

Agenda

Sacramento Suburban Water District Regular Board Meeting

3701 Marconi Avenue, Suite 100
Sacramento, California 95821

Monday, August 17, 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/84462539777?pwd=bk8yQ1lpOUJKS2l0SDhhQUxhd3djUT09>

Meeting ID: 844 6253 9777

Password: 951310

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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 July 20, 2020, Regular Board Meeting
Recommendation: Approve subject minutes.
3. Budget Policy (PL – Fin 012)
Recommendation: Approve subject policy with changes.
4. Investment Policy (PL – Fin 003)
Recommendation: Approve subject policy with changes.
5. Employee Standards of Conduct and Discipline Policy (PL - HR 011)
Recommendation: Approve subject policy with changes.

6. Water Service Rates, Fees, and Charges Setting Policy (PL - Fin 009)
Recommendation: Approve subject policy with changes.

Items for Discussion and/or Action

7. Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act
Recommendation: Adopt subject resolution.
8. Contract Services Agreement Amendment Between Sacramento Suburban Water District and Del Paso Manor Water District
Recommendation: Approve amending the Contract Services Agreement between Sacramento Suburban Water District and Del Paso Manor Water District to be extended through September 30, 2020, and select the labor rates accordingly.
9. Resolution No. 20-09 CalPERS Pension – Employer Paid Member Contribution
Recommendation: Adopt subject resolution.
10. 2021 Budget Assumptions
Recommendation: Approve the proposed 2021 key Budget Assumptions as a reasonable starting point in preparing the 2021 Budget.
11. Sacramento Region Water Utility Collaboration Study Update
Recommendation: No action. Receive update on the current status of the Sacramento Region Water Utility Collaboration Study.
12. Water Fluoridation Discussion
Recommendation: No action. Discuss current operational parameters regarding fluoridating the South Service Area and direct staff as appropriate.

General Manager's Report

13. General Manager's Report
 - a. Grant of Easement and Right of Way
 - b. Materials Purchasing Program – Regional Water Authority
 - c. San Juan Water District Water Transfer Update
 - d. City of Sacramento Update

Assistant General Manager's Report

14. Assistant General Manager's Report
 - a. Placer County Water Agency Agreement Amendment

Department/Staff Reports

15. Financial Report
 - a. Financial Highlights – July 2020
 - b. Financial Statements – July 2020
 - c. Investments Outstanding and Activity – July 2020
 - d. Cash Expenditures – July 2020
 - e. Credit Card Expenditures – July 2020
 - f. District Reserve Balances – July 2020
 - g. Information Required by Bond Agreement
 - h. Financial Markets Report – July 2020
16. District Activity Report
17. 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)

18. a. Regional Water Authority (Director Jones)
Agenda for the August 7 and 11, 2020 Special Board meeting.

Regional Water Authority Executive Committee (General Manager York)
Agenda for the July 22, 2020 meeting.

Sacramento Groundwater Authority (Director Wichert)
Agenda for the August 13, 2020 meeting.

- b. Director Reports – AB 1234

Committee Reports

- 19. a. Facilities and Operations Committee (Director Jones)
Draft notes from the July 15, 2020 meeting.
- b. Finance and Audit Committee (Director Thomas)
Draft notes from the August 10, 2020 meeting.
- c. DPMWD/SSWD 2x2 Ad Hoc Committee (Director Locke)
Draft notes from the August 3, 2020 meeting.
- d. Employee Benefits Ad Hoc Committee (Director Thomas)
Draft notes from the August 11, 2020 meeting.

Information Items

- 20. Legislative and Regulatory Update
- 21. Upcoming Water Industry Events
- 22. Upcoming Policy Review
 - a. Driver Record and Insurance Review Policy (PL - HR 006)
 - b. Procurement Policy (PL - Fin 005)
 - c. Public Works Contracting Policy (PL - Eng 002)

Director's Comments/Staff Statements and Requests

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

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

- 23. Conference with 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

Upcoming Meetings

Tuesday, August 25, 2020, at 4:00 p.m., Facilities and Operations Committee Meeting

Monday, September 14, 2020, at 5:00 p.m., SSWD/DPMWD 2x2 Ad Hoc Committee

Monday, September 21, 2020, at 6:00 p.m., Regular Board Meeting

I certify that the foregoing agenda for the August 17, 2020, meeting of the Sacramento Suburban Water District Board of Directors was posted by August 14, 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

Agenda Item 2

Minutes

Sacramento Suburban Water District
Regular Board Meeting
Monday, July 20, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #830 7827 5651

Call to Order – Videoconference/Audioconference Meeting

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

Pledge of Allegiance

President Thomas led the Pledge of Allegiance.

Roll Call

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

Directors Absent: Dave Jones.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, Heather Hernandez-Fort, Jeff Ott, Dana Dean, Matt Underwood, Julie Nemitz, Jim Arenz, Greg Bundesen, Cassie Crittenden, and Todd Artrip.

Public Present: William Eubanks, Paul Olmstead, Alan Driscoll, Ted Costa, and Paul Helliker.

Announcements

General Manager Dan York (GM York) announced:

- Director of Divisions 1 and 2 Candidate Filing began on Monday, July 13th and runs through August 7, 2020.
- Tap Talk Live is this Friday at 12:00 noon.
- ACWA Virtual Conference is next week.
- Director Jones had a family emergency and is absent.

Public Comment

None.

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

President Thomas requested to table the Closed Session item, as Director Jones was not present at the meeting, and he wanted to be present to discuss the topic.

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

2. **Minutes of the June 15, 2020, Regular Board Meeting**
3. **Return to Work Policy (PL - HR 007)**
4. **Environmental Sustainability Policy (PL - Adm 005)**

Director Wichert requested to pull Item 2, and moved to approve Items 3 and 4; Director McPherson seconded. The motion passed by unanimous vote.

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

Regarding Item 2, Director Wichert requested to pull the Item to point out that it was noted that there would be two separate action items, one to vote to prospectively require all new employees in the classic retirement plan to begin paying their EPMC, and two, to review hiring a consultant or special legal counsel to review SSWD options. He inquired why the second action item was not on the July agenda as requested.

Director McPherson expressed it was not on the current agenda as she believed GM York and Director Locke spoke and decided it was not needed based on an email she received from GM York.

Director Locke noted that was untrue and that he did not recall the email.

GM York expressed that the second item requested in the last meeting was listed as the Closed Session Item 1.

Director Wichert commented that Agenda Item 1 was not very transparent by the title, then moved to approve Item 2; Director Locke seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

5. **State Water Loss Management Reporting Update**
Greg Bundesen (Mr. Bundesen) presented the staff report and PowerPoint presentation and answered clarifying questions.

Paul Helliker complimented Mr. Bundesen on a great presentation and the excellent work SSWD has done on its conservation measures.

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

GM York presented the staff report.

President Thomas expressed that he didn't think Del Paso Manor Water District (DPMWD) was interested in merging with Sacramento Suburban Water District (District) at this time. He further expressed that he was ok with extending the contract another three months, and complimented District staff on assisting with DMPWD's Consumer Confidence Report.

Director McPherson agreed with President Thomas noting she didn't think DPMWD was interested in merging at this time either unless LAFCo encouraged it.

GM York expressed he was merely intending to bring it up for discussion.

Director Wichert stated he was not in favor of discussing merger. He expressed he was interested in extending the contract another month

Director Locke noted DPMWD can hire private consultants to do the support work they were asking of the District, and was not very interested in extending the contract much further.

Director Wichert moved to approve a one month extension to the contract, contingent upon another meeting to discuss terms. He noted that he was interested in a longer term agreement so the District would have the opportunity to hire staff to assist longer term.

President Thomas seconded.

Paul Olmstead (Mr. Olmstead) inquired if District staff had an opportunity to discuss contract extentions with the new General Manager at DPMWD, to see if they were even interested in it.

GM York expressed he had met twice with the new General Manager of DPMWD, and that their GM had expressed that he was interested in extending it.

The motion passed by unanimous vote.

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

7. **Annual Fraud Prevention Presentation**

Jeff Ott (Mr. Ott) presented the staff report and PowerPoint presentation.

8. **Resolution No. 20-08 CalPERS Pension – Employer Paid Member Contribution**

President Thomas requested to table this item, as Director Jones was not present at the meeting, and he wanted to be present to discuss the topic.

9. **2021 Budget Preparation Timeline**

Mr. Ott presented the staff report and answered clarifying questions.

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

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

10. **2X2 SSWD/SJWD Water Management/Re-organization Committee**

GM York presented the staff report.

President Thomas moved to reactivate the SSWD/SJWD 2x2 Committee.

William Eubanks (Mr. Eubanks) inquired why this topic was being brought up, as the Board decided to have the committee remain in dormant status until the Raftelis report was released with resource sharing findings and recommendations. He believed it was premature to reactivate the committee.

Mr. Olmstead disagreed with Mr. Eubanks and commented that it was a good effort and postponing the committee wouldn't do any good for anyone.

Mr. Eubanks remarked that SJWD would not be able to deliver any water to the South Service Area.

Mr. Olmstead expressed that merger discussions could provide many benefits to everyone long term, and recommended to look at the future of the region.

Mr. Eubanks inquired how much it would cost the District rate payers.

Director McPherson recommended to wait until the Raftelis study was presented to see if the SSWD/SJWD 2x2 Committee was still relevant.

Director Wichert agreed with Director McPherson.

GM York expressed there was a meeting on July 22nd with Raftelis and the General Managers of the Sacramento Region Water Utility Collaboration Study to review the draft report, then there was a meeting on July 28th with all participants of the Committee, which include Board and Council members.

Director Locke expressed his displeasure with the elected officials not being included in more of the discussions.

President Thomas stated he was interested in getting the SSWD/SJWD 2x2 Committee out of hibernation.

Director Wichert noted he was in agreement with Director McPherson that they should hold off until the study became public, then go from there.

President Thomas moved to reactive the SSWD/SJWD 2x2 Committee; Director Locke seconded. The motion failed on a 2/2 vote. Director Wichert and Director McPherson opposed.

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

General Manager’s Report

11. General Manager’s Report

GM York presented the staff report and answered clarifying questions.

a. Sacramento Region Collaboration/Integration Study Update

GM York presented the staff report.

b. Sacramento Groundwater Authority / Sacramento County Groundwater Authority Update

GM York presented the staff report.

GM York proposed to request Jim Peifer with the Regional Water Authority to do a presentation at the next regular Board meeting.

The Board agreed with GM York’s proposal.

Assistant General Manager’s Report

12. Assistant General Manager’s Report

Assistant General Manager Mike Huot (AGM Huot) presented the staff report and answered clarifying questions.

a. 2020 Water Transfer Update

AGM Huot presented the staff report.

Mr. Olmstead congratulated AGM Huot on a great job.

Department/Staff Reports

13. Financial Report

Mr. Ott presented the staff report and answered clarifying questions.

a. Financial Highlights – June 2020

A written report was provided.

- b. *Financial Statements – June 2020*
A written report was provided.
- c. *Investments Outstanding and Activity – June 2020*
A written report was provided.
- d. *Cash Expenditures – June 2020*
A written report was provided.
- e. *Purchasing Card Expenditures – June 2020*
A written report was provided.
- f. *Directors Compensation and Expense Accounting – June 2020*
A written report was provided.
- g. *District Reserve Balances – June 2020*
A written report was provided.
- h. *Information Required by LOC Agreement*
A written report was provided.
- i. *Financial Markets Report – June 2020*
A written report was provided.

14. **District Activity Report**
A written report was provided.

15. **Engineering Report**
A written report was provided.

Director Wichert inquired why the 78 Butano/Cottage Well project was delayed and why the status was not updated.

Dana Dean (Mr. Dean) expressed he would review the projects status and if necessary include a status update in next month's report.

- 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)

16. a. Regional Water Authority (Director Jones)
The agenda for the July 9, 2020 meeting was provided.

Regional Water Authority Executive Committee (General Manager York)
The agenda for the June 24, 2020, meeting was provided.

- b. Sacramento Groundwater Authority (Director Wichert)
None.

- c. Director Reports – AB 1234

Director Locke provided an oral report of the RWA meetings he attended on June 4, 19, and 26, 2020; the AWWA meetings he attended on June 5, 10, and 11, 2020; the RWA Executive Committee he attended on June 24, 2020; and the meeting he had with the General Manager on June 25, 2020.

President Thomas provided an oral report of the RWA meetings he attended on June 4, and 19, 2020; the RWA Executive Committee he attended on June 24, 2020; the SGA meeting he attended on June 11, 2020; the DPMWD Board meeting he attended on June 25, 2020; and the meetings he had with the General Manager on June 22 and 25, 2020.

Committee Reports

17. a. Facilities and Operations Committee (Director Jones)
The agenda for the July 15, 2020, meeting was provided.
- b. Finance and Audit Committee (Director Thomas)
The draft notes from the June 30, 2020, meeting were provided.

Director McPherson requested a copy of the PowerPoint presentation that was presented at the meeting.

Information Items

18. **Lead Service Line Inventory**
Mr. Dean presented the staff report and answered clarifying questions.
19. **Human Resources and Succession Plan Semiannual Report**
A written report was provided.
20. **Legislative and Regulatory Update**
A written report was provided.

21. **Upcoming Water Industry Events**

A written report was provided.

22. **Upcoming Policy Review**

A written report was provided.

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 was provided.**

Director's Comments/Staff Statements and Requests

Director McPherson inquired if the Board could hold a Special Board meeting, regarding item 1, prior to the August regular Board meeting.

Director Wichert agreed with Director McPherson's suggestion.

Director Locke stated there was no hurry for the item, and that a Special Board meeting was not necessary, further noting he was more interested in addressing the issue as a whole instead of piecemealing it, noting that an in-person meeting would be best.

President Thomas requested staff attempt to schedule an in-person, social distance Special Board meeting, for the item 1, as a closed session item, prior to the August regular Board meeting.

Adjournment

President Thomas adjourned the meeting at 7:53 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 3

Date: August 7, 2020

Subject: Budget Policy (PL - Fin 012)

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

Recommended Board Action:

Approve the updated Budget Policy PL – Fin 012, with changes.

Background:

The Budget Policy PL – Fin 012 (Policy) was last reviewed by the Board in July 2018.

At the June 30, 2020 F&A Committee meeting, the Policy was reviewed and approved for submission to the whole Board for approval.

On July 20, 2020, the Policy update was brought to the whole Board for review. No comments have been received from the Board.

Discussion:

After review of the Budget Policy, staff proposed a new policy that addressed 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 Capital Improvement Program (CIP) and Operating Capital Budget (OCB) are Capital budgets, staff recommended combining these into one budget (Capital Budget) containing two programs, 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 as 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.
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.

Both the current version (Attachment 1) and a clean updated version (Attachment 2) of the Policy are attached for reference. Minor edits were made to the approved date and the Operating Capital Program definition.

Fiscal Impact:

There is no fiscal impact related to the changes in this policy.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Attachments:

- 1 – Budget Policy PL – Fin 012 – current policy
- 2 – Budget Policy PL – Fin 012 – clean 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: August 17, 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 (OCP) – 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.
 - 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: 4

Date: August 7, 2020

Subject: Investment Policy (PL – Fin 003)

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

Recommended Board Action:

Approve the updated Investment Policy PL – Fin 003 with changes.

Background:

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

On July 20, 2020 the Policy update was brought to the Board for review. No comments have been received from the Board.

Discussion:

Staff is recommending certain Policy changes based upon recommendations provided by our investment advisor PFM Asset Management, LLC (PFM). The Policy is in compliance with the California Government Code (Code) that governs the investment of public funds. The suggested changes were not reviewed by legal counsel. 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 the 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 (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

Investment Policy (PL – Fin 003)

August 7, 2020

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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.

Both a redlined version (Attachment 1) and a clean version (Attachment 2) of the updated Policy are attached for reference. Minor edit was made to the approved date.

Fiscal Impact:

There is no fiscal impact related to the changes in this policy.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Attachments:

- 1) Investment Policy PL – Fin 003 – redlined
- 2) Investment Policy PL – Fin 003 – clean

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 or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PORTFOLIO: Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

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

Sacramento Suburban Water District

Investment Policy

Adopted: December 16, 2002
Approved with changes on: August 17, 2020

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 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).
- 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 union, 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, 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.
 - (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 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.
- 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	--	100	--
District Policy	5 years	100	--
Federal Agencies and Government Sponsored Enterprises:			
State Code	--	100	--
District Policy	5 years	100	--
Municipal Obligations:			
State Code	--	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	--	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 or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PORTFOLIO: Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

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



Agenda Item: 5

Date: July 30, 2020

Subject: Employee Standards of Conduct and Discipline Policy (PL – HR 011)

Staff Contact: Cassie Crittenden, Human Resources Coordinator

Recommended Board Action:

Approve the updated Employee Standards of Conduct and Discipline Policy (PL – HR 011) with changes.

Background:

On July 20, 2020, the Employee Standards of Conduct and Discipline Policy (PL – HR 011) was brought to the Board for review. To date, no comments from the Board have been received.

Discussion:

Staff recommends approving the updated Employee Standards of Conduct and Discipline Policy (PL – HR 011). Both, a redlined version (Attachment 1) and clean version (Attachment 2) are included for your reference. In summary, edits were made to the following sections:

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.

Fiscal Impact:

Adopting the policy updates have no fiscal impact.

Strategic Plan Alignment:

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

District customers benefit from the District having and maintaining a policy that provides general guidelines for employee discipline in situations involving misconduct or unacceptable work performance.

Attachments:

- 1 – Employee Standards of Conduct and Discipline Policy (PL – HR 011) - redlined
- 2 - Employee Standards of Conduct and Discipline Policy (PL – HR 011) - clean

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.

Sacramento Suburban Water District

Employee Standards of Conduct and Discipline Policy

Adopted: October 20, 2008
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. Employees should be aware that any conduct 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. 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

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400.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 6

Date: August 7, 2020

Subject: Water Service Rates, Fees, and Charges Setting Policy (PL - Fin 009)

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

Recommended Board Action:

Approve the updated Water Service Rates, Fees and Charges Setting Policy PL - Fin 009, with changes.

Background:

The Water Service Charges and Rate Setting Policy (Policy) PL - Fin 009 was last reviewed in July 2017.

The Policy 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 some additional edits to the policy were requested by a Board member. 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. 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.

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 the F&A Committee. 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, the following changes were requested:

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 proposes 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 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 those changes and presented the updated Policy for F&A Committee consideration at the June 30, 2020, F&A Committee meeting. The F&A Committee recommended the Policy be submitted to the full Board for review and approval.

On July 20, 2020, the Policy update was brought to the Board for review. No comments have been received from the Board.

Discussion:

Staff recommends approving the updated Policy. Both, a redlined version (Attachment 1) and a clean version (Attachment 2) of the updated Policy are attached for reference. Minor edit was made to the approved date.

Fiscal Impact:

Adoption of the Water Service Charges and Rate Setting Policy (PL - Fin 009) will have no significant 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) clean.

Sacramento Suburban Water District

Water Service Rates, Fees, and Charges ~~and Rate~~ Setting PolicyAdopted: 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 infor~~ 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 17, 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.



Agenda Item: 7

Date: August 17, 2020

Subject: Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees’ Medical and Hospital Care Act

Staff Contact: Cassie Crittenden, Human Resources Coordinator

Recommended Board Action:

As recommended by the Employee Benefits Ad Hoc Committee, adopt Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees’ Medical and Hospital Care Act (Attachment 1), as an action item, pending legal review.

Background:

On July 14, 2020, CalPERS released the 2021 Regional Health Plan Rates. CalPERS 2021 premium rates are increasing at an overall average of 4.32%.

Typically, the HR Coordinator would complete the health benefit analysis, comparing CalPERS plans and rates with other insurance carriers. This year, staff utilized Edgewood Partners Insurance Center, Inc. (EPIC), who specializes in employee benefits insurance to conduct the health analysis. On July 31, 2020, EPIC completed their health benefit analysis and provided to staff for review. On August 11, 2020, the information was then presented to the Employee Benefits Ad Hoc Committee for review and consideration prior to the August 17, 2020, regular Board Meeting.

Discussion:

As directed by the Board since 2007 for the CalPERS medical program, the General Manager determines the maximum or “cap” amount to be paid by the District for employee medical insurance premiums prior to Open Enrollment each year based on the higher of the Basic Premiums – Region 1 lowest cost HMO and PPO plans. Shown in Attachment 2, are CalPERS 2021 Regional Health Premiums for Region 1. The highest of the lowest HMO and PPO plan, as shown in Attachment 2 in bold, is Western Health Advantage (WHA) HMO with the following rates for 2021:

Table 1 - WHA HMO 2021 Rates

Single	2-Party	Family
\$757.02	\$1,514.04	\$1,968.25

Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act

August 17, 2020

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EPIC requested quotes from ACWA JPIA, Special District Risk Management Authority (SDRMA), and Southern California VEBA. Southern California VEBA declined to provide a quote. EPIC compared plans and rates from CalPERS with ACWA JPIA and SDRMA. EPIC recommended to continue with CalPERS health insurance for 2021 as CalPERS remained the cheapest and would provide the District with continued cost savings compared to ACWA JPIA or SDRMA health plan rates.

For example, EPIC compared the WHA HMO 2021 plan and rate with the plans and rates offered through ACWA/JPIA and SDRMA. EPIC obtained the following information:

- ACWA/JPIA offers PPO and HMO plans. The least expensive comparable plan offered is \$402.95 more than CalPERS' WHA single coverage, \$805.91 more than CalPERS WHA 2-party coverage, and \$1,105.68 more than CalPERS's WHA family coverage.
- SDRMA offers PPO and HMO plans. The least expensive comparable plan offered is \$297.70 more than CalPERS' WHA single coverage, \$596.43 more than CalPERS WHA 2-party coverage, and \$776.70 more than CalPERS's WHA family coverage.

Staff has determined the District should remain in the CalPERS medical program for 2021 after receiving the health benefit analysis from EPIC who compared the plans and rates offered by ACWA/JPIA and SDRMA. If the District chose to exit the CalPERS medical program, three important reminders are as follows: 1) the District has 60 calendar days from the date CalPERS releases their health premium rates to file a resolution to terminate enrollment in the 2021 CalPERS health insurance program, which would need to be submitted to CalPERS on or before September 14, 2020; 2) when an agency leaves the CalPERS health insurance program, it cannot return for five years, and 3) plans currently in the CalPERS medical program will not provide a quote for separate group coverage until the Board Resolution is provided that confirms an agency's intent to leave the CalPERS program.

