assistance from SSWD under the Mutual Aid Agreement in May 2019, which request remains in effect, whereby SSWD has provided field personnel to assist SSWD during a staff shortage to ensure adequate, certified field maintenance support in the DPMWD service area in order for DPMWD to remain in compliance with applicable Division of Drinking Water regulations and the terms of its permit, and otherwise protect the public health and safety of customers within the DPMWD service area; and

WHEREAS, the Parties desire that DPMWD contract with SSWD for maintenance and support services on an as-needed basis under non-emergency conditions, based on the terms and conditions set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, conditions and promises herein contained, it is hereby agreed by and between SSWD and DPMWD as follows:

1. Recitals

The Recitals herein are expressly made part of this Agreement.

2. Contracted Services

SSWD agrees to provide the following services to DPMWD on a contract basis upon request: Field maintenance support, including on-call certified water treatment or distribution operator(s). Such services may include, but are not limited to, water service line repairs; customer service calls; well site operations; emergency repairs and maintenance support (the “Contracted Services”). Training and mentoring services relevant to water treatment or distribution operations that are provided to SSWD staff will be offered to DPMWD staff.

3. Control and Record Keeping

Field personnel provided by SSWD shall remain under the supervision and control of SSWD, and shall perform such tasks as requested or directed by DPMWD. SSWD shall designate a supervising employee to oversee the performance of any Contracted Services pursuant to this Agreement, and shall otherwise keep accurate records of the work performed, including the preparation of all time sheets for billing purposes.

4. Status

Unless otherwise provided by law, SSWD’s officers and employees retain the same privileges, immunities, rights, duties and benefits as provided in its own jurisdiction while performing Contracted Services within the DPMWD service area.

5. Licenses and Permits

To the extent permitted by law, SSWD personnel that hold licenses, certificates, or permits evidencing professional, mechanical, or other skills shall be allowed to carry out activities and tasks relevant and related to their respective credentials during the performance of any Contracted Services requested by DPMWD under this Agreement.

6. SSWD Discretion Regarding Availability of Personnel

SSWD retains the right to commit or withdraw some or all of its resources at any time for any reason in SSWD’s sole and absolute discretion. SSWD shall have the sole and exclusive discretion to determine availability of personnel and resources requested by DPMWD. SSWD shall make a reasonable attempt to provide DPMWD with 24 hours’ notice of withdrawal of resources and personnel.

7. Personnel

SSWD shall be paid by DPMWD for personnel costs incurred for work performed. Time incurred will be charged at a minimum of 15 minutes and will be rounded up to the next 15-minute increment. DPWMD will be billed overtime for the time SSWD staff spends working outside of normal work hours, which includes time spent working for DPWMD and time spent working on tasks that were delayed when helping DPWMD during normal work hours. SSWD personnel costs shall be calculated according to the most current pricing and in compliance to the terms provided in its employment contracts or other conditions of employment. SSWD's designated supervisor(s) must keep accurate records of work performed by personnel. Payment for services rendered shall consist of all personnel costs, including salaries or hourly wages, costs for fringe benefits, and indirect costs.

8. Equipment

DPMWD shall reimburse SSWD for the use of equipment during the performance of services, including, but not limited to, reasonable rental rates, all fuel, lubrication, maintenance, transportation, and loading/unloading of loaned equipment. Applicable rates for equipment used during the performance of Contracted Services are listed on the attached Schedule 1.

9. Materials and Supplies

DPMWD shall reimburse SSWD in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. SSWD will not charge direct fees or rental charges to DPMWD for other supplies and reusable items that are returned to SSWD in a clean, damage-free condition. Reusable supplies that are returned to SSWD with damage must be treated as expendable supplies for purposes of cost reimbursement.

10. Payment Period

SSWD shall provide an itemized invoice to DPMWD for all costs associated with providing Contracted Services. Invoices shall be submitted on a monthly basis for Contracted Services provided during the previous month. DPMWD shall render payment in full of all undisputed invoices by the thirtieth day of the following month.

11. Records

Each Party and its duly authorized representatives shall have access to the other Party's books, documents, notes, reports, papers and records which are directly pertinent to this Agreement for the purposes of reviewing the accuracy of a cost bill or making a financial, maintenance or regulatory audit. Such records shall be maintained for at least three (3) years or longer where required by law.

12. Term

This Agreement shall take effect on February 1, 2020 and terminate on October 31, 2020, unless extended upon mutual written agreement of the Parties. Upon termination, SSWD shall be

compensated for all work performed to the date of termination as calculated by SSWD based on the above payment provisions.

13. Insurance

Each Party is a member of ACWA-JPIA and has sufficient coverage under the pool's memorandum of coverage to cover all risks that may occur under this Agreement. Each Party shall maintain such coverage in good standing at its sole cost. Each Party shall name the other Party, its officers, agents, and employees as additional insureds on all insurance policies, except its worker's compensation policy, for activities undertaken pursuant to this Agreement.

14. Indemnification

Each Party agrees to indemnify, defend, and hold harmless the other Party and its Directors, officers, employees, representatives, and agents from and against any and all actions, claims, costs, damages, demands (including reasonable outside attorneys' fees), liability, losses, obligations, penalties, suits in law or in equity which are made by a third party to the extent arising out of the Party's negligence or willful misconduct in performing any work or taking any actions authorized by or related to this Agreement.

15. Miscellaneous

15.1 Entire Agreement

This Agreement (including the Exhibits hereto) constitutes the entire understanding and agreement of the Parties relating to subject matter hereof.

15.2 Waiver

No waiver of any right or remedy by a Party with respect to any occurrence or event under this Agreement shall constitute a continuing waiver or be deemed a waiver of any right or remedy in respect to any other or subsequent occurrence or event.

15.3 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

15.4 Severability

If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished.

15.5 Amendments

All amendments to this Agreement shall be in writing and, if approved, must be signed by all Parties.

15.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

16. Legal Action

In addition to any other rights and remedies, either Party may institute legal action to cure, correct, or remedy any default, to specifically enforce any covenant or agreement herein, or to enjoin any threatened or attempted violation of this Agreement.

17. Authority to Execute Agreement

The person or persons executing this Agreement on behalf of SSWD and DPMWD warrant and represent that they have the authority to execute this Agreement and the authority to bind SSWD or DPMWD, as appropriate, to the performance of its obligations hereunder.

18. Consent

Where consent or approval of a Party hereto is required or necessary under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed.

19. Assignment

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

20. Interpretation of Agreement

All Parties hereto have been represented by legal counsel in the preparation of this Agreement and no presumption or rule that ambiguity shall be construed against the drafting party shall apply to interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend, or affect the meaning of the provision to which they pertain.

21. No Joint Venture or Partnership

SSWD and DPMWD hereby renounce the existence of any form of joint venture, partnership or other association between them, and agree that nothing in this Agreement or in any

document executed in conjunction with this Agreement shall be construed as creating any such relationship between the Parties.

22. Partial Invalidity Due to Governmental Action

In the event that State or Federal laws or regulations enacted after the effective date of this Agreement, or formal action of any governmental jurisdiction other than SSWD or DPMWD, prevent compliance with one or more provisions of this Agreement, the Parties agree that the provisions of this Agreement shall be modified or suspended only to the minimum extent necessary to comply with such laws or regulations.

23. Further Actions and Instruments

The Parties agree to provide reasonable assistance to each other and cooperate to carry out the intent and fulfill the provisions of this Agreement. Each of the Parties shall promptly execute and deliver all documents and perform all acts as necessary to carry out the matters contemplated by this Agreement.

24. No Third Party Beneficiaries

This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other person shall have any right or action based upon any provision of this Agreement.

25. Venue

Any action arising out of this Agreement shall be brought in the Superior Court of Sacramento County, California, regardless of where else venue may lie.

26. Time is of the Essence

Time is of the essence of each and every provision of this Agreement.

27. Notices

All notices required or provided under this Agreement shall be in writing and shall be sent by (i) U.S. mail first class postage prepaid with return receipt requested, (ii) by overnight courier or hand delivery, or (iii) by facsimile with original forwarded by U.S. mail, addressed as follows, with any email copies provided to the email addresses below:

Notice to SSWD:	Sacramento Suburban Water District Attention: General Manager 3701 Marconi Avenue Sacramento, CA 95821 Telephone: (916) 972-7171 Facsimile: (916) 972-7639
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Notice to DPMWD:	Del Paso Manor Water District Attention: General Manager
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1817 Maryal Drive, #300
Sacramento, CA 95864
Telephone: (916) 487-0419
Facsimile: (916) 487-8534

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

“SSWD”

SACRAMENTO SUBURBAN WATER DISTRICT

By: _____
Daniel R. York
General Manager

APPROVED AS TO FORM:

By: _____
Joshua M. Horowitz
General Counsel

“DPMWD”

DEL PASO MANOR WATER DISTRICT

By: _____
John Lenahan
Board President

ATTEST:

By: _____
DPMWD Secretary

APPROVED AS TO FORM:

By: _____
Barbara Brenner
General Counsel

SCHEDULE 1
SSWD LABOR AND EQUIPMENT RATES (2020)



Agenda Item: 7

Date: June 29, 2020

Subject: Annual Fraud Prevention Presentation

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Discuss and review fraud prevention policies and procedures for District operations. Direct staff as appropriate.

Background:

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

Please note that the Workplace Dishonesty Policy and Procedure and risks resulting from potential fraudulent activities were discussed and reviewed with all District staff on Friday, June 12, 2020.

Discussion:

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

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

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

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

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

Annually, as part of the financial statement audit, the General Manager and Director of Finance and Administration are required to make various assertions regarding District internal controls and their awareness of any fraudulent activities (see Attachment 3, parts 3, 4, 12, 13, 14, 15, 16, 22, and 28). As an update to these assertions made to the Auditors on April 8, 2020, District officers are currently unaware of any fraudulent activities that are occurring in District operations or activities.

Fiscal Impact:

None.

Strategic Plan Alignment:

Goal C Ensure Fiscal Responsibility and Affordable Rates

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

Sacramento Suburban Water District

Workplace Dishonesty Policy

Adopted: December 17, 2007

Approved with Changes: August 19, 2019

100.00 Purpose of the Policy

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

200.00 Policy

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

200.10 Prohibited Conduct and Activities

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

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

200.20 Investigation of Fraud

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

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

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

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

300.00 Establishment of Internal Controls

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

400.00 Reporting Dishonest Acts or Conduct – Whistleblower Protection

No director, officer or employee shall directly or indirectly retaliate or cause retaliation to occur against any director, officer, employee or person doing business with the District who reports alleged dishonesty, who is accused of dishonesty, or who is involved in the investigation of alleged dishonesty. Retaliation is itself a form of dishonesty. Retaliation includes a director's, officer's, employee's, vendor's or consultant's use of his or her authority or influence for the purpose of intimidating, threatening, coercing, commanding, or influencing another such person to refrain from filing a good faith report of dishonesty or otherwise bringing to the attention of a supervisor, the General Manager or the Board any information that, if true, would constitute a dishonest act or conduct. Upon receiving a report of retaliation, the General Manager or Board of Directors shall promptly investigate the report in accordance with Section 350.00.D. of the District's Ethics Policy (PL-BOD 004) or Workplace Dishonesty Procedure (PR - Adm 004), whichever is applicable.

500.00 Policy Review

This policy shall be reviewed at least biennially.

Sacramento Suburban Water District

Workplace Dishonesty Procedure

Effective: December 18, 2007
Ratified with changes on: March 7, 2019

Purpose

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

Definitions

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

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

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

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

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

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

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

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

Procedures for Reporting Workplace Wrongdoing

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

1. If an Employee is aware of or suspects Dishonesty, the Employee is encouraged to discuss his or her allegations with his or her immediate supervisor.

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

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

Employee Responsibilities

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

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

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

Management Responsibilities

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

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

Each Manager should be familiar with the types of Dishonesty that are most likely to occur in his or her area of responsibility and to take appropriate action to put in place systems to detect and prevent Dishonesty.

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

Investigation and Action

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

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

1. Upon assignment by the General Manager, the Investigator will promptly, objectively and thoroughly investigate the alleged Dishonesty. If a preliminary investigation reasonably establishes that there is no support for the allegation of Dishonesty, the General Manager may close the investigation.
2. In all circumstances where there appears to be a reasonable factual basis for suspecting that the alleged Dishonesty has occurred, the Investigator, in consultation with the General Manager or Board and District legal counsel, will determine if the investigation should be conducted as administrative investigation, criminal investigation, or both. Should both administrative and criminal investigations be deemed necessary, the Investigator and law enforcement officials, in consultation with District legal counsel, will make a determination as to the conduct of the investigations (i.e., whether the investigations will be conducted concurrently, the scope of the investigation, the procedures for identifying potential witnesses and evidence, the procedures for sharing information, and etc.).
3. The Investigator shall accept and review all relevant information concerning the alleged Dishonesty to the extent allowed by law.
4. In consultation with District legal counsel and any law enforcement officials involved in the matter, the Investigator may disclose relevant facts obtained in the investigation to potential witnesses if such disclosure would further the investigation.
5. At the conclusion of an investigation, the Investigator will document the results in a confidential report to the General Manager, if the investigation establishes that the alleged Dishonesty occurred. The report will document the allegations of Dishonesty, the witnesses interviewed and documents obtained and reviewed, a discussion of any other relevant facts or evidence adduced, the Investigator's findings and conclusions, and any recommendations concerning Employee discipline, modifications of internal procedures and controls and any further investigation or action concerning the matter.

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

6. If the Investigator determines that the allegation of Dishonesty is untrue or cannot be reasonably supported, the Investigator will advise the General Manager before preparing a written report of the investigation. The General Manager, in consultation with legal counsel, shall determine whether a report will be prepared and its disposition if prepared. In cases where an allegation of Dishonesty is unproven, the General Manager may close the investigation without further action or production of a written report.
7. If the report confirms the allegation of Dishonesty, the Investigator will proceed as follows:
 - a. Discuss the evidence, findings and conclusions in the report with the General Manager and other District officials designated by the General Manager.
 - b. Consult with the General Manager and other designated officials to determine if disciplinary action should be taken against the accused Employee and if discipline is warranted, the nature and severity of the discipline.
 - c. Advise the General Manager and District Treasurer if such activities involve theft of District equipment, supplies or cash, in order to assess the effect of the illegal activity on the District's financial statements.
 - d. Advise the District as appropriate to notify the District's insurer of any potential claims or to tender any claims to the District's insurer resulting from the Dishonesty.
 - e. Take immediate action, in consultation with District legal counsel, to prevent the theft, alteration, or destruction of District records and property. Such action shall include, but is not limited to:
 - i. Removing records and property from District facilities to a secure location, or limiting access to the location where the records and property are regularly stored.
 - ii. Preventing the accused Employee from having access to such records and property.
8. Unless exceptional circumstances exist, an Employee determined to have committed Dishonesty will be given notice in writing of the results of the investigation after its conclusion. When such notice is given, the accused employee may submit a written response to the General Manager no later than seven calendar days after the notice is given.
9. If the allegation of Dishonesty is confirmed, the General Manager will consult with the Assistant General Manager, affected Department Head, and other officials designated by the General Manager to determine the nature and severity of any disciplinary action to be imposed on the accused Employee. If the accused Employee

will be subject to discipline, the General Manager will provide written notice of the discipline to the Employee. Upon receipt of such notice, the accused Employee may exercise any such appeal rights that he or she has under applicable laws and District personnel policies.

10. If warranted by the facts obtained in the investigation, the General Manager may forward the Investigator's report to the appropriate state or federal prosecutorial and law enforcement officials for review and action. Before referring such a report to law enforcement and prosecutorial authorities, the General Manager may consult with the Board.
11. The District will pursue every reasonable effort, including court-ordered restitution, to obtain recovery of any District losses sustained as a result of the Dishonesty from the accused Employee or other appropriate sources.
12. If warranted after the conclusion of an investigation in which Dishonesty is proven, the General Manager shall convene a working group, including the Department Head of the department where the Dishonesty occurred and the District Treasurer, to review relevant District administrative procedures, systems and controls and determine how such procedures, systems and controls may be modified or new procedures, systems and controls established to prevent a reoccurrence of the Dishonesty. Upon determination of that existing procedure, systems and controls should be modified or new procedures, systems and controls established, the General Manager shall direct the District Treasurer and appropriate Managers to modify or establish such procedures, systems and controls and to prepare any amended or new policies for Board review and approval.

Exceptions

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

Posting

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

Approved by:



Dan York
General Manager



April 8, 2020

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

This representation letter is provided in connection with your audit of the financial statements of Sacramento Suburban Water District (the District), which comprise the respective financial position as of December 31, 2019 and 2018, and the respective changes in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of April 8, 2020, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 30, 2019, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.



- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 17) We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 18) There have been no communications for regulatory agencies concerning non-compliance with or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- 20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 22) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 23) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance that have not been disclosed to you.
- 26) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral of which we are aware.
- 27) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 29) Components of net position (net investment in capital assets; restricted; and unrestricted), are properly classified and, if applicable, approved.
- 30) Provisions for uncollectible receivables have been properly identified and recorded.
- 31) Investments and derivative instruments are properly valued.
- 32) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 33) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and depreciated.
- 34) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

- 35) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation for the RSI.
- 36) The methods and significant assumptions used to determine fair value of the interest rate swaps result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
- 37) We believe that that actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 38) We agree with the findings of specialists in evaluating the pension and OPEB liabilities considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- 39) Participation in a public entity risk pool has been properly reported and disclosed in the financial statements.

Signature: _____
Title: Director of Finance and Administration

Signature: _____
Title: General Manager

FRAUD
PREVENTION

BOARD MEETING
JULY 20, 2020

What is Fraud?

Fraud is any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain, usually, monetary.

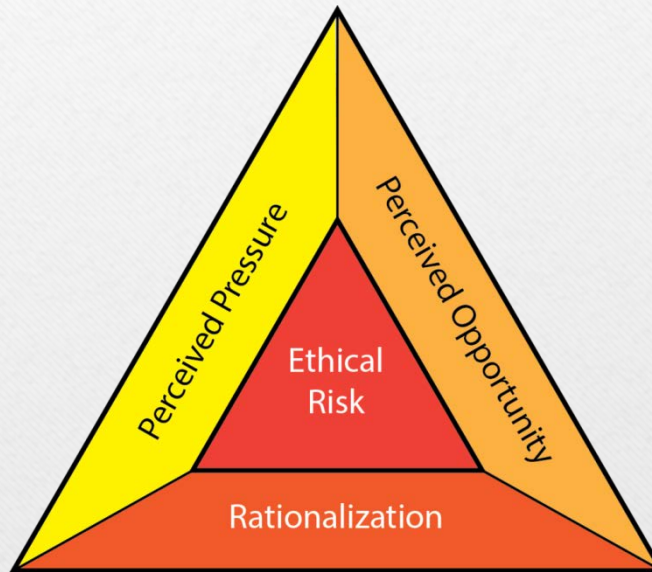
- Webster's:

The crime of using dishonest methods to take something valuable from another person.

Three Common Types of Fraud

- Corruption
- Asset Misappropriation
- Financial Statement Fraud

FRAUD TRIANGLE



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

INTERNAL CONTROLS

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

DISTRICT CONTROLS

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

DISTRICT CONTROLS continued

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

FRAUD

- Deterrence involves steps taken to discourage someone from committing fraud, whereas prevention involves identifying and implementing procedures aimed at stopping fraud.
- Detection involves a review of transactions to identify indicators of non-conforming transactions.



Agenda Item: 8

Date: July 6, 2020

Subject: Resolution No. 20-08 CalPERS Pension – Employer Paid Member Contribution

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Adopt Resolution No. 20-08, rescinding Resolution No. 02-30, and establishing new guidelines for the payment of Employer Paid Member Contribution.

Background:

Staff and the Board have discussed modifying the District policy for Employer Paid Member Contribution (EPMC) numerous times since 2011. At the June 15, 2020 regular Board Meeting, the Board discussed various options for modifying current District policy regarding EPMC. One of the options was to prospectively require all new employees eligible to participate in a pre-PEPRA (“classic”) retirement plan to begin paying their normal member contribution. Staff was instructed to prepare a resolution for Board approval that would require all new employees to begin to pay their normal member contribution.

Discussion:

The attached Resolution No. 20-08 was prepared by staff and reviewed by both CalPERS and District legal counsel. The Resolution rescinds Resolution No. 02-30 that established the District policy of paying EPMC for all employees. In addition, Resolution No. 20-08 states that all new employees will begin paying their normal member contribution beginning as of the effective date of the resolution and that current member EPMC rates of 8% and 7% for Tier 1 (3% @ 60) and Tier 2 (2% @ 55), respectively, retirement plans will continue to be paid by the District. The Resolution then provides authority to the General Manager to make all necessary changes to District policies and procedures to make such policies and procedures consistent with Resolution No. 20-08.

Fiscal Impact:

With adoption of this Resolution, there is no immediate fiscal impact. However, for any new employees who are already participants in a pre-PEPRA retirement plan, they will be required to pay their normal member contribution amount. This Resolution will save the District money on employee benefit costs for new employees who are eligible to participate in a pre-PEPRA CalPERS retirement plan.

Strategic Plan Alignment:

Goal C – Ensure Fiscal Responsibility and Affordable Rates

Goal E – Retain and Recruit a Qualified and Stable Workforce

Attachments:

1. Resolution No. 20-08
2. Resolution No. 02-30

RESOLUTION NO. 20-08

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SACRAMENTO SUBURBAN WATER DISTRICT FOR EMPLOYER PAID MEMBER CONTRIBUTION

WHEREAS, Government Code section 20691 authorizes the Board of Directors of the Sacramento Suburban Water District to adopt a resolution to pay all or a portion of Employer Paid Member Contributions (EPMC), or to make changes to its existing election to pay the EPMC for new members;

WHEREAS, on November 25, 2002, the Board adopted and approved Resolution No. 02-30 entitled "A Resolution of the Board of Directors of Sacramento Suburban Water District for Employer Paid Member Contributions" establishing the payment of the EPMC for all existing and new employees;

WHEREAS, the Board now desires to discontinue paying the EPMC for all new employees hired after the date of this resolution who are eligible to participate in a pre-PEPRA ("classic") CalPERS retirement plan;

WHEREAS, existing employees who participate in a pre-PEPRA retirement plan will continue to receive the EPMC; and

WHEREAS, the Board of Directors now desires to rescind Resolution 02-30 and to terminate and replace it in full with this resolution.

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

1. That Resolution 02-30 is hereby rescinded, terminated, and replaced in full as of the effective date of this resolution.
2. Effective November 25, 2002, SSWD will pay 8% as EPMC for classic members (Miscellaneous Category, First Benefit Level, Tier 1 - 3% @ 60).
3. Effective September 25, 2006, SSWD will pay 7% as EPMC for classic members (Miscellaneous Category, Second Benefit Level, Tier 2 - 2% @ 55).
4. For classic members hired on or after July 21, 2020, the District will not pay any EPMC, but rather these members shall pay their own contributions of 7%.
5. The General Manager is authorized to file this resolution with CalPERS and to amend all applicable District policies and procedures providing for the District's payment of EPMC to be consistent with this resolution.
6. This resolution shall take effect as of July 21, 2020.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 20th day of July 2020, by the following vote:

AYES:
NOES:
ABSENT:

By: _____
Kevin M. Thomas
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 20th day of July 2020.