Additionally, on July 14, 2020, CalPERS released the 2021 100/90 State Annuitant Contributions rates. These rates apply to all annuitants hired after January 1, 2003, and stipulates the minimum amount the District is required to contribute towards health premiums. These rates are calculated by CalPERS each year through the 100/90 formula. The 100/90 State Annuitant Contributions for 2021 are as follows:

Table 2- 2021 100/90 State Annuitant Contributions

Single	2-Party	Family
\$798	\$1,519	\$1,937

The District will utilize CalPERS 100/90 premium calculation for both active and retired employees if it is higher than the District "cap" amount. In comparing the premiums in Table 1 and Table 2, the 100/90 rate will be utilized for Single and 2-Party, and the Western Health Advantage Rate will be utilized for the Family rate.

Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees’ Medical and Hospital Care Act

August 17, 2020

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To implement these changes, one resolution, using the required CalPERS template, needs to be adopted by the Board of Directors as follows:

- Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees’ Medical and Hospital Care Act (Attachment 1): This Resolution has been updated and will need to be adopted by the Board. This Resolution applies to **all active employees and all annuitants hired prior to January 1, 2003**. This accounts for the 100/90 rate for Single and 2- Party coverage, and the WHA HMO rate for Family coverage.
- Resolution No. 19-11 Fixing the Employer Contribution Under Section 22893 of the Public Employees’ Medical and Hospital Care Act (Attachment 3). This Resolution was originally adopted by the Board in August 2019, does not have any updates, and does not need to be adopted by the Board. It is shown here for reference. This Resolution applies to **all annuitants hired on or after January 1, 2003**, who are subject to the CalPERS vesting schedule for their post-retirement benefits and subject to the 100/90 rate. This resolution does not require updating since the designated plan is the same for 2021. CalPERS will utilize the Western Health Advantage rate only if it is higher than the 100/90 rate.

At the August 11, 2020, Employee Benefits Ad Hoc Committee meeting, the committee members agreed to move forward with a recommendation to the full Board to approve remaining the the CalPERS medical benefit plan for 2021.

Fiscal Impact:

Increase in the 2021 Operations and Maintenance budget expenses is approximately 9% for single party plans, 3.8% for 2-Party Plans, and 3.4% for Family plans. This is due to the increase in the maximum premium paid by the District in 2020 compared to 2021 as shown in Table 4.

Table 4 – SSWD “Cap” Premium Comparison

Year	Single	2-Party	Family
2020 “Cap”	\$731.96	\$1,463.92	\$1,903.10
2021 “Cap”	\$798	\$1,519	\$1,968.25
Percentage Increase	9%	3.8%	3.4%

Staff cannot quantify the exact amount presently as it will not be known until after Open Enrollment when employees select amongst health plans offered by CalPERS.

Strategic Plan Alignment:

Goal B: Optimize Operational and Organizational Efficiencies

Goal C: Fiscal Responsibility and Affordable Rates

Goal E: Retain and Recruit a Qualified and Stable Workforce

Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act

August 17, 2020

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District customers will benefit from the savings achieved by the District in continuing with the highest of the lowest cost plan and remaining in the CalPERS medical program when compared with ACWA/JPIA and SDRMA 2020 plan rates.

Attachments:

1 - Resolution No. 20-08 Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act.

2 - CalPERS 2021 Regional Health Plan Rates Region 1.

3 - Resolution No. 19-11 Fixing the Employer Contribution Under Section 22893 of the Public Employees' Medical and Hospital Care Act.

ⁱ The employer contribution with respect to each annuitant shall be adjusted by the employer each year. Those adjustments shall be based upon the principle that the employer contribution for each annuitant may not be less than the amount equal to 100 percent of the weighted average of the health benefit plan premiums for an employee or annuitant enrolled for self-alone, during the benefit year to which the formula is applied, for the four health benefit plans that had the largest state enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer shall contribute an additional 90 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied, in the four health benefit plans that had the largest state enrollment, excluding family members, during the previous benefit year. Only the enrollment of, and premiums paid by, state employees and annuitants enrolled in basic health benefit plans shall be counted for purposes of calculating the employer contribution under this section.

**RESOLUTION NO. 20-08
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT**

- WHEREAS, (1) **Sacramento Suburban Water District** is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”); and
- WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and
- WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and
- RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **\$798 (Party Rate 1); \$1,519 (Party Rate 2);** and, **Western Health Advantage Region 1 Basic Premiums (Party Rate 3)** per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further
- RESOLVED, (b) **Sacramento Suburban Water District** has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of **Sacramento Suburban Water District** shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that **Sacramento Suburban Water District** would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Cassie Crittenden, Human Resources Coordinator, or Jeff Ott, Finance Director, to file with the Board a verified copy of this resolution, and to perform on behalf of **Sacramento Suburban Water District** all functions required of it under the Act.

Adopted at a regular meeting of the Sacramento Suburban Water District at Sacramento, California, this 17th day of August, 2020.

Signed: _____
Kevin Thomas, President, Board of Directors

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

INSTRUCTIONS

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

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

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

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

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

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

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

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

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

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

For resolution processing, deliver to the following:

Overnight Mail Service
California Public Employees' Retirement System
Health Resolution & Compliance Services, HAMD
400 Q Street
Sacramento, CA 95811

Regular Mail
California Public Employees' Retirement System
Health Resolution & Compliance Services, HAMD
PO BOX 942714
Sacramento, CA 94229-2714

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

CaIPERS 2021 Regional Health Plan Rates Region 1

Plan	Employee Only	Employee + 1	Employee + Family
HMOs			
Anthem HMO Select	\$925.60	\$1,851.20	\$2,406.56
Anthem HMO Traditional	\$1,307.86	\$2,615.72	\$3,400.44
Blue Shield Access+	\$1,170.08	\$2,340.16	\$3,042.21
Blue Shield Trio	\$880.50	\$1,761.00	\$2,289.30
Health Net SmartCare	\$1,120.21	\$2,240.42	\$2,912.55
Kaiser	\$813.64	\$1,627.28	\$2,115.46
United Healthcare	\$941.17	\$1,882.34	\$2,447.04
<i>Western Health Advantage</i>	<i>\$757.02</i>	<i>\$1,514.04</i>	<i>\$1,968.25</i>

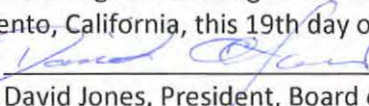
PPOs			
Anthem EPO Del Norte	\$935.84	\$1,871.68	\$2,433.18
PERS Choice	\$935.84	\$1,871.68	\$2,433.18
PERS Select	\$566.67	\$1,133.34	\$1,473.34
PERS Care	\$1,294.69	\$2,589.38	\$3,366.19


“Cap” Plan Shown in Bold Italics

**RESOLUTION NO. 19-11
FIXING THE EMPLOYER CONTRIBUTION UNDER SECTION 22893
OF THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT**

- WHEREAS, (1) **Sacramento Suburban Water District** is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the "Act"); and
- WHEREAS, (2) **Sacramento Suburban Water District** is a contracting agency that has filed a resolution with the Board of the California Public Employees' Retirement System to provide a postretirement health benefits vesting requirement to employees who retire for service in accordance with Government Code Section 22893; and
- RESOLVED, (a) That the employer contribution for each annuitant subject to vesting shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of **Western Health Advantage Region 1 Basic Premiums (Party Rates 1-3)** per month, but not less than the amounts prescribed by Section 22893(a)(1), plus Administrative fees and Contingency Reserve Fund assessments; and be it further,
- RESOLVED, (b) **Sacramento Suburban Water District** has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further
- RESOLVED, (c) That the participation of the employees and annuitants of **Sacramento Suburban Water District** shall be subject to determination of its status as an "agency or instrumentality of the state or political subdivision of a State" that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that **Sacramento Suburban Water District** would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, the California Public Employees' Retirement System may be obligated, and reserves the right to terminate the health coverage of all participants of the employer; and be it further
- RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, Cassie Crittenden, Human Resources Coordinator, or Daniel Bills, Finance Director, to file with the Board a verified copy of this resolution, and to perform on behalf of **Sacramento Suburban Water District** all functions required of it under the Act.

Adopted at a regular meeting of the Sacramento Suburban Water District at Sacramento, California, this 19th day of August, 2019.

Signed: 
David Jones, President, Board of Directors

Attest: 
Daniel R. York, General Manager/Secretary



Agenda Item: 8

Date: August 12, 2020

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

Staff Contact: Dan York, General Manager

Recommended Board Action:

Approve amending the Contract Services Agreement between Sacramento Suburban Water District and Del Paso Manor Water District to be extended through September 30, 2020, with an option of the following labor rates:

- a) Charge existing hourly labor rate with overtime labor rate invoiced when necessary
- b) Charge overtime labor rate for all work conducted in Del Paso Manor Water District

Discussion:

The current Contract Services Agreement (Agreement) between Sacramento Suburban Water District (SSWD) and Del Paso Manor Water District (DPMWD) was executed, 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.

Due to the continuing staffing issues at DPMWD, the 2X2 Ad Hoc Committee (Committee) recommended to extend the Agreement through August 31, 2020. The SSWD Board approved the August 31st extension at their July 20th regular Board meeting.

At the August 3, 2020, 2X2 Ad Hoc Committee meeting, DPMWD General Manager Adam Coyan expressed he was confident that DPWMD would not need SSWD services past September 2020. In conclusion, the Committee agreed to continue the Agreement at the current level of support through September 30, 2020, and that SSWD Committee members were split on whether to charge the current rate of compensation or switch to an overtime rate only.

As mentioned above, the District has been conducting the majority of operational tasks for DPMWD. It is anticipated that DPMWD will be fully staffed by the end of September 2020; therefore, the amount of assistance currently requested by DPMWD is expected to be reduced. As a result, staff is recommending the Agreement be extended through September 30, 2020.

DPMWD did not place this item on the agenda for their August 4th regular Board meeting, therefore, the intent is to approve the amended Agreement at a Special Board meeting prior to August 31, 2020.

Contract Services Agreement Amendment Between Sacramento Suburban Water District and
Del Paso Manor Water District
August 12, 2020
Page 2 of 2

Attached is a proposed amendment to Section 12 of the Agreement with DPMWD in tracked changes, which extends the term of the Agreement through September 30, 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). 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 ~~August~~ 31 September 30, 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. Miscellaneous15.1 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: _____
Adam Coyan
General Manager

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

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). 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.

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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.

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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.

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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.

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12. Term

This Agreement shall take effect on February 1, 2020 and terminate on September 30, 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.

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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.

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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

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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

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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)



Agenda Item: 9

Date: August 11, 2020

Subject: Resolution No. 20-09 CalPERS Pension – Employer Paid Member Contribution

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

Recommended Board Action:

Adopt Resolution No. 20-09, 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. 20-09 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. 20-09 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. 20-09.

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. 20-09
2. Resolution No. 02-30

RESOLUTION NO. 20-09

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 August 18, 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 August 18, 2020.

PASSED AND ADOPTED by the Board of Directors of the Sacramento Suburban Water District on the 17th day of August 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 17th day of August 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;

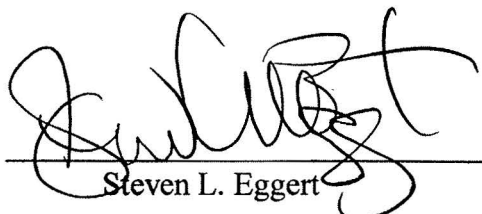
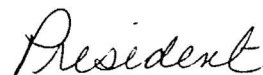
WHEREAS, the governing body of the Sacramento Suburban Water District has a policy which specifically provides for the normal member contributions to be paid by the employer;

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: 10

Date: August 12, 2020

Subject: 2021 Budget Assumptions

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

Recommended Board Action:

Approve the attached proposed 2021 key Budget Assumptions as a reasonable starting point in preparing the 2021 Budget.

Background:

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

District revenues and expenses are evaluated over a 2 year horizon; a formal budget is adopted for the first year, and a “forecast” for the second year for all expenditures.

Discussion:

Staff would like to review and discuss the initial 2021 Budget Assumptions with the Board. Specifically, the changes in the budgeting for other post-employment benefits (OPEB) funding will be discussed.

Since the adoption of GASB 75 as of December 31, 2018 OPEB, budgeting has combined the actuarially determined amounts for both prefunding and cash benefit disbursements into one budgeted amount. The actuarially determined amounts are calculated by the District’s actuary each year for use in our annual financial report. The funding amounts are projected out for 10 years. The District uses these amounts to budget for the amount that needs to be contributed to the California Employers Retiree Benefit Trust (CERBT) to cover our OPEB prefunding and actual benefit costs. We fund the entire amount at one time in January of each year. At the end of each quarter, we compile our actual benefit payments and submit a reimbursement request to CERBT. In essence we are paying for our retiree benefits twice over the course of each quarter. Staff would like to adjust this process so that we fund the CERBT for the prefunding amount each January

2021 Budget Assumptions

August 12, 2020

Page 2 of 2

based on the actuarially determined prefunding amount but pay for actual benefit costs as they occur, which is monthly. For 2019 and 2020, actual benefit payments have been less than the actuarially determined amount so we are over-funding the CERBT. In 2019 the District overfunded the CERBT by \$9,000.00. For 2020 we are on track to over fund the CERBT by \$22,750.00.

The Finance and Audit (F&A) Committee reviewed these assumptions at the August 10, 2020 F&A Committee meeting. The F&A Committee was favorable to the initial assumptions and recommended submitting to full Board for discussion and approval pending the review of the Employee Benefits Ad Hoc Committee review of the merit program funding percentage. At the August 11, 2020 Employee Benefits Ad Hoc Committee meeting, the Committee was favorable to the recommended merit program funding percentage of 5%.

On August 12, 2020, subsequent to the August 10, 2020 F&A Committee meeting, the Bureau of Labor Statistics (BLS) released new Consumer Price Index (CPI) numbers. The number for the COLA percentage which is based on West Region, West – Size Class B/C increased from 0.8% to 1.5%. The budget assumption for COLA has therefore been increased to reflect this change. Staff will continue to monitor the BLS CPI numbers throughout the budget process and adjust the COLA to reflect changes.

Staff seeks direction from the Board on the OPEB budgeting or other budget assumptions so we may finalize the initial 2021 Budget Assumptions and begin to prepare the first 2021 Budget draft. A budget progress report will be provided at the September 21, 2020 Board meeting and the first budget Board workshop is scheduled for Monday, October 12, 2020 at 6:00pm. The 2021 initial Budget Assumptions (attachment 1) and the Reserve Policy (PL – Fin 004) (attachment 2) are attached for reference.

Fiscal Impact:

There is no fiscal impact related to this item.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Attachments:

1 – 2021 Budget Assumptions

2 – Reserve Policy (PL – Fin 004)

Attachment 1

Key Assumptions	2019		2020		2021	
1 Rate Increase (Approved via Prop 218)		0.00%	Approved	5.00%	Proposed	4.00%
2 Change in SSWD Service Boundaries		None		None		None
3 New Service Connections (Growth)		0.52%		0.52%		0.52%
4 Water Production: (A)		Increase Cost/AF		Increase Cost/AF		Increase Cost/AF
a. Water Supply Forecast Based on 5 Year Average		AF		AF		AF
b. SSA Surface Water (City) (B)	\$ 505.55	30,300 AF	\$ 120.00	29,900 AF	\$ 120.00	31,400 AF
c. SSA Surface Water (City at NO Cost)	\$ -	0 AF		7,700 AF	\$ -	1,000 AF
d. SSA Surface Water (Electrical Cost to Lift City's Water)	\$ 14.73	3,800 AF	\$ 15.72		\$ 17.00	6,500 AF
e. SSA Groundwater (Variable costs)	\$ 112.26	9,200 AF	\$ 132.59	6,250 AF	\$ 130.10	6,200 AF
f. NSA Surface Water (PCWA) (C)	\$ 40.67	12,000 AF	\$ 36.94	12,000 AF	\$ 38.79	12,000 AF
g. NSA Surface Water (Bureau)	\$ 23.40	12,000 AF	\$ 21.45	12,000 AF	\$ 22.52	12,000 AF
h. NSA Surface Water (SJWD Treatment)	\$ 192.37	12,150 AF	\$ 209.68	12,000 AF	\$ 220.16	12,000 AF
i. NSA Groundwater (Variable costs)	\$ 107.59	7,100 AF	\$ 114.84	6,050 AF	\$ 116.02	5,700 AF
j. NSA Bureau 215 Water	\$ 265.40	150 AF	\$ 290.01	0	\$ 304.51	0 AF
k. NSA Wheel Water to Cal-AM (Cost)		2,000 AF		2,000 AF	\$ 281.47	2,000 AF
l. NSA Wheel Water to Cal-AM (Revenue)	\$ (371.26)	2,000 AF	\$ (385.48)	2,000 AF	\$ (400.89)	2,000 AF
5 Anticipated Outside Water Sales, Net	None	None	Unknown	Unknown	Unknown	Unknown
6 Investment Yield		2.00%		2.15%		2.00%
7 Variable Debt Interest Rate		3.86%		3.86%		3.86%
8 Electrical Cost Increase		2.00%		3.75%		4.50%
9 COLA (D)				2.30%		1.50%
10 Merit Program				4.00%		5.00%
11 Construction Inflation (E)		8.00%		1.70%		1.80%
12 Health Care Cost (F)		2.00%		6.40%		4.32%
13 Tier 1 Pension Cost (% of Salaries)	\$ 582,000	23.00%	\$ 657,862	23.77%	\$ 760,000	24.32%
14 Tier 2 Pension Cost (% of Salaries)	\$ 18,000	17.10%	\$ 22,998	17.66%	\$ 29,000	18.20%
15 Tier 3 Pension Cost (% of Salaries)	\$ 900	7.30%	\$ 5,403	7.34%	\$ 5,600	7.89%
16 New Hires		3		-		1
17 Prefunding of Post Retirement Benefits (G)		\$892,480		\$ 908,433		\$ 482,497
18 Retiree Benefit Payments (G)		\$ -		\$ -		\$ 450,254
19 Reserve Funds (Uses)		None		None		None
Footnotes:						
(A) SSA = South Service Area; NSA = North Service Area						
(B) City Rate at \$120/AF on a trial basis for 9,500 AF from Oct -2019 to Sept 2020. Assume City will extend this trial rate (\$120.00) for 2021. Current contract rate is \$500.68.						
(C) 2020 Take-or-Pay was reduced to 8,000 AF. Current contract is for 12,000 AF.						
(D) District is now West - Class Size B/C (2.5 million or less). Previously District was classified as West - Class A						
(E) 20 Cities CCI Index, Source: ENR						
(F) Same as prior year, Western Health Advantage						
(G) Actuarially determined prefunding amount is \$482,497 in 2021 and does not include retiree premiums (2021 actuarial estimate \$450,254) which will be broken out seperately (item 18).						

Sacramento Suburban Water District

Reserve Policy

Adopted: August 18, 2003

Approved with Changes: June 17, 2019

100.00 Purpose of the Policy

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

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

200.00 Policy**200.10 Fund Classification Types**

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

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

200.20 Restricted Funds Classification

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

There are no designated restricted funds at this time.

200.30 Committed Funds Classification

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

Facilities Reimbursement Fund

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

200.40 Assigned Funds Classification

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

Emergency/Contingency Fund

Financial assets held for purposes of continued operations during times of severe economic distress due to events that require an immediate and/or significant use of cash. Such severe economic situations may include otherwise insurable events for which the timely receipt of cash may be delayed. The District shall target a balance of three percent (3%) of its prior year-end total assets in this fund. Conditions for utilization of such reserves and a plan for fund replenishment will be approved by the Board.

Prior to amounts being expended from this fund, the District shall establish a contingency plan that addresses, at a minimum:

1. The reason(s) for expenditures from this fund.
2. Amounts expected to be expended.
3. The funds replenishment timeline and funding source.

Operating Fund

Financial assets held primarily in the form of cash and cash-equivalents for the purpose of debt avoidance due to unexpected expenditures of a non-recurring nature or to meet unexpected increases in operating costs. The District shall target a balance in short-term investments and/or cash of 180 days (50%) of its current year's budgeted annual expenditures for operating costs and debt service in this fund. The minimum balance in short-term investments and/or cash shall be 90 days (25%) of its current year's budgeted annual expenditures for operating costs and debt service in this fund. Conditions for utilization of these reserves and a plan for fund replenishment will be determined by the Board at annual budget time.

The operating fund reflects the timing difference between billing for revenues and payment of expenses. The target level is a financial measure or guideline. If the fund level drops below the twenty-five percent target balance, that is a sign for staff to review the fund and, if necessary, bring recommendations to the Board to assure the fund will not continue to decline.

Rate Stabilization Fund

Financial assets held for purposes of managing cost variability in obtaining, treating and delivering potable surface water and groundwater. This Fund is focused on consumption fluctuations related to customer demand and purchasing of surface water as part of the District's conjunctive use efforts. Consumption charges established in the rate setting process forecast customer demand based on a repeat of average, recent climactic conditions. Financial fluctuations occur when situations vary from the assumption. The District shall target a balance of thirty-five percent (35%) of its expected upcoming year consumption revenues in this fund. Conditions for utilization of such reserves and a plan for fund replenishment will be directed by the Board at annual budget time.

Interest Rate Risk Management Fund

This fund is derived from earnings based on financial assets held as short-term investments pursuant to interest rate risk exposure assumed by the District upon the issuance of floating-rate debt. The amount of investments from which earnings are derived and accumulated will be determined at the time of debt issuance. Earnings on such investments will be used to repay a portion of the interest expense on the outstanding floating-rate bond or COP as long as the bond or COP is subject to interest rate risk exposure. This fund will be reduced in line with the amortized balance of the interest-rate swap(s).

Grant Fund

Financial assets held for purposes of funding the "local cost share" and advance payment of eligible reimbursable costs on capital projects funded partially from grant awards. As eligibility for potential grant awards requires the District to demonstrate financial viability to fund anticipated project costs, the District shall maintain a minimum balance equal to the combined sum of anticipated costs for those projects considered grant eligible in the upcoming biennial period. Conditions for utilization of such reserves and a plan for fund replenishment will be determined at the time of grant award.

Capital Asset Fund

Financial assets held for purposes of funding District capital asset replacements and capital projects necessary to meet regulatory requirements and/or system reliability needs. The District shall target a fund balance based on the annualized average of the future five years of CIP expenditures. The minimum balance in this fund shall be equivalent to the prior year's annual depreciation expense. Well property acquisition amounts will be funded as defined in the section "Well Property Acquisition Fund." The District shall target a balance to sufficiently fund anticipated capital improvement

project replacement cost deviations above the CIP funding level. Fund replenishment will be determined by the Board periodically through the rate setting process and annually through the budget process.

Well Property Acquisition Fund

This Fund is a component of the Capital Asset Fund. Amounts established for this Fund shall be established through the annual budget process. The District shall target a balance to sufficiently fund anticipated property acquisitions. Fund replenishment will be determined by the Board periodically through the rate setting process and annually through the budget process.

Facilities Development Charge Fund

Financial assets held for expenditure on growth/capacity-related capital asset projects only. Amounts deposited into this fund come from unexpended facility development charges collected from developers (see related Facilities Reimbursement Fund in section 200.30 above.) These growth/capacity-related capital asset projects form the cost-basis and legal nexus for the establishment and collection of the Facility Development Charges. This fund is dependent upon customer growth. Therefore, there is no prescribed target or minimum balance.

300.00 Disposition of “One-Time” Revenues

“One-time” revenues are revenues of an unusual or infrequent nature which are likely not the result of the District providing services and producing and delivering goods in connection with the District’s principal ongoing operations (e.g. legal settlement). Unless specifically earmarked by Board action otherwise, “one-time” revenues should be transferred to the appropriate reserve fund which best represents the reason for the “one-time” revenue.

400.00 Target Funding Level

A summary of reserve fund classifications and funding levels is shown below:

Fund Classification	Funding Level
Facilities Reimbursement Fund	20% of FDC charges collected annually less developer payouts.
Emergency/Contingency Fund	3% of prior-year end total assets.
Operating Fund	50% of annual operating and debt service expenditures.
Rate Stabilization Fund	35% of water consumption revenues.
Interest Rate Risk Management Fund	Accumulated earnings on short-term investments above 3.283% on the unhedged portion of variable-rate debt.

Grant Fund	Sufficient to pay for “local cost share” on all outstanding and applied-for grants.
Capital Asset Fund	Based on the annualized average of the future five years of CIP expenditures.
Facilities Development Charge Fund	Remaining amounts of FDC Charges after amounts used by Facilities Reimbursement Fund expended. For new infrastructure.

500.00 Authority

The General Manager is responsible for the appropriate accounting and regular reporting of the District’s reserve fund balance. Board oversight will be accomplished through regular reporting and review of this Policy.

600.00 Procedure

District staff will maintain procedures for each fund classification, to be approved by the General Manager, and in conformance with this Policy.

In any case where the reserves are drawn below target minimums, a report shall be developed containing the reasons for withdrawals and any impacts to programs or rates due to such withdrawals. If reserves are depleted, the reserves shall be replenished over a maximum five (5) year period to the established or re-established target as directed by the Board.

Maintenance of minimum reserves should not, on its own, trigger the need for a rate adjustment. Rates will be reviewed after two consecutive years of revenue dropping below established minimums balances, or diminishing reserves as a result of covering unanticipated costs.

700.00 Policy Review

This Policy will be reviewed annually as part of the budget adoption process.



Agenda Item: 11

Date: August 12, 2020

Subject: Sacramento Region Water Utility Collaboration Study Update

Staff Contact: Dan York, General Manager

Recommended Board Action:

No action. Receive update on the current status of the Sacramento Region Water Utility Collaboration Study.

Discussion:

Raftelis finalized the draft report for Activity 1. A Management Committee meeting was held on July 22nd to review the draft Activity 1 (see Attachment 1) report prior to presenting the report to the Ad Hoc Committee on July 28th. Topics associated with Activity 1 are as follows:

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

Deadline for Board comments on draft Activity 1 report is August 24th.

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

A PowerPoint presentation is provided as Attachment 2.

Fiscal Impact:

An amount not to exceed of \$200,000 has been set for the Study among the participating agencies.

Attachments:

1 – Sacramento Regional Water Utility Collaboration Study, Raftelis.

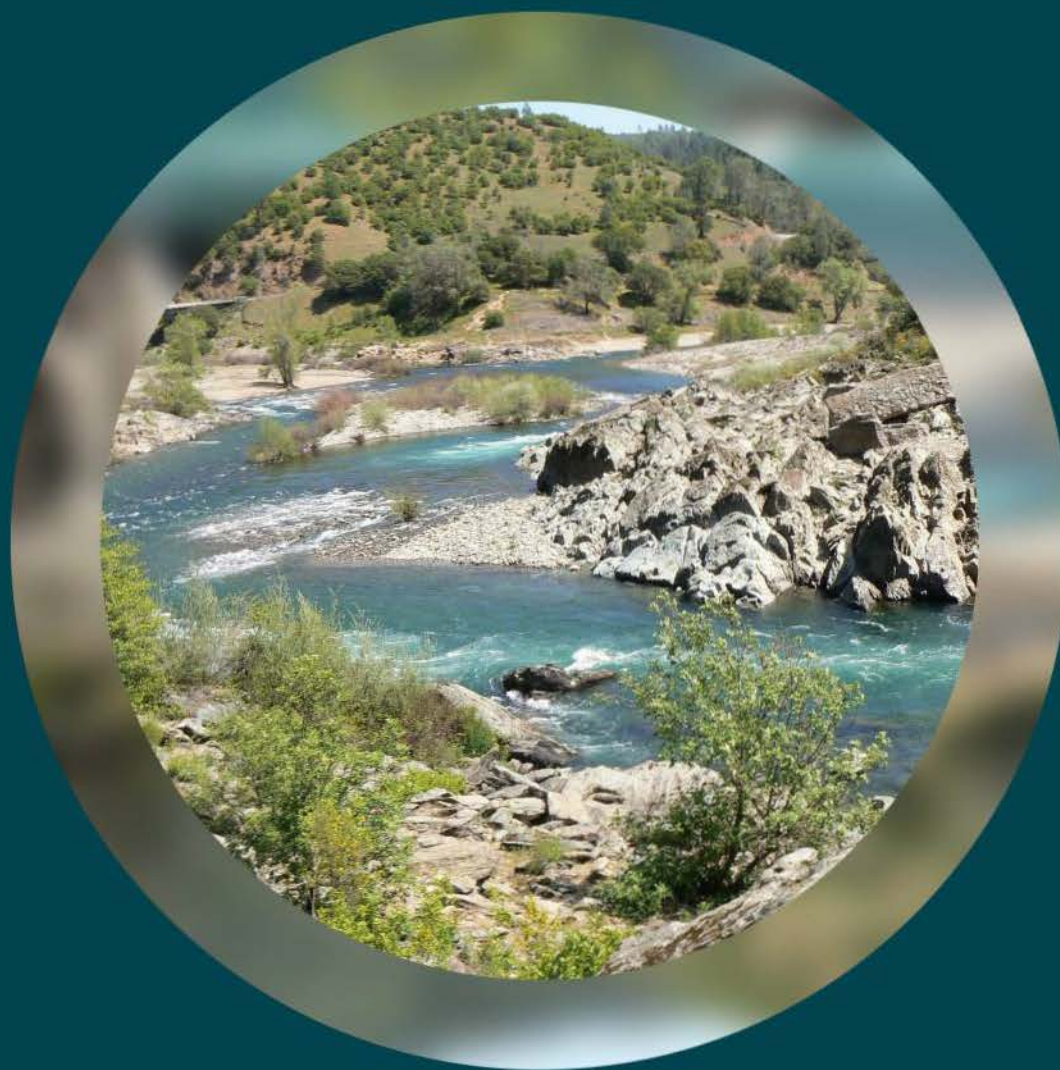
2 – Region of Sacramento PowerPoint presentation.

Sacramento Regional Water Utility Collaboration Study

Task 1 Report

Description of the Current Environment

July 2020 - DRAFT



Summary

The Sacramento Regional Water Utility Collaboration Study (Study) is a partnership between Carmichael Water District (CWD), Citrus Heights Water District (CHWD), the City of Folsom Environmental & Water Resources Department (City), Del Paso Manor Water District (DPMWD), Rio Linda/Elverta Community Water District (RLECWD), Sacramento Suburban Water District (SSWD), and San Juan Water District SJWD (together “the participating agencies”) to identify opportunities for increased collaboration. The goal of these collaborative efforts is to help control costs, increase efficiency, and improve service provision to customers. This document is the first of three project deliverables and encompasses the activities for Study Task 1 – Description of the Current Environment, inclusive of all subtasks. It provides an overview of the participating agencies’ operations, existing (and past) collaborations, and sets the stage for additional activities.

Raftelis gathered information, including virtual interviews with senior representatives of each participating agency, about their organizations, stakeholders, and how they hope to benefit from collaboration. Data about the size and scope of participating agencies, as well as publicly available data from Orange Vale Water Company (OVWC) and Fair Oaks Water District (FOWD), are presented in this document. The document also contains information about stakeholders and communications, and the current water resources situation, in addition to past and ongoing collaborative effort.

There are and have been numerous collaborative ventures between the participating agencies. They include working together on water resources issues, joint contracting and procurement activities, and regional advocacy, often through the Regional Water Authority (RWA) and other entities. While all the entities are earnestly looking for opportunities to work together, there is a very strong desire for local control and independence among many of the participating agencies, including the smaller ones that have relatively fewer resources. Each reportedly has the minimum resources to accomplish their mission, given current water rates and exiting contractual arrangements for services. Most agencies do not describe immediate and/or urgent drivers that require forcing collaboration. Collaboration opportunities must therefore be viewed with the goal of reducing costs and improving services over the long term.

Raftelis has identified through interactions with the participating agencies numerous options for collaboration. Several categories of options are listed in this document. These will be studied further in the subsequent phases of the project. None of these options jeopardize the sovereignty of any agency, and if executed properly, should help increase efficiency, service levels or drive down costs. However, some compromises will likely be required to pursue them. Note that these collaboration opportunities do not limit future consolidation efforts. Instead, pursuing many of these opportunities will set the stage for agencies to work together more easily, making any future discussions of additional collaboration, even consolidations, easier.

Introduction

The Sacramento Regional Water Utility Collaboration Study (Study) is a partnership between Carmichael Water District (CWD), Citrus Heights Water District (CHWD), the City of Folsom Environmental & Water Resources Department (City), Del Paso Manor Water District (DPMWD), Rio Linda/Elverta Community Water District (RLECWD), Sacramento Suburban Water District (SSWD), and San Juan Water District SJWD (together “the participating agencies”) to identify opportunities for increased collaboration. The goal of these collaborative efforts is to help control costs, increase efficiency, and improve service provision to customers of the participating agencies. Identifying these opportunities is essential not only for the continued success of the individual entities, but for the long-term prosperity of the entire region. Increasing costs of living, evolving regulations, and increased competition for scarce water resources across the state mean that agencies must work together, more seamlessly and regionally, to provide reliable and affordable services.

This technical memorandum is the first of three project deliverable documents and encompasses the activities for Study Task 1 – Description of the Current Environment and all associated subtasks. It provides an overview of the participating agencies’ current operations, existing collaborations, and sets the stage for additional collaborations. This document provides a high-level summary of submitted information from the participating agencies, and provides contextual, cultural, and key service level aspects. Attachments to this document include the request for information memo, a table detailing the high-level data summary, and the Communications Plan and Project Charter.

This document is not designed to provide an exhaustive summary of each participating utility, nor of the details of every past and ongoing collaborative effort. There are many other sources that provide high levels of detail about each participating utility and aspects of their operations. Again, this document is designed to provide an overview of the participating agencies and summarize past collaborative efforts in preparation for future project tasks.



Review of Participating Agencies

Raftelis gathered information from the participating agencies, generally following the guidelines in a provided Request for Information (RFI) – Appendix A. Following initial information gathering and in parallel with a review of the information, we conducted interviews with senior representatives of each participating agency to gather further information about each agency’s organization, stakeholders, and how they hope to benefit from collaboration with other agencies. The interviews were divided into two topic areas: Communications and Collaboration with internal and external stakeholders, and Operations. Interviews were approximately one hour with each agency on Communications and Collaboration, and included differing representation by agencies among the following roles:

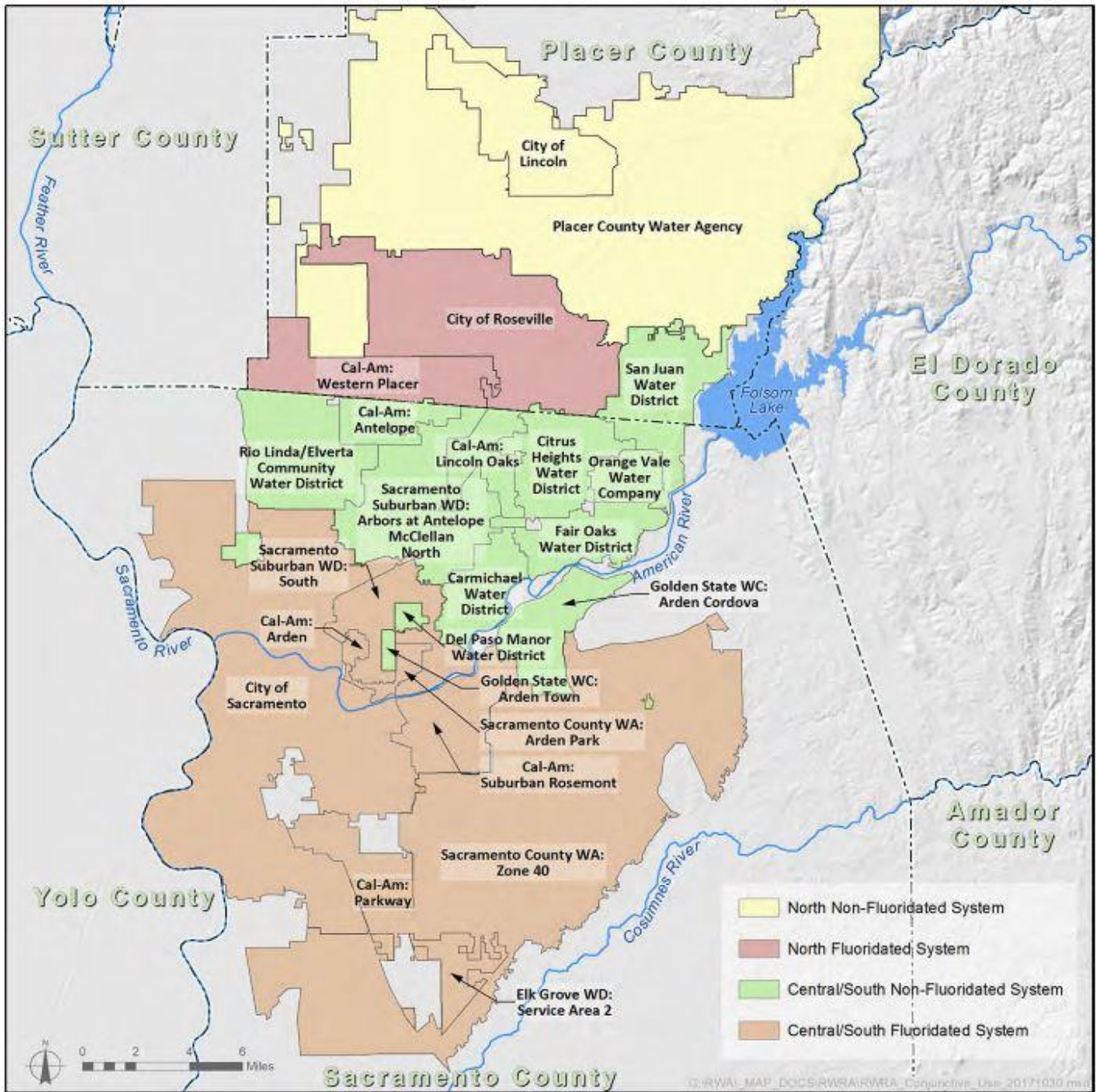
-) Board members
-) Environmental and Water Resources Director
-) General Manager
-) Assistant General Manager
-) Executive Assistant to the General Manager
-) Public Information Officer
-) Communications Manager
-) Public Relations Consultant
-) Customer Service Manager
-) Utilities Section Manager
-) Operations Manager
-) Engineering Manager
-) Engineering Services Manager
-) Finance Director
-) Contract staff

In addition to the participating agencies, Fair Oaks Water District (FOWD) and Orange Vale Water Company (OVWC), as wholesale customers of the San Juan Water District are important stakeholders for regional collaboration efforts. Raftelis collected information from the public domain for these two agencies. We did not interview representatives from OVWC and FOWD as they have elected not to be involved at this point in the project. However, they and others may want to be included in the future at the discretion of the participating agencies. It is intended that a draft of this document is made available to them for their consideration and as a precursor to their possible formal engagement. If they decline to formally engage in the Study after review of the draft document, these additional agencies can be consulted as the participating agencies see fit but will not be included in subsequent analyses or reporting.

Note that other agencies in the region, including the Sacramento County Water Agency, which serves nearly 200,000 customers in the region, have also had discussions about participating in the Study. There are additional utilities such as various California American Water Company (Cal. Am.) and Golden State Water Company systems, Placer County Water Agency (PCWA), and the water systems for the cities of Sacramento and Roseville, that have collaborative relationships with the participating agencies in one or more areas. There are at least 27 different water entities serving Sacramento County, inclusive of the participating agencies. Many of these agencies have resource sharing and collaboration arrangements with the participating agencies or that impact the participating agencies. In addition, there are several initiatives and agencies, such as the Regional Water Authority (RWA), that work to form partnerships to address issue that impact the region and/or groups of utilities in and around Sacramento County. Figure 1 (see next page) shows a map of the water agencies in the region.



Figure 1: Sacramento Area Water Agencies¹



¹ RWA Regional Water Reliability Plan, May 2019

Data and Information Summary

It is important for the participating utilities to consider their relative size and scope, as well as differences in how they are structured, their financial status, and how they operate, as they contemplate collaborative efforts. Appendix B highlights some of the key organizational information for each entity. It will be used as appropriate in subsequent analyses of collaborative opportunities. In addition to providing an opportunity to validate baseline information for comparative analytics and benchmarking exercises to come, this information can help the agencies to identify additional areas of possible collaboration, as well as to highlight differences that may make collaboration in areas challenging.

Noteworthy observations from Appendix B include:

-) Most of the participating agencies have long histories in the region, often based on water rights arrangements and community development efforts going back well into the 1800s. These rich histories have created established norms and expectations. Any collaborations must consider the long operating histories, and entrenched norms and expectations.
-) The City of Folsom is the only municipal department participating in the Study, while all the other participants are water districts, separate from municipal agencies. Note that OVWC is a private water company and has a different structure and additional regulatory requirements compared to either a municipal department or a separate district.
-) The service populations of the participating agencies range from less than 5,000 (DPMWD) to nearly 183,000 (SSWD). This represents an opportunity as stratification in sizes, service levels, and resulting specializations can lead to areas of competitive advantage where joint contracting, sharing resources, and best practices can result in service level improvements, costs savings, or even revenue opportunities.
-) Sources of supply include a variety of surface water and ground water resources with several utilities having access to many different sources. This variation, if effectively managed as a region, can improve service reliability, hedge against droughts and additional water restrictions, and can provide additional long-term flexibility.
-) Differences between customer bases, including water rates, affordability, and desired service levels (and standards that result), must be carefully considered. Investments such as advanced meter technology, for example, may create significant capital costs, which can be barriers to entry. However, such investments may ultimately lead to lower operating costs and improved efficiency. Scale efficiencies from joint efforts can make some purchases feasible for areas where they otherwise might appear to be out of reach.

While these observations can help guide recommendations, it is only through mutual understanding that agreements to collaborate are achieved. To that end, the sections that follow provide an overview of each agency as they embark on this effort. In addition to helping capture topline organizational information that will be useful for future analyses in the Study, during Task 1 we developed a preliminary understanding of each agencies:

-) **Context and Culture:** By context and culture, we mean the general history of each agency, customer base attributes, and ways of doing business, as reported by the participating agencies themselves. This provides perspective on what can be achieved through the Study.
-) **Services:** Operational highlights with a focus on the services that each organization currently engages in as a shared service involving regional partners.

The perspective that each participating agency brings to the Study, as formed by their experiences, ambitions, values, and resources varies quite a bit. However, it was clear from interviews that there was a strong spirit of cooperation and collaboration across all the agencies even before this Study began. Each agency had at least some experience working with neighboring agencies on collaborative efforts. And, the majority of this experience was characterized as positive.

While the baseline information detailed in Appendix B provides a surface level overview of each organization, the brief narratives below provide a more qualitative description of where each agency finds itself as we engage in this important effort. It is our hope that by sharing these perspectives we can improve mutual understanding and unlock a process that provides the best chance for buy-in and success.

Carmichael Water District

Context and Culture

CWD serves a predominantly residential suburban community and largely sources its water from the American River, except during times of water scarcity when available groundwater wells are also utilized. CWD does not serve any major industrial customers that account for a large percentage of its water sales. Customers are engaged on water issues and are reportedly happy with the quality and services that CWD provides. CWD reports that customers like the small town feel of the District, and that, while they take pride in their independence, they are certainly open to collaborative opportunities that could achieve efficiencies through the sharing of resources.

As the Study progresses and in the context of the Covid-19 pandemic, CWD notes that employees will want assurances that collaboration efforts will not threaten their jobs. CWD has benefitted from revenue provided by an award-winning collaborative supply agreement involving contaminated groundwater at an industrial site (Aerojet Rocketdyne) and a private water supplier (Golden State Water Company).

As a result of their dual surface and groundwater supply, award-winning public-private-partnership supply agreement, and their mid-level size relative to peers, CWD has the potential to be an important voice in the Study as an organization that has seen the benefits of collaboration, while maintaining their independence.

Service Highlights

American River water is treated at a micro filtration plant that CWD invested in recently. During times of drought, when withdrawals from the river become limited, CWD is fortunate to have access to supply from groundwater wells. When the supply shifts more to groundwater, residents served by CWD may notice some minimal variation in the taste and properties of their water.

Current or past collaborative efforts noted are listed below:

-) During the recent drought and following state legislation there was increased information sharing among regional utilities on how they were approaching water efficiency and compliance.
-) CWD and FOWD are working to engage in a water supply sharing agreement and are installing metering now for transfers that will take place this summer.
-) There are interconnections with SSWD.