(SEAL)

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

RESOLUTION NO. 02 - 30

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
SACRAMENTO SUBURBAN WATER DISTRICT
FOR EMPLOYER PAID MEMBER CONTRIBUTIONS**

WHEREAS, the governing body of the Sacramento Suburban Water District has the authority to implement Government Code Section 20691;

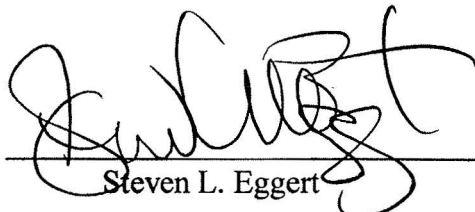
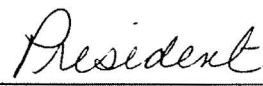
WHEREAS, the governing body of the Sacramento Suburban Water District has a policy which specifically provides for the normal member contributions to be paid by the employer;

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the Sacramento Suburban Water District of a Resolution to commence said Employer Paid Member Contributions (EPMC);

WHEREAS, the governing body of the Sacramento Suburban Water District has identified the following conditions for the purpose of its election to pay EPMC:

- **This benefit shall apply to all employees of Sacramento Suburban Water District.**
- **This benefit shall consist of paying 8% of the normal member contributions as EPMC.**
- **The effective date of this Resolution shall be September 30, 2002.**


NOW, THEREFORE, BE IT RESOLVED that the governing body of the Sacramento Suburban Water District elects to pay EPMC, as set forth above.

By: 
Steven L. Eggert

President

November 25, 2002
Date adopted and approved

*original
went to
PERS*

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 25th day of November 2002.

By: 
Dewight F. Kramer, Sr.
Secretary, Board of Directors
Sacramento Suburban Water District



Agenda Item: 9

Date: July 2, 2020

Subject: 2021 Budget Preparation Timeline

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Board Action:

Attached for the Board’s review is a proposed schedule for developing and adopting the 2021 Calendar Year budget. Staff seeks approval of the proposed schedule as set forth in the attached document, or as amended.

Background:

In 2014 the Board adopted Budget Policy PL – Fin 012 that establishes an annual budget to be prepared by staff and approved by the Board of Directors.

Discussion:

Each year at the inception of the annual budget process, staff prepares a schedule of the needed budget preparation tasks and meetings with corresponding due dates. As directed by the Board in 2018, the budget is scheduled for adoption at the November regular Board meeting. This schedule provides flexibility to ensure an adopted budget is in place before year-end.

Fiscal Impact:

Adoption of the 2021 Budget Preparation Timeline will have no effect on the District’s financial position.

Strategic Plan Alignment:

Goal B - Optimize Operational and Organizational Efficiencies.

Goal C - Ensure Fiscal Responsibility and Affordable Rates.

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

Attachments:

1 – 2021 Budget Preparation Timeline



Date: July 2, 2020

Subject: 2021 Budget Preparation Timeline

Staff Contact: Jeff Ott, Director of Finance and Administration

Below is the proposed schedule for preparation of the 2021 District Budget. The necessary preparation tasks and their corresponding due dates are detailed below. Please note the schedule presumes adoption of the Budget in November.

<u>Meeting</u>	<u>Purpose</u>	<u>Due</u>	<u>Date</u>	<u>Time</u>
Board Meeting	Approve Schedule	Monday	July 20	6:00 pm
F&A Meeting*	Review Assumptions	Monday	August 10	6:00 pm
Board Meeting	Review Assumptions	Monday	August 17	6:00 pm
Kick-Off Meeting	Marconi Staff Training	Wednesday	August 19	Noon
Kick-Off Meeting	Walnut Staff Training	Thursday	August 20	Noon
1st Draft Due	Send to Finance Dept	Friday	September 11	COB
Ex Comm/FA	Review 1 st Draft	Friday	September 18	9:00 am
Board Meeting	Status Report	Monday	September 21	6:00 pm
Budget Preparers	Informed of Changes	Tuesday	September 22	Noon
2 nd Draft Due	Send to Finance Dept	Friday	September 25	COB
Ex Comm/FA	Review 2 nd Draft	Friday	October 2	9:00 am
Board Workshop	Budget Presentation	Monday	October 12	6:00 pm
Board Meeting	Budget Presentation	Monday	October 19	6:00 pm
Board Workshop**	Board Presentation	Monday	October 26	6:00 pm
Ex Comm/FA	Review Final Draft	Monday	November 9	11:00 am
Board Meeting	Approve Final Budget	Monday	November 16	6:00 pm
Budget Preparers	Final Budgets Provided	Friday	December 4	COB

* To be scheduled as availability permits,

** If needed

Ex Comm – General Manager, Assistant General Manager, and Director of Finance and Administration

FA – Financial Analyst

COB – Close of business

(Note: the budget is comprised of the Revenues and Sources of Funds, Operations and Maintenance Budget (O&M), Capital Budget (CB), which is comprised of the Capital Improvements Program (CIP), Operating Capital Program (OCP), and the Debt Service Budget.



Agenda Item: 10

Date: July 14, 2020

Subject: 2X2 SSWD / SJWD Water Management/Re-organization Committee

Staff Contact: Dan York, General Manager

Recommended Board Action:

The Board to approve one of the two following options:

- a. Re-activate 2X2 SSWD / SJWD Water Management /Re-organization Committee
- b. 2X2 SSWD / SJWD Water Management /Re-organization Committee to remain dormant

Background:

The 2X2 SSWD / SJWD Water Management / Re-organization Committee (Committee) last met on August 22, 2019. The main purpose of that particular meeting was to discuss implementation of the Sacramento Region Water Utility Collaboration/Integration Study (Study). The subject Committee made a decision at that meeting to place the Committee in a “dormant” status while the Study was being conducted.

Discussion:

Board President Thomas has requested the subject topic be placed on the agenda to discuss a potential to re-activate the Committee, or continue to remain in a dormant status.

Staff would like to note that the Study is near the end of Activity 1. A meeting is in the process of being scheduled the week of July 27th to present the Activity 1 report to the Ad-Hoc Committee, which is comprised of two Board/Council members and General Manager of each participating agency.

Fiscal Impact:

No fiscal impact.



Agenda Item: 11

Date: July 13, 2020

Subject: General Manager's Report

Staff Contact: Dan York, General Manager

a. Sacramento Region Collaboration/Integration Study Update

The Consultant is in the process of finalizing the report for Activity 1. Although data has yet to be provided by Del Paso Manor Water District due to staffing constraints, Raftelis feels there is enough information to meet with the Ad Hoc Committee members to provide them an update. A Management Committee meeting is scheduled for July 22nd to review the draft Activity 1 report prior to presenting the report to the Ad Hoc Committee, which a meeting is currently being set for the week of July 27th for that committee. As a reminder, the Ad Hoc Committee is comprised of three members, two board/council members and a General Manager/Executive Director. Topics associated with Activity 1 are as follows:

- Organization and staffing
- Budget (Financial data)
- Water rates (current)
- CIP (5-year or 10-year plans)
- O&M
- Services (Operational and support, number of customers)
- Shared resources (current)

The Study remains on track to be completed by December 2020.

b. Sacramento Groundwater Authority / Sacramento County Groundwater Authority Update

The Regional Water Authority (RWA) has received a request from the Sacramento Central Groundwater Authority (SCGA) to brief the SCGA Board on the RWA staffing relationship with the Sacramento Groundwater Authority (SGA) and the feasibility of providing staff to SCGA in a similar method.

On March 11, 2020, the SCGA Board directed the SCGA Chair and Vice Chair to engage with the RWA and develop a roadmap for the potential of RWA providing staffing to the SCGA. The Chairs and Vice Chairs of the Authorities met on May 20, 2020, along with the RWA/SGA Executive Director and the SCGA Interim Executive Director, to begin the discussions on the next steps of evaluating the potential for providing staffing support. The 2 x 3 participants in the meeting thought it would be helpful to develop a

memorandum of understanding (MOU) to guide future discussions and to develop a common understanding and principles for the evaluation process.

No decisions have been made regarding the RWA providing staff services to the SCGA. The RWA, SGA and SCGA Boards approved an MOU that creates an ad hoc committee to facilitate discussions and negotiations. The proposed ad hoc committee will include the Chair and Vice Chair of RWA, SGA, and SCGA, as well as an additional member of the Board of Directors of each. The makeup of each Authority delegation should include one individual who represents an entity that is exclusive to that Authority, i.e. not a member of more than one Authority.

The MOU further requires that:

- Updates on progress will be provided to the Board of Directors of each Authority regularly.
- At the appropriate time and as needed, each Authority will be represented by and be responsible for its own attorney(s) and legal costs to review any agreement among the Authorities.
- Operational and administrative as well as governance changes may be needed to implement an effective collaborative solution.
- Any potential operational or governance agreement among the Authorities shall be beneficial to each in its own right, both financially and in terms of the level and quality of services provided. The Boards of the independent Authorities will make this determination.
- Any potential operational or governance agreement among the Authorities shall strive to be beneficial, or be at least neutral, to each Authority, both financially and in terms of the level and quality of services provided.
- Implementation of any operational or governance agreement shall be structured and phased in a manner that minimizes disruption of ongoing operations of each Authority.

If approved, changes in the SCGA joint powers authority agreement will likely be required to allow the RWA to staff the SCGA. In addition, approval for RWA to staff the SCGA will have to be approved by the RWA Board Members.



Agenda Item: 12

Date: July 15, 2020

Subject: Assistant General Manager's Report

Staff Contact: Mike Huot, Assistant General Manager

a. 2020 Water Transfer Update

On July 8, 2020, the State Department of Water Resources (DWR) completed their review of the 14,000 acre-feet Water Transfer Proposal of groundwater substitution pumping and authorized the transfer to begin with the City of Sacramento (City) and Sacramento Suburban Water District (SSWD). Later in the afternoon, and shortly after the authorization was provided, SSWD staff and the City staff worked together to open the Enterprise Intertie and begin the transfer.

The Conveyance Agreement with the DWR is under review and is expected to be complete by the end of the month, no later than early August 2020.

The next step for the 2020 Water Transfer will be to look into the water transfer for October and November. The current Buyer/Seller Agreement goes through the end of September 2020. There will be a second Buyer/Seller agreement for October through November 2020 if there are interested buyers.

DWR required a 13% stream depletion factor for the 2020 water transfer. In previous years the depletion factor was 8% for the region. This new depletion factor number has impacts to both the sellers and the buyers. The sellers receive less revenue and less water is accounted for in the transfer, and the buyers receive less water. This is a contentious issue that the regional water agencies and the Regional Water Authority are going to team up and address this year. This will include engaging DWR on the future technical approach and assumptions, reaching out to the buyers who have a vested interest, and possibly teaming up with other sellers who were required to increase their stream depletion factor to 13% for the 2020 water transfer.



Agenda Item: 13

Date: July 13, 2020

Subject: Financial Report

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

COVID-19 Financial Update:

The following information is provided as of June 30, 2020. The District has lost an estimated \$241 thousand in collection and late fees and has incurred an additional \$23 thousand in COVID-19 related expenses. It is estimated that the District will not incur \$129 thousand in budgeted expenditures mostly related to canceled conferences, discontinuance of mailing collection notices and a premium refund from Cigna. Approximately \$519 thousand is estimated as the deferred payments related to suspending disconnections per Governor of California's Executive Order 20-42.

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

- Financial Highlights – June 2020
- Financial Statements – June 2020
- Investments Outstanding and Activity – June 2020
- Cash Expenditures – June 2020
- Credit Card Expenditures – June 2020
- Directors Compensation and Expense Accounting – Second Quarter 2020
- District Reserve Balances – June 2020
- Information Required by LOC Agreement
- Financial Markets Report – June 2020

Financial Highlights

Highlights from the Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are presented in this report. They are gleaned from the financial statements presented on subsequent pages. Key information from this report indicates the District's cash balance is \$1.9 million less, while investments are \$3.1 million more than on June 30, 2019; long term debt has decreased by \$5.2 million; and net position has increased by \$10.7 million in the last 12 months as the District continues to invest in capital infrastructure replacements while decreasing its outstanding debt. With the Governor of California's Executive Order 20-42 suspending the disconnection of water service for non-payment for residential and certain commercial customers, the District is closely monitoring payment activity and accounts receivable

balances. Accounts receivable have increased \$0.3 million year to date compared to the same period last year. Operating revenues increased \$1.4 million while operating expenses decreased \$1.0 million year to date compared to the same period a year ago.

Financial Statements:

Statements of Net Position:

District cash and cash equivalents decreased to \$7.1 million as of June 30, 2020, down \$0.9 million from \$8.0 million at December 31, 2019, due primarily to settlement payment of \$2.6 million to McClellan Business Park (MCBP) to satisfy an agreement between MCBP and SSWD. Cash held in the District's bank accounts (\$2.8 million as of June 30) is held in accordance with state and federal regulations, which state that cash held in the District's bank accounts above the FDIC insured limits must be fully collateralized with government securities that are equal to or greater than 110% of the District's cash balance in the bank at any time.

Investments increased since December 31, 2019, by \$1.8 million to a total of \$40.8 million, reflecting the reinvestment of interest received and unrealized market value gains. Investment portfolio balances and activity are reported on subsequent pages.

Gross capital assets increased by \$7.1 million to \$500.8 million as of June 30, 2020, since December 31, 2019, resulting from expenditures on CIP, which includes distribution main replacement projects, well improvement projects, and meter retrofits costs. Capital assets are primarily funded by monthly remuneration from customers through rates, facility development fees, developer contributions, as well as grant funds, when available, and District reserves when necessary.

Net position stands at \$266.2 million as of June 30, 2020, compared to \$259.5 million at December 31, 2019, for an increase of \$6.8 million. This increase is primarily due to \$6.2 million in operating income, \$0.3 million in net non-operating income, and \$0.3 million in capital contributions as of June 30, 2020.

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

The net position increase of \$6.8 million as of June 30, 2020, is \$2.5 million more than the first six months of 2019. Net changes are mainly comprised of:

1. Water consumption sales increased by \$1.3 million compared to the same period of 2019 due to increased water deliveries as 13,760 acre-feet of water was delivered in 2020 compared to 11,907 acre-feet in 2019. In addition to the increase in water consumption, a 5.0% rate increase also occurred on January 1, 2020.
2. Water Service Charges increasing by \$0.7 million in line with the 5.0% rate increase referred to above.
3. Wheeling water charge decreased by \$0.3 million due to unavailability of Placer County Water Agency (PCWA) water to sell to Cal-American Water Company.

4. Other Charges for Services decreased by \$0.2 million as Collection Charges and Penalty Charges have not been levied since March 2020 to comply with the Governor's Executive Order relating to the COVID-19 pandemic.
5. Operating expenses decreased by \$1.0 million from the same period in 2019 due primarily to: 1) the decrease of surface water costs as less surface water was taken from both PCWA and the City of Sacramento due to suspension of surface water availability (\$1.1 million), 2) the increase in groundwater pumping costs (\$0.2 million) as more groundwater was pumped to offset the decrease in surface water usage, 3) the decrease in operating inventory costs as endpoint replacing costs are now budgeted and accounted for in the CIP program (\$0.3 million), and 4) an increase in administrative and general expenses (\$0.2 million).
6. Investment income increased by \$0.2 million compared to the same period a year ago, primarily due to unrealized holding gains in the first six months of 2020.
7. Facility Development Charges increased by \$0.2 million compared to the same period a year ago, primarily due to the increase in number of developer projects submitted.

Budgets:

The District's operating and maintenance expenditures through June 2020 came in less than the approved budget by \$2.7 million. Most of this positive variance is due to: 1) water cost savings from not purchasing surface water due to surface water unavailability (\$1.7 million) and 2) expenditure timing differences (\$1.0 million).

Operating capital project expenditures through June was \$0.29 million. The total budget for the year is \$1.2 million.

The District's Capital Improvement Program (CIP) budget for 2020 is \$19.6 million. For 2020, \$6.8 million has been spent while \$6.6 million has been committed. Expenditures continue to be primarily in distribution system replacements, new well construction, well improvements, and meter retrofit projects.

Debt - June 2020

This report shows District activity in repaying its long-term debt obligations. Scheduled 2020 principal payments of \$4.8 million are not due until the end of October 2020. Total principal outstanding as of June 30, 2020, remains at \$70.1 million.

Interest expense consists of: 1) interest paid to bondholders, 2) letter-of-credit facility fees, 3) remarketing fees, 4) arbitrage rebate liabilities, and 5) net SWAP interest.

For the first six months of 2020, the District has incurred interest expense of \$1,268,036 versus a forecast of \$1,317,897, or a \$49,861 positive variance. Since the initial spike in rates during week of March 16, 2020, 5.75%, due to a liquidity issue in the Municipal Variable Rate Debt Obligation (VRDO) market, rates have decreased significantly. The last reset for the week of June 24 saw

rates drop to 0.12% compared to 1.23% of their normal, pre-pandemic levels in the municipal VRDO market.

Investments Outstanding and Activity – June 2020

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 Local Agency Investment Fund (LAIF). 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 2.09% per annum, while LAIF is earning 1.22%. 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 June 2020, the District purchased one U.S. Treasury Note for \$1.0 million (par). One Certificate of Deposit matured at \$0.4 million (par) and one Corporate Note matured at \$0.2 million (par). The District received principal pay downs on three Federal Agency Collateralized Mortgage Obligations for \$16,447, (par) and four Asset-Backed Security Obligations for \$61,801 (par). See "Investment Activity" section in the attached report for further details.

The District's investment manager has been instructed to continue with the pre-COVID-19 investment strategy. The financial impact of COVID-19 pandemic on cash flow at this time has been minimal. Staff will continue to monitor cash flow and adjust investment strategy as conditions warrant.

All investments are invested and accounted for in accordance with the District Investment Policy (PL - FIN 003) and Government Code.

Cash Expenditures – June 2020

During the month of June, the District made cash payments totaling \$3.4 million. The primary expenditures were – \$1.7 million for 2020 capital improvement projects, \$0.7 million for payroll, pension and health benefits, \$0.4 million for water costs including pumping and chemical costs, \$0.2 million for materials and supplies \$0.1 million for debt service, and \$0.3 million for all other O&M expenses.

Purchasing Card Expenditures – June 2020

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 \$5,190 for various purchases on the six District purchasing cards. The District also received total credits of \$5,562 for cancelled conferences. Details by vendor and purpose are included in this report.

Directors Compensation and Expense Accounting – Second Quarter 2020

Director meetings attended during the 2nd quarter of 2020 (that Directors have reported to staff) and expense reimbursements are attached in accordance with the District's Directors' Compensation and Expense Reimbursement Policy (PL – BOD 003) and Government Code Section 53065.5. Directors who have not reported their meeting attendance to District staff are not included in this report and are expected to make an oral report at the Board meeting.

District Reserve Balances

The District's Reserve Policy, PL – Fin 004, requires the District to maintain a certain level of cash and investments on hand at any one time, as determined by the Board annually. Balances as of June 30, 2020, are \$48,083,599 compared to \$47,268,398 at December 31, 2019.

Information Required by LOC Agreement

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

**Financial Statements
June 30, 2020**

**Sacramento Suburban Water District
Financial Highlights
Period Ended**

STATEMENTS OF NET POSITION

	Year-To-Date	Year-To-Date
	6/30/2020	6/30/2019
LIQUIDITY		
Cash and cash equivalents	\$7,061,614.43	\$8,957,729.91
INVESTMENT		
Investments	40,846,614.77	37,717,586.39
ACCOUNTS RECEIVABLE		
	3,342,208.73	3,085,467.78
CAPITAL ASSETS		
Property, plant and equipment	500,777,495.42	483,775,399.42
Accumulated depreciation	(197,188,060.99)	(186,723,027.41)
	303,589,434.43	297,052,372.01
LIABILITIES		
Long Term Debt	(75,925,888.30)	(81,138,169.10)
NET POSITION		
Net Position	266,245,593.89	255,582,861.55

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Month	Year-To-Date	Month	Year-To-Date
	6/30/2020	6/30/2020	6/30/2019	6/30/2019
NET INCOME				
Operating Revenue	4,195,312.01	21,725,377.25	4,106,691.53	20,332,651.06
Operating Expense	(1,822,783.98)	(8,691,311.15)	(1,930,477.46)	(9,701,759.05)
Other, Net	(1,119,627.80)	(6,244,454.44)	(1,059,040.19)	(6,322,041.15)
Change in Net Position	\$1,252,900.23	\$6,789,611.66	\$1,117,173.88	\$4,308,850.86

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

	As Of	Month End <u>6/30/2020</u>	Year End <u>12/31/2019</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$7,061,533.98	\$8,011,078.56
Restricted Cash and cash equivalents		80.45	1,687.83
Accounts receivable, net of allowance for uncollectible accounts		3,157,804.50	2,901,672.06
Interest receivable		175,369.79	215,053.00
Grants receivables		7,296.94	351,969.29
Other receivables			97,320.57
Inventory		814,351.40	553,991.25
Prepaid expenses and other assets		1,050,365.03	1,249,069.53
TOTAL CURRENT ASSETS		<u>12,266,802.09</u>	<u>13,381,842.09</u>
NONCURRENT ASSETS			
Investments		40,846,614.77	39,040,578.27
Fair value of interest rate swaps		56,545.00	56,545.00
TOTAL NONCURRENT ASSETS		<u>40,903,159.77</u>	<u>39,097,123.27</u>
Property, plant and equipment		500,777,495.42	493,653,393.30
Accumulated depreciation		(197,188,060.99)	(190,327,387.33)
TOTAL CAPITAL ASSETS		<u>303,589,434.43</u>	<u>303,326,005.97</u>
TOTAL ASSETS		<u>356,759,396.29</u>	<u>355,804,971.33</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on long-term debt refunding		5,033,107.58	5,363,479.76
Pension contribution subsequent to measurement date		2,054,016.00	2,054,016.00
Other post-employment benefits		343,227.00	343,227.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>364,189,746.87</u>	<u>363,565,694.09</u>
LIABILITIES			
CURRENT LIABILITIES			
Current portion of long-term debt and capital leases		4,790,000.00	4,790,000.00
Accounts payable		1,548,724.95	3,769,360.97
Accrued interest		183,633.08	297,075.42
Deferred revenue and other liabilities		2,054,039.64	1,867,586.59
Accrued expenses		353,823.88	4,194,921.54
TOTAL CURRENT LIABILITIES		<u>8,930,221.55</u>	<u>14,918,944.52</u>
NONCURRENT LIABILITIES			
Long-term debt		71,135,888.30	71,430,427.20
Compensated absences		1,239,374.13	1,121,671.14
Net pension liability		9,698,403.00	9,698,403.00
Net other post-employment benefits liability		6,101,412.00	6,101,412.00
TOTAL NONCURRENT LIABILITIES		<u>88,175,077.43</u>	<u>88,351,913.34</u>
TOTAL LIABILITIES		<u>97,105,298.98</u>	<u>103,270,857.86</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred intflow of effective swaps		56,545.00	56,545.00
Employee pensions		769,919.00	769,919.00
Other post-employment benefits		12,390.00	12,390.00
NET POSITION			
Invested in capital assets, net of related debt		232,469,058.53	232,469,058.53
Restricted		1,687.83	1,687.83
Unrestricted		33,774,847.53	26,985,235.87
TOTAL NET POSITION		<u>266,245,593.89</u>	<u>259,455,982.23</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION		<u>364,189,746.87</u>	<u>363,565,694.09</u>