-) The Regional Water Authority (RWA) shared outreach program involves 20 agencies, including CWD, and has water efficiency programs for customers such as rebates. The program includes cost sharing.
-) CWD is an active member of RWA, a joint utility organization.
-) CWD is supplied with 4.5 MGD of remediated groundwater from Aerojet Rocketdyne via a 7,400 foot, 24-inch diameter pipeline crossing the American River at Buffalo Creek. CWD then treats this water and delivers it back to Golden State Water Company. This work was funded in part by the RWA, via the State under the Governor's Water Action Plan (Proposition 84) and represents one of 17 Sacramento-area projects awarded \$9.7 million in California Department of Water Resources grants in 2014. The projects were designed to help shore up the area's water supply reliability during the drought and beyond.²
-) Mutual Assistance Agreements with CHWD, DPMWD, FOWD, and SSWD have been helpful.
-) CWD is involved in several technical studies focused supply sharing between suppliers.
-) There have been conversations about sharing staff sharing with three other agencies, including perhaps some HR functions.
-) There was a partnership with CHWD for transfer and removal of pipe.
-) CWD has purchased emergency materials with CHWD.
-) CWD is a participant in the regional bulk chemical purchasing effort.
-) CWD's prior engineer shared standard operating procedures (SOPs) with SSWD. CWD used studies and questionnaires to align procedures. They shared presentations with FOWD. However, some of the SOPs are already effectively shared because they are posted online, and the engineers will look at each other's documents.
-) There is a billing user group, though involvement has lessened as technologies have moved away from Cogsdale and diverged.
-) CWD was involved in metering conversations with other utilities, but CWD was ahead and has already selected a meter technology and vendor.
-) Sacramento County Environmental Health Management offered independent backflow testing as part of a regional program that had spawned out of SAWWA. CWD participated for a time, but ultimately brought this function in-house.
-) There are Water Forum meetings during dry years focused on reliability.
-) CWD has collaborated where they can on training SAWWA, agencies may host but it is coordinated through SAWWA.
-) Target Solutions is an online training portal through the California Joint Powers Insurance Authority (JPIA) (billing, PDP, risk management)
-) For specific equipment trainings, CWD will often invite other agencies.
-) CWD and other entities will share and seek consistency in messaging and practices within the region on power and energy, conservation, and regulatory issues, among other issues. It's shared because "it makes everybody's job easier."
-) Rate structure discussions between communities often feature discussion of conservation rates.
-) SJWD and CWD did a joint salary survey where the cost was shared.

² <https://www.rocket.com/article/aerojet-rocketdyne-supports-american-river-pipeline-conveyance-project-dedication>

Citrus Heights Water District

Context and Culture

Since its establishment as an irrigation district in 1920, CHWD's service area has evolved into a bedroom community, along with primarily shopping centers, parks, and schools. Though it remains technically an irrigation district by constitution, in the early 1990s the name was changed to a water district. Despite sourcing most of its supply through a wholesale agreement with SJWD, CHWD is firmly committed to remaining as an independent entity focused on water quality and cost optimization.

CHWD is open to collaborative opportunities that further their goals, as evidenced by their participation in this study and leadership on the joint meter study, but they remain cautious about the motives of larger regional peers and have found that some past attempts at working together have not always been successful. The district is careful to involve their own citizenry and business leaders in decision-making processes and formed Customer Advisory Committees both for a recent water main initiative known as Project 2030, as well as for the ongoing meter study. This kind of direct local control is an important value for CHWD. For state advocacy on water issues, CHWD believes that many voices are more powerful and accountable than that of one large regional bureaucracy. CHWD hypothesizes that shared staff resource or joint contract opportunities may prove limited and unnecessary due to the abundance of private contractors available to serve water utilities in the area and the savings they feel are achieved through a more competitive and active contractor market. CHWD has also found that joint materials purchases can also be difficult due to varying preferences between communities.

Service Highlights

CHWD is the largest wholesale customer of SJWD and has independent access to six wells in addition to treated water from Folsom Lake. The community is largely built out, with the largest active project involving a new nine-hole golf course and 200 additional residences. The meter study is a current operational focus and is moving from the technology review to implementation phase. CHWD uses c900 PVC pipes in their distribution system and does not have any storage tanks. They have SCADA systems on wells. They note that regional information sharing from SCADA systems could possibly be expanded.

Funding main replacements presents a decision point for CHWD, as they determine whether costs should be borne more by current or future customers through bonded debt funding or PayGo funding. In general, the district feels that have been able to keep rates lower than regional peers while maintaining water quality, but they are open to any opportunities that further those efforts as long as they do not threaten their ability to maintain local control of decision-making.

Current or past collaborative efforts noted are listed below:

-) RWA gets involved with grants administration, water efficiency programming, and legislative efforts and is a good vehicle for broad collaboration; they are an active member of RWA
-) They rely on SAWWA for training opportunities.
-) CHWD provided comments on the consolidation studies involving SSWD and SJWD.
-) The regional meter study is being led by CHWD.
-) CHWD has 22 intertie agreements with other systems (including those between other SJWD wholesale communities)
-) Water education in elementary school was a joint effort with SJWD and wholesalers.

-) CHWD was involved with various pipeline capital projects in 1990s with other water districts including North Ridge and others.
-) Joint bond issues for meters and wells with SJWD have been pursued.
-) They worked with SAWWA on joint SOPs for purchasing many years ago, but they noted the process was challenging.
-) JPIA, a joint entity, is used for insurance
-) Joint vehicle purchases for pickups and light duty trucks have occurred.

City of Folsom Environmental and Water Resources Department

Context and Culture

The Water Resources Department is the only member of the participating agencies that is part of a municipal government, which is ultimately overseen by a body of elected officials that must deal with a wide range of issues from public safety and parks to taxation and commerce. Being part of a municipal government already facilitates a considerable amount of resource sharing and collaboration, much of which is internal to the municipal government. The Department is open to external collaborative opportunities that could continue to improve service levels and identify areas for cost avoidance.

Particularly due to the effective conservation efforts that saved thousands of acre feet of water by driving down consumption per capita, the City currently has the water rights, contractual arrangements, treatment and pumping capacity, and distribution system they need to meet the needs of their service area now and into the foreseeable future. Their next major investment will be to ensure treatment redundancy is available as the City grows, particularly as a result of a major development project being built south of U.S. Route 50. Upon completion, the “South of 50” project will add about 11,500 connections on top of the currently serviced 22,000 connections. The completion of the South of 50 project will bring the City closer to their water capacity limits, particularly at peak demand levels. However, because the most water stressed periods would typically be matched with mandated water efficiency measures from the State, the City will typically remain under the limits of available capacity. Under a worst-case scenario, they could presumably setup a supply agreement with Golden State Water Company or another agency.

Service Highlights

Even though the Department is larger in staff, as compared with some of the other participating agencies, they operate quite leanly and reportedly don't have excess time in their day across administrative, operations, and engineering functions. The City uses daily reads from a Zenner advanced meter infrastructure (AMI) system for billing but wants to make sure they are on the right track as South of 50 comes online, and are as a result, actively engaged and eagerly awaiting progress on the shared meter study lead by CHWD. They aren't tied to a specific meter brand and would like to do a joint meter bid as a consortium. They need results from the October 2019 Study as soon as possible because South of 50 homes are now being built. The number of dials, volumetric reading, and other specifications vary by community, which is leading to the slowness of the Study.

The City has a GIS staff person that handles all departments and they have an engineering technician that is specifically for water and wastewater. Their Computerized Maintenance Management System (CMMS) system is Lucity and the same staffer that handles this system also manages work orders. They have had issues with Lucity, and in particular, a lot of complaints about the shift to a web-based platform. Current or past collaborative efforts noted are listed below:

-) Significant involvement in the meter study being led by CHWD.
-) The Department is an active member of RWA, a joint utility organization.
-) The Department is involved in a regional chemical purchase agreement. The effort has been “beyond amazing.” The effort, which started as a bay area consortium that got extended to Sacramento reportedly only costs around \$250 per agency to participate and “...they practically apologize when they send bill.” They are now paying \$0.50 vs \$1.12 for sodium hypochlorite – big savings.
-) The SJWD interconnection could provide 3 million gallons per day (MGD) if it were used.
-) Some information sharing with systems local to their geography on hydraulics, but there have been no efforts on a unified regional hydraulic model.
-) The Department participates in a statewide bid for various utility vehicles. A participating agency can use a common specification, which speeds and eases the purchasing process.

Del Paso Manor Water District

Context and Culture

DPMWD is the smallest participating agency, which serves a mostly residential area that is reportedly almost fully built out. This puts pressure on water rates, since there is little opportunity for system growth to offset increasing costs. DPMWD’s activities have sometimes been met with resistance from active and engaged community advocates, both at Board meetings and in online forums. This has led to periods in the past of financial stress.

DPMWD is undergoing a period of transition. Following significant Board and staff turnover, a largely new staff of four is currently onboarding as SSWD handles operations on a contract basis. The board and staff turnover have led to a degree of modernization that has stabilized rate increases. DPMWD is recovering costs and investing in infrastructure but their upgrade and replacement rate may be behind compared to others in the region. A plan to address aging infrastructure and to make sure their wells are maintained and compliant is needed. DPMWD runs off up to two wells, but they have six available and could probably produce more water and monetize it, which some Board members favor while others oppose. Overall, as the benefits of effective collaboration become clear, and with strong training for new staff, DPMWD is on the road to becoming a sustainable utility for its community.

Service Highlights

A private consultant is currently helping with system management, while SSWD handles most operating activities on a contract basis. The current situation has curtailed the district’s ability to get involved with many external collaboration activities. The arrangement with SSWD may be scaled back or terminated once new staff onboarding is complete. A CPA firm was also hired to deal with accounting which was handled with QuickBooks. The District reports that 99% of customers are billed a flat rate, though there are a few meters for new construction and roughly 100 commercial customers that are all metered. Expanding metering is thought to be cost prohibitive other than for new construction and commercial where it is required, and somewhat controversial. A new general manager arrived in July 2020. The new GM will be tasked by the Board with developing staffing and training plans and evaluating the SSWD agreement. The Board is open to collaborative opportunities that can offer savings.

Current or past collaborative efforts noted are listed below:

-) Two by two meetings with SSWD on collaboration occur.
-) DPMWD is a member of RWA, a joint utility organization.

-) Mutual aid agreements and in place and were very important to the district when many of the staff departed.
-) There is an operations agreement with SSWD.
-) DPMWD looked at outsourcing billing with SSWD, but it wasn't believed to be in their interest at the time

Rio Linda / Elverta Community Water District

Context and Culture

RLECWD has worked hard to move from a period of financial and infrastructure distress to one of stability over the last decade. Similar to the recent experience of DPMWD, RLECWD has undergone a transition where significant Board and staff turnover (half left in 2019 reportedly due to low salaries) has resulted in the need for extensive recruitment, training, and salary adjustments to make up for years of stagnation. These actions have been critical for attracting new talent, and recruiting new Board members, given that 3 of 5 left in 2018. The 10-year evolution of the agency included a new Board, followed by state mandated rate increases and capital investments.

Remaining challenges include managing the regions highest fixed charge percentage (92%) and a rate structure that doesn't align well with needs (though a rate study is currently underway). While most of the Board is fully supportive of efforts to achieve collaborative benefits, others mistrust the larger entities in the region and worry about the sovereignty of RLECWD.

Service Highlights

An example of the progress being made at RLECWD can be seen in their approach to capital planning where historically a fixed dollar amount for capital, not directly related to system needs, would get approved each year. Their asset management efforts are now increasingly professional. They seek to replace 1,000 feet of pipe per year to get closer to desired renewal rates. They would like to move to depreciation level investment, where they invest as much in new capital every year as they lose through depreciation.

Recent investments were made in a Customer Information System (CIS)/billing software, but they are open to discussions of outsourcing billing, nonetheless. RLECWD is required to do a lot of backflow testing due to a groundwater plume at the airport and associated requirements for properties in that area. They are not involved in the regional meter study, because state mandates required them to upgrade to Neptune AMI meters; all the pump stations have a receiver antenna. This has shifted costs from meter reading labor to software and equipment maintenance contracts.

Attention to recent improvement efforts and perhaps a desire for autonomy has minimized the district's ability to get involved with many external collaboration activities.

Current or past collaborative efforts noted are listed below:

-) Member of the Sacramento Groundwater Authority (SGA) where they have been involved in the development of the Groundwater Management Plans, Basin Management Reports, and the Integrated Regional Water Management Plan together with RWA
-) DPMWD is a member of RWA, a joint utility organization.
-) National Joint Powers Purchase Contracts for things like iPads
-) Outreach on strategic planning and community partnerships with school district and metro fire

-) SAWWA Monthly Training Luncheon

Sacramento Suburban Water District

Context and Culture

SSWD is a large utility that continues to make investments in several areas including technology, competitive compensation, optimizing training, providing service support to other area agencies (see DPMWD section), and carefully structuring contracts to achieve savings. SSWD is the largest participating agency that is reliant on groundwater. In addition, the District has contractual rights to 26,064 acre-feet per year from the City of Sacramento water entitlement; and a contract to purchase up to 29,000 acre-feet of surface water per year from PCWA.

Service Highlights

While SSWD's staff of 70 largely meets the agency's needs and has little excess capacity, there are select areas where SSWD may be able to offer services to other agencies, as well as areas where SSWD is interested in exploring opportunities for new shared FTEs.

Prior to this Study, SSWD engaged in an effort with SJWD looking at consolidation, which was largely motivated by opportunities to reduce operational redundancies and the potential for enhanced reliability that would be offered by having access to surface water during certain periods SSWD recognizes that several of the participating agencies prefer to look at collaboration rather than consolidation, and agree that there are many opportunities to achieve savings or service level improvements as a region through collaboration.

Current or past collaborative efforts noted are listed below:

-) SSWD is an active member of RWA, where it is involved in regulatory and legislative affairs, grant preparation, and other regional services
-) SSWD utilizes JPIA for insurance, training, and legal support.
-) The utility participates in the regional Meter Consortium Project (in process).
-) SSWD has participated in joint legal services with other agencies.
-) SSWD was involved with joint chlorine purchasing 10 years ago, but it reportedly didn't work well for SSWD because they have so many small well sites.
-) Though few communities have as many well sites as SSWD, they do share practices with Cal.-Am. and Sacramento County.
-) The District uses a master services agreement (MSA) vehicle for capital project that is currently held by Veerkamp (contractor) that may allow others to participate. It has worked well for District. The MSA is a three- to five-year contract and this is the third one.
-) There were regional water transfers in 2018 with five agencies and two in 2019.
-) SSWD is involved in mutual aid, most actively with DPMWD. Mutual aid turned into an operations agreement with DPMWD.
-) Cal.-Am. is wheeling from PCWA through SSWD.
-) Conducted a Phase 1 & 2 Study on Consolidation with SJWD.

San Juan Water District

Context and Culture

As a retail and wholesale entity with excess water capacity, during most periods, SJWD brings a lot of resources to the region as well as a unique perspective to this Study. SJWD is by some measures the largest water agency participating in the Study. In some years, SJWD supply is provided in support of SSWD in addition to the District's own retail, wholesale, and other contract customers. SJWD has water rights in excess of 82,200 acre-feet per year, including an annually unused allotment estimated at 21,300 acre-feet per year, and permitted treatment capacity of 150 MGD, of which there is also excess capacity of at least 60 MGD.

Over the last 10 years SJWD has invested significantly in their water treatment plant (WTP) where work has included investments in sub-basins, filter basins, and pipelines. The last major hurdle of this capital cycle is the Hinkle Reservoir replacement and relining project; following this work plans call only for smaller projects in the subsequent period.

Water stress in California and the desire to offer excess water has contributed to momentum behind the Phase 1 and Phase 2 consolidation studies that preceded this work on collaboration. Indeed, SJWD recognizes that taking a broader and more measured approach to collaboration is the strong preference of some participating agencies.

Service Highlights

Storage capacity is one concern at SJWD. It currently has just 62 million gallons of storage, meaning that on a peak 90 MGD day, if the WTP failed to produce water, SJWD would not have enough water to get through the day. Another operational consideration is coordination of WTP production and system pressures with wholesaler systems. Magnetic meters were installed in 2010 to measure flows to wholesale customers. They are monitored through Supervisory Control and Data Acquisition (SCADA), but reservoir levels drive WTP production and not wholesale demand. Furthermore, the metering points allow for two-way flow and there is no visibility on storage or demands in the wholesale systems. Additional connectivity with the wholesale entities may allow enhanced WTP efficiencies and better system management.

The meter consortium that CHWD is leading involved a big push by SJWD, because they only have one meter reader and it takes a substantial amount of effort to read their system. SJWD is switching to Automated Meter Reading (AMR) for now and possibly AMI later. SJWD reports that the meter consortium is an example of the kind of success that can be furthered and used as a model through this Study.

Current or past collaborative efforts noted are listed below:

-) Parts are shared between systems; for example, sometimes an odd-size coupling is needed to fix a main break and they will borrow from another utility.
-) There have been joint pipelines projects in the past.
-) SSWD is an active member of RWA.
-) The Mag. meter project is a joint effort with wholesalers.
-) Hinkle replacement design project for cover plan includes some utilization of wells at wholesalers as well as new tanks they are building.

-) Plans have been shared, for example, Covid-19 plan was shared with SSWD.
-) Mutual aid commitment to provide resources if asked to do so but would be provided under auspices of another organization with separate insurance and provisions.
-) Drought project included flow control stations where there were some shared costs historically.
-) Chemical consortium sprang up in East Bay that some participate in, though not SJWD as they were already getting a better deal.
-) Mainly contract lab water quality testing and have developed plans and protocols. Their plan was shared with other agencies – they may notice a bac-t spike first because they have SCADA that others don't.
-) Voluntary settlement agreements with American River Basin agencies involved collaboration.
-) Coordinating messaging across boundaries (some of that already happened in media market, which is same one for all, as a result of state mandates to reduce demands by up to 36% for SJWD)
-) Confidence report sent by SJWD includes groundwater information from wholesalers, so some collaboration is happening there.

Preliminary Opportunities

During interviews and through document review, Raftelis reviewed existing collaborations; utility strengths and areas of need, and preliminary ideas on potential future collaborations or initiatives with the potential for expansion. We present these areas of opportunity collectively here for further discussion to stimulate thinking as we grow the list of opportunities, and ultimately prioritize them with the participating agencies as the Study progresses.

Joint Contracting

-) Analysis to identify contractors that work for multiple agencies, in anticipating of joint contracting and/or group price discounting
-) Joint “piggyback” contracting or joint purchase agreements with multi-year regional terms to achieve savings
 - o Paving
 - o Tank inspections/painting
 - o Well/pump rehabilitation
 - o Generator maintenance
 - o Cross-connection control program elements
 - o Leak detection (possibly using LiDAR once State Water Board releases new standards)
 - o Hydraulic modeling
 - o Infrastructure or well investments – design engineering
 - o Billing mail and print services
 - o Meter reading
 - o CityWorks Computerized Maintenance Management System (CMMS), CIS/billing or other joint software licensing
 - o Joint engineering designs if feasible
 - o Lab services / water quality testing
 - o Public information contracting (Watergrams, website material)

Joint purchasing

-) Inventory analysis to identify joint purchasing opportunities to expand success on chemicals, vehicles, and hopefully meters
 - o Pipes (ductile iron, PVC, or other) using master services agreements
 - o Generators
 - o Water mains and appurtenances
 - o Water loss analyses, or water audits, using billing data based on data optimization and uniform best practice approaches and benchmarking
 - o Infrastructure or well investments – materials, supplies
 - o Laptops and technology
 - o Vehicles

- Chemical cost comparison between Bay Area Consortium and SJWD deal

Resources and staffing

-) Identify and attempt to resolve any barriers to joint staffing due to union restrictions or differences in state PERS participation
-) Joint staffing or shared contracting (outsource)
 - Engineering and design staff
 - Human resources staff
 - Part-time regional water conservation staff (once guidelines are clearer from state)
 - Master gardener for residential vegetation management throughout region
 - Shared leak detection
 - Comprehensive operations agreements and select (functional) operations agreements
 - Billing and customer service
 - Meter installation/testing/replacement/reading
 - Joint technical specifications for vehicle or equipment bids
 - Water audits conducted by staff experts (as opposed to through a joint contract)
 - Joint SCADA resource for preliminary diagnosis and PLC maintenance
 - Regional training coordinator resource
 - Water operations staff
 - Sharing safety risk officer
 - GIS staff sharing
 - Customer service staff sharing
 - Sharing accounting staff
 - Purchasing coordinator – regionally or with state to document needs and timing and put together joint orders.
-) Equipment sharing (e.g. Marks meter test bench, specialized vehicles and attachments etc.)
-) Joint warehousing or shared inventory
-) Facilities sharing for training, for example

Regional water supplies

-) Advancing Sacramento Groundwater Authority (SGA) groundwater bank and conjunctive uses
-) Mutual aid agreements
-) Intertie agreements
-) Expand inclusiveness of regional water transfer through the State Water Control Board

Training and Standard Operating Procedures (SOPs)

-) Sharing training materials, opportunities, and best practices
-) Common materials and specifications

-) Standardization on training and best practices particularly for technology (meters, SCADA instrumentation, Lucity, GIS, tablets, CityWorks, Next Door/Facebook/social media engagement etc.)
-) Leadership development training
-) Safety training
-) Engineering drafting training
-) Formally sharing and comparing SOPs using studies and questionnaires to identify best practices (areas of interest include staying current on regulatory impacts on SOPs, construction specifications, fire sprinklers, and plumbing codes, hydrant types / sizes, butterfly joints, internal controls vs government standards)
-) Share lessons learned from meter study with those not purchasing at this time

Other Opportunities

-) Expand information transparency and sharing
 - o Clearinghouse website for sharing information
 - o Joint calendar
 - o SCADA information transparency
 - o Formalize regional utility project timing coordination spearheaded by PG&E
 - o Providing water use estimates to each other or other financial forecasts
 - o Actively sharing planned fee schedules
 - o Sharing salary data
 - o Hold regular water operations meetings, particularly within wholesale systems
 - o Sharing job descriptions
 - o Share more information on well pumping levels within SJWD wholesale system to optimize management of Folsom Lake and SJWD plant, pressure etc.
-) Increasing regional meter operations or networks
-) Expand the meter consortium beyond materials purchasing focus
-) Joint bond issuances
-) Complete RWA cost benefit analysis and expand capacity and capabilities if it could be cost/savings justified
-) Clarify role of RWA in advancing all of the above

Collaboration Vehicles

Several entities already exist as facilitators of select elements of cooperation and collaboration in the region. Each entity serves a specific role in supporting the local water agencies. RWA is the largest, most active, and most relevant forum for the kinds of collaborative initiatives being discussed as part of this Study, though the SGA and others are certainly important players depending on the initiatives that are ultimately prioritized and pursued. As the Study advances it will be important to determine if, for example, the RWA should play a role, in the details of implementation and execution of identified collaborative initiatives.