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

	Month	Year-To-Date	Month	Year-To-Date
	6/30/2020	6/30/2020	6/30/2019	6/30/2019
OPERATING REVENUES				
Water consumption sales	\$1,493,174.94	\$5,742,831.34	\$1,421,212.87	\$4,490,042.30
Water service charge	2,684,802.18	15,657,341.76	2,563,528.80	14,969,819.39
Wheeling water charge	1,636.08	31,367.23	40,942.21	374,353.85
Other charges for services	15,698.81	293,836.92	81,007.65	498,435.52
TOTAL OPERATING REVENUES	4,195,312.01	21,725,377.25	4,106,691.53	20,332,651.06
OPERATING EXPENSES				
Source of supply	5,646.99	273,868.99	343,685.67	1,379,339.99
Pumping	621,243.74	2,019,933.61	377,170.62	1,770,341.13
Transmission and distribution	386,860.24	2,022,221.83	352,238.52	2,375,385.07
Water conservation	29,878.16	184,386.26	35,831.05	201,255.09
Customer accounts	134,193.99	598,580.23	124,979.29	629,831.78
Administrative and general	645,890.88	3,594,219.18	696,602.79	3,347,846.41
TOTAL OPERATING EXPENSES	1,823,714.00	8,693,210.10	1,930,507.94	9,703,999.47
Operating income before depreciation	2,371,598.01	13,032,167.15	2,176,183.59	10,628,651.59
Depreciation and amortization	(1,143,053.54)	(6,860,673.66)	(1,083,073.90)	(6,500,590.79)
OPERATING INCOME	1,228,544.47	6,171,493.49	1,093,109.69	4,128,060.80
NON-OPERATING REV. (EXP.)				
Rental income	56,750.11	161,885.85	17,941.75	140,981.21
Interest and investment income	82,019.59	1,394,801.63	248,885.03	1,188,417.12
Interest expense and debt related costs	(178,548.08)	(1,303,869.17)	(248,743.34)	(1,360,122.56)
Other non-operating revenues	2,744.14	26,787.60	5,983.67	81,880.25
Other non-operating expenses		7.63	(2.92)	(244.96)
Gain(loss) on disposal of capital assets		9,255.00		30,820.00
NON-OPERATING REV. (EXP.)	(37,034.24)	288,868.54	24,064.19	81,731.06
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	1,191,510.23	6,460,362.03	1,117,173.88	4,209,791.86
CAPITAL CONTRIBUTIONS				
Facility development charges	61,390.00	298,890.00		91,615.00
Federal, state and local capital grants		30,359.63		7,444.00
TOTAL CAPITAL CONTRIBUTIONS	61,390.00	329,249.63		99,059.00
CHANGE IN NET POSITION	1,252,900.23	6,789,611.66	1,117,173.88	4,308,850.86
Net position at beginning of period	264,992,693.66	259,455,982.23	254,465,687.67	251,274,010.69
NET POSITION AT END OF PERIOD	266,245,593.89	266,245,593.89	255,582,861.55	255,582,861.55

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

	Month Of June			2020 YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
BUDGETED OPERATING EXPENSES						
Board of Directors	(\$1,149.75)	\$6,186.34	\$7,336.09	\$16,939.38	\$37,118.04	\$20,178.66
Administrative	209,121.53	208,700.71	(420.82)	1,093,303.62	1,252,554.26	159,250.64
Finance	92,562.41	95,456.85	2,894.44	575,607.13	692,644.86	117,037.73
Customer Services	110,312.42	118,224.24	7,911.82	508,728.53	589,345.44	80,616.91
Field Operations	32,613.41	43,789.62	11,176.21	233,475.23	281,187.72	47,712.49
Production	525,874.08	924,911.74	399,037.66	2,019,387.88	3,779,753.44	1,760,365.56
Environmental Compliance	101,016.65	107,444.35	6,427.70	274,414.72	335,666.10	61,251.38
Distribution	263,920.65	280,210.20	16,289.55	1,258,399.78	1,278,260.20	19,860.42
Field Services	122,939.59	144,328.26	21,388.67	746,694.11	811,470.56	64,776.45
Maintenance	69,333.89	71,245.02	1,911.13	315,417.38	358,469.92	43,052.54
Water Conservation	29,878.16	46,682.34	16,804.18	184,386.26	288,219.04	103,832.78
Engineering	116,642.50	111,475.89	(5,166.61)	723,124.24	752,855.34	29,731.10
GIS/CAD	25,804.75	33,277.20	7,472.45	153,007.63	186,863.20	33,855.57
Human Resources	22,709.34	18,630.32	(4,079.02)	100,887.87	123,731.92	22,844.05
Information Technology	78,252.80	91,893.59	13,640.79	399,584.64	551,361.50	151,776.86
Community Outreach	23,881.57	30,426.00	6,544.43	89,851.70	116,556.00	26,704.30
TOTAL OPERATING EXPENSES	1,823,714.00	2,332,882.67	509,168.67	8,693,210.10	11,436,057.54	2,742,847.44

**SACRAMENTO SUBURBAN WATER DISTRICT
OPERATING CAPITAL BUDGET
6/30/2020**

Project Number	Project Name	Original Budget	Changes	Amended Budget	Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SF20-482	UPDATING ASSET MGMT PLANS	\$ 565,000.00		\$ 565,000.00	\$ 53,554.72	\$ 275,749.45	\$ 77,461.00	\$ 211,789.55
SF20-483	FENCE REPLACE - 2 WELL SITES	14,000.00	12,025.00 ²	26,025.00 ²		3,150.00	250.00	\$ 22,625.00
SF20-484	MARCONI CUST SERV AREA IMPRV	75,000.00	(63,025.00) ^{1, 2}	11,975.00 ^{1, 2}		-		\$ 11,975.00
SF20-485	OFF FURNITURE/WORKSTATIONS	5,000.00		5,000.00		-		\$ 5,000.00
SF20-486	HVA/ROOF/BUILD REPAIRS	30,000.00		30,000.00	4,692.00	4,692.00	3,555.00	\$ 21,753.00
SF20-487	VEHICLE REPL - TRUCK# 46	32,000.00		32,000.00		-	27,617.00	\$ 4,383.00
SF20-488	VEHICLE REPL - TRUCK# 49	47,000.00		47,000.00		-	41,812.00	\$ 5,188.00
SF20-489	VEHICLE REPL - TRUCK# 54	47,000.00		47,000.00		-	41,812.00	\$ 5,188.00
SF20-490	VEHICLE REPL - TRUCK# 56	47,000.00		47,000.00		-	41,812.00	\$ 5,188.00
SF20-491	VEHICLE REPL - TRUCK# 4	31,000.00		31,000.00		-		\$ 31,000.00
SF20-492	VEHICLE REPL - TRUCK# 16	31,000.00		31,000.00		-		\$ 31,000.00
SF20-493	BOARD ROOM WALL MAP	4,000.00		4,000.00		-		\$ 4,000.00
SF20-494	HARDWARE REFRESH PROGRAM	167,000.00		167,000.00	4,858.87	4,858.87	141.00	\$ 162,000.13
SF20-495	SOFTWARE ENHANCEMENTS/MODULES	110,000.00		110,000.00		-		\$ 110,000.00
SF20-496	BOARD PACKAGE SOFTWARE	25,000.00	(23,000.00) ³	2,000.00 ³		-		\$ 2,000.00
SF20-497	SKYLIGHT GUARDS INSTALLATION	-	51,000.00 ¹	51,000.00 ¹		-	50,675.00	\$ 325.00
SF20-498	LED-HALO AIR PURIFICATION SYSTEM	-	23,000.00 ³	23,000.00		-	22,825.00	\$ 175.00
TOTAL		\$ 1,230,000.00	\$ -	# \$ 1,230,000.00	# \$ 63,105.59	\$ 288,450.32	\$ 307,960.00	# \$ 633,589.68

**Sacramento Suburban Water District
Capital Improvement Project Budget
6/30/2020**

Project No.	Project Name	Original Budget	Changes	Amended Budget	Current Month Expenditures	Expenditures Year-To-Date	Committed Year-To-Date	Remaining Balance
SC20-009	WELL REHAB/PUMP ST IMPROVEMENT	\$ 1,953,000.00		\$1,953,000.00	\$ 201,068.34	\$ 385,150.05	\$ 534,655.57	\$ 1,033,194.38
SC20-010	SCADA RTU/COMMUN IMPROVEMENT	615,000.00		615,000.00	17,815.00	30,002.50	52,921.50	\$ 532,076.00
SC20-011	WELL DESTRUCTION/SITE DEMOLITI	300,000.00		300,000.00		1,948.00	-	\$ 298,052.00
SC20-012	WELL NEW CONST/REPLACEMENTS	3,300,000.00		3,300,000.00		88,339.85	844,860.73	\$ 2,366,799.42
SC20-018	DISTRIBUTION MAIN REPL/IMPRV	9,414,000.00	(200,000) ¹	9,214,000.00	1,406,847.67	4,011,765.38	4,421,628.15	\$ 780,606.47
SC20-022	WTR RELATED STREET IMPRV	200,000.00		200,000.00	-	94,713.00	-	\$ 105,287.00
SC20-024	METER RETROFIT PROGRAM	1,888,000.00	(40,000) ^{2,3}	1,848,000.00	250,197.00	1,549,029.04	151,034.89	\$ 147,936.07
SC20-034	RESERVIOR/TANK IMPROVEMENT	210,000.00		210,000.00	502.00	1,166.00	95,773.00	\$ 113,061.00
SC20-035	CORROSION CONTROL-TRAN MAINS	50,000.00	5,000 ²	55,000.00		21,000.00	32,135.00	\$ 1,865.00
SC20-038	LARGE WTR METER >3" REPL	80,000.00		80,000.00		2,743.93	6,884.00	\$ 70,372.07
SC20-039	PM METER REPLACEMENT	250,000.00		250,000.00		-	-	\$ 250,000.00
SC20-040	AMI ENDPOINTS REPL	1,300,000.00		1,300,000.00	91,935.93	620,768.47	275,798.43	\$ 403,433.10
SC20-048	RIGHT OF WAY/EASEMENT ACQUISIT	5,000.00	235,000 ^{1,3}	240,000.00	19,627.57	19,627.57	202,607.43	\$ 17,765.00
		\$ 19,565,000.00	-	\$ 19,565,000.00	\$ 1,987,993.51	\$ 6,826,253.79	\$ 6,618,298.70	\$ 6,120,447.51

**Sacramento Suburban Water District
Debt
6/30/2020**

Principal Current Month

	Series 2009A COP	Series 2012A	Series 2018A	Total
Beginning Balance	\$ 42,000,000	\$ 13,225,000	\$ 14,830,000	\$ 70,055,000
Additions:				-
Reductions: Payment	-	-	-	-
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ 13,225,000</u>	<u>\$ 14,830,000</u>	<u>\$ 70,055,000</u>

Principal Year-To-Date

	Series 2009A COP	Series 2012A	Series 2018A	Total
Beginning Balance	\$ 42,000,000	\$ 13,225,000	\$ 14,830,000	\$ 70,055,000
Additions:				-
Reductions: Payment	-	-	-	-
Ending Balance	<u>\$ 42,000,000</u>	<u>\$ 13,225,000</u>	<u>\$ 14,830,000</u>	<u>\$ 70,055,000</u>

Interest Expense

	Current Month Actual	Year-To-Date Actual	Budget	Variance
Interest Expense	<u>\$ 172,702</u>	<u>\$ 1,268,036</u>	<u>\$ 1,317,897</u>	<u>\$ 49,861</u>

**Investments Outstanding and Activity
June 2020**



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description	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 05/02/2016 1.375% 04/30/2021	912828Q78	175,000.00	AA+	Aaa	01/03/17	01/05/17	171,527.34	1.86	405.40	174,332.35	176,750.00
US TREASURY NOTES DTD 05/31/2014 2.000% 05/31/2021	912828WN6	300,000.00	AA+	Aaa	09/01/16	09/02/16	310,781.25	1.22	508.20	302,079.06	304,968.75
US TREASURY NOTES DTD 09/02/2014 2.000% 08/31/2021	912828D72	375,000.00	AA+	Aaa	07/06/17	07/11/17	377,270.51	1.85	2,506.79	375,639.71	382,968.75
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	AA+	Aaa	08/01/17	08/03/17	245,205.08	1.72	526.49	248,493.47	253,593.75
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	475,000.00	AA+	Aaa	10/05/17	10/10/17	463,997.07	1.85	1,000.34	471,384.33	481,828.13
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	1,200,000.00	AA+	Aaa	08/30/17	08/31/17	1,181,062.50	1.64	2,527.18	1,193,940.50	1,217,250.00
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	135,000.00	AA+	Aaa	01/03/18	01/04/18	133,286.13	2.18	426.46	134,274.02	139,197.66
US TREASURY NOTES DTD 05/01/2017 1.875% 04/30/2022	912828X47	950,000.00	AA+	Aaa	05/03/18	05/07/18	919,644.53	2.73	3,001.02	936,054.02	979,539.11
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	3,316.92	1,035,141.16	1,082,648.49
US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022	912828T39	500,000.00	AA+	Aaa	09/05/18	09/07/18	479,023.44	2.76	3,058.04	488,694.83	515,468.75
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	125,000.00	AA+	Aaa	01/07/19	01/10/19	123,198.24	2.51	7.22	123,866.29	131,093.75
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	79.40	1,361,077.30	1,442,031.25
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	400,000.00	AA+	Aaa	04/01/19	04/05/19	389,109.38	2.32	550.55	392,361.49	416,875.00
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	575,000.00	AA+	Aaa	03/04/19	03/06/19	554,133.79	2.53	791.41	560,648.58	599,257.81



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Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	700,000.00	AA+	Aaa	06/03/19	06/07/19	694,503.91	1.83	963.46	695,978.10	729,531.25
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	725,000.00	AA+	Aaa	05/01/19	05/03/19	707,554.69	2.25	997.87	712,534.04	755,585.94
US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	650,000.00	AA+	Aaa	07/01/19	07/03/19	645,708.98	1.78	1,779.55	646,696.92	680,875.00
US TREASURY NOTES DTD 10/31/2016 1.625% 10/31/2023	912828T91	2,050,000.00	AA+	Aaa	10/02/19	10/04/19	2,061,771.48	1.48	5,612.43	2,059,627.62	2,147,375.00
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	375,000.00	AA+	Aaa	02/03/20	02/07/20	385,180.66	1.36	20.38	384,260.91	401,367.19
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	475,000.00	AA+	Aaa	03/02/20	03/06/20	498,137.70	0.85	25.82	496,421.08	508,398.44
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	925,000.00	AA+	Aaa	01/02/20	01/07/20	938,622.07	1.66	50.27	937,156.62	990,039.06
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	1,150,000.00	AA+	Aaa	11/01/19	11/06/19	1,173,269.53	1.55	62.50	1,170,007.96	1,230,859.38
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	1,925,000.00	AA+	Aaa	12/02/19	12/05/19	1,953,875.00	1.66	104.62	1,950,259.14	2,060,351.56
US TREASURY N/B DTD 12/31/2019 1.750% 12/31/2024	912828YY0	975,000.00	AA+	Aaa	06/03/20	06/05/20	1,036,356.45	0.36	46.37	1,035,401.20	1,039,898.44
Security Type Sub-Total		17,835,000.00					17,815,405.28	1.84	28,368.69	17,886,330.70	18,667,752.46
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	4,253.73	899,855.21	901,971.00
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	700,000.00	AAA	Aaa	10/02/17	10/10/17	706,488.37	1.81	2,148.61	700,754.86	704,486.30



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Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note												
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 04/19/2018 2.625% 04/19/2021		4581X0DB1	225,000.00	AAA	Aaa	04/12/18	04/19/18	224,505.00	2.70	1,181.25	224,868.12	229,203.00
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	9,052.08	749,379.17	769,745.25
Security Type Sub-Total			2,575,000.00					2,577,078.37	2.13	16,635.67	2,574,857.36	2,605,405.55
Municipal Bond / Note												
CHAFFEY UHSD, CA TXBL GO BONDS DTD 12/05/2019 2.101% 08/01/2024		157411TK5	100,000.00	AA-	Aa1	11/06/19	12/05/19	100,000.00	2.10	875.42	100,000.00	105,527.00
Security Type Sub-Total			100,000.00					100,000.00	2.10	875.42	100,000.00	105,527.00
Federal Agency Collateralized Mortgage Obligation												
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021		3136B1XP4	136,863.87	AA+	Aaa	04/11/18	04/30/18	139,586.24	2.93	406.03	137,816.70	138,538.55
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022		3137BM6P6	200,000.00	AA+	Aaa	04/04/18	04/09/18	201,703.13	2.88	515.00	200,822.91	205,617.37
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023		3137FKK39	100,017.46	AA+	Aaa	12/07/18	12/17/18	100,017.16	3.20	266.96	100,017.26	103,213.02
FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024		3137FQ3V3	114,826.02	AA+	Aaa	11/20/19	11/26/19	114,823.26	2.09	200.18	114,823.61	117,606.07
FHMS K043 A2 DTD 03/01/2015 3.062% 12/25/2024		3137BGK24	275,000.00	AA+	Aaa	03/19/20	03/25/20	288,621.09	1.97	701.71	287,852.16	301,978.55
Security Type Sub-Total			826,707.35					844,750.88	2.50	2,089.88	841,332.64	866,953.56
Federal Agency Bond / Note												
FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021		3130A8QS5	975,000.00	AA+	Aaa	07/14/16	07/15/16	969,071.03	1.25	5,088.28	973,771.97	984,468.23



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Federal Agency Bond / Note											
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	130,000.00	AA+	Aaa	08/17/16	08/19/16	129,555.27	1.32	604.86	129,899.55	131,557.01
FNMA NOTES DTD 08/19/2016 1.250% 08/17/2021	3135G0N82	420,000.00	AA+	Aaa	08/17/16	08/19/16	418,299.00	1.33	1,954.17	419,615.78	425,030.34
FEDERAL HOME LOAN BANK NOTES DTD 04/16/2020 0.500% 04/14/2025	3130AJHU6	450,000.00	AA+	Aaa	04/15/20	04/16/20	447,768.00	0.60	468.75	447,861.00	451,110.60
FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	450,000.00	AA+	Aaa	04/22/20	04/24/20	449,073.00	0.67	523.44	449,107.56	453,788.10
Security Type Sub-Total		2,425,000.00					2,413,766.30	1.04	8,639.50	2,420,255.86	2,445,954.28

Corporate Note											
WELLS FARGO & COMPANY NOTES DTD 07/22/2015 2.600% 07/22/2020	94974BGM6	375,000.00	A-	A2	09/01/15	09/04/15	377,103.75	2.48	4,306.25	375,020.65	375,467.63
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	1,653.44	274,986.26	275,707.58
APPLE INC CORP NOTES DTD 11/13/2017 2.000% 11/13/2020	037833DJ6	400,000.00	AA+	Aa1	11/06/17	11/13/17	399,664.00	2.03	1,066.67	399,958.61	402,533.20
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	375,000.00	AA	Aa2	10/11/17	10/20/17	374,456.25	1.95	316.67	374,921.18	377,849.63
US BANCORP CORP NOTES (CALLABLE) DTD 01/29/2016 2.350% 01/29/2021	91159HHL7	350,000.00	A+	A1	12/11/17	12/13/17	350,983.50	2.26	3,472.78	350,164.70	353,396.05
IBM CORP CORP NOTES DTD 02/06/2018 2.650% 02/05/2021	44932HAG8	400,000.00	A	A2	02/01/18	02/06/18	399,804.00	2.67	4,298.89	399,960.80	405,509.20
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	375,000.00	A	A2	03/08/18	03/13/18	374,745.00	2.90	3,264.32	374,940.85	381,076.50
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	02/21/18	02/26/18	149,833.50	2.94	1,280.83	149,961.55	152,432.85
NATIONAL RURAL UTIL COOP NOTE 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	1,921.25	224,769.46	228,649.28



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Corporate Note											
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	225,000.00	A	A1	05/16/16	05/19/16	230,170.50	2.00	1,187.50	225,754.58	228,379.95
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	225,000.00	A+	A1	10/05/17	10/10/17	224,955.00	2.01	950.00	224,989.90	227,857.28
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	35,000.00	A-	A2	11/01/17	11/03/17	35,271.60	2.39	183.75	35,062.79	35,613.17
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	225,000.00	A-	A2	05/25/16	05/31/16	224,478.00	2.30	787.50	224,910.68	227,992.95
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	150,000.00	A	A1	05/03/18	05/10/18	149,896.50	3.12	594.17	149,970.11	153,656.70
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	110,000.00	A	A1	05/19/16	05/24/16	109,532.50	2.04	250.25	109,917.33	111,507.55
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	902.78	249,997.78	255,600.00
BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	240,000.00	A-	A2	09/13/17	09/18/17	240,000.00	2.33	1,396.80	240,000.00	240,966.96
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	1,425.00	149,926.77	155,231.85
BANK OF AMERICA CORP NOTES DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	90,000.00	A-	A2	05/14/18	05/17/18	90,000.00	3.50	384.89	90,000.00	92,135.61
JPMORGAN CHASE & CO BONDS DTD 03/22/2019 3.207% 04/01/2023	46647PBB1	675,000.00	A-	A2	03/15/19	03/22/19	675,000.00	3.21	5,411.81	675,000.00	701,186.63
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	5,837.22	381,952.29	414,118.68
MORGAN STANLEY CORP NOTES DTD 04/28/2014 3.875% 04/29/2024	61746BDQ6	375,000.00	BBB+	A3	07/19/19	07/23/19	396,483.75	2.59	2,502.60	392,241.26	414,263.25



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Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note												
AMERICAN HONDA FINANCE CORP NOTE DTD 06/27/2019 2.400% 06/27/2024		02665WCZ2	375,000.00	A-	A3	07/11/19	07/15/19	373,140.00	2.51	100.00	373,501.92	393,416.63
GOLDMAN SACHS GROUP INC BONDS DTD 07/08/2014 3.850% 07/08/2024		38141EC23	375,000.00	BBB+	A3	07/08/19	07/11/19	392,467.50	2.84	6,938.02	389,058.27	413,482.13
BB&T CORPORATION CORP BONDS DTD 07/29/2019 2.500% 08/01/2024		05531FBH5	400,000.00	A-	A3	08/01/19	08/05/19	400,664.00	2.46	4,166.67	400,543.44	425,128.40
WALT DISNEY COMPANY/THE DTD 09/06/2019 1.750% 08/30/2024		254687FK7	400,000.00	A-	A2	09/03/19	09/06/19	398,368.00	1.83	2,391.67	398,636.11	414,182.40
BANK OF NY MELLON CORP DTD 10/24/2019 2.100% 10/24/2024		06406RAL1	150,000.00	A	A1	01/21/20	01/28/20	150,660.00	2.00	586.25	150,600.90	157,657.95
Security Type Sub-Total			7,755,000.00					7,799,060.70	2.56	57,577.98	7,786,748.19	8,015,000.01
Commercial Paper												
MUFG BANK LTD/NY COMM PAPER DTD 01/13/2020 0.000% 10/06/2020		62479LK61	800,000.00	A-1	P-1	01/10/20	01/13/20	789,320.00	1.82	0.00	796,120.00	799,389.60
Security Type Sub-Total			800,000.00					789,320.00	1.82	0.00	796,120.00	799,389.60
Certificate of Deposit												
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020		96121T4A3	625,000.00	A-1+	P-1	08/03/17	08/07/17	625,000.00	2.05	5,125.00	625,000.00	626,132.50
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020		06370REU9	670,000.00	A-1	P-1	08/01/18	08/03/18	670,000.00	3.19	19,651.29	670,000.00	672,007.99
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020		86565BPC9	380,000.00	A-1	P-1	10/16/18	10/18/18	379,483.20	3.45	2,719.53	379,924.15	383,595.18
SWEDBANK (NEW YORK) CERT DEPOS DTD 05/18/2020 2.270% 11/16/2020		87019U6D6	700,000.00	A-1	P-1	11/16/17	11/17/17	700,000.00	2.27	1,942.11	700,000.00	704,894.40
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021		78012UEE1	650,000.00	A-1+	P-1	06/07/18	06/08/18	650,000.00	3.24	1,404.00	650,000.00	668,147.35



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Certificate of Deposit											
SOCIETE GENERALE NY CERT DEPOS DTD 02/19/2020 1.800% 02/14/2022	83369XDL9	400,000.00	A	A1	02/14/20	02/19/20	400,000.00	1.80	2,640.00	400,000.00	402,484.00
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	2.96	3,911.25	375,000.00	391,283.63
NORDEA BANK ABP NEW YORK CERT DEPOS DTD 08/29/2019 1.850% 08/26/2022	65558TLL7	400,000.00	AA-	Aa3	08/27/19	08/29/19	400,000.00	1.84	2,590.00	400,000.00	412,147.60
SKANDINAV ENSKILDA BANK LT CD DTD 09/03/2019 1.860% 08/26/2022	83050PDR7	400,000.00	A+	Aa2	08/29/19	09/03/19	400,000.00	1.85	2,604.00	400,000.00	412,233.20
DNB BANK ASA/NY LT CD DTD 12/06/2019 2.040% 12/02/2022	23341VZT1	400,000.00	AA-	Aa2	12/04/19	12/06/19	400,000.00	2.03	657.33	400,000.00	415,288.40
Security Type Sub-Total		5,000,000.00					4,999,483.20	2.51	43,244.51	4,999,924.15	5,088,214.25
Asset-Backed Security											
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	7,776.59	NR	Aaa	03/21/17	03/29/17	7,775.67	1.78	6.15	7,776.35	7,780.42
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	274,758.62	AAA	Aaa	05/09/18	05/16/18	274,754.53	2.96	361.46	274,756.54	278,970.07
ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	282,213.53	AAA	Aaa	06/19/18	06/27/18	282,194.22	3.00	376.28	282,202.75	286,139.23
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	3.16	456.44	324,970.12	332,707.12
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	2.49	8,351.88	749,946.64	758,700.00
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	3.22	500.89	349,956.04	360,860.12
VZOT 2020-A A1A DTD 01/29/2020 1.850% 07/22/2024	92348TAA2	200,000.00	AAA	Aaa	01/21/20	01/29/20	199,976.58	1.85	113.06	199,978.78	204,930.70
COMET 2019-A2 A2 DTD 09/05/2019 1.720% 08/15/2024	14041NFU0	800,000.00	AAA	NR	08/28/19	09/05/19	799,798.56	1.73	611.56	799,832.02	821,720.00



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description	S&P	Moody's	Trade	Settle	Original	YTM	Accrued	Amortized	Market
Dated Date/Coupon/Maturity	Par	Rating	Rating	Date	Cost	at Cost	Interest	Cost	Value
CUSIP									
Asset-Backed Security									
Security Type Sub-Total	2,989,748.74				2,989,280.11	2.49	10,777.72	2,989,419.24	3,051,807.66
Managed Account Sub-Total	40,306,456.09				40,328,144.84	2.09	168,209.37	40,394,988.14	41,646,004.37
Securities Sub-Total	\$40,306,456.09				\$40,328,144.84	2.09%	\$168,209.37	\$40,394,988.14	\$41,646,004.37
Accrued Interest									\$168,209.37
Total Investments									\$41,814,213.74

**Investment Activity
June 2020**



Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
06/03/20	06/05/20	US TREASURY N/B DTD 12/31/2019 1.750% 12/31/2024	912828YY0	975,000.00	(1,036,356.45)	(7,359.38)	(1,043,715.83)			
Transaction Type Sub-Total				975,000.00	(1,036,356.45)	(7,359.38)	(1,043,715.83)			
INTEREST										
06/01/20	06/01/20	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.39	0.39			
06/01/20	06/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	140,005.98	0.00	419.85	419.85			
06/01/20	06/25/20	FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	113,134.32	0.00	301.97	301.97			
06/01/20	06/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	115,014.32	0.00	200.51	200.51			
06/01/20	06/25/20	FHMS K043 A2 DTD 03/01/2015 3.062% 12/25/2024	3137BGK24	275,000.00	0.00	701.71	701.71			
06/01/20	06/25/20	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	200,000.00	0.00	515.00	515.00			
06/02/20	06/02/20	DNB BANK ASA/NY LT CD DTD 12/06/2019 2.040% 12/02/2022	23341VZT1	400,000.00	0.00	4,057.33	4,057.33			
06/07/20	06/07/20	ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	650,000.00	0.00	10,530.00	10,530.00			
06/15/20	06/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	303,731.24	0.00	759.33	759.33			
06/15/20	06/15/20	NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	350,000.00	0.00	939.17	939.17			
06/15/20	06/15/20	HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	325,000.00	0.00	855.83	855.83			
06/15/20	06/15/20	COMET 2019-A2 A2 DTD 09/05/2019 1.720% 08/15/2024	14041NFU0	800,000.00	0.00	1,146.67	1,146.67			
06/15/20	06/15/20	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	23,631.50	0.00	35.05	35.05			
06/15/20	06/15/20	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	3,960.19	0.00	5.51	5.51			
06/15/20	06/15/20	WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	375,000.00	0.00	3,562.50	3,562.50			



Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2020**

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											
	06/15/20	06/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	295,226.88	0.00	728.23	728.23			
	06/20/20	06/20/20	VZOT 2020-A A1A DTD 01/29/2020 1.850% 07/22/2024	92348TAA2	200,000.00	0.00	308.33	308.33			
	06/27/20	06/27/20	AMERICAN HONDA FINANCE CORP NOTE DTD 06/27/2019 2.400% 06/27/2024	02665WCZ2	375,000.00	0.00	4,500.00	4,500.00			
	06/30/20	06/30/20	US TREASURY N/B DTD 12/31/2019 1.750% 12/31/2024	912828YY0	975,000.00	0.00	8,531.25	8,531.25			
	06/30/20	06/30/20	US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	1,500,000.00	0.00	15,937.50	15,937.50			
	06/30/20	06/30/20	US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	4,850,000.00	0.00	48,500.00	48,500.00			
Transaction Type Sub-Total					12,269,704.43	0.00	102,536.13	102,536.13			
MATURITY											
	06/05/20	06/05/20	BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	375,000.00	375,000.00	5,775.00	380,775.00	142.50	0.00	
	06/05/20	06/05/20	HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	175,000.00	175,000.00	1,575.00	176,575.00	101.50	0.00	
Transaction Type Sub-Total					550,000.00	550,000.00	7,350.00	557,350.00	244.00	0.00	
PAYDOWNS											
	06/01/20	06/25/20	FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	13,116.86	13,116.86	0.00	13,116.86	0.04	0.00	
	06/01/20	06/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	3,142.11	3,142.11	0.00	3,142.11	(62.50)	0.00	
	06/01/20	06/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	188.30	188.30	0.00	188.30	0.00	0.00	
	06/15/20	06/15/20	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	3,960.19	3,960.19	0.00	3,960.19	0.01	0.00	
	06/15/20	06/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	20,468.26	20,468.26	0.00	20,468.26	0.31	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
PAYDOWNS										
06/15/20	06/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	21,517.71	21,517.71	0.00	21,517.71	1.47	0.00	
06/15/20	06/15/20	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	15,854.91	15,854.91	0.00	15,854.91	1.87	0.00	
Transaction Type Sub-Total				78,248.34	78,248.34	0.00	78,248.34	(58.80)	0.00	
Managed Account Sub-Total					(408,108.11)	102,526.75	(305,581.36)	185.20	0.00	
Total Security Transactions					(\$408,108.11)	\$102,526.75	(\$305,581.36)	\$185.20	\$0.00	

**Cash Expenditures
June 2020**

AP Warrant List from 6/1/2020 to 6/30/2020

Group	Vendor Name	Amount	Description
Benefits			
	AFLAC - Invoices:1	\$ 746.34	Supplemental Insurance
	BASIC PACIFIC - Invoices:3	\$ 1,152.40	Miscellaneous Employee Benefits
	CIGNA-DENTAL INS - Invoices:1	\$ 14,137.13	Employee Benefit - Dental
	EMPLOYEE RELATIONS NETWORK -	\$ 109.00	Miscellaneous Employee Benefits
	PERS HEALTH - Invoices:2	\$ 112,699.77	Employee Benefit - Health
	PAYROLL - 2	\$ 475,410.16	Payroll
	PENSION - 2	\$ 82,389.37	Pension
	SUTTER MEDICAL FOUNDATION -	\$ 142.00	Miscellaneous Employee Benefits
CIP & OCB			
	A.I. ELECTRIC - Invoices:1	\$ 10,500.00	Construction In Progress
	ANACONDA NETWORKS INC - Invoices:1	\$ 4,452.00	Construction In Progress
	APEX SITE SOLUTIONS - Invoices:1	\$ 7,615.00	Construction In Progress
	BACKFLOW DISTRIBUTORS INC -	\$ 6,868.10	Construction In Progress
	BENNETT ENGINEERING SERVICES -	\$ 29,115.50	Construction In Progress
	BROWER MECHANICAL - Invoices:6	\$ 4,692.00	Construction In Progress
	BROWN & CALDWELL - Invoices:1	\$ 31,108.72	Construction In Progress
	CITY OF SACRAMENTO/ ENCROACHMENT -	\$ 14,391.00	Construction In Progress
	COUNTY OF SAC PUBLIC WORKS -	\$ 7,797.00	Construction In Progress
	DELL MARKETING LP - Invoices:1	\$ 4,858.87	Construction In Progress
	DOMENICHELLI & ASSOCIATES -	\$ 24,387.02	Construction In Progress
	DOUG VEERKAMP GENERAL ENGR -	\$ 941,589.16	Construction In Progress
	ERC CONTRACTING - Invoices:1	\$ 16,125.00	Construction In Progress
	FLOWLINE CONTRACTORS INC - Invoices:3	\$ 239,699.25	Construction In Progress
	GEOCON CONSULTANTS INC - Invoices:2	\$ 8,277.50	Construction In Progress
	GM CONSTRUCTION & DEVELOPERS -	\$ 81,357.55	Construction In Progress
	KIRBY PUMP AND MECHANICAL -	\$ 4,800.00	Construction In Progress
	PACE SUPPLY CORP - Invoices:10	\$ 76,726.10	Construction In Progress
	PSOMAS - Invoices:3	\$ 19,627.57	Construction In Progress
	ROADRUNNER DRILLING & PUMP CO -	\$ 72,157.74	Construction In Progress
	S E AHLSTROM INSPECTION - Invoices:1	\$ 13,860.00	Construction In Progress
	SENSUS USA INC - Invoices:2	\$ 32,539.75	Construction In Progress
	US BANK CORPORATE PAYMENT SYSTEM -	\$ 975.85	Construction In Progress
	WEST YOST & ASSOCIATES - Invoices:1	\$ 502.00	Construction In Progress
	WOOD RODGERS ENGINEERING -	\$ 43,721.25	Construction In Progress
Debt Service			
	SUMITOMO MITSUI BANKING	\$ 4,346.72	2009A COP Interest Expense
	WELLS FARGO SWAP - Invoices:1	\$ 74,409.93	2009A COP Interest Expense
Financial Services			
	GOVERNMENT FINANCE OFFICERS	\$ 460.00	Audit Services
	MUFG UNION BANK NA-DEBT SERVICES -	\$ 1,695.00	Financial Services
	PFM ASSET MANAGEMENT LLC - Invoices:3	\$ 11,458.28	Financial Services
	WESTAMERICA BANK ANALYSIS FEES -	\$ 5,663.07	Financial Services
	WESTAMERICA CARD PROCESSING STMT -	\$ 8,414.11	Financial Services
	WORLDPAY INTEGRATED PAYMENTS -	\$ 623.82	Financial Services
Other			
	A1 FABRICATION & WELDING - Invoices:1	\$ 1,625.00	Building Maintenance - Office &
	AGHYAD AL-RAYES - Invoices:1	\$ 92.99	BMP Rebates
	ALL PRO BACKFLOW - Invoices:1	\$ 3,453.00	Backflow Services
	ALLIED UNIVERSAL - Invoices:1	\$ 674.16	Building Service Expense - Office &
	ALLTECH GATES - Invoices:2	\$ 525.00	Building Maintenance - Office &
	ANSWERNET - Invoices:1	\$ 716.00	Communication

Other			
	AREA WEST ENGINEERS - Invoices:1	\$ 1,500.00	Consulting Services
	ARMANDO ORTIZ - Invoices:1	\$ 249.37	BMP Rebates
	ARMANINO - Invoices:1	\$ 123.38	Consulting Services
	AT&T - Invoices:6	\$ 7,741.29	Communication
	ATLAS DISPOSAL - Invoices:2	\$ 380.70	Building Service Expense - Office &
	ATLAS FENCE - Invoices:1	\$ 1,140.00	Construction Services
	BADGER METER INC - Invoices:5	\$ 205,105.44	Materials & Supplies
	BARTKIEWICZ KRONICK & SHANAHAN -	\$ 15,362.20	Legal Services
	BAY ALARM COMPANY - Invoices:1	\$ 117.55	Building Service Expense - Office &
	BENDER ROSENTHAL INC - Invoices:7	\$ 1,196.25	Consulting Services
	BP WEST COAST PRODUCT, LLC -	\$ 10,979.00	Developer Refund
	BROADRIDGE MAIL LLC - Invoices:19	\$ 42,238.50	Contract Services
	BROWER MECHANICAL - Invoices:6	\$ 3,932.00	Building Maintenance - Office &
	BURTON ROBB /BURT'S LAWN & GARDEN	\$ 13,000.00	Contract Services
	CALIFORNIA LABORATORY SERVICES -	\$ 2,058.60	Inspection & Testing
	CAPITAL SWEEPER SERVICE - Invoices:1	\$ 1,145.00	Building Service Expense - Office &
	CDWG - Invoices:1	\$ 2,294.00	Licenses, Permits & Fees
	CELL ENERGY INC - Invoices:3	\$ 683.12	Vehicle Maintenance Services
	CENTRAL VALLEY ENG & ASPHALT -	\$ 41,165.50	Misc. Repairs
	CHARLES CROWDER - Invoices:1	\$ 100.00	BMP Rebates
	CINTAS - Invoices:10	\$ 3,849.15	Uniform Services
	CITY OF SACRAMENTO DEPT OF UTILITIES	\$ 55.48	Utilities
	CITYWORKS AZTECA SYSTEMS INC -	\$ 43,135.00	Annual Maintenance
	CLEAR VISION WINDOW CLEANING -	\$ 450.00	Building Service Expense - Office &
	COMCAST - Invoices:1	\$ 50.53	Communication
	CONSOLIDATED COMMUNICATIONS -	\$ 426.92	Communication
	COOK ENGINEERING INC - Invoices:1	\$ 2,228.76	Hydrant Deposit Refund
	COUNTY OF SAC UTILITIES - Invoices:1	\$ 112.57	Utilities
	Customer Refunds: 38	\$ 27,874.15	Refund Clearing Account
	DAVID HIGBEE - Invoices:1	\$ 175.00	BMP Rebates
	DIRECT TV - Invoices:2	\$ 19.25	Communication
	DITCH WITCH EQUIPMENT CO - Invoices:4	\$ 2,169.80	Equipment Maintenance Services
	DREW BURFORD - Invoices:1	\$ 150.00	BMP Rebates
	ELEVATOR TECHNOLOGY INC - Invoices:2	\$ 200.00	Building Service Expense - Office &
	EMCOR SERVICES - Invoices:2	\$ 8,571.73	Contract Services
	EUROFINS EATON ANALYTICAL -	\$ 6,715.00	Inspection & Testing
	FLEETWASH INC - Invoices:3	\$ 761.48	Vehicle Maintenance Services
	FUTURE FORD - Invoices:1	\$ 63.95	Vehicle Maintenance Services
	HARROLD FORD - Invoices:2	\$ 2,698.92	Vehicle Maintenance Services
	HECTOR SEGOVIANO - Invoices:1	\$ 162.98	Required Training
	HERBURGER PUBLICATIONS INC -	\$ 979.11	Public Relations
	HERMINIA G BANTAD - Invoices:1	\$ 150.00	BMP Rebates
	IN COMMUNICATIONS - Invoices:1	\$ 3,975.00	Public Relations
	INFERRERA CONSTRUCTION	\$ 7,695.00	Consulting Services
	IRON MOUNTAIN OFF SITE DATA	\$ 304.68	Equipment Maintenance Services
	J VINCENT MADDEN - Invoices:1	\$ 100.00	BMP Rebates
	J&J LOCKSMITH - Invoices:1	\$ 343.70	Building Maintenance - Office &
	JEFFREY AND LAURA VOLBERG -	\$ 1,840.96	Construction Services
	JOAN TURNER - Invoices:1	\$ 150.00	BMP Rebates
	JULIE NEMITZ - Invoices:1	\$ 3,498.00	Education Assistance
	KAMAL KAUR - Invoices:1	\$ 109.00	BMP Rebates
	KAREN KENNY - Invoices:1	\$ 150.00	BMP Rebates
	KEVIN MORISETTE - Invoices:2	\$ 596.86	BMP Rebates

Other			
	LAKE VUE ELECTRIC INC - Invoices:1	\$ 188.00	Building Maintenance - Office &
	LES SCHWAB TIRE CENTER/MADISON -	\$ 183.11	Equipment Maintenance Services
	LODI TRUCK AND EQUIPMENT - Invoices:1	\$ 2,626.33	Vehicle Maintenance Services
	MANAGEMENT PARTNERS - Invoices:1	\$ 11,200.00	Consulting Services
	MEHDI PARVINI - Invoices:1	\$ 100.00	BMP Rebates
	MICHAEL PHILLIPS LANDSCAPE CORP -	\$ 5,185.00	Building Maintenance - Office &
	MID AMERICA METER INC - Invoices:1	\$ 5,289.75	Construction Services
	NIC KONS - Invoices:1	\$ 117.45	BMP Rebates
	NINJIO LLC - Invoices:1	\$ 131.03	Equipment Maintenance Services
	OFFICE DEPOT INC - Invoices:1	\$ 216.39	Printing
	ONE STOP TRUCK SHOP - Invoices:1	\$ 2,078.98	Vehicle Maintenance Services
	PEST PROS - Invoices:5	\$ 887.15	Building Maintenance - Office &
	PETERSON BRUSTAD INC - Invoices:1	\$ 1,991.21	Consulting Services
	PITNEY BOWES LEASES - Invoices:1	\$ 565.52	Equipment Rental/Lease
	R&S OVERHEAD DOORS AND GATES -	\$ 250.00	Building Maintenance - Office &
	RAMOS ENVIRONMENTAL - Invoices:1	\$ 908.33	Hazardous Waste Disposal
	RAY MORGAN CO - Invoices:2	\$ 502.96	Equipment Maintenance Services
	RESOURCE TELECOM LLC - Invoices:1	\$ 652.50	Equipment Maintenance Services
	RUE EQUIPMENT INC - Invoices:7	\$ 1,314.26	Equipment Maintenance Services
	SARAH DAINS - Invoices:1	\$ 70.00	Uniforms
	SIGNS IN 1 DAY - Invoices:5	\$ 3,233.38	Building Maintenance - Office &
	SIRINDER SINGH - Invoices:1	\$ 109.00	BMP Rebates
	SONITROL - Invoices:2	\$ 2,857.58	Building Service Expense - Office &
	SYLVIE BATEAU - Invoices:1	\$ 398.85	BMP Rebates
	TEE JANITORIAL & MAINTENANCE -	\$ 3,567.12	Building Service Expense - Office &
	TINA LYNN DESIGN - Invoices:2	\$ 885.00	Contract Services
	TULLY & YOUNG - Invoices:2	\$ 8,712.50	Consulting Services
	USPS - Invoices:1	\$ 10,658.38	Postage/Shipping/UPS/Fed Ex
	VERIZON WIRELESS/DALLAS TX -	\$ 6,331.11	Communication
	WASTE MANAGEMENT - Invoices:3	\$ 381.30	Building Service Expense - Office &
	WCP SOLUTIONS - Invoices:2	\$ 306.65	Building Maintenance - Office &
	WESTERN ENGINEERING - Invoices:1	\$ 2,153.98	Hydrant Deposit Refund
	WHOLESALE TRAILER SUPPLY - Invoices:1	\$ 49.02	Vehicle Maintenance Supplies
	WILLIAM SADLER - Invoices:2	\$ 326.96	Required Training
	ZOHO CORPORATION - Invoices:1	\$ 4,888.00	Licenses, Permits & Fees
	AQUA TECH COMPANY - Invoices:1	\$ 3,675.00	Operating Supplies
	EMIGH ACE HARDWARE - Invoices:6	\$ 96.65	Operating Supplies
	GRAINGER - Invoices:2	\$ 2,194.22	Operating Supplies
	GRAYBAR ELECTRIC CO - Invoices:1	\$ 364.90	Operating Supplies
	HARRINGTON PLASTICS - Invoices:1	\$ 232.35	Operating Supplies
	TESCO - Invoices:1	\$ 1,185.00	Operating Supplies
	VOYAGER FLEET SYSTEMS - Invoices:1	\$ 3,661.28	Operating Supplies
	BACKFLOW TECHNOLOGIES - Invoices:1	\$ 371.77	Operating Supplies
	FASTENAL COMPANY - Invoices:4	\$ 885.09	Operating Supplies
	AIRGAS USA LLC - Invoices:1	\$ 108.74	Operating Supplies
Water Costs			
	CITY OF SACRAMENTO WATER - Invoices:1	\$ 500.68	Purchased Water-City of
	PG&E - Invoices:6	\$ 5,323.46	Utilities
	SIERRA CHEMICAL COMPANY - Invoices:5	\$ 34,555.40	HFA, Chemical & Delivery
	SMUD - Invoices:4	\$ 347,964.58	Electrical Charges
		<u>\$ 3,449,397.98</u>	

**Credit Card Expenditures
June 2020**

**Sacramento Suburban Water District
US Bank Purchasing Card Program
CalCard Expenditures
June 2020**

Vendor Name	Description	Amount	Proj/GLAcct
THE HOME DEPOT	DISHWASHER REPLACEMENT - WALNUT	483.91	12-54008
THE HOME DEPOT	DOOR STOPS AND 48" LED REPLACEMENT LAMPS	191.76	12-54008
AMAZON.COM	TRI-FOLD PAPER TOWEL HOLDER FOR ANTELOPE KITCHEN	43.87	12-54008
VIZILOK	OCCUPIED/UNOCCUPIED LEVER LOCKSET FOR RESTROOMS (COVID RESPONSE)	770.80	12-54008
TRACTOR SUPPLY	SMALL ANIMAL TRAPS	41.11	12-52101
RAIN BIRD TRAINING	RACHEL MIDDLESTEAD RAIN BIRD LIVE STREAMING IRRIGATION TRAINING	149.00	15-51406
AMAZON.COM	HEADSET FOR IAN WEST	22.82	03-52108
AMAZON.COM	HEADSET FOR GENEVA DOWL	51.09	03-52108
AMAZON.COM	HEADSET FOR KERRY SMITH	50.86	03-52108
CA-NV SECTION AWWA	VICKI SPRAGUE - CA-NV CROSS CONNECTION WEBINAR	80.00	13-51406
CA-NV SECTION AWWA	VICKI SPRAGUE - CA-NV A MULTI BARRIER APPROACH TO SAFE DRINKING WATER	80.00	13-51406
AMAZON.COM	REFUND -CREDIT FOR RETURN OF KERRY SMITH'S HEADSET PURCHASE	(50.86)	03-52108
PAYPAL- GROUP GREETINGS	E-CARD FOR SARAH DAINS	4.99	17-52108
AMAZON.COM	HEADSET FOR GENEVA DOWL	22.82	03-52108
AMAZON MARKET PLACE	UNMANAGED 5 PORT SWITCH AND CABLES FOR NEW SENSUS IMPLEMENTATION	448.52	18-52101
LOGMEIN	LOGMEIN REMOTE ACCESS FOR WORKSTATION BACKUP	349.99	18-54509
MYRON L COMPANY	ENVIROMENTAL COMPLIANCE SUPPLIES	72.01	14-52101
MYRON L COMPANY	ENVIROMENTAL COMPLIANCE SUPPLIES	3.88	14-52101
BENSHOT LLC	"ESSENTIAL EMPLOYEE" DRINKING GLASSES	700.00	02-51403
AMAZON	CREDIT-FACE SHIELDS	(355.13)	05-52101
POWERS ELECTRIC	PRODUCTION SUPPLIES	284.34	06-52101
AMAZON	COVID 19 SUPPLIES	36.02	05-52101
AMAZON	COVID 19 SUPPLIES	326.16	05-52101
HOME DEPOT	WAREHOUSE SUPPLIES	62.61	05-52101
AWWA	TRAINING-MATT UNDERWOOD	80.00	05-51406
SOLARFLEXION	MK DEKA BATTERY	328.84	08-52101
AMAZON	WAREHOUSE SUPPLIES	39.08	05-52101
AMAZON	COVID 19 SUPPLIES	871.49	05-52101
	Total Expenditures	\$5,189.98	
IS TOURS	DAN YORK CAP TO CAP REFUND	(1,745.00)	02-55001
FRED PRYOR	HEATHER HERNANDEZ TRAINING REFUND	(124.00)	02-51407
CAL NV AWWA	DAVE JONES CONFERENCE REFUND	(549.00)	01-55001
AWWA	AWWA CONFERENCE REFUND- TODD ARTRIP	(499.00)	08-55001
AWWA	AWWA CONFERENCE REFUND-SHAWN CHANEY	(549.00)	05-55001
AWWA	AWWA CONFERENCE REFUND-HANNAH DUNRUD	(549.00)	06-55001
AWWA	AWWA CONFERENCE REFUND-TOM FOX	(499.00)	05-55001
AWWA	AWWA CONFERENCE REFUND-KYLE JIVIDEN	(549.00)	05-55001
AWWA	AWWA CONFERENCE REFUND-HECTOR SEGOVIANO	(499.00)	05-55001
	Total Conference & Training Credits	(\$5,562.00)	

**Directors Compensation and Expense Accounting
Second Quarter, 2020**

Sacramento Suburban Water District
Board of Directors Meetings Attended (1)
Pay Rate per Diem is \$100.00
2nd Quarter 2020

Director Thomas:

04/07/2020 Del Paso Water District Board Meeting
04/08/2020 Webinar – VA’s on the Delta
04/09/2020 Sacramento Groundwater Meeting
04/10/2020 Meeting with Dan York
04/16/2020 Finance and Audit Committee Meeting
04/17/2020 Del Paso Water District Board Meeting
05/05/2020 Del Paso Manor Board Meeting
05/12/2020 Groundwater SIGMA Webinar
05/13/2020 San Juan Water District Board Meeting
05/14/2020 RWA Executive Committee Meeting
05/15/2020 Webinar Supercomputing and Hydrology
05/18/2020 SSWD Regular Board Meeting
05/21/2020 Finance and Audit Committee Meeting
05/25/2020 Meeting with Director McPherson
05/26/2020 Meeting with Dan York
05/28/2020 Employee Benefits Adhoc Committee

Director Jones:

04/20/2020 SSWD Regular Board Meeting
05/14/2020 RWA Executive Committee Meeting
05/18/2020 SSWD Regular Board Meeting

Director McPherson:

04/09/2020 Sacramento Groundwater Meeting

Director Locke:

04/01/2020 CWEA – Coronavirus, Transmission/Operations Planning
04/02/2020 Webinar Responding to COVID-19
04/03/2020 Webinar Communication Challenges during COVID-19
04/06/2020 2 X 2 with DPM/AWWA Webinar Legal Aspects of COVID-19 for Water Utilities
04/07/2020 Del Paso Manor Board Meeting
04/09/2020 Sacramento Groundwater Meeting
04/14/2020 San Juan Water District Board Meeting
04/20/2020 SSWD Regular Board Meeting
04/22/2020 RWA Executive Committee Meeting
04/24/2020 AWWA Webinar – COVID -19 Implications to Operations Compliance & Training
05/01/2020 Harassment Prevention for Supervisors
05/02/2020 Harrassment Training – Target Solutions
05/03/2020 Ethics Training – Target Solutions
05/04/2020 Del Paso Manor 2 X 2
05/05/2020 Del Paso Manor Board Meeting
05/08/2020 Webinar Business as Unusual
05/15/2020 COVID-19 Financial Impact on Water Districts
05/18/2020 SSWD Regular Board Meeting
05/21/2020 Leveraging Near Real Time Monitoring and Control
05/27/2020 RWA Executive Committee

Director Wichert:

No Pay – Verbal Report

(1) Meetings attended during the current month as reported by individual directors.