Below is an inventory of the most notable entities that are facilitating collaboration:

Regional Water Authority (RWA)

-) Mission/Objectives: To serve and represent regional water supply interests and assist RWA members with protecting and enhancing the reliability, availability, affordability and quality of water resources.
-) Apparent Focus: Water Utility Collaboration and Advocacy

Sacramento Groundwater Authority (SGA)

-) Mission/Objectives: To manage, protect and sustain the groundwater resources of the basin in Sacramento County north of the American River consistent with the Water Forum Agreement for the benefit of the water users within the basin, and to coordinate with other water management entities and activities throughout the region.
-) Apparent Focus: Groundwater Management and Coordination

Sacramento Area Water Works Association (SAWWA)

-) Mission/Objectives: To advance and implement improvements in knowledge, design, construction, operation, and management of water utilities; To consider and solve problems in the production and distribution of safe, adequate water supplies; To promote the dissemination of water utility information in order to improve the understanding of the complexities of the industry; and to offer to members of the Association, their organizations, and to other appropriate persons or organizations the individual or collective water utility expertise that is available from members of the Association.
-) Apparent Focus: Water Utility Operator Training

Sacramento Water Forum (SWF)

-) Mission/Objectives: To provide a reliable and safe water supply for the Sacramento region's long-term growth and economic health; and to preserve the fishery, wildlife, recreational, and aesthetic values of the lower American River.
-) Apparent Focus: American River Stewardship

Regional Water Supply Collaboration Opportunities

The purposes of this section are to describe the fundamental water supplies available among the participating agencies and offer conceptual-level collaboration opportunities. Each participating agency has both active and dormant water assets that may support the collaboration effort. Water asset collaboration could help the agencies:

1. Protect surface water assets for current and future uses against claims of unreasonable use, forfeiture, and abandonment;
2. Maximize opportunities to utilize dormant surface water assets;
3. Improve dry year reliability of available water assets and protect against catastrophic supply outages;
4. Create consistent revenue generation opportunities;
5. Improve efficiencies in diversion, treatment, and conveyance facilities; and
6. Synthesize system operations to maximize opportunities to preserve water assets and reduce system costs.

It is important to note that the regional agencies have undertaken several studies that conceptually address baseline reliability issues. For example, the recently completed Regional Water Reliability Plan (RWRP) states that: “The RWRP is limited in scope to high-level identification of vulnerabilities, possible mitigation actions, regional conjunctive use potential, and interest in establishing a regional water bank – all as they may relate to increasing regional water supply reliability.”³ The RWRP lists 17 recommendations, including the establishment of a water bank and engaging with stakeholders and partners, as well as 106 structural and non-structural actions that would mitigate regional water supply reliability concerns. Importantly, the items considered in this water supply collaboration analysis address actions that go beyond improving regional reliability by addressing water asset preservation, financial benefits linked to coordinated water management and distribution, and water management flexibility among participating agencies. Considering the collaborative agencies’ water assets valuation approaches \$1 billion, without incorporating the economic activity spawned by reliable water supplies nor the value of the infrastructure used to divert, treat, and deliver these supplies, preserving and protecting water assets is critically important. Regional collaboration provides an opportunity to protect the agencies’ water assets and leverage their economic value.

³ RWRP at 1-9, May 2019

Collaboration Agencies' Water Assets

The participating agencies have a diverse portfolio of water assets. These water assets consist of surface water rights, groundwater rights, and water entitlements that have independent limitations and opportunities. Each collaborating agency's water asset portfolio is unique and each collaborating agency's system operations are unique in the context of the water assets available to it. Table 1 depicts a simplified spreadsheet of water asset that highlights the key attributes of each collaborating agency's water assets.

As noted in numerous studies, the discordant characteristics of the regional water assets and the complicated regulatory processes related to the water assets, disincentivize the agencies from sharing stranded water assets that could otherwise be made available for use. Accordingly, the fundamental issues facing the collaborating agencies related to their water assets are as follows:

-) SJWD and CWD have surplus surface water rights that are at risk of loss if those water rights cannot be put to beneficial use.
-) There are limitations on the agencies' water entitlements – like diversion restrictions, place of use restrictions, and dry year restrictions – that diminish these assets' utility absent collaborative management.
-) The collaborating agencies' water conserved has restricted redistribution potential based upon initial consultations with the regulatory agencies.
-) Water quality issues related to groundwater contamination, groundwater mineralization, and fluoride application constrain inter-agency water asset distribution.
-) The variations in water costs from differing sources render some water collaboration opportunities less desirable for collaborating agencies.

Taken together, these issues inhibit optimizing uses for the agencies' substantial surface water and groundwater assets.

Table 1: Participating Agencies Water Assets

Agency	Water Right	Contract/ Entitlement	Conveyance Agreement	Priority	Diversion Rate and # of wells	Diversion Period	Dry Year	Critical Year	Theoretical Max (AFY)
San Juan Water District	Pre-'14 S000656 Appropriative L006324 CVP Water Rights	Settlement Contract		1853	60 cfs	annual	33,000	33,000	26,400
	PCWA Permits 13856 and 13858	WIIN Act Contract 2019		02/11/28	15 cfs	annual	M&I Shortage Policy	Health and Safety	6,600
		San Juan/PCWA Contract	Warren Act Contract EXP 2/2021	1963		annual	10,000	0 based on priority date	24,200
Citrus Heights Water District	SJWD CVP Settlement	SJWD Wholesale Service Agreement		1853		annual	Equitable manner and water shortage management plan	4,200	Total Demand
	Groundwater				5 to 8 wells				8,500 estimated from UWMP
Fair Oaks Water District	SJWD CVP Settlement	SJWD Wholesale Service Agreement		1853		annual	Equitable manner and water shortage management plan	2,100	Total Demand
	Groundwater				6 wells				12,743 design capacity UWMP
Orange Vale Water Company	SJWD CVP Settlement	SJWD Wholesale Service Agreement		1853		annual	Equitable manner and water shortage management plan	1,300	Total Demand
	Groundwater				3 to 5 wells				At least 1,600 from photo of old map
Del Paso Manor Water District	Permits 11358, 11359, 11360, 11361 and D893	City of Sacramento Contract	City of Sacramento Contract	1958		annual	0 in months when plant can't operate		2,460
	Groundwater				8 wells				~6,600 based on 2009 master plan
Carmichael Water District	License 001387			09/18/15	15 cfs	annual	9,050	9,050	10,859
	License 008731			08/22/25	10 cfs	5/1-11/1	1,048	0	3,669
	Permit 007365			04/22/49	25 cfs	annual	15,000	0	18,099
	Aerojet Dry Year								2,200
Sacramento Suburban Water District	Permits 11358, 11359, 11360, 11361 and D893	City of Sacramento Contract	City of Sacramento Contract	1958		annual	0	0	26,064
	PCWA Permits 13856 and 13858	PCWA Contract	Warren Act Contract SJWD CTP Contract	1963		annual	0		29,000
	Groundwater				84 wells				~180,000 max 35,000 safe
City of Folsom	Pre-1914 Appropriative	Settlement Contract	Folsom Reservoir and Folsom South Canal	1851	60 cfs	annual	22,000	22,000	22,000
	Pre-1914 Appropriative	Lease of GSWC portion of right	Folsom Reservoir and Folsom South Canal	1851	60 cfs	annual	5,000	5,000	5,000
	CVP Water Rights	Folsom CVP Fazio Contract 6-07-20-W1372	Folsom Reservoir			annual	5,250	1,750	7,000
	Ashland Area Contract		Folsom Reservoir				1,540	1,000	1,540

San Juan Water District Water Assets

SJWD's water assets include a pre-1914 water right, a licensed appropriative water right, a Central Valley Contract "Project Supply", and a water contract with PCWA. In total, SJWD's water assets include 33,000 acre-feet of water rights water and almost 50,000 acre-feet of contract water supplies. These surface water assets are used by SJWD and also made available to CHWD, FOWD, and Orangevale Water Company (Orangevale) through the SJWD's Wholesale Service Agreements. In addition to these water assets, SJWD has access to additional water that may be made available in the Central Valley Project (CVP) system called "215 Water". This CVP water is surplus Project Supply that is made available to CVP contractors when the system is in extreme surplus conditions.

SJWD's water assets have varying degrees of reliability. The water rights water is available in all year types subject to the conditions in SJWD's contract with Reclamation. SJWD's CVP Project Supply, however, is less reliable because the volume of water available under the contract entitlement in dry conditions is directly tied with historical use. As such, the availability of the CVP Project Supply in dry conditions requires that it be regularly used in normal and wet conditions otherwise the supply is unavailable in dry conditions. And SJWD's PCWA contract also has dry year limitations reducing the supply to 10,000 AFY and potentially eliminating the supply if PCWA needs it for other deliveries. In short, SJWD's preservation of its water assets and determinations of water supply in dry conditions, require that SJWD, its retail partners, and other regional agencies use SJWD's water assets. The collaboration effort is working to identify opportunities to put SJWD's surface water assets to beneficial use in all year types.

SJWD operates the diversion and treatment facilities for its water assets. SJWD diverts water from Folsom Reservoir through a shared intake facility and delivers the diverted raw water to the Sydney N. Peterson Water Treatment Plant (Peterson WTP). The Peterson WTP has a maximum capacity of about 120 million gallons per day (120 MGD). SJWD is working with regional agencies to utilize the full capacity of the treatment plant to deliver water into Sacramento and Placer counties.

Water treated at Peterson WTP may be widely distributed into the collaborative agencies' service areas. The priority is to deliver water to SJWD retail customers and the retail agencies – FOWD, CHWD, and Orangevale. After this priority is met, SJWD may deliver surface water to SSWD and CWD through existing conveyance facilities. SSWD could receive water through the Cooperative Transmission Pipeline and CWD could receive water through its intertie with FOWD and potentially its interties with SSWD. CWD recently discovered that a portion of its service area lies within the original place of use of SJWD's North Fork Ditch Company pre-1914 appropriative water right making delivery of this supply less onerous. SSWD's ability to take delivery of SJWD water may depend upon quantification of water conservation actions coupled with California Environmental Quality Act compliance actions. Nevertheless, the opportunities to deliver SJWD surface supplies to a larger area, that includes additional collaborating agencies' service areas, could occur with existing infrastructure and minimal regulatory interference.

Carmichael Water District

CWD has three surface water rights, a water entitlement, and groundwater available to meet demands within its boundaries. In a normal year, CWD's water asset portfolio far exceeds its annual water demands – with approximately 30,000 acre-feet of available surface water supplies alone. But CWD's surface water assets have varying degrees of reliability based upon the constraints in its asset portfolio and the severity of the dry period. For the first time in its 100-year history, CWD's 1915 water right license was curtailed during the extreme drought in 2014 and 2015. And although CWD mitigated the reliability issue by acquiring alternative water supplies, the recognition of this vulnerability – including the future potential of increased curtailments of its surface water supplies – became real. As such, CWD is investigating opportunities to improve its dry year reliability through acquiring new supplies, drilling new wells, and exchanging water assets.

CWD needs to use its surface water supplies or it risks losing them. Putting CWD's significant volumes of water to beneficial use requires innovative thinking and coordination with neighboring agencies. In 2019, CWD and SSWD initiated a temporary conserved water transfer action in an effort to not only provide surface water to SSWD so that SSWD could bank groundwater, but also to preserve CWD's water assets for future uses. This temporary water action is ongoing and demonstrates the rationale for collaborative activities that CWD must undertake in order to preserve its surface water assets for future uses.

CWD's groundwater assets are also significant. CWD has five wells with a potential pumping capacity of approximately 13,000 AFY – although the safe yield maximum pumping capacity is closer to 6,000 AFY. Moreover, CWD has banked upwards of 17,000 acre-feet of groundwater under the regional Water Accounting Framework. CWD's groundwater pumping capacity limitations coupled with its system pressure issues and water quality concerns, reduce CWD's ability to rely upon its current groundwater assets in dry conditions. As such, CWD's water supply situation is essentially “feast or famine.” In nearly all years, CWD has ample water supplies to meet its needs – so much so that it leaves huge volumes of water as stranded assets. But in critically dry conditions, CWD's system limitations and its lack of surface water storage, make its supplies less reliable to meet its demands. The collaboration will help CWD address its reliability limitation in critically dry years and provide opportunities for CWD to deliver water assets to its collaboration partners.

CWD's infrastructure is also an asset that may be valuable in this collaboration effort. CWD operates the Bajamont Water Treatment Plant (Bajamont WTP) with a maximum capacity of 25 MGD. CWD uses a portion of the capacity in Bajamont WTP to treat and deliver surface water supplies to its customers. CWD recently entered into an agreement with Golden State Water Company to divert, treat, and deliver 5,000 AFY of Aerojet GET water (4.5 MGD) through the Bajamont WTP. CWD has some additional capacity at Bajamont WTP to divert and treat surface water assets that could be derived from alternative water sources. For instance, if SJWD were to consider delivering pre-1914 water supplies to CWD or SSWD, CWD could potentially divert and treat those supplies at the Bajamont WTP for delivery within CWD's service area or through CWD's interties with SSWD. This type of collaborative opportunity will be further explored in this effort.

CWD also possesses a dormant water diversion facility on the American River – the Ranney 4 Collector (Ranney 4). Ranney 4 stands in the American River near Ancil Hoffman Park and could be activated, with some necessary alterations, to divert and deliver water from the American River into CWD’s service area. All CWD’s water rights and entitlements may be diverted at this facility. CWD is investigating the opportunities to rehabilitate this facility, potentially augment its water treatment capacity, and connect Ranney 4 into CWD’s distribution system.

Citrus Heights Water District

CHWD’s water assets consist of a contract entitlement with SJWD to receive treated surface water and groundwater supplies derived from its five wells – although its 2015 UWMP indicates that an additional three wells will be available by 2022. CHWD’s contract entitlement with SJWD enables CHWD to access any of SJWD’s surface water supplies. As such, CHWD provides a needed water demand for SJWD’s surface water supplies so that SJWD may demonstrate beneficial use of those supplies and improve its dry year supply reliability by using supplies that would otherwise be dormant. CHWD’s dry year reliability is tied to SJWD’s water supply reliability in that CHWD has a reduced surface water allocation under the wholesale contract under certain conditions. CHWD’s demand is predicted to continue to grow into the future and the ability to access and collaborate on the use of CHWD’s and SJWD’s water assets may provide mutually beneficial opportunities for both agencies.

An ongoing issue between CHWD and SJWD is the relative cost for CHWD to acquire SJWD water and for CHWD to pay for; as part of these costs, SJWD capital improvements for projects that are used to divert, treat, and deliver the surface water. Accordingly, the need for CHWD to use SJWD water in order to preserve those water assets is juxtaposed against a CHWD’s hesitation to pay to use SJWD’s water assets. The collaboration effort may provide some guidance to help address the relevant conditions that create this tension.

CHWD also pumps groundwater to serve to its customers. CHWD’s 2015 UWMP listed five wells with and additional three wells coming online sometime by 2022. The total yield from this well system could be upwards of 8,500 acre-feet which could serve over one-half of CHWD’s projected future demand while allowing CHWD to weather critically dry conditions with the Wholesale contract limitations. The integration of CHWD’s well system with SJWD’s surface water supplies relevant to water use needs and costs for service will be further evaluated in this collaboration study.

Fair Oaks Water District

FOWD is not a participating agency in the collaboration process but its water assets and uses may be an important aspect of the collaborative findings in this study. FOWD is like CHWD in its access to SJWD water through a Wholesale Agreement and its ability to provide groundwater to meet its needs. FOWD helps SJWD demonstrate beneficial use and improve its dry year reliability by using SJWD surface water assets. But like CHWD, FOWD contests SJWD's water costs and seeks to reduce costs by using more groundwater in lieu of surface water. FOWD's 2015 UWMP notes that it has six wells with a capacity of up to 12,500 acre-feet of groundwater pumping – enough to meet its entire future demands. The collaboration effort will incorporate FOWD's current activities in an effort to identify opportunities to create additional regional benefits.

Orangevale Water Company

Like FOWD, Orangevale is not a participating agency in the collaboration process. However, Orangevale's water assets and uses may be an important aspect of the collaborative findings. Orangevale is a retail agency, like CHWD and FOWD, that derives nearly all its annual water supplies from SJWD's water assets. And although Orangevale has access to groundwater, its wells are dormant, and it relies upon SJWD wholesale water deliveries to serve its demands. Orangevale's access to groundwater, however, may provide an opportunity to help distribute limited dry year surface water supplies in order to increase long-term regional reliability. The collaboration effort will incorporate Orangevale's current activities in an effort to identify opportunities to create additional regional benefits in this collaboration study.

City of Folsom

The City of Folsom (Folsom) has its own water asset portfolio that consists of a pre-1914 appropriative water right for 22,000 acre-feet of water, a lease for an additional 5,000 acre-feet of water under the same appropriative right, and a CVP Project supply for 7,000 acre-feet of water. Folsom anticipates using its entire surface water supply portfolio and is looking for opportunities to improve its water supply reliability in dry and critically dry water years.

Folsom also receives water for the Ashland Area from SJWD under a water supply contract. As such, Folsom is a retail agency that receives SJWD water and has the potential ability to take delivery of additional SJWD water supplies if Folsom can improve the physical diversion facilities on the Folsom South Canal (FSC). The existing diversion facility is shared with GSWC and lacks enough capacity to divert all of Folsom's water assets that are legally available for diversion at FSC. The opportunities considered in this collaborative effort may provide additional surface water assets that could be used in Folsom's service area but will not address the critical infrastructure aspect associated with Folsom's FSC opportunities.

Sacramento Suburban Water District

SSWD uses surface water assets derived from its contract entitlements with regional water agencies and groundwater supplies extracted through its eighty-four wells in its service area. SSWD has access to the City of Sacramento's (City) water supplies pursuant to a water supply contract as well as access to PCWA's water supplies under a separate water agreement. SSWD regularly takes delivery of both water supplies when the supplies are available. SSWD has recently considered the cost implications of accessing these supplies and has reduced reliance on these supplies when the costs are too high. Importantly, the PCWA supply is less reliable in dry years while the City supplies have become more reliable – where SSWD retains access to the supplies through interties with the City even if “Hodge Flow” restrictions are activated on the American River.

SSWD has an extensive groundwater system with eighty-four wells available to produce groundwater supplies. However, even though SSWD is legally a single urban supplier it is, for all practical purposes, operated as two distinct water systems. SSWD's merger with Northridge Water District brought together two agencies that operated with two different perspectives. The reason for SSWD's dual operations is because in the southern service area, water supplies are treated with fluoride whereas in the northern service area – the old Northridge Water District – the water supplies are devoid of fluoride. Because of this difference in water treatment, the water supplies developed in each area may not be easily commingled.

As a participating collaborating agency, SSWD has a significant water demand and the opportunity to use additional surface water supplies from its neighboring water agencies. Although SSWD is contained in the place of use of PCWA's and the City's water assets, it is beyond the place of use of SJWD's and CWD's water assets. Both SJWD and CWD are working on delivering surface water supplies to SSWD in order to expand potential uses of each agency's surplus surface water assets. Importantly, SSWD presents an opportunity to improve groundwater banking opportunities through in lieu recharge that could be useful in furthering the regional groundwater banking objectives identified in the RWRP. The collaborative study will further explore these opportunities.

Del Paso Manor Water District

DPMWD primarily uses groundwater to serve its customers and it retains access to the City's surface water supplies through an agreement. DPMWD's 2009 Water Master Plan indicates that it has eight wells with a total capacity of about 6,600 acre-feet per year. DPMWD's access to groundwater supplies far exceed its demands that approximate 1,500 AFY. DPMWD is working with neighboring agencies, in particular SSWD, to help reduce its overall costs for water delivery to its customers. DPMWD's water assets and opportunities will be further considered in this collaboration effort.

Water Asset Collaboration Summary

The collaborating agencies have significant surface water and groundwater assets that could be better utilized. The dormant surface water supplies as well as supplies protected through active water conservation, could be better leveraged by the collaborating agencies. Specifically, increased surface water use by all of the agencies would (a) protect the region's water assets against future loss; (b) improve dry year reliability of the available supplies; (c) augment groundwater supply conditions; and (d) create opportunities to generate more revenue through water transfers and exchanges both within and beyond the American River watershed. The collaborative study will further refine the collaborative opportunities available among the participating agencies to address these leveraging objectives.

Conclusion

Each of the participating agencies has a long history of serving their customers and considerable roots in their communities, some going back well into the 1800s. While several have experienced challenges with water rates, staffing, water resources or other issues, each reportedly now has the minimum resources to accomplish their mission, given current water rates and existing contractual arrangements for services. The agencies do not describe immediate and/or urgent drivers that require forcing collaboration. Collaboration opportunities must therefore be viewed with the goal of reducing costs and improving services over the long term. They must be elective and foster partnerships, rather than create divisions. While all the entities are earnestly looking for opportunities to work together, there is a very strong desire for local control and independence across most of the participating agencies, including the smaller ones that have relatively fewer resources.

Raftelis has identified through interactions with the participating agencies numerous options for collaboration. Several categories of options are listed in this document. They include working together on water resources issues, joint contracting and procurement, and regional advocacy, often through the Regional Water Authority (RWA) and other entities. These partnership organizations may create additional opportunities. These will be studied more in the subsequent phases of the project.

None of the collaboration options identified jeopardize the sovereignty of any agency, and if executed properly, should help increase efficiency, service levels and/or drive down costs. However, some compromises will likely be required to pursue them. Note that these collaboration opportunities do not limit future consolidation efforts. Instead, pursuing some of these collaboration opportunities will set the stage for agencies to work together more easily, making any future discussions of more comprehensive collaboration, even consolidation, easier.

APPENDIX A:

Request for Information



MEMO

To: Sacramento Region Water Utility Collaboration/Integration Study

From: Seth Garrison

Date: April 29, 2020

Re: Preliminary Request for Information

For this study there are several areas of focus where Raftelis seeks information to support this project's assessment work. This information is being requested of the utilities participating in the Regional Water Utility Collaboration/Integration Study. To support our initial screening and assessment work, we seek information pertaining to:

- Area 1. Budgets: Financial Data
 - a. Current budget
 - b. Budget structure and allocation of costs
- Area 2. Organization and Staffing: (Organizational/Management/Staffing)
 - a. Number of staff
 - b. Organizational structure
 - c. Roles and responsibilities
- Area 3. Services: (Services and Customers)
 - a. # Customers/Accounts
 - b. Services that are self-provided (operational and support)
 - c. Services that are contracted (operational and support)
 - d. Services that are centralized or joint contracted across participants
 - e. Services that are "wish-list" services
- Area 4. System Overview: (System Data)
 - a. Overview description of the water system
 - b. Number and type of facilities
 - c. Buried asset information

As the project evolves, we anticipate needing more detailed information of each of the areas of focus from above including some or all of the information as outlined below.

Financial Data:

1. Comprehensive Annual Financial Reports for the most recent available 3 years.

2. Detail level revenue and expense budgets for the water system for the most recent budget year available. Please provide budget detail by department or water system function (e.g. source of supply, treatment, distribution operation and maintenance, customer service and billing, administration, etc.).
3. Current capital improvement plans (5-year or 10-year plans, if available).
4. Latest financial plan projection or rate studies completed for the water system, if any.
5. Current schedule of water rates.

Organization/Management/Staffing Data:

1. Copies of latest strategic plans in connection with the water system or the municipality in general, if available.
2. Organizational chart showing staffing positions in connection with the water system.
3. List of staff associated with the water system by position title. Where staff responsibilities are split between water system and non-water system functions, please identify the % of staff time dedicated to the water system.
4. Position descriptions for each of the staff positions identified above, if available.
5. Compensation and benefit cost information in connection with each of the staff positions identified above.
6. Copies of latest staffing studies in connection with the water system or the municipality in general, if available.
7. Copies of any written standard operating procedures (SOPs), policies, procedures, and workflow processes associated with the water system, if available.
8. Any benchmarking or measurements data collected by the utility or any data on current levels of service and goals such as the number of water mains.