This report meets the reporting requirements of Government Code section 53065.5. This information will be included with the agenda materials for each regular monthly Board of Directors meeting.

Directors Expense Report
Calendar Year 2020
Current Quarter

Event/Purpose	Jones	Locke	McPherson	Thomas	Wichert	Total
Local Meeting Mileage						-
Reimbursed by District						
Local Meeting Expenses						
Reimbursed by District						
Paid Directly by District						
Conferences						
Reimbursed by District						-
Paid Directly by District	0.00					-
Total	-	-	-	-	-	-

Directors Expense Report
2020 Year to Date

Event/Purpose	Jones	Locke	McPherson	Thomas	Wichert	Total
Local Meeting Mileage						-
Reimbursed by District						-
Local Meeting Expenses						-
Reimbursed by District		36.23				36.23
Paid Directly by District						-
Conferences						-
Reimbursed by District		4,363.20				4,363.20
Paid Directly by District	3,385.80	35.00				3,420.80
Refunded by Director *		(1,745.00)				(1,745.00)
Refunded Directly by Vendor *	(1,309.00)	(35.00)				(1,344.00)
Total	2,076.80	2,654.43	-	-	-	4,731.23

This report meets the reporting requirements of Government Code sections 53065.5 and 53232.3 and is in conformance with District Policy. Per section 300.10 of the Director's Compensation and Expense Reimbursement Policy (PL-BOD003), a Director's total annual reimburseable expenses, excluding registration fees, may not exceed \$4,000.00.

* Meeting and Conference costs were refunded due to cancellation because of COVID-19.

**District Reserve Balances
June 30, 2020**

**Sacramento Suburban Water District
Reserve Fund Balance**

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Debt Service Reserve	\$ -	\$ -
Facilities Reimbursement	-	-
Emergency/Contingency	12,275,211	11,194,277
Operating	13,176,060	13,907,193
Rate Stabilization	4,759,300	4,656,400
Interest Rate Risk	-	-
Grant	500,000	137,500
Capital Asset	17,373,028	17,373,028
TOTAL	<u><u>\$ 48,083,599</u></u>	<u><u>\$ 47,268,398</u></u>

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

	<u>June 30, 2020</u>	<u>December 31, 2019</u>
Cash and Cash Equivalents	\$ 7,061,534	\$ 8,011,079
Investments	40,846,615	39,040,578
Interest Receivable	175,370	215,053
Restricted Cash	80	1,688
TOTAL	<u><u>\$ 48,083,599</u></u>	<u><u>\$ 47,268,398</u></u>

Information Required by LOC Agreement

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

	Actual Year-To-Date 6/30/2020	Budget Year-To-Date 6/30/2020
REVENUES		
Water sales charges	\$21,725,377.25	\$21,247,000.00
Facility development charges	298,890.00	150,000.00
Interest and investment income	466,455.79	484,998.00
Rental & other income	197,928.45	225,000.00
TOTAL REVENUES	22,688,651.49	22,106,998.00
EXPENSES		
Source of supply	273,868.99	2,006,140.00
Pumping	1,745,518.89	1,773,613.44
Transmission and distribution	2,005,093.89	2,093,231.76
Water conservation	184,386.26	288,219.04
Customer accounts	598,580.23	705,901.44
Administrative and general	3,975,605.91	4,686,506.86
TOTAL EXPENSES	8,783,054.17	11,553,612.54
NET REVENUE	13,905,597.32	10,553,385.46

Sacramento Suburban Water District
6 - Months Debt Service Schedule
6/30/2020

Total SSWD Debt Service						
Month	Principal	Interest Adjustable/Fixed/Swap	Facility Fee	Remarketing	Debt Service	
July-20	\$ -	\$ 87,238.27	\$ -	\$ -	\$ 87,238.27	
August-20	-	87,238.27	-	-	87,238.27	
Sept-20	-	87,238.27	50,400.00	13,125.00	150,763.27	
Oct-20	4,790,000.00	618,138.27	-	-	5,408,138.27	
Nov-20	-	87,238.27	-	-	87,238.27	
Dec-20	-	87,238.27	50,400.00	13,125.00	150,763.27	

Series 2012A Fixed Rate Bonds (\$23,440,000.00)						
Month	Principal	Interest - Fixed 4.25%			Debt Service	
July-20		\$ -	\$ -	\$ -	\$ -	
August-20		-	-	-	-	
Sept-20		-	-	-	-	
Oct-20	2,235,000.00	306,613.00	-	-	2,541,613.00	
Nov-20	-	-	-	-	-	
Dec-20	-	-	-	-	-	

Series 2009A Adjustable Rate COPs (\$42,000,000.00)						
Month	Principal	Interest, Adjustable 0.12%	Facility Fee 0.480%	Remarketing 0.125%	Debt Service	
July-20		\$ 4,200.00			\$ 4,200.00	
August-20		4,200.00			4,200.00	
Sept-20		4,200.00	50,400.00	13,125.00	67,725.00	
Oct-20		4,200.00			4,200.00	
Nov-20		4,200.00			4,200.00	
Dec-20		4,200.00	50,400.00	13,125.00	67,725.00	

Series 2018A Fixed Rate COPs (\$27,915,000)						
Month	Principal	Interest - Fixed 3.17%			Debt Service	
July-20		\$ -	\$ -	\$ -	\$ -	
August-20		-	-	-	-	
Sept-20		-	-	-	-	
Oct-20	2,555,000.00	224,287.00	-	-	2,779,287.00	
Nov-20	-	-	-	-	-	
Dec-20	-	-	-	-	-	

2012 SWAP Interest, Net (\$33,000,000.00)						
Month	Principal	Interest, Swap Net 3.283%-(0.11063 +.18)%			Debt Service	
July-20		\$ 83,038.27	-	-	83,038.27	
August-20		\$ 83,038.27	-	-	83,038.27	
Sept-20		\$ 83,038.27	-	-	83,038.27	
Oct-20		\$ 83,038.27	-	-	83,038.27	
Nov-20		\$ 83,038.27	-	-	83,038.27	
Dec-20		\$ 83,038.27	-	-	83,038.27	

**Financial Markets Report
June 30, 2020**

Financial Markets Report June 30, 2020

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	\$ 13,225,000	Fixed Rate Revenue Bond		11/1/2027
2018A	<u>\$ 19,615,000</u>	<u>\$ 14,830,000</u>	Fixed Rate Revenue Bond		11/1/2028
	<u>\$ 90,105,000</u>	<u>\$ 70,055,000</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	0.725%
	Notional Amount	Counterparty	FMV	Receive Rate	Fixed Rate
Swap	\$33,300,000	Wells Fargo Bank, N.A.	(\$9,614,531)	0.291%	3.283%

Current Status of District's Investment Portfolio (June 30, 2020):

Fair Market Value	Security Type	Yield
\$ 197,885.00	Money Market	0.01%
3,348,898.63	LAIF	1.22%
799,389.60	commercial paper	1.82%
3,051,807.66	Asset-Backed Securities	2.49%
5,088,214.25	Certificates of Deposit	2.51%
8,015,000.01	Corporate Notes	2.56%
1,889,366.93	Federal Agency Securities Bonds/Notes	1.04%
1,423,540.91	Federal Agency Collateralized Mortgage Obligation	2.50%
105,527.00	Municipal Obligations	2.10%
2,605,405.55	Supra-National Agency Bond	2.13%
18,667,752.46	Treasury Bonds/Notes	1.84%
\$ 45,192,788.00		2.04%

Market:

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

Current Bond Markets

- The U.S. Treasury yield curve steepened in the month as yields on maturities from two to five years fell modestly, while 20- and 30-year bond yields rose about 13 basis points (bps).
- For the month, the 2-year and 5-year Constant Maturity U.S. Treasury Indices returned 0.07% and 0.20%, while the 10-year index returned -0.02%.
- A strong surge in corporate issuance was easily digested by robust demand. Yield spreads on investment-grade (IG) corporate bonds continued to decline. By month-end, spreads had retraced about 80% of their widening spike in March. This tightening led to strong performance for the month, with year-to-date returns nearly closing the huge first-quarter performance gap versus Treasuries.

PFM Outlook

- Balancing the realities of a severe and uncertain economic downturn against the massive and historic support by the Fed and other fiscal authorities supported a benchmark-neutral duration strategy. Since the Fed committed to low rates for the foreseeable future, we believe this continues to be the appropriate strategy and plan to rebalance portfolios as necessary to match index duration extensions.
- In the federal agency sector, the continued value in the form of elevated spreads afforded the opportunity to add to agency allocations at attractive levels, most notably in maturities beyond three years. Conversely, the supranational sector experienced fewer new issues and dwindling opportunities.
- IG corporate yield spreads are much tighter, but still offer value relative to historical norms. Liquidity also improved dramatically over the past two months and investor appetite is strong. As a result of improved trading conditions, backstopped by the Fed's new purchase program, PFM felt more comfortable increasing corporate allocations through selective purchases. We did this with a heightened level of scrutiny into each issuer's industry position and balance sheet strength. New allocations focused on high-quality issuers where valuations remained attractive compared to pre-crisis levels.
- Similar to the corporate sector, the Fed's commitment to supporting the mortgage-backed securities (MBS) sector reduced volatility and helped turn the tide of widening spreads. As the sector stabilized, PFM identified the emerging trend as an opportunity to add to MBS allocations. Our preferred structures include those with lesser prepayment risks and favorable stress test results.
- After pausing all asset-backed securities (ABS) purchases since March, we saw stability return to this sector, and we began to reenter the ABS market cautiously.

- In short-term markets, huge Treasury bill issuance pushed bill yields higher. At the same time, commercial paper yields collapsed to within 10-15 bps of Treasury bills, completely reversing the brief, crisis-induced sell-off in March and suppressing the value of money market instruments.

(Source: PFMAM June 2020 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: 14

Date: July 7, 2020

Subject: District Activity Report

Staff Contact: Matt Underwood, Operations Manager

This report describes significant District Activities and milestones over the past month. Included in this report are the (1) Water Operations Activity Report, (2) District Claims Update Report, (3) Customer Service Monthly Activity Report, and (4) Community Outreach Report.

1. Water Operations Activity Report

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

Water Operations Activity

June 2020	Monthly Avg CY 2020	Total CY 2020	Total # in System	Goal CY 2020	% of Goal Completed in CY 2020
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Production Department

Water Quality

Complaints	0	1	4	—	—
Taste & Odor Complaints	0	0	0	—	—

Distribution Department

Service Orders

Main Leaks	4	4	24	—	—
Service Line Leaks	6	5	28	—	—

Water Main Shutdown

-- Emergency	2	3	18	—	—
-- Scheduled	9	5	32	—	—

Preventive Maintenance Program

Fire Hydrants Inspected	42	35	208	6,173	1,235	16.8%
Fire Hydrant Valves Inspected	41	34	202	5,869	1,174	17.2%
Fire Hydrant Valves Exercised	36	31	183	5,869	1,174	15.6%
Mainline Valves Inspected	90	69	412	11,023	2,205	18.7%
Mainline Valves Exercised	65	49	293	11,023	2,205	13.3%
Blow Off Valves Inspected	12	8	49	1,049	210	23.4%
ARV/CARV Inspected	0	3	19	283	57	33.6%

Field Services Department

Meters

PM - Meters Tested (3 - 10 inch)	19	10	62	450	120	51.7%
PM - Meters Replaced (⁶ / ₈ - 1 inch)	0	9	52	41,167	1,000	5.2%
PM - Meter Re-Builds (1 ¹ / ₂ - 2 inch)	19	19	113	2,449	245	46.1%
Customer Pressure Inquiries	16	11	65	—	—	—

Field Operations Department

After Hours Activity (On-Call Technician)

Calls Received Distribution	74	44	261	—	—	—
Calls Responded Distribution	48	28	165	—	—	—
Calls Received Production	42	26	155	—	—	—
Calls Responded Production	12	8	45	—	—	—

2. District Claims Update Report

This summarizes claims received by the District. Under the District’s Claims Processing Policy, the Board of Directors grants the General Manager, or his or her designee, the authority to review and to approve or reject a claim. The processing of all claims will be conducted in accordance with the Government Claims Act and Ordinance 02-02, including the time limits on claims processing and requirements for presenting claims. All claims will be presented as information to the Board of Directors at a regularly scheduled Board Meeting.

Claims Status: No claims under investigation or approved by the General Manager in June 2020.

3. Customer Service Monthly Activity Report

Customer Service Activity Report for the month of June 2020.

Total Calls	Calls Abandoned	% of Calls Abandoned	Average Wait on Queue	Max Wait on Queue	Average Talk Time
2,425	30	1.2%	20s	6m, 55s	3m,1s

4. Community Outreach Report

August Bill Insert

The August bill insert will begin on July 28, 2020, and will continue until, August 24, 2020. A sample of the bill insert is shown below.

August Bill Insert

00239919



H₂O on the Go

August 2020



TapTalk

Tap Talk | Working to Maintain Excellent Customer Service

SSWD strives to provide the best customer service experience, to answer questions quickly and completely, and leave customers feeling satisfied.

Monthly, the customer service team handles approximately 3,000 phone calls, 200 requests for opening or closing accounts, 48,000 payments, and when the main office is open over 600 in-person visits.

This past spring in response to COVID-19, our team primarily operated remotely. One to two customer service team members worked from the office on a rotating basis and followed physical distancing guidelines while there.

Tap Talk | page 2

American River Basin Study | Potential effects of climate change on the Sacramento Region

The U.S. Bureau of Reclamation in partnership with the Regional Water Authority and local water providers undertook a detailed study of the potential impact of climate change on the American River Basin.

The goal of this effort was to define water management strategies that could enhance the Sacramento region's water supply reliability while improving Reclamation's flexibility in operating Folsom Reservoir to meet flow and water quality standards and protect endangered fishery species in the lower American River.

The American River Basin Study utilized 64 global climate model simulations and statistical methods developed by the Scripps Institute of Oceanography to analyze climate change impacts on river flows, storage levels in reservoirs and groundwater basins, and river temperature effects on ecosystems.

American River | page 2

WaterSense-Labeled Homes | Home Is Where the Water Savings Are

You might know about WaterSense-labeled products and how they are independently certified to use 20 percent less water and work as well or better than standard models, but did you know that a home can also earn the WaterSense label?



WaterSense-labeled homes are designed to help homeowners save water, energy and money while providing the same high level of performance you have come to expect from WaterSense-labeled products.

WaterSense | 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.



August Bill Insert



Set Up Your Video Water Wise House Call SSWD is Now Offering Water Wise House Calls Via Video

During this complimentary service, one of SSWD's Water Conservation experts will help you determine if you have a leak, help you program your sprinkler timer to provide the right amount of water for your yard, inform you about available rebates, and identify other ways you can be more water-wise.

You can set up your video house call by calling 916.972.7171 or online at: <https://tinyurl.com/vhfblal>

American River | from page 1

Results from the study indicate that temperatures in the Sacramento region could rise by 5 to 6 degrees by 2070 and that more precipitation will fall as rain rather than snow, with snowmelt runoff peaking earlier in the year.

This will result in an increased flood risk in the winter, prompting more flood releases from Folsom Reservoir and reducing water available for use during summer and fall. In addition, the need for water is expected to grow by 7 percent to 8 percent as a result of longer and hotter summers.

The American River Basin Study identified seven possible adaptation strategies. These will be evaluated and pursued by SSWD and other regional water providers in the years to come to maintain our environment, economy, and quality of life.

WaterSense | from page 1

Some of the benefits of WaterSense-labeled homes include:

- More efficient distribution systems that move hot water to the tap faster, saving you time, energy and water
- WaterSense-labeled fixtures and products that use water more efficiently than standard models
- Beautiful water-wise landscapes that utilize the most efficient irrigation systems and sprinkler controllers

You can learn more about WaterSense-labeled homes and everything that goes into having a home certified at <https://www.epa.gov/watersense/watersense-labeled-homes>.

Tap Talk | from page 1

The customer service team readily adapted to this new working situation and endeavored to provide an increased level of service while dealing with the disruptions to everyday life caused by the pandemic. They've helped customers who lost income due to work stoppages, answered questions about water meters and billing, and provided a friendly voice for those separated from family and friends.

Customer service team members are primarily account and billing specialists, but are also skilled at solving other problems customers might have. For example, by utilizing advanced metering software to analyze water use data they are able to diagnose for customers the exact type of issue they might have, such as a sprinkler timer programming problem, a toilet that is running or a break in their sprinkler system. This helps reduce the need for in-person visits and ensures service requests or questions are sent to the proper department.

You can reach our customer service team with your request or questions at 916.972.7171 Monday through Friday from 8:00 a.m. to 4:30 p.m.

SSWD Can Help You Save This Summer

Looking to do some home improvements?
SSWD can help you save money on:

- Irrigation system upgrades
- Rain sensors
- Pool covers
- High-efficiency toilets and clothes washers

Complete details at: <http://www.sswd.org/departments/conservation/rebates>





Agenda Item: 15

Date: June 29, 2020

Subject: Engineering Report

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

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

a. Major Capital Improvement Program (CIP) Projects

The District continues to deliver CIP projects consistent with the Board’s approved funding program.

1) Supply – New Production Wells

The table below shows stages of the current projects. Overall, projects are on-track for completion consistent with planning.

Well	Approximate Completion		Change in Status
	Design	Construction	
78 Butano / Cottage	Spring 2020	Summer 2021	N/A
79 Verner / Panorama ¹	Summer 2020	Winter 2021	N/A

¹Funding is being pursued with Regional Water Authority via the 2019 Proposition 1 Integrated Regional Water Management Implementation Grant.

2) Distribution

Main Replacement Program

The table below shows stages of the current major main replacement projects. Overall, projects are on-track for completion consistent with planning.

Project	Approximate Completion		Change in Status
	Design	Construction	
Thor (3.6 miles of main)	Complete	Fall 2020	N/A

Meter Retrofit Program

The Meter Retrofit Program is on track to be complete by 2022 before the State deadline of January 2025. The 2020 project shown in the table below is on schedule.

Project	Approximate Completion		Change in Status
	Design	Construction	
2020 Project (796 meters)	Complete	Summer/Fall 2020	N/A

b. Planning Documents

The District has planning documents (e.g., Asset Management Plans – AMPs, and Master Plans – MPs) for all of its infrastructure categories. Plans are generally updated on a staggered schedule and the update frequencies range from 3 to 7 years. The table below lists the plans scheduled for updates in the near future.

Presently there is uncertainty with estimating completion schedules due to effects of COVID-19. Below are the current estimates for completion time frames. Some of the AMP estimation completion dates have moved until later this year and the SCADA AMP to early next year.

Plan	Approximate Completion	Change in Status
Fleet AMP	Draft – June 2020 Final – July 2020	Scheduled to be presented to the F&O Committee July 15, 2020
Transmission Main AMP	Draft – June 2020 Final – August 2020	Scheduled to be presented to the F&O Committee July 15, 2020
Buildings and Structures AMP	Draft – Q3 2020 Final – Q4 2020	N/A
Groundwater Wells AMP	Draft – Q3 2020 Final – Q3 2020	N/A
SCADA AMP	Draft – Q4 2020 Final – Q1 2021	N/A
2020 Urban Water Management Plan ¹	2021	N/A
Meter AMP		N/A

¹ Schedule is set by the California Department of Water Resources.

c. Other**Major Activities Related to Active Wells**

The table below shows current Condition Assessment (CA) work. A CA is the initial step in determining whether: 1) a well requires rehabilitation or repair; and 2) a pump requires repair or replacement.

Well	Approximate Completion	Change in Status
N20 Cypress	Summer 2020	N/A
70 Sierra/Blackmer	Summer 2020	N/A
69 Hillsdale/Cooper	Summer 2020	N/A
N33 Walerga	Summer 2020	N/A

The table below shows the current work for well casing repair or rehabilitation, pump repair or replacement, and other well facility activities.

Well	Activity	Status	Approximate Completion	Change in Status
N10 Walnut	Well Casing Repair; Pump Repair	Construction	August 2020	Well pump testing duration was longer than anticipated
59A Bainbridge/ Holmes School	Well Casing Repair; Pump Repair	Construction	August 2020	Condition assessment duration was longer than anticipated
40A Auburn/Yard	Motor Repair	Construction	August 2020	Repair completion estimate was extended
N32B Poker	Well Casing Repair; Pump Replacement	Construction	August 2020	Well casing repair added to project
N34 Cottage	Pump Replacement	Construction	August 2020	N/A
41 Albatross/ Iris	Electrical Repair	Design	June 2021	N/A
52 Weddigen/ Gothberg	Electrical Repair	Design	June 2021	N/A
N8 Field	Electrical Repair	Design	June 2021	N/A

Safety Upgrades for the Administration Building's Backup Electrical System

This project will provide the District an electrical distribution panel compliant with National Fire Protection Association's Standard 70E (*Standard for Electrical Safety in the Workplace*). The preliminary schedule is to have design completed in early summer 2020 and construction completed in December 2020.

**REGIONAL WATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, July 9, 2020, 9:00 a.m.**

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) 847-7589. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Note: Pursuant to the Governor's Executive Order N-29-20, and given the state of emergency regarding the threat of COVID-19, the meeting will be held via teleconference.

We encourage Board members and participants to join the meeting 10 minutes early. Note that we will use GoToMeeting to share slides and other information during the meeting. Use the link below to join GoToMeeting. If you have a microphone that you can use with your computer, it should be possible to both listen to, and participate in, the meeting through GoTo Meeting. If you do not have a microphone, or a headset with a microphone, that plugs into your computer via USB port, you will need to call into the toll-free telephone conference line to listen and comment, although you still should be able to view the meeting materials on GoToMeeting. Please do not simultaneously use a microphone through GoToMeeting and the telephone conference line. That combination results in audio problems for all participants.

Meeting Information:

Please join my meeting from your computer, tablet or smartphone.
<https://global.gotomeeting.com/join/730275005>

You can also dial in using your phone.
United States: [+1 \(646\) 749-3122](tel:+16467493122)

Access Code: **730-275-005**

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT**

3. CONSENT CALENDAR

- a. Minutes from the May 14, 2020 9 Regular Board meeting

Action: Approve the May 14, 2020 Regular Board meeting minutes

4. 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

5. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

Discussion: Jim Peifer, Executive Director

Action: Approve Memorandum of Understanding

6. FEDERAL AFFAIRS STANDING COMMITTEE UPDATE

Information Update and Discussion: Sean Bigley, Committee Chair and Jim Peifer, Executive Director

7. LEGISLATIVE AND REGULATORY UPDATE

Information Update: Ryan Ojikian, Legislative and Regulatory Affairs Manager

8. 2020 GROUNDWATER SUBSTITUTION TRANSFERS

Information Update: Rob Swartz, Manager of Technical Services

9. WATER LOSS REGULATION UPDATE

Information Update: Amy Talbot, Senior Project Manager

10. SACRAMENTO REGION WATER UTILITY COLLABORATION/INTEGRATION STUDY

Presentation: Dan York, General Manager, Sacramento Suburban Water District

11. EXECUTIVE DIRECTOR'S REPORT

12. DIRECTORS' COMMENTS

ADJOURNMENT

Upcoming meetings:

Executive Committee Meetings: Wednesday, July 22, 2020, 8:30 a.m. and August 26, 2020 at the RWA Office, the location is subject to change depending on the COVID-19 emergency

Regular Board Meeting: Thursday, September 10, 2020, 9:00 a.m., at the RWA Office, the location is subject to change depending on the COVID-19 emergency

The RWA Board Meeting electronic packet is available on the RWA website at <https://rwah2o.org/meetings/board-meetings/> to access and print the packet.

**REGIONAL WATER AUTHORITY
EXECUTIVE COMMITTEE AGENDA
June 24, 2020; 8:30 a.m.**

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) 847-7589. Requests must be made as early as possible, and at least one full business day before the start of the meeting. The Executive Committee may consider any agenda item at any time during the meeting.

Note: Pursuant to the Governor's Executive Order N-29-20, and given the state of emergency regarding the threat of COVID-19, the meeting will be held via teleconference.

We encourage Committee members and participants to join the meeting 10 minutes early. Note that we will use GoToMeeting to share slides and other information during the meeting. Use the link below to join GoToMeeting. If you have a microphone that you can use with your computer, it should be possible to both listen to, and participate in, the meeting through GoToMeeting. If you do not have a microphone, or a headset with a microphone, that plugs into your computer via USB port, you will need to call into the conference line to listen and comment, although you still should be able to view the meeting materials on GoToMeeting. Please do not simultaneously use a microphone through GoToMeeting and the telephone conference line. That combination results in audio problems for all participants.

Meeting Information:

Please join my meeting from your computer, tablet or smartphone.

<https://global.gotomeeting.com/join/305664917>

You can also dial in using your phone.

United States: [+1 \(872\) 240-3212](tel:+18722403212)

Access Code: 305-664-917

- 1. CALL TO ORDER AND ROLL CALL**
- 2. PUBLIC COMMENT:** Members of the public who wish to address the committee may do so at this time. Please keep your comments to less than three minutes.

3. **CONSENT CALENDAR**
 - a. Minutes of the May 27, 2020 Executive Committee meetings
Action: Approve the May 27, 2020 Executive Committee meeting minutes.
4. **SACRAMENTO CENTRAL GROUNDWATER AUTHORITY**
Discussion: Jim Peifer, Executive Director
Action: Recommend Board Approval of the MOU
- 5 **LEGISLATIVE/REGULATORY UPDATE**
Information Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager
6. **FEDERAL AFFAIRS STANDING COMMITTEE POSITIONS ON LEGISLATION AND UPDATE**
Discussion: Sean Bigley, Federal Affairs Standing Committee Chair and Jim Peifer, Executive Director
Action: Adopt positions on Legislation
7. **POTENTIAL MATERIAL PURCHASING PROGRAM**
Discussion: Jim Peifer
8. **STRATEGIC PLAN**
Discussion: Jim Peifer, Executive Director
9. **RWA OFFICE OPERATIONS**
Discussion: Jim Peifer, Executive Director
- 10 **RWA JULY 9, 2020 BOARD MEETING AGENDA**
Action: Approve July 9, 2020 Board Meeting Agenda
11. **EXECUTIVE DIRECTOR'S REPORT**
12. **DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Executive Committee Meetings: Wednesday, July 22, 2020 at 8:30 a.m. and August 26, 2020 at 8:30 a.m. at the RWA Office, the location is subject to change depending on the COVID-19 emergency.

Regular Board Meeting: Thursday, July 9, 2020, 9:00 a.m., at the RWA Office, the location is subject to change depending on the COVID-19 emergency.

Special Board Meetings - Strategic Planning Workshops: Friday, June 19, 2020 and Friday, June 26, 2020. Please see RWA website for details at: <https://rwah2o.org/meetings/board-meetings/>

The RWA Board Meeting electronic packet is available on the RWA website at <https://rwah2o.org/meetings/board-meetings/> to access and print the packet.



Agenda Item: 16 c.

Date: July 16, 2020

Subject: Director's Reports – AB 1234

Staff Contact: Dan York, General Manager

In accordance with Directors' Compensation and Expense Reimbursement Policy (PL – BOD 003) section 300.50, "To comply with reporting requirements of Government Code section 53232.3, the District will prepare a list of the meetings attended by each Director for which the District provided compensation, and a list of the amount and purpose of each expense reimbursement paid by the District to each Director. This information will be included with the agenda materials for each regular monthly Board of Directors meeting. At the next regular Board meeting, Directors also must provide either an oral or written report of meetings and other authorized events attended for which they were compensated by the District. If multiple officials attended the same event, a joint report may be made."

Item 17 a.

Agenda
Sacramento Suburban Water District
Facilities and Operations Committee

3701 Marconi Avenue, Suite 100
Sacramento, CA 95821

Wednesday, July 15, 2020
2:00 p.m.

In accordance with the California Department of Public Health’s and the Governor’s Executive Orders N-29-20 and N-33-20, the District’s boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided for below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:

<https://us02web.zoom.us/j/83963140350?pwd=a0t2RTdmaTZHeFMvdzRZSzMyVGhPQT09>

Meeting ID: 839 6314 0350

Password: 307353

You can also dial in using your phone: 1-669-900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: <https://zoom.us/>
Zoom uses encryption of data during Zoom meetings. The District uses a secure password to restrict access to scheduled meetings. The meeting host has control of content sharing, recording, and chat.

Please mute your line.

Where appropriate or deemed necessary, the Committee 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 Committee concerning an agenda item either before or during the Committee’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

Chairperson 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

Roll Call

Announcements

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Consent Items

The committee 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 member of the Committee, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

1. Minutes of the February 13, 2020, Facilities and Operations Committee Meeting
Recommendation: Approve subject minutes.

Items for Discussion and/or Action

2. Fleet Main Asset Management Plan
Recommendation: Review the draft Fleet Main Asset Management Plan and provide direction as appropriate or recommend the item move to the full Board as a consent item with Committees recommendation of approval.
3. Transmission Main Asset Management Plan
Recommendation: Review the draft Transmission Main Asset Management Plan and provide direction as appropriate or recommend the item move to the full Board as a consent item with Committees recommendation of approval.

Adjournment

Upcoming Meetings:

Monday, July 20, 2020, at 6:00 p.m., Regular Board Meeting
Tuesday, August 11, 2020, at 4:00 p.m., Employee Benefits Ad Hoc Committee Meeting

* * * * *

I certify that the foregoing agenda for the July 15, 2020 meeting of the Sacramento Suburban Water District Facilities and Operations Committee was posted by July 10, 2020 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Item 17 b.

Minutes

Sacramento Suburban Water District
Finance and Audit Committee
Tuesday, June 30, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #876 5208 7313

Call to Order – Videoconference/Audioconference Meeting

Chair Thomas called the meeting to order at 4:06 p.m.

Roll Call

Directors Present: Kevin Thomas.

Directors Absent: Robert Wichert.

Staff Present: General Manager Dan York, Director of Finance and Administration Jeff Ott, Assistant General Manager Mike Huot, and Heather Hernandez-Fort.

Public Present: Kathleen McPherson.

Announcements

None.

Public Comment

None.

Consent Items

1. Minutes of the June 16, 2020 Finance and Audit Committee Meeting

Chair Thomas approved the minutes of the June 16, 2020, Finance and Audit Committee meeting.

AYES:	Thomas.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:	Wichert.		

Items for Discussion and/or Action

2. Budget Policy PL – Fin 012

Jeff Ott (Mr. Ott) presented the staff report and reviewed the changes to the Policy.

Chair Thomas endorsed providing the Policy to the full Board with a recommendation of approving all changes.

3. Water Service Rates, Fees, and Charges Setting Policy PL – Fin 009

Mr. Ott presented the staff report and reviewed the changes to the Policy.

Chair Thomas endorsed providing the Policy to the full Board with a recommendation of approving all changes.

Adjournment

Chair Thomas adjourned the meeting at 4:17 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

DRAFT



Agenda Item: 18

Date: July 2, 2020

Subject: Lead Service Line Inventory

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

Background:

California Health and Safety Code §116885 required all Community Water Systems (CWS) to compile by July 1, 2018, an inventory of distribution system User Service Lines (USLs) that contain lead. The inventory was required to include the number and material type of all USLs, not only identify whether lead service lines exist. A “User Service Line” is identified by the State as: “the pipe, tubing, and fittings, connecting a water main to an individual water meter or service connection.”

The District met this requirement in its 2018 Annual Report (AR) to the California State Water Resources Control Board, Division of Drinking Water (DDW). In that reporting, about 8,000 User Service Lines were identified as having “unknown” material type.

DDW also required all CWS by July 1, 2020, to either:

- a) report to DDW the material type of any of the above services whose material type was unknown at the time of submitting the 2018 AR; or
- b) provide a timeline to DDW for the replacement of any service lines of both unknown material type and known lead services lines.

Discussion:

Research of historical data resolved many of the 8,000 unknowns, but about 1,200 services having “unknown material” remained. To identify the materials used in these remaining services, staff developed an analytical approach of representative sampling for subdivisions. However, not all unidentified services are located in areas suitable for this analytical approach, so these were addressed on an individual basis.

Utilizing the DDW document “Preparing a Service Line Inventory: How to Get Started and Where to Find Information”, SSWD focused its efforts over the past two years in identifying USLs composed of unknown materials that are 2-inches or less in diameter. Those efforts were also predominantly focused on areas outside of SSWD’s ongoing Meter Retrofit Program since any unknown materials will be identified by this Program in the coming few years.

Field work was conducted to expose and visually identify about 250 services to complete both the representative sampling and individual sampling tasks. Based on this analysis and field sampling,

Lead Service Line Inventory

July 2, 2020

Page 2 of 2

no lead was found and none is suspected to exist. There are 412 remaining USLs composed of unknown materials that are 2-inches or less in diameter. It is important to note that SSWD's field and records investigations (to date) have provided no evidence that suggests or otherwise supports the presence of lead USLs. By the end of 2022, these are planned to be either replaced as part of the Meter Retrofit Program or their materials identified thru additional field investigation.

In summary, by having focused our investigative efforts to date outside of our future Meter Retrofit Program areas has allowed SSWD to limit the fiscal impact to customers while expeditiously satisfying the requirements of §116885.

Fiscal Impact:

Direct fiscal impact resulting from contractor costs to expose unknown services to date is expected to be on the order of \$90,000.

Strategic Plan Alignment:

Goal A – Provide a High Quality Reliable Water Supply by Ensuring it is Sustainable, Clean, and Safe.

This effort ensures regulatory compliance intended to provide safe drinking water.



Agenda Item: 19

Date: July 1, 2020

Subject: Human Resources and Succession Plan Semiannual Report

Staff Contact: Cassie Crittenden, Human Resources Coordinator

1. Current Statistics

Full Time Employees:	69
Temporary Employees:	6
Full Time Vacancies:	1

Current full-time vacancies are as follows:

1. ¹Vacant Position

2. Completed/Ongoing Work of Note

- Completed hiring process and orientations for the following staff:
 - Director of Finance and Administration
 - Production Operator
 - Customer Service Representative
 - 2 Student Interns
- As a member of the District’s COVID-19 Taskforce:
 - Worked diligently to allow all staff to telework in March 2020 as a result of the State’s stay at home order.
 - Prepared all three locations with proper safety precautions for staff’s safe return to the office in June 2020.
 - Working on completing the District’s official Return To Work Plan, which will document the District’s efforts since March 2020 in reducing the spread of COVID-19 and transitioning staff safely back to the office.
- Began 2021 Benefits Renewal Analysis; current provider and plan is up for renewal, which is CIGNA (Dental, Life, and Disability Insurance). Ameritas (Vision) is set to renew in 2022.
- Began review of 2021 medical plans and rates. The District is utilizing EPIC Brokers to complete the analysis.
- Continuing to collaborate with Management Partners on the District’s Training and Leadership Development Program.

¹ Following the retirement of the Distribution Superintendent in November 2018, the position has remained vacant. Effective June 2019, the District reorganized the Operations Department, temporarily removing this vacant position from the Organizational Chart. Staff reassessed the needs of the District and have decided to change the position to an accounting position in the Finance Department. Currently working on creating a job description and position title.

3. Succession Plan Update

To date, District succession planning efforts have been successful in filling our Director of Finance and Administration position. Jeffery Ott was hired in January 2020 while at the same time overlapping with Dan Bills, the previous Director of Finance and Administration who retired in April 2020. This overlap between the two provided essential training and mentorship to assist Mr. Ott in being successful in his position.

In addition, staff continues to work with Management Partners, to help us develop a training and leadership development program. Within this program will be components of succession planning and how the District can be successful in preparing for this in the future.



Agenda Item: 20

Date: July 6, 2020

Subject: Legislative and Regulatory Update

Staff Contact: Greg Bundesen, Water Conservation Supervisor

1. RWA Government Affairs Committee

The 2019/20 legislative session reconvened on May 4, 2020, after a joint recess due to the COVID-19 pandemic. Table 1 on the next page shows the Assembly Bills (AB) and Senate Bills (SB) staff will track throughout the year. Table 1 shows the bill number, name, voting results, District's recommended position regarding the bill (favor, not favor, watch), the Regional Water Authority's (RWA) position, and the Association of California Water Agency's (ACWA) position. Staff works with RWA and ACWA to follow each bill. A summary of each bill can be provided upon request. Due to the high number of bills, staff only tracks the bills tracked by RWA's Advocacy Committee, ACWA's Legislative Committee, and other bills that could impact the District.

2. Notable Updates

- a. On June 16, 2020, in accordance with SB 1422 – California Safe Drinking Water Act: Microplastics, the State Water Resources Control Board (SWRCB) made a decision on the definition of micro-plastics. They will define microplastics as: *solid polymeric materials to which chemical additive or other substances may have been added which are particles which have at least three dimensions that are greater than 1nm and less than 5,000 micrometers*. Now that microplastics have been defined, SWRCB will work on a testing methodology in accordance with SB 1422 which passed in September 2018.
- b. On June 25, 2020, the California Air Resources Board (CARB) approved the Advanced Clean Truck Rule (Rule). This Rule requires manufacturers to increase sales of electric vehicles in the coming years leading up to the 2045 goal of carbon neutrality, and requires large entities across California, including local governments, to report data on their fleet vehicle activities in 2019/2020 to CARB by April 1, 2021. The goal would be for manufacturers to increase sales of Class 2b-3 type vehicles (utility trucks and utility vans) by 5% by 2024 and 30% by 2030. The Rule does not currently have any requirements for public utilities to purchase electric vehicles; however, CARB staff is still reviewing the possibility of requiring public utilities to purchase electric vehicles in the future. Staff is in the process of reviewing the reporting requirements and will continue to monitor any changes in the Rule that may affect District operations.

3. Correspondence

The following is a list of correspondence (letters, email, phone calls, etc.) that District staff had with various legislatures, or their staff, in the month of June. Copies of any letters sent out can be provided upon request.

- a. Comment Letter
 - i. SB 555, Water Loss - Sent to SWRCB regarding the rule making process.
- b. Support Letters
 - i. HR 7073, Special Districts Provide Essential Services Act - Sent to our Congressional and Senatorial representatives. The Board President approved the General Manager to sign and send the support letter (Attachment 1).
 - ii. AB 2182, Emergency Backup Generators - Sent to the Assembly Committee on Natural Resources.

Bill Number	Name	District Position	RWA Position	ACWA Position
AB 2182	Emergency Backup Generators: Water and Wastewater Facilities: Exemption	Favor	Favor	Bill Sponsor
AB 2705	Electricity: Deenergizing Events	TBD	TBD	Favor if Amended
AB 2720	California Environmental Quality Act (CEQA): Negative Declaration and Mitigated Negative Declarations: Groundwater Recharge Projects	TBD	Support	TBD
AB 2887	Statewide Emergencies: Mitigation	TBD	TBD	Watch
AB 2968	County Emergency Plans: Best Practices	TBD	TBD	Favor if Amended
AB 3279	CEQA: Administrative and Judicial Procedures	TBD	TBD	Not Favor Unless Amended
SB 865	Excavations: Subsurface Installations	Watch	Watch	Watch
SB 950	CEQA: Housing and Land Use	TBD	Support if Amended	Watch
SB 974	CEQA: Small Community Water System: Exemption	TBD	TBD	Watch
SB 971	Small Water Supplier and Countywide Water Shortage Contingency Planning	TBD	TBD	Watch
SB 1312	Electrical Corporations: Deenergization: Prudency Standards	TBD	TBD	Favor
SB 1313	Electrical Corporations: Deenergization	TBD	TBD	Favor
SB 1386	Local Government: Assessments, Fees, and Charges: Water	TBD	TBD	Support

Attachment:

- 1. HR 7073 – Special District’s Provide Essential Services Support Letter.



June 25, 2020

The Honorable Doris Matsui
 United States House of Representatives
 2311 Rayburn HOB
 Washington, D.C. 20515

The Honorable Ami Bera
 United States House of Representatives
 1727 Longworth House Office Building
 Washington, D.C. 20510

The Honorable Dianne Feinstein
 United States Senate
 331 Hart Senate Office Building
 Washington, D.C. 20510

The Honorable Kamala Harris
 United States Senate
 112 Hart Senate Office Building
 Washington, D.C. 20510

Dear Congresswoman Matsui, Congressman Bera, Senator Feinstein, and Senator Harris,

Sacramento Suburban Water District (SSWD) respectfully urges you to support H.R. 7073, the Special Districts Provide Essential Services Act, which would bring much-needed relief resources to special districts in our community, throughout California, and across the nation.

SSWD was formed on February 1, 2002, through a consolidation of two adjacent water districts, the Northridge Water District and the Arcade Water District. 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).

As a provider of water to 178,000 residents in the Sacramento region, proportional access to federal relief resources would help our district confront COVID-19 and overcome related unbudgeted expenses and revenue losses. Access to capital as our state and nation struggle with an economic downturn and unprecedented unemployment situation will be key for continuing operations unhindered, restoring our local economy, and preparing for the next disaster.

As of May 31, 2020, SSWD has lost \$171,000 in collection and late fees and have increased an additional \$17,000 in COVID-19 related expenses. Also, SSWD is estimating \$300,000 in deferred payments related to suspending disconnection of water service per California Governor, Gavin Newsom's, Executive Order, B-20-42.

H.R. 7073 would help SSWD and other special districts meet the challenges of COVID-19 by:

- **Allowing special districts access to the Coronavirus Relief Fund.** Under the bill, states would be required to allocate no less than 5 percent of future Coronavirus Relief Fund disbursements to special districts. Doing so remedies deep concerns and uncertainty surrounding special districts' future access



to much-needed assistance for unforeseen COVID-19-related expenditures and revenue loss. Even with the Fund's allocation under the CARES Act, many states have not yet released their portion of the Fund to local governments, including here in California. Designating special districts as eligible for the Fund would greatly assist districts in their attempts to both recoup revenue losses and backfill the increase in expenditures many have experienced due to a variety of pandemic-related expenses (PPE, etc.), which totals an estimated \$250 million through May 5 for California's special districts.

- **Permitting special districts to be considered "eligible issuers" of the Federal Reserve Board's Municipal Liquidity Facility (MLF).** The Federal Reserve established the MLF and was authorized to establish an MLF program. States, territories, tribes, cities with a population greater 250,000, and counties with a population greater than 500,000 have access to the Fed's tool to purchase bonds and revenue anticipation notes. Despite special districts' authority to issue these notes, they are not considered "eligible issuers" under the CARES Act. H.R. 7073 expands the Fed's authorization to purchase these notes to include all special districts as "eligible issuers" for MLF.
- **Defines "special district".** Currently, a federal definition for "special district" does not exist. The bill would establish the term as a *"political subdivision, formed pursuant to general law or special act of a State, for the purpose of performing one or more governmental or proprietary functions."*

As Congress continues to negotiate next steps for COVID-19 relief for state and local governments, SSWD not only asks for your support on this bill in the U.S. House, but also its provisions' inclusion in the Senate's version of a state and local relief bill.

Thank you for your ongoing support of California's families and communities. Our District stands ready to partner with you in our continued efforts to deliver essential services to California residents.

Sincerely,



Dan York
General Manager

CC:

California Special Districts Association
via advocacy@cdda.net



Agenda Item: 21

Date: July 16, 2020

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. SSWD Virtual Tap Talk
July 24, 2020
Virtual
www.sswd.org
2. ACWA Virtual Summer Conference
July 28-31, 2020
Monterey, CA
<https://www.acwa.com/events/2020-spring-conference-exhibition/>
3. SGA Board Meeting
August 13, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>
4. Sacramento Metro Chamber of Commerce Capitol to Capitol – Board Approved Conference
September 8-12, 2020
Washington, D.C.
<https://metrochamber.org/>
5. RWA Board Meeting
September 10, 2020
RWA Office, Sacramento
<http://rwah2o.org/>

Upcoming Water Industry Events

July 16, 2020

Page 2 of 3

6. SGA Board Meeting
October 8, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>

7. American Water Works Association Annual Fall Conference & Exposition
October 26-29, 2020
Las Vegas, NV
https://www.ca-nv-awwa.org/canv/CNS/Events_Classes/Future_Events/CNS/EventsandClasses/Copy_of_events.aspx?hkey=40976128-710b-4097-b27b-e35fe6133849

8. RWA Board Meeting
November 12, 2020
RWA Office, Sacramento
<http://rwah2o.org/>

9. ACWA Fall Conference
December 1-4, 2020
Indial Wells, CA
<https://www.acwa.com/events/2020-fall-conference-exhibition/>

10. SGA Board Meeting
December 10, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>

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 6:00 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 Tuesday of the month at 6:30 p.m.
- El Dorado County Water Agency - <http://www.edlafco.us/> - Every 2nd Wednesday of the month at 10:00 a.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: July 6, 2020

Subject: Upcoming Policy Review - Budget Policy (PL – Fin 012)

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Background:

The Budget Policy PL – Fin 012 was originally adopted in 2014. It was last changed in 2018. As the primary tool for managing the District financially, a thorough review of the policy was performed by finance staff. The previous Budget Policy contained 4 budgets; Operating and Maintenance (O&M), Capital Improvement (CIP), Operating Capital (OCB), and Debt Service. In the past, staff have not had the flexibility of transferring amounts between the CIP and OCB budgets when situations required the transfer without first agendaizing and presenting to the Board. The old policy is loosely based on cash budgeting. All financial reporting is done on Full Accrual basis. The Budget Policy should also be on an accrual basis with some modifications to address specific transactions that need to be budgeted, mainly capital and debt service expenditures. Other expenses required by Generally Accepted Accounting Principles (GAAP) that are non-cash and have no effect on planned expenditures for a given year and should be removed from the budget. These are a few of the issues staff wanted to address in the Budget Policy.