Services and Customers:

1. Copies of any outsourcing contracts or existing intermunicipal agreements in connection with the water system.
2. Any customer surveys or feedback instruments showing customer preferences, opinion of service levels, etc.

System Data:

1. Summary information and statistics for the water system (e.g. source of supply, average and max day water demands, number of pumping stations, amount of system storage, miles of transmission & distribution piping).
2. Summary water customer information (customer accounts and billed consumption by type of customer, historical and projected customer account and consumption trends).
3. A map of the water system showing major system component locations.
4. Copy of the latest annual operating reports for the water system (last 3-years, if available).
5. Any master planning documents showing planned upgrades, changes, new ventures, etc.

6. A description of the billing/Customer Information System (CIS), key vendors and any outsourcing/partnership arrangements, such as relationships with a bill printing or mailing vendor.
7. Available summary statistics on performance of systems and billing/CIS activities such as levels of unaccounted for water, water quality violations, number of estimated readings, meter read rate, aged billing AR, etc.
8. Breaks per 100 miles of pipe, average duration of an outage, etc.
9. Any prior study reports or associated analysis that touched on collaboration or consolidation opportunities, such as the Phase 1 and Phase 2A reports.

Thank you for your efforts in responding to this request in a timely fashion. Please do not hesitate to reach out to me if you have any questions at 207.303.0138 or sgarrison@raftelis.com.

APPENDIX B:

Organizational Summary



Appendix B: Organizational Summary

	CWD	CHWD	Folsom	DPMWD	FOWD	OVWC	RLECWD	SSWD	SJWD
Structure & Governance:									
Type of Agency	Water District	Water District	Municipal Department	Water District	Water District	Water District	Water District	Water District	Water District
Governance Entity	Board	Board	City Council	Board	Board	Board	Board	Board	Board
Retail / Wholesale	Retail	Retail	Retail	Retail	Retail	Retail	Retail	Retail	Both
Year Entity Established (as currently incorporated)	1916	1920		1955	1917	1896	1948	2002	1954
Size:									
Employee Full-Time Equivalents (FTE)⁴	27	35	53	4	28	4	10	70	48
Connections	11,521	19,600	21,654	1,600-1,797	14,241	5,500	4,628	46,268	10,700
Residential Retail	11,000		19,511	1,500-1,697					
Non-Residential Retail	521		2,143	100					
Wholesale	1 (GSWC)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4 (40,075)
Service Pop.	40,000	67,000	70,000	4,967	36,200	15,200	13,400	182,500	154,781
Permitted Treatment Capacity (million gallons per day, MGD)	22 (surface) 9.4 (wells)		50					115 (wells)	150

⁴Excludes Board of Directors

	CWD	CHWD	Folsom	DPMWD	FOWD	OVWC	RLECWD	SSWD	SJWD
Average Day Demand (ADD) (MGD)	12.31 (includes 4.5 that goes back to GSWC)	14.57 (5 year average)	17.1		8.40			27.3	40
Maximum Day Demand (MDD) (MGD)	24.62		29.1		16.1		8.9	90.4	
Storage Capacity (MG)	6		33.2		3		1.3	15.8	62
Infrastructure:									
Source of Supply	American River (primary) and wells; GSWC provides 4.5 MGD via American River	Folsom Lake (SJWD) plus 6 CHWD wells	Folsom Lake	Wells	Wells	Folsom Lake (purchased raw supply from SJWD)	Wells	Wells and purchased surface water contracts	Folsom Lake
Surface vs Groundwater (%)	75/25 (seasonal May-Sep)		100/0	0/100	0/100	100/0	0/100	57/43	100/0

Treatment Type	Plant: membrane filtration, clearwell, and chlorine contact chamber		10 MGD conventional pre-treatment system and Actiflo system with two 20 MGD trains fed by a dry dynaBLEND polymer system.						Two flocculation-sedimentation basins, and two filter basins
	CWD	CHWD	Folsom	DPMWD	FOWD	OVWC	RLECWD	SSWD	SJWD
Miles of Pipe	154.25	271	305		183.05		84	698	222
Type of Pipe	Steel (17%), asbestos cement (60%), PVC (10%), and ductile iron (13%)		Cast iron and asbestos cement in older areas, PVC, ductile iron, and steel in newer developments				Asbestos cement (majority) and some ductile iron and PVC		Asbestos concrete, steel, ductile iron, and PVC
Financial:									
Revenue (2019)	\$12,634,608		\$13,912,610		\$9,599,201		\$2,590,786.00	\$48,078,000	\$27,005,500
Operational Expenses (2019)	\$7,101,576		\$14,234,824		\$9,760,382		\$1,803,560.00	\$23,241,000	\$20,020,600
% Debt Service Coverage Ratio	250%		277%		2981%		205%	366%	188%
Days Cash on Hand	549		612				272	653	313

MHI	\$60,466	\$59,008	\$109,762	\$58,456	\$81,462	\$79,532	\$62,740 / \$71,000	Varies	Varies
Rate Structure	Uniform rate structure	Bi-monthly service charge, plus a charge per ccf.	Tiered rate structure (3-tier)	Flat rate for 99% of customers varies by lot size, and a flat service component	Uniform rate structure	Uniform rate structure	Uniform rate structure (with drought rates)	Mix of flat service chart accounts and tiered rate structure for metered accounts	Uniform rate structure
Monthly bill for typical household*	\$79.51	\$71.09	\$50.03	\$58.25	\$47.43	\$44.54**	\$81.27	\$91.89	\$83.75

*Based on a family of 4 and 143 gallons per capita per day, or about 23.26 ccf per month as per:
https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/conservation_reporting.html

**Tier 2 rate noted above 15 ccf but not published

Sacramento Regional Water Utility Collaboration Study

Strategic Communications Plan

July 2020 - DRAFT



REGION OF SACRAMENTO

Water Utility Collaboration Study – Task 1 Ad-Hoc
Committee Meeting

July 28, 2020

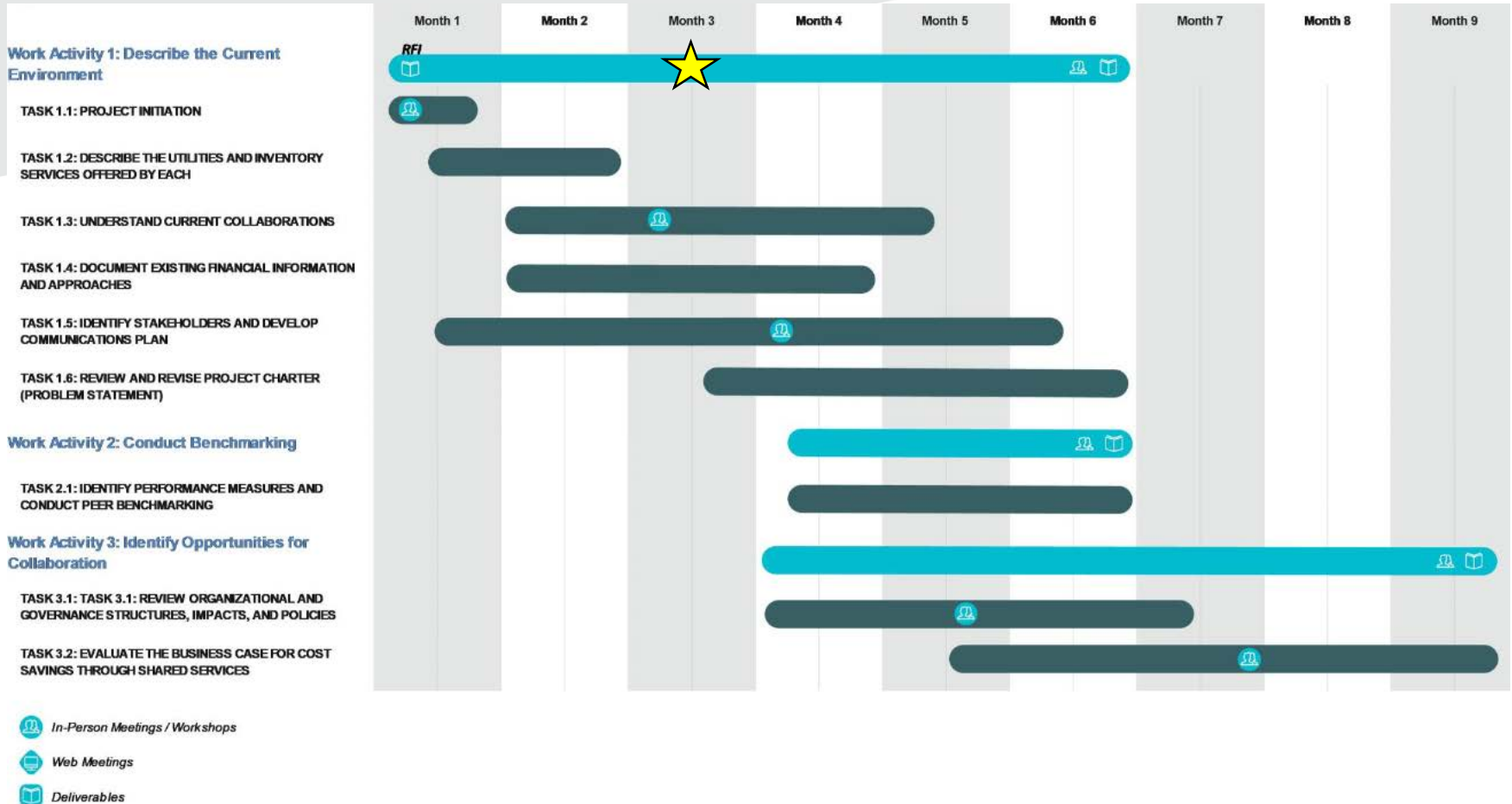


Agenda

- Review Project Activities (scope) and Schedule
- Synopsis of Activity 1 Status and Deliverable:
 - › Interviews and interactions with Participating Agencies
 - › Overview of data collected
 - › Collaboration experiences and opportunities
 - › Vehicles for collaboration
 - › Initial impressions
- Project Charter and Communications Plan
- Collaboration Activities for Study in Next Phases
- Next Steps

Key objective is to provide Board members with an update on the Study status and provide them with an opportunity to ask questions.

Study Status



Despite a late start, timeline is **slightly ahead**. The Task 1 Draft Report was delivered in Month 3 following our April 29th kickoff.

Task 1 Review



1. Information request



2. Submission, review, and data summarization



3. Interviews conducted with agencies included the following roles:

- **Governance:** Board members
- **Leadership:** Environmental and Water Resources Director, General Manager, Contracted Study Staff, Assistant General Manager, Executive Assistant to the General Manager
- **Communications:** Public Information Officer, Communications Manager, Public Relations Consultant
- **Operations:** Operations Manager, Utilities Section Manager, Engineering Manager, Engineering Services Manager
- **Finance / Billing:** Finance Director, Customer Service Manager

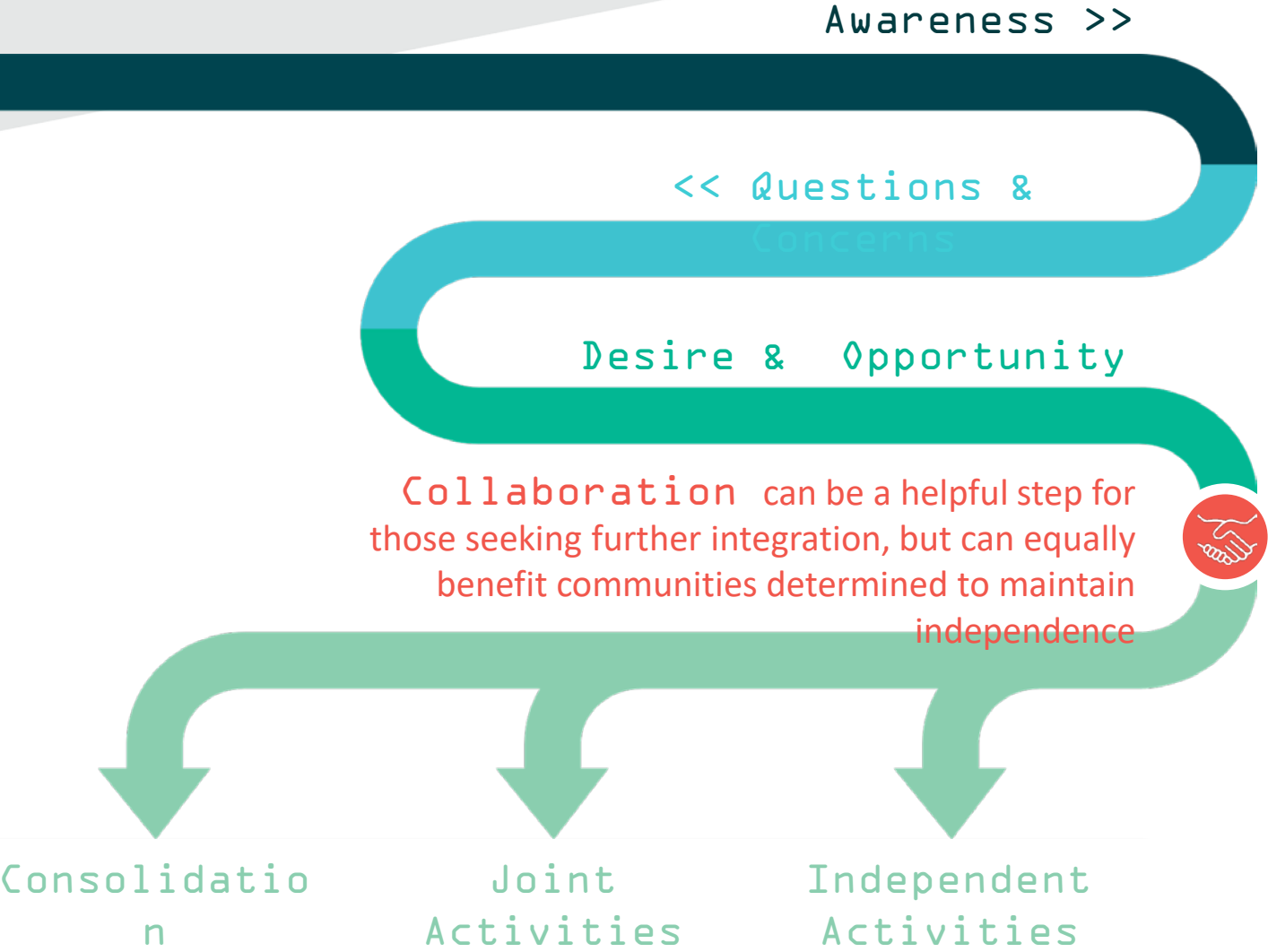
Task 1 Review (cont'd)



4. Task 1 Report Draft – Description of the Current Environment:
 - › High-Level Data Summary
 - › Context & Culture
 - › Service Highlights
 - › Collaborations to Date
 - › Preliminary Opportunities
 - › Water Supply Discussion
 - › Communications Plan & Project Charter

Task 1 next steps include the Final Report.

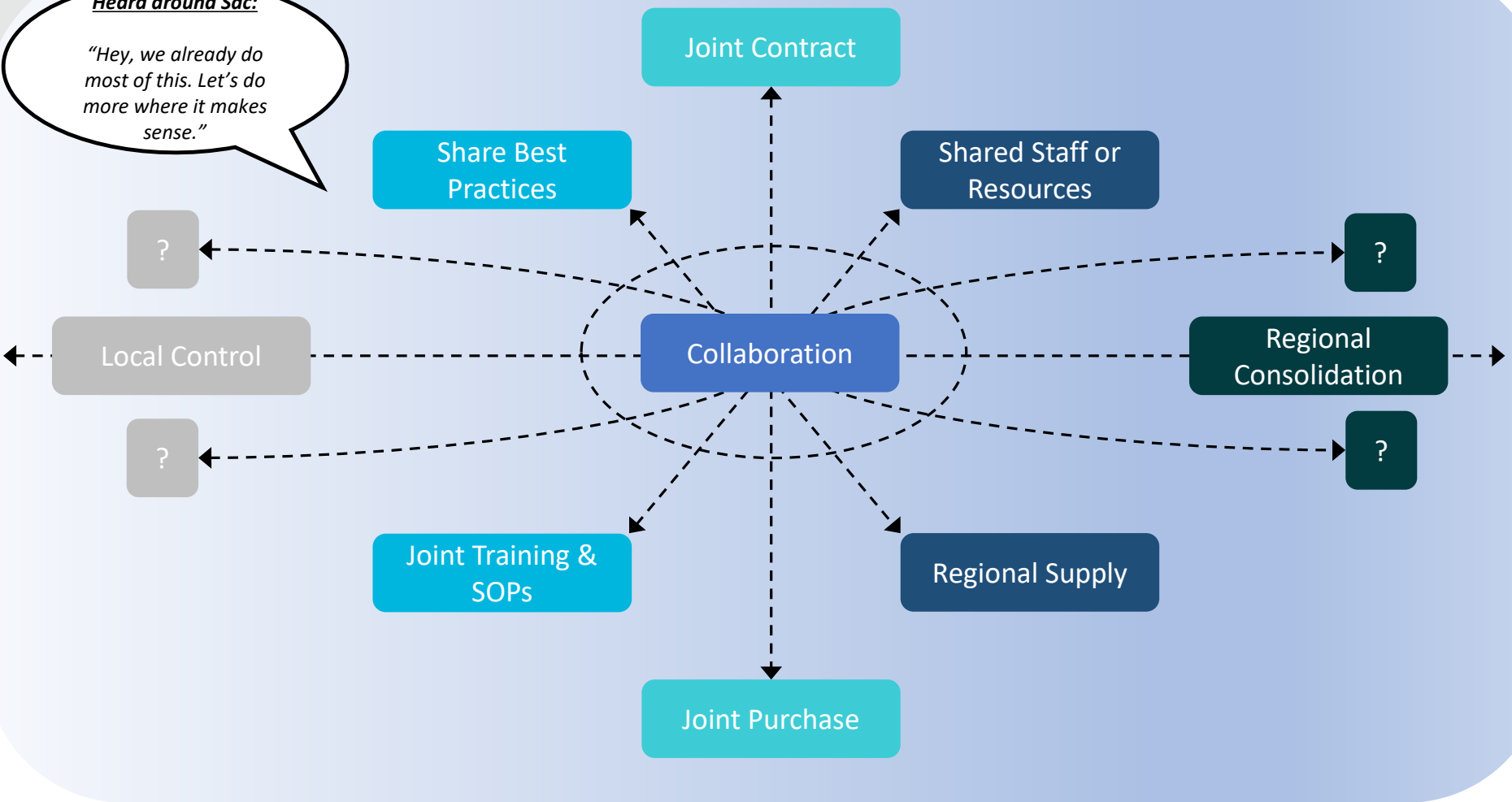
Agencies can choose their own path



The Utility Collaboration Spectrum

Heard around Sac:

"Hey, we already do most of this. Let's do more where it makes sense."



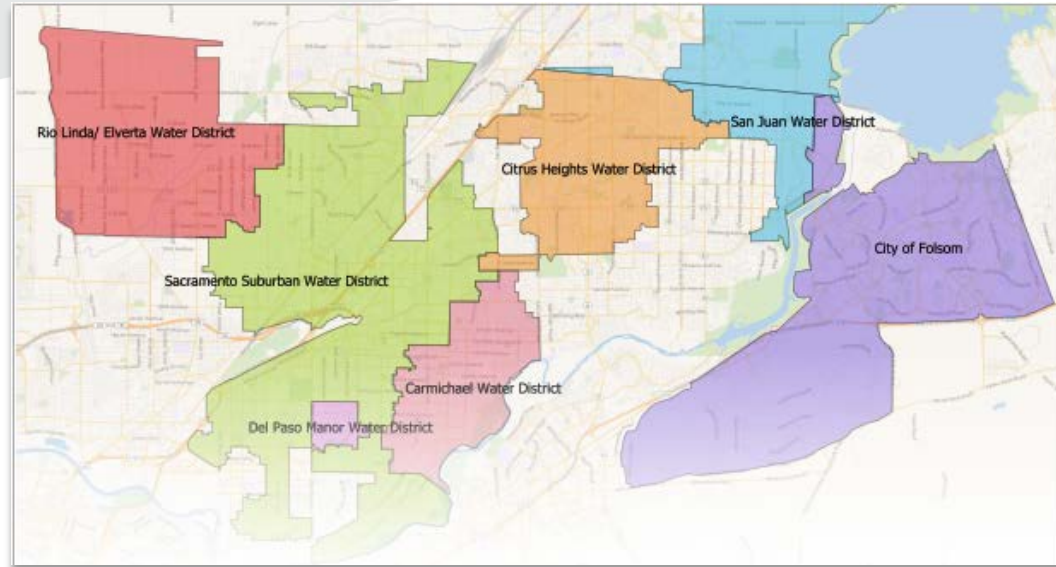
Participation is **optional**, as symbolized by dotted lines. Nor is the collaboration spectrum a linear path, rather it reflects **degrees of intensity of coordination**.

Task 1 Report Overview



Agency Perspectives

- Study perspectives are informed by agency's:
 - › Historical context
 - › Level of service
 - › Resources
 - › Needs
 - › Priorities
- Existing vehicles can ensure regional and local interests are best served:
 - › Existing collaborations
 - › RWA
 - › SGA
 - › SAWWA
 - › Water Forum



*The **momentum required** for success will be attained where opportunities can be shown to yield **cost advantages** that maintain or improve **water quality, reliability, and / or customer service.***

Data Review

	CWD	CHWD	Folsom	DPMWD	RLECWD	SSWD	SJWD
Year Established	1916	1920	?	1955	1948	2002	1954
Full-Time Equivalent Staff (#)	27	35	53	4	10	70	48
Pop. Served (#)	40,000	67,000	70,000	4,967	13,400	182,500	154,781
Avg. Day (MGD)	12.3	14.6	17.1	?	8.9	27.3	40.0
Surface / Groundwater (%)	75% / 25%	?	100% / 0%	0% / 100%	0% / 100%	57% / 43%	100% / 0%
MHI (\$)	\$60,466	\$59,008	\$109,762	\$58,456	\$64,942*	Varies	Varies
Monthly Bill (\$)***	\$79.51	\$71.09	\$50.03	\$58.25	\$81.27	\$91.89	\$83.75

*Population weighted average of Rio Linda and Elverta

**Based on a family of 4 and 143 gallons per capita per day, or about 23.26 ccf per month as per:

https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/conservation_reporting.html

Task 2 analytics will further reveal key differences and help advance inter-agency understanding and opportunity identification.