Discussion:

After review of the Budget Policy, staff proposed a new revised policy that addressed the limitations in the old policy and added further clarity to budget authority, process, control, and reporting. The Annual Budget will still be comprised of 4 separate budgets; however, staff recommended that these 4 budgets be: 1) Revenues and Other Sources of Funds, 2) Operating Budget (O&M), 3) Capital Budget, and 4) Debt Service Budget.

Since both CIP and OCB are Capital budgets, staff recommended combining these into one budget (Capital Budget) containing two programs, Capital Improvements Program (CIP) and Operating Capital Program (OCP). This will allow staff greater flexibility in transferring amounts between the CIP and OCP projects. Both will still be tracked and reported separately, but will be treated as one budget for control purposes.

Additional changes were made to further define budget authority and applicability. A section defining terms was added. The policy section now describes the basis of the budget as “full accrual” with specific exceptions for non-cash transaction types. The previous policy basis was narrowly defined as “cash basis”. The purpose is to allow full recognition of accrual of revenues as sources of funds and full accrual of expenses for expenditures, but to adjust out non-cash transactions, such as depreciation expense, amortization of bond discounts/premiums, etc., and to include non-expense expenditures, such as capital replacement costs, debt principal, and capital

lease payments. This will allow staff to utilize current financial reports (which utilize full accrual) with slight modifications to report budget to actual without having to adjust to full cash basis accounting.

The section on Budget Development and Budget Presentation are, for the most part, from the original budget policy.

The complete structure of the policy has changed. Redlining would have been of little benefit for review. The proposed structural and content changes are as follows:

1. The Purpose has been updated and expanded.
2. Added a section for Applicability and Scope.
3. Added a section for Definitions and Terms.
4. Added a section for Related Documents and References.
5. Section 200.xx was expanded to include the following:
 - a. Basis of Budgeting – Describes the actual accounting method and costs to be included in the budget.
 - b. Budgetary Control – Describes what the budget is legally and how budget amounts are controlled and managed.
 - c. Balanced Budget – Addresses having a balanced budget and what that means in terms of revenues and sources of funds versus expenditures.
6. Development of the Budget and Budget Presentation sections are mostly from the current policy. One substantive change was made to O&M Budget detail (section 300.00 F.2.c) from “Segregation by department and cost center” to “Other budget categories as required by the Board”. This change is being submitted to be consistent with the FY2019 budget provided to the Board in November 2019. This change was identified subsequent to the June 30, 2020 F&A Committee meeting.
7. Budget Reporting has been added as a section but the language is from the current policy.
8. Budget Authority section was updated to assign administration of the policy to Director of Finance and Administration and the Assistant General Manager.

At the June 16, 2020, Finance & Audit Committee (F&A Committee) meeting, Committee members reviewed the proposed new Budget Policy PL – Fin 012. A few recommendations were offered to staff to help clarify the policy. Staff made those changes and presented the updated policy for final review at the June 30, 2020 F&A Committee meeting. The F&A Committee was favorable to the policy updates. The policy is now being submitted to the full Board for review at the July 20, 2020 regular Board Meeting and for approval at the August 17, 2020 regular Board Meeting. If a Director wishes to comment on the policy, please provide those comments to staff by July 27, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda at the August 17, 2020 regular Board Meeting.

Attachments:

- 1 – Budget Policy PL – Fin 012 – current policy
- 2 – Budget Policy PL – Fin 012 – new updated policy

Sacramento Suburban Water District

Budget Policy

Adopted: September 15, 2014

Approved with changes on: July 16, 2018

100.00 Purpose of the Policy

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

200.00 Policy

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

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

- A. Self-Supporting – The District will be self-supporting, such that current revenues fully fund current expenses and any fund balance or debt service coverage requirements.
- B. Prioritization – In concert with the adopted District's Strategic Plan, Asset Management Plans, Urban Water Management Plan and all other District planning documents and as recommended by staff, the Board will prioritize projects and expenditures within the constraint of expected revenues.
- C. Capital Accounts – Capital revenues from rates, grants, loans and other financing mechanisms will be accounted for separately in capital accounts, such that funds dedicated for capital purposes are expended only for capital purposes.
- D. Adequate Funding to Preserve System Assets – Total operating expenditures will be funded at a level that will preserve the intended life and functional requirements of the District's water system.
- E. Evaluation and Monitoring of Costs – Costs will be evaluated and monitored through monthly and annual reporting to ensure that the District is operated in a cost effective and economically prudent manner.
- F. Maintenance of Sufficient Reserves – The District will maintain sufficient reserves in accordance with the District's Reserve Policy (PL Fin 004.).
- G. Positive Annual Net Income - The District will strive to achieve positive annual net income (total revenue less O&M expenditures, debt service and capital projects funded from rates) greater than or equal to zero on a cash basis.

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

Rate stability shall be maintained in line with established District policies and its mission statement.

300.00 Budget Presentation

The budget will be comprised as follows:

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

The four budgets will include the following:

1. Operations and Maintenance Budget (O&M):
 - a. Incorporates all District O&M expenses, including:
 - b. Expected Other Post Employment Benefit costs and funding to be separately identified and approved.
 - c. Annual labor budget and its components per the Employee Compensation Policy (PL – HR 002) section 300.00
 - d. Segregated by department and function.
2. Operating Capital Budget (OCB):
 - a. Will include all Information Technology capital projects, vehicle and fleet capital costs, capitalizable office furniture, and capitalizable costs for operations. Capitalizable costs in the OCB Budget are distinguished from those in the Capital Improvement Program Budget based, generally, on the shorter expected life of the asset and the asset is not part of the general water delivery system.

3. Capital Improvement Program Budget (CIP):

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

4. Debt Service Budget:

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

District Reserves:

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

400.00 Authority

The General Manager will have authority to reallocate specific budgeted amounts within a particular budget (O&M, OCB or CIP) during the year with subsequent reporting to the Board. Amounts to be transferred between budgets (e.g., O&M to CIP) will be approved by the Board prior to the transfer. The General Manager and District Treasurer are responsible for adherence to this policy and regular reporting of the District's financial status. Board oversight will be accomplished through regular reporting of budget-to-actual expenditures during the year and review of this Policy.

500.00 Policy Review

This Policy will be reviewed at least biennially.

Sacramento Suburban Water District

Budget Policy

Adopted: September 15, 2014

Approved with changes on: July xx, 2020

100.00 Purpose:

The District's annual budget, as approved by the Board of Directors, will serve as the basis for operating the District financially. The Revenue and Other Sources of Funds, Operating, Capital and Debt Service Budgets are developed on an annual basis utilizing the District's Strategic Plan, Asset Management Plans, Urban Water Management Plan, debt documents and all other District planning documents and as recommended by staff. Together, these documents and activities provide a comprehensive plan to deliver efficient water service to the customers and stakeholders of the District in a manner that aligns resources with the policy, goals, mission and vision for the District.

The formulation of the Revenue and Other Sources of Funds, Operating, Capital and Debt Service Budgets (Annual Budget) is one of the most important financial activities that the District undertakes each year. This policy is intended to provide guidelines to assist in the formulation of the District's Annual Budget.

100.10 Applicability and Scope:

This policy shall apply to all revenues and expenditures under the budgetary and fiscal control of the Board of Directors.

100.20 Definitions and Terms:

Adopted Budget – The formal budget document approved by the Board of Directors which shows budgeted revenues and expenditures/expenses for the subject calendar year.

Capital Budget - The Capital Budget is comprised of two components, Capital Improvements Program (CIP) and Operating Capital Program (OCP). Projects will be segregated and managed separately within these two categories.

Capital Improvement Program (CIP) – The CIP is a component of the Capital Budget and includes a number of general along with specifically identified projects and their projected costs. Projects in the CIP are comprised of the long-term assets generally associated with the water delivery system.

Debt Service – The annual amounts required to satisfy the District's legal requirements for repaying debt principal, payment of interest and other debt related costs.

Full Accrual Basis of Accounting – Transactions and events are recognized as revenues and expenses when they occur regardless of the timing of related cash flows. This method is consistent with how the District accounts for its normal operational transactions.

Level of Control – The level of budgetary accountability at which the District’s Budget Managers may not reassign resources without approval of the Board of Directors.

Operating Budget – The Operating Budget is comprised expenditures/expenses used to pay for daily operations such as labor costs, materials and supplies, outside services, etc.

Operating Capital Program – The OCP will include all Information Technology capital projects, vehicle and fleet capital costs, capitalizable office furniture, and capitalizable costs for operations. Capitalizable costs in the OCP are distinguished from those in the Capital Improvement Program based, generally, on the shorter expected life of the asset and the asset is not part of the general water delivery system.

Rate Covenant – Legal conditions placed on the District as part of obtaining and maintaining debt.

100.30 Related Documents and References:

- Capital Asset Policy PL Fin 002
- Reserve Policy PL Fin 004
- Debt Management Policy PL Fin 011
- Employee Compensation Policy PL – HR 002

200.00 Policy:

It will be the policy of the District to prepare an Annual Budget each year that will be approved by the Board of Directors before the budget year begins. The following sections outline the specific requirements of this policy.

200.10 Basis of Budgeting:

- A. Full Accrual Basis of Accounting will be used for budgeting purposes with the following exceptions:
1. Changes in fair value of investments are not treated as adjustments to revenue in the annual budget.
 2. Debt principal payments are treated as expenditures in the annual budget.
 3. Capital lease payments are treated as expenditures in the annual budget.
 4. Amortization of debt premiums, discounts and defeasance costs are not recognized in the annual budget.
 5. Depreciation expense is not recognized in the annual budget.
 6. Capital purchases are recognized as expenditures in the annual budget.
 7. Non-cash expenses related to pension and OPEB are not recognized in the annual budget.

8. Reserve uses or contributions will be recognized as sources of funds or expenditures in the annual budget, respectively.

200.20 Budgetary Control:

- A. The Adopted Budget is not a legally binding appropriation as with other municipal entities. The budget is for cost control and management reporting purposes only.
- B. The General Manager will have authority to reallocate specific budgeted amounts within a particular budget (Operating, Capital, or Debt Service) during the year with subsequent reporting to the Board of Directors. Amounts to be transferred between budgets (e.g., Operating to Capital) will be approved by the Board of Directors prior to the transfer. The General Manager and District Treasurer are responsible for adherence to this policy and regular reporting of the District's financial status. Board oversight will be accomplished through regular reporting of budget-to-actual expenditures during the year and review of this Policy.

200.30 Balanced Budget:

- A. The District shall adopt a balanced budget. A budget is balanced when the sum of estimated revenues and appropriated reserves is equal to planned expenditures (including reserve contributions).
- B. Minimum reserve levels shall be maintained unless reserves are being used in accordance with purposes permitted by District policy.

200.40 Development of the Budget:

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

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

- A. Prioritization – In concert with the adopted District's Strategic Plan, Asset Management Plans, Urban Water Management Plan and all other District planning documents and as recommended by staff, the Board of Directors will prioritize projects and expenditures within the constraint of expected revenues.
- B. Capital Accounts – Capital sources of funds from facility development charges, grants, loans and other financing mechanisms will be accounted for separately in capital accounts, such that funds dedicated for capital purposes are expended only for capital purposes.
- C. Adequate Funding to Preserve System Assets – Total O&M expenditures will be funded at a level that will preserve the intended life and functional

requirements of the District's water system and allow the District to remain in compliance with all applicable regulations.

- D. Adequate Funding to Replace System Assets – Total capital expenditures will be funded at a level that will meet the requirements of the District's Asset Replacement Management Plans and/or the Water System Master Plan.
- E. Maintenance of Sufficient Reserves – The District will maintain sufficient reserves in accordance with the District's Reserve Policy (PL Fin 004.).
- F. Annual Net Income – The District will strive to achieve positive annual net income (total revenue less O&M expenditures, debt service and capital projects funded from rates) greater than or equal to zero.
- G. Bond/COP Rate Covenant Requirements – The District will budget such that it will exceed the Rate Covenant obligations of its indebtedness, which is a minimum of 115% of the District's annual debt service costs.
- H. Strive for Rate Stability – Rate stability reinforces the concept that costs are being managed and controlled. Rates should be stable in their ability to generate sufficient revenues.
 - 1. Needed rate adjustments will attempt to minimize impacts to customers by phasing-in or transitioning large rate adjustments over time where possible.
 - 2. Where possible and deemed appropriate, excess fund balances will be used to offset rate increases with any remaining balances being used for approved capital purposes. The use of fund balances (reserves) will not compromise the Reserve Policy regarding minimum targeted reserve levels or adequate funding on a long-term self-sustaining basis.
 - 3. Annual rate reviews will consider a minimum three-year projected period in an attempt to stabilize and minimize rates over time.
 - 4. A comprehensive rate study will be conducted at least every five years by an outside party as determined by the Board in order to assess the fairness of the rates to the District's ratepayers and to verify that necessary revenue is available for the District's operating and capital needs.
 - 5. Rate stability shall be maintained in line with established District policies and its mission statement.

300.00 Budget Presentation:

The budget will be comprised as follows:

- A. Key Assumptions – To include expected water production and source.
- B. Revenue Projections – To include projected net income.
- C. Projected debt service coverage ratio.

- D. Reserve Balance Projections.
- E. Trend and/or Comparative Information
- F. Detailed Annual Budget Data including the following sections:
 - 1. Revenues and Sources of Funds
 - 2. Operations and Maintenance Expenditures (O&M): Incorporates all District O&M expenses, including:
 - a. Expected Other Post Employment Benefit costs and funding to be separately identified and approved.
 - b. Annual labor budget and its components per the Employee Compensation Policy (PL – HR 002) section 300.00
 - c. Other budget categories as required by the Board~~Segregated by department and cost center.~~
 - 3. Capital Expenditures (CIP and OCP): Incorporates all the District capital expenditures, including:
 - a. Capital Improvement Program expenditures.
 - b. Operating Capital Program expenditures
 - c. Comprised of both general and specific program projects.
 - 4. Debt Service Budget: Will be based on contractual obligations for all principal and fixed-rate interest obligations. Adjustable-rate interest obligations will be forecast based on best available market data at budget preparation time.

400.00 Budget Reporting:

- A. Evaluation and Monitoring of Costs – Costs will be evaluated and monitored through monthly and annual reporting to Board of Directors to ensure that the District is operated in a cost effective and economically prudent manner.

500.00 Authority:

The Board of Directors are responsible for policy formulation and overall direction setting of the District. This includes the approval of financial policies which establish and direct the operations of the District. The General Manager is responsible for carrying out the policy directives of the Board of Directors and managing the day-to-day operations of the District. This policy shall be administered on behalf of the General Manager by the Assistant General Manager and the Director of Finance and Administration.

600.00 Policy Review

This Policy will be reviewed by the Board of Directors at least biennially.



Agenda Item: 22 b.

Date: July 6, 2020

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

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Background:

The Investment Policy PL – Fin 003 (Policy) was last reviewed by the Board in August 2018.

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

Discussion:

Staff is recommending certain Policy changes based upon recommendations provided by our investment advisor PFM. The Policy is in compliance with the California Government Code (Code) that governs the investment of public funds. The suggested changes are summarized below:

1. **Section 700.00 Authorized Investments.** Most of the changes recommended in this section are non-material and are being suggested in order to bring the Policy language more in line with Code language. Non-material changes were made in the following subsections: 703.00 Bankers' Acceptances, 704.00 Negotiable Certificates of Deposit, and 705.00 Commercial Paper.

In addition, staff are recommending a change to subsection 709.00 Mortgage Obligations and Asset Backed Securities in order to address a Code change. Assembly Bill No. 1770 (AB 1770), effective January 1, 2019, revised California Government Code section 53601(o) to clarify requirements for the purchase of Asset-Backed Securities (ABS) or Non-Agency Mortgage-Backed Securities (MBS) in two respects.

First, the maturity limit language was clarified to reflect how many investors already interpret this section: that they can purchase securities with a maximum remaining maturity of five years or less.

Second, the bill eliminates the requirement that the issuer of these securities be rated “A” (or its equivalent) or better, as provided by a Nationally Recognized Statistical Rating Organization (NRSRO). The Code still requires that the specific security be rated “AA” (or its equivalent) or better, as provided by an NRSRO. PFM sees these revisions as a matter of clarification for ABS and MBS investors. PFM believes the removal of the issuer rating criteria makes sense, since this requirement generally has no relevance to the issuers of ABS or MBS, which are organized as trusts and do not have standalone ratings. The minimum AA issue rating remains, which is an important risk management criterion.

2. **Appendix A. State Authorized Investments vs. District’s Statement of Investment Policy.** A State Code maximum maturity of five years is shown in the appendix for certain investment types where Code doesn’t place a maturity limit on that specific investment type. Investment types that do not have a five-year maturity restriction by Code include U.S. Treasuries, Federal Agencies, Government Sponsored Enterprises, Municipal Obligations, and Negotiable CDs. Staff have edited the table to remove the State Code maximum maturity reference in these instances.

In addition to the recommendations described above, staff would like to make the Board aware of some recent changes to Code and the Local Agency Investment Fund (LAIF) limitation. In 2019, there were two changes made to the Code concerning the investment of public funds, both of which went into effect on January 1, 2020. Staff are not recommending a change to Policy in response to the Code changes, but wanted to make the Board aware.

1. **Assembly Bill 857.** Assembly Bill No. 857, which took effect on January 1, 2020, provides for the establishment of public banks by local agencies, subject to approval by the Department of Business Oversight (DBO) and Federal Deposit Insurance Corporation (FDIC). As a part of this bill, subsection (r) was added to Code section 53601, which permits local agencies to invest in the commercial paper, debt securities, or other obligations of such public banks. PFM does not recommend adding this type of investment to District authorized investment instruments at this time, so no change is required.
2. **Assembly Bill 945.** Assembly Bill No. 945, which also took effect on January 1, 2020, relates to Code Section 53601.8, which allows public agencies to invest in deposits at certain types of financial institutions that use a private sector entity to assist in the placement of deposits (Certificate of Deposit Account Registry Service (CDARS) is an example). Assembly Bill No. 945 increases the maximum percentage of funds that a public agency may invest in these instruments from 30% to 50% from January 1, 2020, until January 1, 2026. On January 1, 2026, the maximum percentage of funds that a public agency may invest in these instruments reverts back to 30%. District policy currently doesn’t reference this type of deposit, so no changes are required.
3. **LAIF.** State Treasurer, Fiona Ma, announced that effective January 1, 2020, the LAIF deposit limit for accounts would increase from \$65 million to \$75 million. The current language in District policy surrounding LAIF is that the District may invest “up to the

maximum amount permitted from time to time by State Treasury policy.” Therefore, no changes to the policy need to be made to reflect the increase.

The Policy was reviewed and updates were provided by PFM, which is the District’s financial and investment advisors. It was not reviewed by General Counsel.

The Policy is scheduled for Board consideration and adoption at the August 2020 Board meeting. If a Director wishes to comment on the policy, please provide those comments to staff by July 27, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda at the August 2020 Board Meeting. A redline version of the policy is included as Attachment 1.

Attachment:

- 1) Investment Policy PL – Fin 003 – redlined

Sacramento Suburban Water District

Investment Policy

Adopted: December 16, 2002
Approved with changes on: August 20, 2018

100.00 Investment Authority

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

200.00 Scope

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

300.00 Statement of Objectives

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

310.00 Safety of Principal

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

320.00 Liquidity

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

330.00 Interest Rate Risk Hedging

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

340.00 Return on Investment

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

400.00 Prudent Investor Standard

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

500.00 Authorized Financial Dealers and Institutions

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

600.00 Portfolio Management

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

610.00 Maturity Limitations

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

620.00 Diversification

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

630.00 Purchase and Sale of Securities

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

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

640.00 Exchange of Securities

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

650.00 Portfolio Adjustments

- a. District portfolio percentage limitations for each category of investment are applicable only at the date of purchase. Should an investment percentage of portfolio limitation be exceeded due to an incident such as a fluctuation in portfolio size, the affected securities may be held to maturity, if deemed necessary, to avoid losses.
- b. In the event a security held by the District is subject to a ratings change that brings it below the minimum ratings specified in this Policy, the Finance Director /District Treasurer shall notify the Board of the change. The course of action to be followed will be decided on a case-by-case basis, subject to Board approval, considering such factors as the reason for the ratings drop, prognosis for recovery or further ratings drops, and the market price of the security.

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

660.00 Safekeeping

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

670.00 Review of Investment Portfolio

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

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

680.00 Investment Pools/Mutual Funds

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

- 1. A description of eligible investment securities, and a written statement of investment policy and objectives.
- 2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
- 3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- 4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.

5. A schedule for receiving statements and portfolio listings.
6. A fee schedule, and when and how is it assessed.

690.00 Collateralization

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

700.00 Authorized Investments

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

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

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

702.00 Municipal Obligations

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

703.00 Bankers' Acceptances

Restrictions are as follows:

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

704.00 Negotiable Certificates of Deposit

Restrictions are as follows:

- a. Investments in negotiable certificates of deposit will not exceed 30 percent of the total portfolio in effect immediately after any such investment is made.
- b. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.
- c. To be eligible, a certificate of deposit must be issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit unions~~savings and loan association or savings bank~~, or a federally- or state-licensed branch of a foreign bank.
- d. Eligible negotiable certificates of deposits will be rated in a rating category of "A" long-term or "A-1" short-term, or its equivalent, or better by at least one NRSRO.
- e. The investment will not exceed the Districts' equity in any depository bank. For the purpose of this constraint, shareholders' equity will be deemed to include capital notes and debentures.
- f. The investment will not exceed the total of the net worth of any depository savings and loan association, except that investments up to a total of \$500,000 may be made to a savings and loan association without regard to the net worth of that depository, if such investments are insured or secured as required by law.
- g. The District's Board and the Finance Director /District Treasurer or other official

of the District having legal custody of the moneys are prohibited from investing District funds, or funds in the custody of the District, in negotiable certificates of deposit issued by a state or federal credit union if a member of the District's Board, or a person with investment decision making authority at the District also serves on the board of directors of the credit union, or any committee appointed by the credit union board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

- h. The maximum maturity will be limited to five years.

705.00 Commercial Paper

Restrictions are as follows:

- a. Only commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating, at the time of purchase, as provided by an NRSRO~~Moody's Investors Services or Standard & Poor's Corporation~~, may be purchased.
- b. Investment of the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
 - (1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated in a rating category of "A", its equivalent, or higher by an NRSRO~~a nationally recognized rating service~~.
 - (2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - b. Has program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or surety bond.
 - c. Has commercial paper that is rated in a rating category of "A-1", its equivalent, or higher, by an nationally recognized rating service~~NRSRO~~.
- c. Investments in commercial paper will not exceed 25 percent of the District's portfolio.
- d. Each investment will not exceed 270 days maturity.