Preliminary Opportunity Prioritization

- › Paving (3)
- › Vehicles (3)
- › Meter testing (2)
- › Mutual aid and intertie template agreements (2)
- › Preventative maintenance (2)
- › Training (2)
- › Clarify the role of RWA
- › Engineering drafting
- › Generating income from unused water
- › Information clearinghouse
- › Lab service and water quality testing
- › Human Resources partnering
- › Joint contracting
- › Joint equipment purchases
- › Joint lobbying
- › Leak detection
- › Leverage regional relationship with Tesco
- › Master Gardener resource
- › Protect water rights as a region
- › Purchasing and inventory for common materials and supplies
- › integrate functionally if redundancy is identified, or even organizationally?

While will revisit the list of opportunities as a group *before moving into fuller assessments*, an initial prioritization is underway.



Strategic Communications Plan

Communication strategy is phased:



1. Raise awareness and understanding internally—with employees and governing bodies



2. Communicate to engage key water industry stakeholders

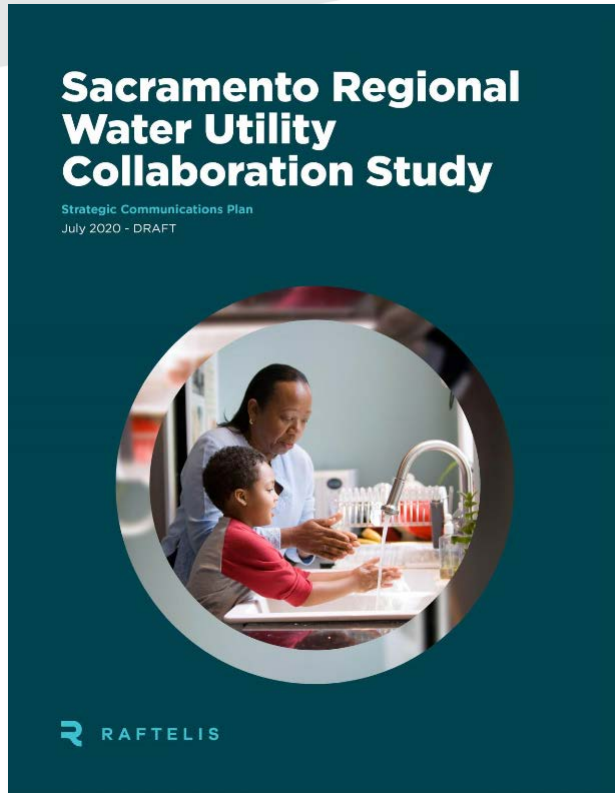


3. Communicate to demonstrate progress on the Study with customers and potentially media





Initial Communication Efforts



- Determine name and look/feel of communication materials
- Include communications as a standing agenda item for the Steering Committee agendas to ensure horizontal alignment among partner agencies
- Create FAQs, one-page summary, presentation to be used with employees and governing bodies





Project Charter

This meeting is an opportunity to provide feedback in the proposed Project Charter:

- Challenge Statements
- Goals
- Boundaries
- Schedule

PARTICIPANTS AND STAKEHOLDERS
Successful cooperation and collaboration will require engagement of several stakeholders. The Steering Committee has identified the following list of key participants and stakeholders:

- The Study Steering Committee itself
- Participating stakeholder entities, including leadership, key staff and/or departments, and boards
- Outside consultants of participating agency organizations
- Other regional water producers/providers (including other potential participants)

PROJECT CHARTER
This Sacramento Region Water Utility Collaboration Study Project Charter has been developed to confirm our understanding of the Study's goals and to provide a reference point as we move through a collaborative process. The Project Charter states our guiding principles for the process and requirements for success.

CHALLENGE STATEMENTS

1. Water supplies in the American West Basin are becoming more variable and they are less reliable than in the past because of climate change, environmental regulatory requirements, and competing demands.
2. The areas served by the participating agencies in this Study were extensively developed during the second half of the last century. The aging water supply infrastructure must be replaced through repair and replacement so we can continue to meet our communities' needs.
3. Changing demand to meet plans, some water agencies in this Study have more water available under their water rights and contracts than needed for meet current customer demands. Optimizing this surplus water supply would benefit the region as a whole.
4. Water supply infrastructure among the agencies in this Study has varying levels of understanding, condition, treatment, storage and delivery capacity.
5. The agencies in this Study face unique financial and operational challenges in providing services to their customers and performing business functions.
6. All agencies in this Study face increasing operational costs that are passed on to customers.

3. The size of the agencies in this Study limit the ability to dedicate staff resources to advocate on behalf of customers on legislative, policy, and regulatory issues.

GOALS
Through the Collaboration Study we will develop a collaborative way to:

1. Optimize the use of surface water and groundwater supplies to enhance water supply reliability.
2. Plan for and develop robust responses to changes in water supplies that result from climate change and new regulatory requirements.
3. Repair, replace and improve water supply infrastructure and related agency assets in the most efficient and cost-effective manner possible.
4. Provide excellent service and the best value to customers.
5. Effectively advocate for the best possible outcomes for our customers related to legislation and regulatory action in both Sacramento and Washington D.C.

PROPOSED DATES

Activity	Start Date	End Date
April 2020	April 2020	April 2020
May-July 2020	May 2020	July 2020
August-December 2020	August 2020	December 2020

Existing Stakeholders and Communicate

Water Change



Next Steps

1. Agency top 5 opportunities, and comments on Task 1 Report Draft. Comments by August 24th.
2. Raftelis will be available for follow-ups on data.
3. Other agencies (FOWD & OVWC) will be sent the Task 1 Final Report, to provide them with another opportunity to participate.
4. Raftelis will begin Task 2 benchmarking analysis using industry and agency data.





Agenda Item: 12

Date: August 12, 2020

Subject: Water Fluoridation Discussion

Staff Contact: Dan York, General Manager

Recommended Board Action:

No action. Discuss current operational parameters regarding fluoridating the South Service Area and direct staff as appropriate.

Background:

In 1995, AB 733 was adopted and California Health and Safety Code Section 4026.7 was added stating: “In order to promote the public health through the protection and maintenance of dental health, the department (of Public Health) shall adopt regulations..., requiring the fluoridation of public water systems.” With some exceptions, it directs the state Department of Public Health (DPH) to “adopt regulations that require the fluoridation of all public water system that have at least 10,000 service connections.” The caveat with this mandate is that funding for water fluoridation must come from sources other than ratepayers.

In 2000, as a result of AB 733, the City of Sacramento (City) began fluoridating their water supplies. In 2004, the District entered into an agreement with the City to purchase treated surface water. Due to place of use restrictions, this surface water can only be used in the District’s South Service Area (SSA). If the City provided surface water to the District with fluoride, then there would have been a mix of fluoridated surface water and un-fluoridated groundwater (District water). This would have required notifying customers that they are receiving “sub-optimal” fluoride levels.

In addition to entering into an agreement with the City in 2004, the District’s Board made a decision to provide “optimal” levels of fluoride in the SSA. This required installing fluoridation equipment on the District’s groundwater wells in the SSA. Funding for the capital improvements was provided by the First 5 Sacramento Commission (First 5) and was not paid by the District’s rate payers.

In 2007, the work of installing fluoridation equipment on the SSA groundwater wells was complete and the District began delivering fluoridated water in March 2007.

Discussion:

At the January 28, 2019, regular Board meeting, staff was directed to bring back an update after staff evaluates whether the District can opt out of the First 5 agreement and if stopping the use of fluoride is an option with the State of California, Division of Drinking Water (DDW).

At the May 20, 2019, regular Board meeting, staff was directed to bring back the item when the full Board would be present and to inquire about whether other agencies have successfully

ceased the requirements set forth in their fluoride contract with the First 5.

At the July 15, 2019, regular Board Meeting, based on staff's analysis, the Board expressed the District needed to fulfill the agreement with First 5. The Board moved to approve staff recommendation of continuing fluoridating the South Service Area and re-evaluate in 2027, when First 5 agreement expires. The motion passed by unanimous vote.

At the August 3, 2020, 2x2 Ad Hoc Committee Meeting between the District and Del Paso Manor Water District, Director Wichert expressed he was in favor of either the entire District fluoridate, or none of the District is fluoridated. Further, he stated he was more in favor of not having fluoride. He recommended to agendaize the fluoride topic at an upcoming regular Board meeting.

The District received \$2,338,099 in grant money from First 5 and agreed to a 20-year commitment and spends about \$320,000 a year in maintenance and operations to fluoridate the SSA. District staff had legal counsel review the First 5 agreement to evaluate whether the District could opt out of the agreement. Based on legal counsel review, the agreement contains a recital and two termination provisions that require the District to fluoridate through the duration of the agreement, which is 2027. The agreement also prohibits the District from applying or seeking to modify its water permit to prohibit fluoridation. The District could be relieved of its obligation to fluoridate water if one of the following occur (1) the Department of Drinking Water (DDW) or the Legislature prohibits the District from fluoridating by statute or regulation, (2) the City stops fluoridating the surface water supplied to the District, or (3) the District is able to negotiate with First 5 to stop using fluoride.

If the District decided to pursue negotiating an opt out deal and First 5 agreed, then the District would need to get permission from the DDW to stop fluoridating. DDW regulates public water systems for the State of California and permits the District to supply water. After speaking with DDW staff, SSWD staff are not confident DDW would support discontinuing the use of fluoride unless there is a financial driver, although they may be open to hearing our case.

If the SSWD Board requests opting out of a contract, then it needs to be a formal request in writing. First 5 staff could not foresee the First 5 Commission releasing the District from their 20-year commitment, which is a standard contract term. As for negotiating a buyout threshold, First 5 staff said it is not about the money, but about the health benefits fluoride provides.

Fiscal Impact:

Continuing to fluoridate the SSA for the next 7 years will cost the District about \$2.3 million in today's dollars and is included in future budget forecasts.

Strategic Plan Alignment:

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

Fortifying the water with fluoride in the SSA benefits customers by preventing tooth decay, protecting against cavities, and has been shown to save money overall when compared with dental treatment savings per customer.



Agenda Item: 13

Date: August 13, 2020

Subject: General Manager’s Report

Staff Contact: Dan York, General Manager

a. Grant of Easement and Right of Way

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

- 1600 Cormorant Way, California (Development Services)
- 5856 Garfield, California (Development Services); and
- 4455 Winters Street, California (Development Services)

b. Materials Purchasing Program – Regional Water Authority

Over the past several years there have been numerous discussions, as well as current efforts, to determine if there are opportunities for local water agencies to collaborate on items that could add potential benefits from joint purchasing programs. At a recent Regional Water Authority (RWA) meeting, a number of agencies commented on potential benefits that could result from such a program. Therefore, the RWA Executive Director, Jim Peifer, put together a team of representatives to begin those discussions to determine if providing such a service is even feasible under the RWA umbrella. The representatives are from the following agencies; City of Folsom, City of Sacramento, PCWA, San Juan Water District, and Sacramento Suburban Water District. The kick-off meeting was held on July 20, 2020. Below are a few of the items discussed:

- Infrastructure materials
- Solid waste
- Leak detection
- Office supplies
- Vehicle purchase
- Emergency contracts

c. San Juan Water District Water Transfer Update

At the June 2020 regular Board meeting the District’s Board of Directors authorized the General Manager to execute and sign an agreement to implement a pilot project to purchase up to 4,000 acre-feet of surface water from San Juan Water District (SJWD). At the July 22, 2020 regular Board of SJWD, their Board gave their General Manager to

execute and sign the subject agreement. The subject agreement was signed and executed on July 23rd. The District began receiving surface water in the North Service Area on August 3rd.

d. City of Sacramento Update

In preparation for the current Water Forum Agreement 2.0 negotiations, the City of Sacramento (City) and the District would like the assistance of the facilitation team to prepare for the amended language in the Agreement that we would like to pursue. Below is a very brief description of a relevant Agreement provision that the agencies would like to see amended that refers to the request to have "Operational Flexibility". Both agencies acknowledge and anticipate there could be additional changes.

- Make changes in the City and District's Purveyor Specific Agreements (PSA).
- Remove language that precludes the City from being able to sell water to the District during Hodge flows.

The City previously met with the environmental groups to negotiate the removal of the wholesale language, but were unsuccessful.

City and District staff recently met to determine the need and process going forward as partners. The process will include discussions with the following agencies:

- Bureau of Reclamation (meeting scheduled for August 14th)
- State Water Resources Control Board
- Department of Water Resources
- Water Forum
- Environmental Caucus

In addition, staff met with the City to discuss the wholesale water rate analysis they are conducting. The City informed staff that they have internally determined the cost of surface water, however, there is a process that needs to be conducted in order to change their wholesale water rates. Staff and the City discussed an opportunity to receive surface water at a reduced rate, similar to the \$120 per acre feet delivered in 2018. The discussion was positive and the City promised to make an attempt to provide staff with a response the week of August 24th.



Agenda Item: 14

Date: August 11, 2020

Subject: Assistant General Manager's Report

Staff Contact: Mike Huot, Assistant General Manager

a. Placer County Water Agency Agreement Amendment

Placer County Water Agency (PCWA) is sending a draft revision of the Agreement Amendment to the District for review. District staff have confirmed that 15 million gallons per day of capacity is available if PCWA chooses to purchase capacity for developing areas in Placer County, namely the Placer Vineyards and Regional University developments. Other key components of the agreement include:

- Reduce the Take-Or-Pay amount from 12,000 acre-feet to 8,000 acre-feet.
- Adjusting the time and method of payment from quarterly to semi-annual, with payments due following deliveries that are made.
- Reducing the net revenue amount owed to PCWA for selling, leasing, transferring, or disposing of water outside the authorized service area from 95% to 50%, or an amount that are mutually agreed upon on a case-by-case basis.

Once District staff receives and reviews the draft amendment, and possibly a Memorandum of Understanding to sell capacity, District legal counsel as well as the Water Banking and Transfer Committee will review.



Agenda Item: 15

Date: August 10, 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 July 31, 2020. The District has lost an estimated \$337 thousand in collection and late fees and has incurred an additional \$21 thousand in COVID-19 related expenses. It is estimated that the District will not incur \$138 thousand in budgeted expenditures mostly related to canceled conferences, discontinuance of mailing collection notices and a premium refund from Cigna. Approximately \$557 thousand is estimated as the deferred payments related to suspending disconnections per Governor of California's Executive Order 20-42.

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

- Financial Highlights – July 2020
- Financial Statements – July 2020
- Investments Outstanding and Activity – July 2020
- Cash Expenditures – July 2020
- Credit Card Expenditures – July 2020
- District Reserve Balances – July 2020
- Information Required by LOC Agreement
- Financial Markets Report – July 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 \$1.4 million less, while investments are \$2.4 million more than on July 31, 2019; long term debt has decreased by \$5.2 million; and net position has increased by \$11.8 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 \$1.5 million year to date compared to the same

period last year. Operating revenues increased \$2.4 million while operating expenses decreased \$1.1 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 \$7.8 million as of July 31, 2020, down \$0.2 million from \$8.0 million at December 31, 2019, subsequent to the January 2020 settlement payment of \$2.6 million to McClellan Business Park (MCBP) cash balances have been increasing. Cash held in the District's bank accounts (\$3.4 million as of July 31) is held in accordance with state and federal regulations, which state that cash held in the District's bank accounts above the FDIC insured limits must be fully collateralized with government securities that are equal to or greater than 110% of the District's cash balance in the bank at any time.

Investments increased since December 31, 2019, by \$1.6 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 \$7.8 million to \$501.5 million as of July 31, 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 \$268.7 million as of July 31, 2020, compared to \$259.5 million at December 31, 2019, for an increase of \$9.2 million. This increase is primarily due to \$8.6 million in operating income, \$0.2 million in net non-operating income, and \$0.4 million in capital contributions as of July 31, 2020.

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

The net position increase of \$9.2 million as of July 31, 2020, is \$3.6 million more than the first seven months of 2019. Net changes are mainly comprised of:

1. Water consumption sales increased by \$2.1 million compared to the same period of 2019 due to increased water deliveries as 18,111 acre-feet of water was delivered in 2020 compared to 16,068 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 \$1.0 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 (\$1.4 million), 2) the increase in groundwater pumping costs (\$0.3 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 (\$0.4 million), and 4) an increase in administrative and general expenses (\$0.5 million).
6. Investment income increased by \$0.3 million compared to the same period a year ago, primarily due to unrealized holding gains in the first seven months of 2020.
7. Facility Development Charges increased by \$0.3 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 July 2020 came in less than the approved budget by \$3.2 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 (\$1.5 million).

Operating capital project expenditures through July was \$0.37 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, \$7.3 million has been spent while an additional \$5.9 million is under commitment. Expenditures continue to be primarily in distribution system replacements, new well construction, well improvements, and meter retrofit projects.

Debt - July 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 July 31, 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 \$1,473,202 versus a forecast of \$1,537,547, or a \$64,345 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 July 29 saw rates at 0.16% compared to 1.23%, the pre-pandemic level in the municipal VRDO market.

Investments Outstanding and Activity – July 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 2.00% per annum, while LAIF is earning 0.92%. 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 July 2020, the District purchased one U.S. Treasury Note for \$1.0 million (par), one Corporate Note for \$0.3 million (par), one Certificate of Deposit for \$0.4 million (par), one Municipal Bond for \$0.1 million (par) and one Federal Agency Note for \$0.5 million (par). One Corporate Note was matured at \$0.4 million (par). The District received principal pay downs on three Federal Agency Collateralized Mortgage Obligations for \$10,333, (par) and four Asset-Backed Security Obligations for \$52,541 (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 – July 2020

During the month of July, the District made cash payments totaling \$3.9 million. The primary expenditures were – \$1.2 million for 2020 capital improvement projects, \$1.6 million for payroll (3 payrolls this month), pension and health benefits, \$0.2 million for water costs including pumping and chemical costs, \$0.3 million for SGA & RWA annual membership & dues, \$0.1 million for licenses, permit & fees, \$0.1 million for debt service, \$0.1 million for annual property insurance, and \$0.3 million for all other O&M expenses.

Purchasing Card Expenditures – July 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 \$4,761 for various purchases on the six District purchasing cards. The District also received total credits of \$80 for cancelled conferences. Details by vendor and purpose are included in this report.

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 July 31, 2020, are \$48,634,097 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
July 31, 2020**

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

STATEMENTS OF NET POSITION

	Year-To-Date 7/31/2020	Year-To-Date 7/31/2019
LIQUIDITY		
Cash and cash equivalents	\$7,818,072.96	\$9,230,537.88
INVESTMENT		
Investments	40,638,398.17	38,225,502.98
ACCOUNTS RECEIVABLE	4,208,864.71	2,738,268.41
CAPITAL ASSETS		
Property, plant and equipment	501,472,616.29	485,418,531.76
Accumulated depreciation	(198,331,002.16)	(187,805,591.96)
	303,141,614.13	297,612,939.80
LIABILITIES		
Long Term Debt	(75,876,622.65)	(81,089,502.45)
NET POSITION		
Net Position	268,681,160.55	256,889,312.39

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Month 7/31/2020	Year-To-Date 7/31/2020	Month 7/31/2019	Year-To-Date 7/31/2019
NET INCOME				
Operating Revenue	5,267,845.32	26,993,198.26	4,238,439.35	24,571,090.41
Operating Expense	(1,747,910.97)	(10,434,776.09)	(1,823,126.47)	(11,524,885.52)
Other, Net	(1,083,328.79)	(7,333,243.85)	(1,108,862.04)	(7,430,903.19)
Change in Net Position	\$2,436,605.56	\$9,225,178.32	\$1,306,450.84	\$5,615,301.70

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

	As Of	Month End <u>7/31/2020</u>	Year End <u>12/31/2019</u>
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$7,817,992.51	\$8,011,078.56
Restricted Cash and cash equivalents		80.45	1,687.83
Accounts receivable, net of allowance for uncollectible accounts		4,024,460.48	2,901,672.06
Interest receivable		177,625.82	215,053.00
Grants receivables		7,296.94	351,969.29
Other receivables		30,371.30	97,320.57
Inventory		773,842.84	553,991.25
Prepaid expenses and other assets		2,030,940.44	1,249,069.53
TOTAL CURRENT ASSETS		<u>14,862,610.78</u>	<u>13,381,842.09</u>
NONCURRENT ASSETS			
Investments		40,638,398.17	39,040,578.27
Fair value of interest rate swaps		56,545.00	56,545.00
TOTAL NONCURRENT ASSETS		<u>40,694,943.17</u>	<u>39,097,123.27</u>
Property, plant and equipment		501,472,616.29	493,653,393.30
Accumulated depreciation		(198,331,002.16)	(190,327,387.33)
TOTAL CAPITAL ASSETS		<u>303,141,614.13</u>	<u>303,326,005.97</u>
TOTAL ASSETS		<u>358,699,168.08</u>	<u>355,804,971.33</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on long-term debt refunding		4,978,045.55	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>366,074,456.63</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		1,342,317.23	3,769,360.97
Accrued interest		275,449.61	297,075.42
Deferred revenue and other liabilities		1,954,032.68	1,867,586.59
Accrued expenses		70,302.05	4,194,921.54
TOTAL CURRENT LIABILITIES		<u>8,432,101.57</u>	<u>14,918,944.52</u>
NONCURRENT LIABILITIES			
Long-term debt		71,086,622.65	71,430,427.20
Compensated absences		1,243,648.13	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>88,130,085.78</u>	<u>88,351,913.34</u>
TOTAL LIABILITIES		<u>96,562,187.35</u>	<u>103,270,857.86</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow 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		36,210,414.19	26,985,235.87
TOTAL NET POSITION		<u>268,681,160.55</u>	<u>259,455,982.23</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION		<u>366,082,201.90</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
	7/31/2020	7/31/2020	7/31/2019	7/31/2019
OPERATING REVENUES				
Water consumption sales	\$2,326,982.50	\$8,069,813.84	\$1,517,268.64	\$6,007,310.94
Water service charge	2,871,480.45	18,528,822.21	2,561,903.94	17,531,723.33
Wheeling water charge	(6,029.27)	25,337.96	52,329.29	426,683.14
Other charges for services	75,411.64	369,224.25	106,937.48	605,373.00
TOTAL OPERATING REVENUES	5,267,845.32	26,993,198.26	4,238,439.35	24,571,090.41
OPERATING EXPENSES				
Source of supply	(10,568.73)	263,300.26	328,502.35	1,707,842.34
Pumping	421,354.31	2,441,272.82	361,022.69	2,131,363.82
Transmission and distribution	369,890.49	2,392,035.19	383,882.74	2,759,267.81
Water conservation	34,181.12	218,567.38	39,443.90	240,698.99
Customer accounts	135,300.31	733,880.15	125,066.08	754,897.86
Administrative and general	797,753.47	4,387,619.24	585,260.50	3,933,106.91
TOTAL OPERATING EXPENSES	1,747,910.97	10,436,675.04	1,823,178.26	11,527,177.73
Operating income before	3,519,934.35	16,556,523.22	2,415,261.09	13,043,912.68
Depreciation and amortization	(1,142,941.17)	(8,003,614.83)	(1,082,564.55)	(7,583,155.34)
OPERATING INCOME	2,376,993.18	8,552,908.39	1,332,696.54	5,460,757.34
NON-OPERATING REV. (EXP.)				
Rental income	17,869.71	174,294.90	29,434.79	170,416.00
Interest and investment income	98,747.08	1,493,548.71	(7,274.51)	1,181,142.61
Interest expense and debt related costs	(210,962.31)	(1,514,831.48)	(207,715.15)	(1,567,837.71)
Other non-operating revenues	66,960.90	93,748.50	359.35	82,239.60
Other non-operating expenses		7.67	21.00	(223.96)
Gain(loss) on disposal of capital assets		9,255.00		30,820.00
NON-OPERATING REV. (EXP.)	(27,384.62)	256,023.30	(185,174.52)	(103,443.46)
NET INCOME (LOSS) BEFORE CAPITAL	2,349,608.56	8,808,931.69	1,147,522.02	5,357,313.88
CAPITAL CONTRIBUTIONS				
Facility development charges	86,997.00	385,887.00	8,519.00	100,134.00
Developer contributions			144,664.30	144,664.30
Federal, state and local capital grants		30,359.63	5745.52	13,189.52
TOTAL CAPITAL CONTRIBUTIONS	86,997.00	416,246.63	158,928.82	257,987.82
CHANGE IN NET POSITION	2,436,605.56	9,225,178.32	1,306,450.84	5,615,301.70
Net position at beginning of period	266,244,554.99	259,455,982.23	255,582,861.55	251,274,010.69
NET POSITION AT END OF PERIOD	268,681,160.55	268,681,160.55	256,889,312.39	256,889,312.39