- e. No more than 10 percent of the outstanding commercial paper of an issuing corporation may be purchased.
- f. No more than 5 percent of the District's portfolio may be invested in the securities of any one non-government issuer regardless of security type.

706.00 Repurchase Agreements

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

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

707.00 Time Deposits

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

collateral to determine eligibility for deposits:

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

708.00 Medium-Term Notes

Restrictions are as follows:

- a. Investment in medium-term notes are limited to corporations organized and operating within the United States or by depository institutions licensed by the

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

709.00 Mortgage Obligations and Asset Backed Securities

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

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

710.00 Local Agency Investment Fund Deposits

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

711.00 Shares of Beneficial Interest (Money Market Funds)

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

These companies must meet the following criteria:

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

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

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

713.00 Supranationals

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

Restrictions are as follows:

- a. A maximum of five years to maturity.
- b. Must be eligible for purchase and sale within the United States.
- c. Notes eligible for investment under this subdivision will be rated in a rating category of "AA", its equivalent, or better by at least one NRSRO.
- d. Purchases of these securities may not exceed 30 percent of the District's portfolio.
- e. No more than 10 percent of the District's portfolio may be invested in the securities

of any one supranational issuer.

800.00 Reporting

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

900.00 Performance Standards

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

1000.00 Internal Controls

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

1100.00 Conflicts of Interest

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

1200.00 Conflicts

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

1300.00 Investment Policy Adoption

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

APPENDIX A

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

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

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

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

- (1) California Government Code provides authority to the Board to permit maturities beyond five years with certain restrictions. The current Policy provides for maturities longer than five years for funds established by Indentures of Trust.
- (2) District will allow up to the amount allowed by Local Agency Investment Fund.

APPENDIX B

Glossary

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

ASKED: The price at which securities are offered.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PORTFOLIO: Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

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



Agenda Item: 22 c.

Date: June 29, 2020

Subject: Upcoming Policy Review – Employee Standards of Conduct and Discipline Policy (PL – HR 011)

Staff Contact: Cassie Crittenden, Human Resources Coordinator

The Employee Standards of Conduct and Discipline Policy (PL – HR 011) is scheduled for its biennial review. The subject policy was originally adopted by the Board on October 20, 2008, and last reviewed on January 22, 2018.

Staff recommends the following minor changes:

Section 200.00

- Removed a sentence that references standards of conduct as unacceptable conduct. This is incorrect, as standards of conduct is defined as a set of organizational rules or standards regarding organizational values, beliefs, and ethics, as well as matters of legal compliance that govern the conduct of the organization and its members. An updated standards of conduct, to reflect this definition, will be added to the 2021 Employee Handbook revision.
- Added a reference on where to locate examples of grounds for disciplinary action.

The policy is scheduled for Board review and approval at the August 17, 2020, regular Board meeting. If a Director wishes to comment on the policy, please provide those comments to staff by July 27, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda.

Attachments:

1 – Employee Standards of Conduct and Discipline Policy (PL – HR 011) - redlined

Sacramento Suburban Water District

Employee Standards of Conduct and Discipline Policy

Adopted: October 20, 2008

~~Revised: November 18, 2013; December 21, 2015~~ Approved with changes on: August 17, 2020

100.00 Purpose of the Policy

The purpose of this policy is to assure a safe, efficient workplace and harmonious operation of the District by authorizing the establishment of standards of conduct and a corrective process to provide general guidance to supervisors and managers in situations involving employee misconduct or unacceptable work performance. In keeping with the District's status as an at-will employer, this policy is intended to provide guidelines for employee discipline in cases where standards of conduct are violated, but any actual discipline imposed pursuant to this policy will be determined on a case-by-case basis in accordance with the facts and circumstances of the relevant incident. As an at-will employer, both the District, by and through the General Manager, and its employees have the right to terminate employment at any time, with or without advance notice, and with or without cause.

200.00 Policy

The District is an at-will employer. The employment of every District employee will be conditioned on good behavior and satisfactory work performance. The District has established standards of conduct to provide employees with timely notice of what is expected of them. ~~Because these standards cannot identify every type of unacceptable conduct and performance,~~ ~~E~~employees should be aware that any conduct ~~which that~~ adversely affects or is otherwise detrimental to the interests of the District, other employees, or the public, may result in disciplinary action up to and including termination. ~~E~~Any examples or lists of grounds for disciplinary action as listed in the Employee Handbook are illustrative only and shall not be construed to alter the at-will nature of employment, or require the District to show "good cause" for termination, or reduce or affect in any manner the General Manager's broad authority over employment of District staff provided in California Water Code Section 30580.

300.00 Authority and Responsibility

The General Manager is authorized to establish and implement standards of conduct for all employees and guidelines for a flexible corrective process to be used by supervisors and managers as general guidance for possible disciplinary action up to and including termination in cases of misconduct or unacceptable performance.

400.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 22 d.

Date: July 2, 2020

Subject: Upcoming Policy Review - Water Service Rates, Fees, and Charges Setting Policy (PL - Fin 009)

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Background:

The Water Service Charges and Rate Setting Policy (PL - Fin 009) was last reviewed in July 2017. The Water Service Charges and Rate Setting Policy (PL - Fin 009) was provided to the Board for review in November 2019. At the request of the Board, Policy approval consideration was deferred to the January 2020 regularly scheduled Board meeting. At the January 2020 Board meeting Director McPherson indicated she wanted to include some additional edits to the policy. Staff received the proposed edits, which are included in the draft of the policy. The policy was again up for review at the February 2020 Board meeting when a constituent raised concerns over some of the language in the policy. They indicated that they would be willing to review their concerns with staff, which was supported by the Board. The policy was again brought before the Board at the March 2020 Board meeting. There were differing opinions on various parts of the policy and the Board moved to review the policy at a future date when the Board could meet in person to better discuss the policy changes.

Prior to bringing the policy back to the full Board for review, staff sought to review and discuss the proposed changes with the Finance and Audit (F&A) Committee. The policy was presented to the F&A Committee at the June 16, 2020, and June 30, 2020, committee meetings. All the proposed changes were discussed and accepted by committee members. The following is a summary of the cumulative changes proposed to the policy.

There were two recommended staff changes from November 2019:

Section 200.00 - Policy

1. It is recommended that water service charges and rates be assessed by staff annually instead of biennially.
2. Part A. 8 – language is added recommending that customer wage increases be calculated and used as a point of consideration in adopting new customer rates.

At the January 2020 Board meeting, Director McPherson requested the following changes:

Section 200.00 - Policy

1. Remove the proposed change in item 2 above as Part A. 8.

2. Add the following language “If it is determined by the District that revenue generated has exceeded the amount needed for the year prior, rates can be adjusted downward the following year.” as Part C. 7. Staff proposed some minor edits to this language as follows: “If it is determined by the Board of Directors that revenue generated exceeds planned expenditures, rates can be adjusted downward by the Board of Directors.”

Staff made additional changes to the structure and content of the policy as follows:

General

1. The policy title has been updated to more align with American Water Works Association terminology.

Section 100.00 – Purpose of Policy

1. Several language and grammatical changes have been made to increase readability and apply terms consistently.

Section 200.00 – Policy

1. Some unnecessary language has been removed. Other language and grammatical changes have been made to increase readability and apply terms consistently.
2. The required projections have been reduced from five years to three years.
3. Item A.4 has been removed. This item is already covered by item A.5.
4. Item A.6 has been removed. This item is already covered by item A.7.
5. Item B.3 has been removed. This item is already covered in Section 400.00 item B.
6. Item C.2 has been removed. This item is already covered by item C.5.
7. Added Item D. Fees and Charges Analysis. This item will cover the specifics of fees and charges as items B and C relate specifically to rates.

Section 400.00 – Reviews and Updates

1. Some unnecessary language has been removed. Other language and grammatical changes have been made to increase readability and apply terms consistently.

Section 500.00 – Authority

Language changes have been made to increase readability and apply terms consistently.

After discussions, the F&A Committee decided to accept the proposed changes in the final draft of the policy with a few clarifications.

The proposed updates by the F&A Committee at the June 16, 2020 meeting are as follows:

1. Removed reference to “cash basis” from section A.1. to be consistent with changes proposed in Budget Policy – PL Fin 012
2. Added “(including planned reserve increases)” to section C.6.

Staff made the changes and presented an updated policy for F&A Committee consideration at the June 30, 2020, F&A Committee meeting.

Discussion:

At the June 16, 2020, F&A Committee meeting, committee members reviewed and discussed the proposed new Water Service Charges and Rate Setting Policy PL - Fin 009. The F&A Committee accepted the new draft of the policy as presented in this final draft (attachment 2). A few recommendations were offered to staff to help clarify the policy as outlined above. Staff made those changes and presented the updated policy for final F&A Committee review at the June 30, 2020, F&A Committee meeting. The F&A Committee was favorable to the new draft of the policy and recommended it be submitted to the full Board for review at the July 2020 Board Meeting and for approval at the August 2020 Board Meeting. If a Director wishes to comment on the policy, please provide those comments to staff by July 27, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda at the August 2020 Board Meeting.

Fiscal Impact:

Adoption of the Water Service Charges and Rate Setting Policy (PL - Fin 009) will have no effect on the District's financial position.

Strategic Plan Alignment:

Goal C – Ensure Fiscal Responsibility and Affordable Rates.

Attachment:

- 1 – Water Service Charges and Rate Setting Policy (PL - Fin 009) redlined.
- 2 – Water Service Charges and Rate Setting Policy (PL - Fin 009) updated draft with proposed changes.

Sacramento Suburban Water District

Water Service Rates, Fees, and Charges ~~and Rate~~ Setting Policy

Adopted: September 15, 2014; ~~September 19, 2016~~
~~Approved with Changes: Revised: July 17, 2017~~ ~~December~~ ~~January~~ ~~August XX, 2020~~ ~~19~~

100.00 Purpose of the Policy

~~It is important for the District~~ The Sacramento Suburban Water District ~~to shall~~ have cost-based water service rates, fees, and charges that are fair, equitable, and defensible. The basis for establishing water service rates, fees, and charges ~~that are fair, equitable, and defensible~~ has traditionally been cost of service principles and methodologies.¹ At the same time, the courts have historically recognized that municipal-public entities can take into account policy items ~~factors~~ other than ~~strictly the~~ cost of service when establishing rates (e.g., conservation, efficient use, ability to pay, accrual of prudent reserves, etc.). The people of California, however, have also established certain legal constraints on setting water service rates, fees, and charges pursuant to Proposition 218 (Article XIII C and D of the California State Constitution). Therefore, this policy has been developed to provide guidance ~~and consistency in for~~ District financial planning and the rate setting decision-making process for the Board of Directors and staff. ~~Also, this~~ This ~~policy~~ also provides a foundation for the long-term financial sustainability of the District, while providing the ratepayers and outside financial community with a better understanding of the District's commitment to managing the District in a financially prudent and sustainable manner.

200.00 Policy

The District's water service rates, fees, and charges ~~and rates~~ will be ~~assessed~~ reviewed ~~biennially~~ annually ~~by staff~~, to confirm sufficient funding, and to assess ~~needed the~~ need for adjustments to reflect inflation, construction needs, maintain bond covenants, and/or to avoid immediate or major rate adjustments. ~~This does not imply that rates will be adjusted biennially~~ annually, simply that the rates are reviewed and a determination is made of their adequacy in funding the District.

The District will establish water service rates, fees, and charges using "generally accepted" rate setting and costing methodologies, including establishing appropriate cost bases for any existing or future water rates, fees, and charges structure imposed or proposed to be imposed on District ratepayers, and in compliance with all appropriate laws (i.e., Proposition 218) ~~California law~~. ~~The District will be viewed on a "stand-alone" basis to help assure self-sufficiency and sustainability.~~ The analyses associated with "generally accepted" rate-setting techniques ~~methodologies~~ include the following analyses:

¹ Generally-accepted cost of service principles and methodologies are best defined and discussed within the American Water Works Association M-1 Manual, Principles of Water Rates, Fees, and Charges.

- A. Revenue Requirement Analysis – Establishes the ~~overall~~ level of financial ~~needs requirements~~ of the District. In developing the revenue requirements for the District, the District will consider the following:
1. Revenue requirements, including anticipated external funding, ~~will be established on a “cash basis” approach that~~ will include all District programs, operation & maintenance expenses, ~~any~~ applicable taxes/transfer payments, debt service (P&I), and capital improvements funded from rates.
 2. Revenues and costs will be ~~annually~~ projected annually, at a minimum, for a ~~five-three~~ year period (the proposed budget year plus ~~four-two~~ additional projected years).
 3. Projections of Operations & Maintenance (O&M) costs should include any estimated incremental O&M costs associated with increased service levels ~~(or future capital improvements.)~~
 - ~~4. District staff will review the five year capital improvement plan and update it regularly by way of its Asset Management Plans and Water System Master Plan.~~
 - ~~5.4.~~ On an annual basis Annually, the District will fund, through its water service rates, fees, and charges and other available revenues, an amount to adequately maintain the existing infrastructure of the District. ~~To achieve this goal, t~~The District will fund selected capital projects based on the District’s Capital Asset Replacement Management Plans and the Water System Master Plan.
 - ~~6. The system’s capital improvement program will consider growth related capital improvements, and replacement capital improvements.~~
 5. The level of any proposed rate adjustment(s) will reflect all ~~of the above~~ costs (direct, indirect and costs of administration), such that rates will be cost-based and provide for full cost recovery of providing water services to customers and to other local water retailers.
 - ~~7. The estimated wage increases of District customers since the time of the last rate increase. This will be accomplished by utilizing the latest published data from the U.S. Bureau of Labor Statistics, “Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimate” for the “Sacramento-Roseville-Arden Arcade Area.”~~
- B. Cost of Service Analysis – Determines the equitable allocation of costs (revenue requirements) between the various customer groups.
1. When possible, a cost of service study will be utilized to equitably allocate the District costs to the customer classifications of service.
 2. ~~The cost allocation methodology will utilize techniques~~The District will utilize methodologies that are “generally accepted” by the industry (e.g. American Water Works Association) ~~including conservation-based methodologies. The cost of service for the District and~~ will also consider the specific circumstances and unique characteristics of the District ~~in the cost allocation methodology.~~

~~3. A cost of service analysis will be conducted at least once every five years to determine if rates remain equitable between different customer classes of service.~~

C. Rate Design Analysis – The District will design rates to collect the appropriate required level of revenue ~~that reflects the rate design goals, objectives and policies of the District, including water conservation policies established by the District Board~~ taking into consideration the following:-

1. Rate designs will be reflective of system-District needs, and also reflect the greater public purpose and policy goals of the District-Board of Directors.
2. Rate structures will be developed to promote understanding by the District's customers (e.g. bills that are easy to understand).
3. Rates will be set at a level that recovers necessary to recover all costs, by customer classification, ~~yet flexible enough to accomplish the District's objectives. As deemed appropriate, rate structures will be designed to reward the preservation of valuable resources (conservation), the efficient use of resources, while discouraging excessive or wasteful usage. (e.g. public purpose programs)~~ (e.g. single family, multi-family, commercial, etc).
4. Rates will be designed to be equitable, ~~and detailed to a level to reflect~~ for the service provided (e.g., private fire protection, multi-family services, etc).
5. Rates will ~~balance the overall goals and objectives of the rate design process with any administrative or District billing issues. Providing rates~~ be set that are easy to understand and administer ~~is beneficial to both the customer and the District.~~
6. It ~~shall~~ will be the ~~a~~ policy of the District to set rates at the lowest responsible rate.
7. If it is determined by the Board of Directors that revenue generated exceeds planned expenditures (including planned reserve additions), rates can be adjusted downward by the Board of Directors.

D. Fees and Charges Analysis – The District will set fees and charges that reflect the goals, objectives and policies of the Board of Directors.

6.

300.00 Revenue Diversification

The District has limited ability for revenue diversification. Where possible, the District will explore additional revenue sources such as grants, developer contributions, etc.

400.00 Reviews and Updates

The ~~District will closely monitor the~~ financial/rate performance of the District will be closely monitored to ~~help~~ maintain adequate rates, ~~and fees, and~~ charges through:

A. Annual Reviews - District water service rates, fees, and charges will be reviewed annually as part of the budget process, to determine the adequacy of revenues to

~~cover the planned expenditures and, and, as necessary, adjustments made to reflect inflation, construction needs, maintain bond covenants, and avoid major increases to meet the policies set forth herein.~~

- B. Comprehensive ~~Rate~~ Studies - District water service rates, fees, and charges studies will be conducted, at a minimum, every five years to update assumptions and plan for the long-term solvency and viability of the ~~District's water services~~District.

500.00 Authority

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

600.00 Policy Review

This Policy will be reviewed by the Board of Directors at least biennially.

Sacramento Suburban Water District

Water Service Rates, Fees, and Charges Setting Policy

Adopted: September 15, 2014
Approved with Changes: August XX, 2020

100.00 Purpose of the Policy

The Sacramento Suburban Water District shall have cost-based water service rates, fees, and charges that are fair, equitable, and defensible. The basis for establishing water service rates, fees, and charges has traditionally been cost of service principles and methodologies.¹ At the same time, the courts have historically recognized that public entities can take into account factors other than the cost of service when establishing rates (e.g., conservation, efficient use, ability to pay, accrual of prudent reserves, etc.). The people of California, however, have also established certain legal constraints on setting water service rates, fees, and charges pursuant to Proposition 218 (Article XIII C and D of the California State Constitution). Therefore, this policy has been developed to provide guidance for District financial planning and the rate setting decision-making process for the Board of Directors and staff. This policy also provides a foundation for the long-term financial sustainability of the District, while providing the rate payers and outside financial community with a better understanding of the District’s commitment to managing the District in a financially prudent and sustainable manner.

200.00 Policy

The District’s water service rates, fees, and charges will be reviewed annually to confirm sufficient funding and to assess the need for adjustments to reflect inflation, construction needs, maintain bond covenants, and/or to avoid immediate or major rate adjustments.

The District will establish water service rates, fees, and charges using “generally accepted” rate setting and costing methodologies, including establishing appropriate cost bases for any existing or future water service rates, fees, and charges structure imposed or proposed to be imposed on District ratepayers, and in compliance with California law. The analyses associated with “generally accepted” rate-setting methodologies include the following:

- A. Revenue Requirement Analysis – Establishes the level of financial requirements of the District. In developing the revenue requirements for the District, the District will consider the following:

¹ Generally-accepted cost of service principles and methodologies are best defined and discussed within the American Water Works Association M-1 Manual, Principles of Water Rates, Fees, and Charges.

1. Revenue requirements, including anticipated external funding will include all District programs, operation & maintenance expenses, applicable taxes/transfer payments, debt service (P&I), and capital improvements funded from rates.
 2. Revenues and costs will be projected annually, at a minimum, for a three year period (the proposed budget year plus two additional projected years).
 3. Projections of Operations & Maintenance (O&M) costs should include any estimated incremental O&M costs associated with increased service levels or future capital improvements.
 4. Annually, the District will fund, through its water service rates, fees, and charges, an amount to adequately maintain the existing infrastructure of the District. The District will fund selected capital projects based on the District's Capital Asset Replacement Management Plans and the Water System Master Plan.
 5. The level of any proposed adjustment(s) will reflect all costs (direct, indirect and costs of administration), such that rates, fees, and charges will be cost-based and provide for full cost recovery of providing water services to customers and to other local water retailers.
- B. Cost of Service Analysis – Determines the equitable allocation of costs (revenue requirements) between the various customer groups.
1. When possible, a cost of service study will be utilized to equitably allocate the District costs to the customer classifications of service.
 2. The District will utilize methodologies that are “generally accepted” by the industry (e.g. American Water Works Association) and will also consider the specific circumstances and unique characteristics of the District.
- C. Rate Design Analysis – The District will design rates to collect the required level of revenue taking into consideration the following:
1. Rate designs will be reflective of District needs, and also reflect the policy goals of the Board of Directors.
 2. Rates will be set to recover all costs, by customer classification (e.g. single family, multi-family, commercial, etc).
 3. Rates will be designed to be equitable for the service provided (e.g., private fire protection, multi-family services, etc).
 4. Rates will be set that are easy to understand and administer.
 5. It will be the policy of the District to set rates at the lowest responsible rate.
 6. If it is determined by the Board of Directors that revenue generated exceeds planned expenditures (including planned reserve increases), rates can be adjusted downward by the Board of Directors.
- D. Fees and Charges Analysis – The District will set fees and charges that reflect the goals, objectives and policies of the Board of Directors.

300.00 Revenue Diversification

The District has limited ability for revenue diversification. Where possible, the District will explore additional revenue sources such as grants, developer contributions, etc.

400.00 Reviews and Updates

The financial/rate performance of the District will be closely monitored to maintain adequate rates, fees, and charges through:

- A. Annual Reviews - District water service rates, fees, and charges will be reviewed annually as part of the budget process to determine the adequacy of revenues to cover the planned expenditures and to meet the policies set forth herein.
- B. Comprehensive Studies - District water service rates, fees, and charges studies will be conducted, at a minimum, every five years to update assumptions and plan for the long-term solvency and viability of the District.

500.00 Authority

The General Manager and Director of Finance and Administration are responsible for adherence to this policy and to the regular reporting of the District's financial status. Oversight by the Board of Directors will be accomplished through regular reporting of financial status and review of this Policy.

600.00 Policy Review

This Policy will be reviewed by the Board of Directors at least biennially.

From: feedback@sswd.org
Sent: Tuesday, July 7, 2020 10:46 AM
To: feedback <feedback@sswd.org>
Subject: Feedback for Sacramento Suburban Water District

You have received this feedback from Richard

<http://www.sswd.org/about/contact-us>

I own my home at the corner of Juno & Daphne Ave, Garden of the Gods, and water service work has been under way in our neighborhood for a few months now. I must say - the workers who are supervised by Doug Veerkamp General Engineering have been friendly and informative, exceedingly accommodating in keeping roadways and driveways open for cars, and above all, professional in doing the work. They arrive at 7:00am, there is this impressive ballet of huge trucks and digging machines, digging trenches, laying pipes, covering and recompacting, repaving, and whoooosh - they are all cleaned up and gone by 3:00pm. It is an impressive performance, week after week. I just can't say enough about this team. If you get the chance to hire them again, please do. Rich Juno Way

From: Michael
Sent: Thursday, July 16, 2020 8:13 AM
To: feedback <feedback@sswd.org>
Subject: For Craig Locke

Hi Craig,

Hope you are doing well. I have a question for you regarding something I noticed on the Government Compensation in California website. It shows that an SSWD director received total wages of \$40,891 in 2017 plus \$4,792 in retirement and health contributions. There is no explanation for the payout amount. Other years it looks like the average salaries for directors are \$7600. There is no name attached to what I saw, says director. If you could let me know, i would appreciate it.

Thanks!

Michael

From: Sierra
Sent: Tuesday, July 7, 2020 1:56 PM
To: feedback <feedback@sswd.org>
Subject: Director Craig M. Locke

Mr. Locke,

I'm a property owner and resident at Thor Way. I understand the SSWD has subcontracted multiple vendors to work on the water meter project.

To date, I've received 1 notice, via a piece of paper on my porch regarding the project. For months, no work has been done and I've heard nothing from SSWD or the sub contractors.

This morning at 7am, I went outside to see that a 6 foot deep trench had been dug in front of my house. There was no notification this work was going to happen today, no contact information, nothing.

I spoke with Scott (your subcontractor?) - and he admitted that nothing had been sent out recently. He did share that they have a steel plate that can be used to allow people to exit their driveway. However, without any information being sent out ahead of time, there is no way of knowing this or who to contact if you needed to exit your property. And when I called SSWD, the customer service representative was unclear on the project, and the internal point of contact was unreachable as well.

Is there not a standard of service where you notify property owners 24 hours in advance that this work is occurring and list out the options? This multi-million dollar project is being run like a mom & pop small business, with zero consideration for our neighborhood and lots of steps appear to be overlooked.

I urge you to take a deep look into the operations of this project and ensure that all residents are properly notified, in a timely manner, with contact information easily available.

Regards,
Sierra
Thor Way