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

	Month Of July			2020 YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
BUDGETED OPERATING EXPENSES						
Board of Directors	\$4,215.36	\$6,186.34	\$1,970.98	\$21,154.74	\$43,304.38	\$22,149.64
Administrative	320,279.27	343,707.71	23,428.44	1,413,789.77	1,461,429.97	47,640.20
Finance	85,895.05	89,956.85	4,061.80	661,501.96	767,601.71	106,099.75
Customer Services	107,210.82	107,224.24	13.42	615,938.96	655,569.68	39,630.72
Field Operations	48,332.86	48,789.62	456.76	281,808.09	324,977.34	43,169.25
Production	372,204.23	1,009,363.74	637,159.51	2,391,577.12	4,789,117.18	2,397,540.06
Environmental Compliance	38,581.35	47,926.35	9,345.00	312,995.96	383,592.45	70,596.49
Distribution	241,181.03	241,210.20	29.17	1,499,539.26	1,500,470.40	931.14
Field Services	128,709.46	128,895.26	185.80	875,367.99	938,365.82	62,997.83
Maintenance	47,248.79	57,745.02	10,496.23	359,442.67	416,214.94	56,772.27
Water Conservation	34,181.12	44,302.34	10,121.22	218,567.38	332,521.38	113,954.00
Engineering	146,390.72	154,475.89	8,085.17	869,481.86	907,331.23	37,849.37
GIS/CAD	29,245.77	29,277.20	31.43	182,247.06	216,140.40	33,893.34
Human Resources	13,211.45	18,620.32	5,408.87	114,099.32	142,352.24	28,252.92
Information Technology	102,934.20	103,893.59	959.39	501,221.71	643,255.09	142,033.38
Community Outreach	28,089.49	29,426.00	1,336.51	117,941.19	145,982.00	28,040.81
TOTAL OPERATING EXPENSES	1,747,910.97	2,461,000.67	713,089.70	10,436,675.04	13,668,226.21	3,231,551.17

**SACRAMENTO SUBURBAN WATER DISTRICT
OPERATING CAPITAL BUDGET
7/31/2020**

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	\$ 67,220.50	\$ 342,969.95	\$ 184,221.38	\$ 37,808.67
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 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	3,555.00	8,247.00	-	\$ 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	20,954.00	\$ 141,187.13
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	14,943.00	14,943.00	35,732.00	\$ 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	# \$ 85,718.50	\$ 374,168.82	\$ 417,035.38	# \$ 438,795.80

**Sacramento Suburban Water District
Capital Improvement Project Budget
7/31/2020**

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	\$ 74,922.52	\$ 460,072.57	\$ 727,540.70	\$ 765,386.73
SC20-010	SCADA RTU/COMMUN IMPROVEMENT	615,000.00		615,000.00	11,337.38	41,339.88	41,584.12	\$ 532,076.00
SC20-011	WELL DESTRUCTION/SITE DEMOLITI	300,000.00		300,000.00	-	1,948.00	14,440.00	\$ 283,612.00
SC20-012	WELL NEW CONST/REPLACEMENTS	3,300,000.00		3,300,000.00	27,037.50	115,377.35	817,823.23	\$ 2,366,799.42
SC20-018	DISTRIBUTION MAIN REPL/IMPRV	9,414,000.00	(200,000) ¹	9,214,000.00	152,628.86	4,164,394.24	3,702,724.00	\$ 1,346,881.76
SC20-022	WTR RELATED STREET IMPRV	200,000.00		200,000.00	18,068.00	112,781.00	-	\$ 87,219.00
SC20-024	METER RETROFIT PROGRAM	1,888,000.00	(40,000) ^{2,3}	1,848,000.00	164,653.40	1,713,682.44	111,034.89	\$ 23,282.67
SC20-034	RESERVIOR/TANK IMPROVEMENT	210,000.00		210,000.00		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	141,475.94	762,244.41	171,499.94	\$ 366,255.65
SC20-048	RIGHT OF WAY/EASEMENT ACQUISIT	5,000.00	235,000 ^{1,3}	240,000.00	17,769.50	37,397.07	184,837.93	\$ 17,765.00
		\$ 19,565,000.00	-	\$ 19,565,000.00	\$ 607,893.10	\$ 7,434,146.89	\$ 5,906,276.81	\$ 6,224,576.30

**Sacramento Suburban Water District
Debt
7/31/2020**

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>\$ 205,166</u>	<u>\$ 1,473,202</u>	<u>\$ 1,537,547</u>	<u>\$ 64,345</u>

**Investments Outstanding and Activity
July 2020**



Managed Account Detail of Securities Held

For the Month Ending **July 31, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	S&P Par 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	608.10	174,400.66	176,613.29
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	1,016.39	301,886.10	304,593.75
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	3,138.59	375,593.16	382,500.00
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	1,500.51	471,614.48	481,531.25
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021		912828T67	570,000.00 AA+	Aaa	08/30/17	08/31/17	561,004.69	1.64	1,800.61	567,304.95	577,837.50
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	639.69	134,307.71	139,092.19
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	4,501.53	936,701.21	978,796.88
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	4,975.37	1,035,830.72	1,081,828.12
US TREASURY NOTES DTD 08/15/2012 1.625% 08/15/2022		912828TJ9	500,000.00 AA+	Aaa	09/05/18	09/07/18	479,023.44	2.76	3,750.00	489,147.04	515,312.50
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	230.98	123,904.79	131,035.15
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	2,540.76	1,361,550.03	1,441,386.65
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	1,101.09	392,584.04	416,875.00
US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023		912828R69	525,000.00 AA+	Aaa	03/04/19	03/06/19	505,948.24	2.53	1,445.18	512,278.30	547,148.44
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	1,926.91	696,095.28	729,531.25



Managed Account Detail of Securities Held

For the Month Ending **July 31, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY 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	1,995.73	712,897.24	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	2,669.33	646,781.06	681,382.78
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	8,418.65	2,059,382.38	2,148,976.46
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	652.17	384,064.28	401,835.94
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	826.09	495,966.25	508,992.19
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	650,000.00	AA+	Aaa	11/01/19	11/06/19	663,152.34	1.55	1,130.44	661,068.72	696,515.63
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	1,608.70	936,898.50	991,195.31
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	3,347.83	1,949,722.81	2,062,757.81
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	1,483.69	1,034,262.25	1,041,878.96
US TREASURY N/B DTD 12/31/2019 1.750% 12/31/2024	912828YY0	1,000,000.00	AA+	Aaa	07/01/20	07/06/20	1,065,312.50	0.28	1,521.74	1,064,276.43	1,068,593.80
Security Type Sub-Total		17,405,000.00					17,457,152.15	1.76	52,830.08	17,518,518.39	18,261,796.79
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	5,424.48	899,916.69	901,116.00
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	3,388.19	700,576.23	703,465.00



Managed Account Detail of Securities Held

For the Month Ending **July 31, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
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	1,673.44	224,882.12	228,816.68
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	458.33	749,428.90	768,315.75

Security Type Sub-Total		2,575,000.00					2,577,078.37	2.13	10,944.44	2,574,803.94	2,601,713.43
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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	1,050.50	100,000.00	104,948.00
UNIV OF CAL TXBL REV BONDS DTD 07/16/2020 0.883% 05/15/2025	91412HGE7	100,000.00	AA	Aa2	07/10/20	07/16/20	100,000.00	0.88	36.79	100,000.00	100,927.00

Security Type Sub-Total		200,000.00					200,000.00	1.50	1,087.29	200,000.00	205,875.00
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Federal Agency Collateralized Mortgage Obligation											
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	126,928.31	AA+	Aaa	04/11/18	04/30/18	129,453.05	2.93	376.55	127,747.82	128,229.17
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	200,789.39	206,574.85
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	99,835.05	AA+	Aaa	12/07/18	12/17/18	99,834.75	3.20	266.48	99,834.86	102,921.95
FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	114,610.94	AA+	Aaa	11/20/19	11/26/19	114,608.19	2.09	199.81	114,608.59	118,311.67
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	287,608.92	302,287.68

Security Type Sub-Total		816,374.30					834,220.21	2.50	2,059.55	830,589.58	858,325.32
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Federal Agency Bond / Note											
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Managed Account Detail of Securities Held

For the Month Ending **July 31, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
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	517.97	973,872.68	983,914.43
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	740.28	129,907.10	131,472.12
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	2,391.66	419,644.69	424,756.08
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	656.25	447,898.93	452,542.50
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	757.81	449,123.31	455,183.10
FREDDIE MAC NOTES DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	500,000.00	AA+	Aaa	07/21/20	07/23/20	497,510.00	0.48	41.67	497,522.29	499,422.50

Security Type Sub-Total		2,925,000.00					2,911,276.30	0.94	5,105.64	2,917,969.00	2,947,290.73
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Corporate Note											
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	1,733.33	399,968.12	402,038.80
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	375,000.00	AA	Aa2	10/11/17	10/20/17	374,456.25	1.95	910.42	374,935.81	377,230.88
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	45.69	350,136.67	352,948.40
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	5,182.22	399,966.35	404,592.80
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	375,000.00	A	A2	03/08/18	03/13/18	374,745.00	2.90	4,162.76	374,948.07	381,077.63
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	1,643.33	149,966.19	152,431.20
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	2,465.00	224,797.27	228,646.80



Managed Account Detail of Securities Held

For the Month Ending **July 31, 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	Date	at Cost	Interest	Cost	Value		
CUSIP											
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	1,656.25	225,663.56	228,131.10
PEPSICO INC CORP (CALLABLE) NOTE DTD 10/10/2017 2.000% 04/15/2021	713448DX3	225,000.00	A+	A1	10/05/17	10/10/17	224,955.00	2.01	1,325.00	224,990.99	227,300.40
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	260.31	35,056.13	35,571.80
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	225,000.00	A-	A2	05/25/16	05/31/16	224,478.00	2.30	1,209.38	224,919.67	227,888.55
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	981.67	149,973.02	153,329.55
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	429.00	109,925.29	111,450.02
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	1,579.86	249,997.99	255,195.50
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	1,862.40	240,000.00	240,739.20
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	1,781.25	149,930.51	155,806.80
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	647.32	90,000.00	92,021.94
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	7,215.75	675,000.00	705,035.48
CATERPILLAR FINL SERVICE CORPORATE NOTES DTD 07/08/2020 0.650% 07/07/2023	14913R2D8	300,000.00	A	A3	07/06/20	07/08/20	299,832.00	0.67	124.58	299,835.69	301,220.40
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	295.56	381,905.77	416,685.58



Managed Account Detail of Securities Held

For the Month Ending **July 31, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
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	3,713.54	391,858.95	417,803.63
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	850.00	373,533.80	398,043.75
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	922.40	388,761.40	414,550.50
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	5,000.00	400,532.15	428,374.80
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	2,975.00	398,663.91	418,868.80
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	848.75	150,589.08	159,222.75
Security Type Sub-Total		7,405,000.00					7,447,019.95	2.51	49,820.77	7,435,856.39	7,686,207.06
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	797,360.00	799,632.80
Security Type Sub-Total		800,000.00					789,320.00	1.82	0.00	797,360.00	799,632.80
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	6,192.71	625,000.00	625,102.50
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	21,491.74	670,000.00	670,180.23
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	700,000.00	A-1	P-1	11/16/17	11/17/17	700,000.00	2.27	3,310.42	700,000.00	704,039.00
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	3,159.00	650,000.00	666,648.45



Managed Account Detail of Securities Held

For the Month Ending **July 31, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
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	3,240.00	400,000.00	404,288.00
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	4,873.54	375,000.00	390,675.00
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 07/14/2020 0.700% 07/08/2022	86565CKU2	380,000.00	A	A1	07/10/20	07/14/20	380,000.00	0.70	133.00	380,000.00	379,854.08
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	3,227.22	400,000.00	412,420.00
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	3,244.67	400,000.00	412,502.40
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	1,360.00	400,000.00	415,510.00
Security Type Sub-Total		5,000,000.00					5,000,000.00	2.30	50,232.30	5,000,000.00	5,081,219.66
Asset-Backed Security											
TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	252,106.10	AAA	Aaa	05/09/18	05/16/18	252,102.35	2.96	331.66	252,104.26	255,835.15
ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	260,101.44	AAA	Aaa	06/19/18	06/27/18	260,083.64	3.00	346.80	260,091.84	263,503.64
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	324,971.12	331,934.72
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	570.63	749,948.41	757,776.00
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	349,957.30	359,030.11
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	199,979.23	205,330.56
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	799,835.48	822,560.00



Managed Account Detail of Securities Held

For the Month Ending **July 31, 2020**

SACRAMENTO SUBURBAN WATER DISTRICT - 76850100

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security												
Security Type Sub-Total			2,937,207.54					2,936,741.68	2.49	2,931.04	2,936,887.64	2,995,970.18
Managed Account Sub-Total			40,063,581.84					40,152,808.66	2.00	175,011.11	40,211,984.94	41,438,030.97
Securities Sub-Total			\$40,063,581.84					\$40,152,808.66	2.00%	\$175,011.11	\$40,211,984.94	\$41,438,030.97
Accrued Interest												\$175,011.11
Total Investments												\$41,613,042.08

**Investment Activity
July 2020**



Managed Account Security Transactions & Interest

For the Month Ending July 31, 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										
07/01/20	07/06/20	US TREASURY N/B DTD 12/31/2019 1.750% 12/31/2024	912828YY0	1,000,000.00	(1,065,312.50)	(285.33)	(1,065,597.83)			
07/06/20	07/08/20	CATERPILLAR FINL SERVICE CORPORATE NOTES DTD 07/08/2020 0.650% 07/07/2023	14913R2D8	300,000.00	(299,832.00)	0.00	(299,832.00)			
07/10/20	07/14/20	SUMITOMO MITSUI BANK NY CERT DEPOS DTD 07/14/2020 0.700% 07/08/2022	86565CKU2	380,000.00	(380,000.00)	0.00	(380,000.00)			
07/10/20	07/16/20	UNIV OF CAL TXBL REV BONDS DTD 07/16/2020 0.883% 05/15/2025	91412HGE7	100,000.00	(100,000.00)	0.00	(100,000.00)			
07/21/20	07/23/20	FREDDIE MAC NOTES DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	500,000.00	(497,510.00)	0.00	(497,510.00)			
Transaction Type Sub-Total				2,280,000.00	(2,342,654.50)	(285.33)	(2,342,939.83)			
INTEREST										
07/01/20	07/01/20	MONEY MARKET FUND	MONEY0002	0.00	0.00	1.14	1.14			
07/01/20	07/25/20	FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/01/2022	3137BM6P6	200,000.00	0.00	515.00	515.00			
07/01/20	07/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	136,863.87	0.00	425.70	425.70			
07/01/20	07/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	114,826.02	0.00	200.18	200.18			
07/01/20	07/25/20	FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	100,017.46	0.00	266.96	266.96			
07/01/20	07/25/20	FHMS K043 A2 DTD 03/01/2015 3.062% 12/25/2024	3137BGK24	275,000.00	0.00	701.71	701.71			
07/08/20	07/08/20	GOLDMAN SACHS GROUP INC BONDS DTD 07/08/2014 3.850% 07/08/2024	38141EC23	375,000.00	0.00	7,218.75	7,218.75			
07/14/20	07/14/20	FHLB GLOBAL NOTE DTD 07/14/2016 1.125% 07/14/2021	3130A8QS5	975,000.00	0.00	5,484.38	5,484.38			
07/15/20	07/15/20	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	7,776.59	0.00	11.54	11.54			
07/15/20	07/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	282,213.53	0.00	705.53	705.53			



Managed Account Security Transactions & Interest

For the Month Ending **July 31, 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											
	07/15/20	07/15/20	NAROT 2018-C A3 DTD 12/12/2018 3.220% 06/15/2023	65478NAD7	350,000.00	0.00	939.17	939.17			
	07/15/20	07/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	274,758.62	0.00	677.74	677.74			
	07/15/20	07/15/20	HAROT 2018-4 A3 DTD 11/28/2018 3.160% 01/15/2023	43815AAC6	325,000.00	0.00	855.83	855.83			
	07/15/20	07/15/20	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			
	07/20/20	07/20/20	VZOT 2020-A A1A DTD 01/29/2020 1.850% 07/22/2024	92348TAA2	200,000.00	0.00	308.33	308.33			
	07/20/20	07/20/20	CCCIT 2018-A1 A1 DTD 01/31/2018 2.490% 01/20/2023	17305EGK5	750,000.00	0.00	9,337.50	9,337.50			
	07/23/20	07/23/20	INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	750,000.00	0.00	10,312.50	10,312.50			
	07/23/20	07/23/20	PNC BANK NA CORP NOTES DTD 01/23/2019 3.500% 01/23/2024	693475AV7	380,000.00	0.00	6,650.00	6,650.00			
	07/29/20	07/29/20	US BANCORP CORP NOTES (CALLABLE) DTD 01/29/2016 2.350% 01/29/2021	91159HHL7	350,000.00	0.00	4,112.50	4,112.50			
Transaction Type Sub-Total					6,646,456.09	0.00	49,871.13	49,871.13			
MATURITY											
	07/22/20	07/22/20	WELLS FARGO & COMPANY NOTES DTD 07/22/2015 2.600% 07/22/2020	94974BGM6	375,000.00	375,000.00	4,875.00	379,875.00	(2,103.75)	0.00	
Transaction Type Sub-Total					375,000.00	375,000.00	4,875.00	379,875.00	(2,103.75)	0.00	
PAYDOWNS											
	07/01/20	07/25/20	FHMS KJ27 A1 DTD 11/01/2019 2.092% 07/25/2024	3137FQ3V3	215.08	215.08	0.00	215.08	0.01	0.00	
	07/01/20	07/25/20	FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/01/2021	3136B1XP4	9,935.56	9,935.56	0.00	9,935.56	(197.63)	0.00	
	07/01/20	07/25/20	FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	182.41	182.41	0.00	182.41	0.00	0.00	



Managed Account Security Transactions & Interest

For the Month Ending **July 31, 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										
07/15/20	07/15/20	ALLYA 2018-3 A3 DTD 06/27/2018 3.000% 01/15/2023	02007JAC1	22,112.09	22,112.09	0.00	22,112.09	1.51	0.00	
07/15/20	07/15/20	ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	7,776.59	7,776.59	0.00	7,776.59	0.92	0.00	
07/15/20	07/15/20	TAOT 2018-B A3 DTD 05/16/2018 2.960% 09/15/2022	89238TAD5	22,652.52	22,652.52	0.00	22,652.52	0.34	0.00	
Transaction Type Sub-Total				62,874.25	62,874.25	0.00	62,874.25	(194.85)	0.00	
SELL										
07/01/20	07/06/20	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	630,000.00	639,031.64	1,433.77	640,465.41	18,973.83	12,180.22	FIFO
07/01/20	07/06/20	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	253,583.99	568.95	254,152.94	8,378.91	5,075.06	FIFO
07/06/20	07/08/20	CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	275,000.00	275,679.25	1,752.36	277,431.61	910.25	691.51	FIFO
07/10/20	07/14/20	SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	380,000.00	383,100.80	3,184.72	386,285.52	3,617.60	3,167.44	FIFO
07/10/20	07/16/20	US TREASURY N/B NOTES DTD 05/31/2016 1.625% 05/31/2023	912828R69	50,000.00	52,095.70	102.12	52,197.82	3,910.15	3,326.05	FIFO
07/21/20	07/23/20	US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	500,000.00	535,136.72	625.00	535,761.72	25,019.53	26,568.69	FIFO
Transaction Type Sub-Total				2,085,000.00	2,138,628.10	7,666.92	2,146,295.02	60,810.27	51,008.97	
Managed Account Sub-Total					233,847.85	62,127.72	295,975.57	58,511.67	51,008.97	
Total Security Transactions					\$233,847.85	\$62,127.72	\$295,975.57	\$58,511.67	\$51,008.97	

**Cash Expenditures
July 2020**

AP Warrant List from 7/1/2020 to 7/31/2020

Group	Vendor Name	Amount	Description
Benefits			
	ACWA JPIA INSURANCE/EAP - Invoices:2	\$ 354.66	Miscellaneous Employee Benefits
	AFLAC - Invoices:1	\$ 746.34	Miscellaneous Employee Benefits
	AMERITAS (VISION) - Invoices:2	\$ 4,107.60	Employee Benefit - Vision Insurance
	CIGNA GROUP INS LIFE/LTD - Invoices:1	\$ 4,833.64	Employee Benefit - LTD Insurance
	COLLECTION PLUS - Invoices:1	\$ 280.80	Miscellaneous Employee Benefits
	EMPLOYEE RELATIONS NETWORK - Invoices:1	\$ 109.00	Miscellaneous Employee Benefits
	PERS HEALTH - Invoices:2	\$ 112,019.07	Employee Benefit - Health Insurance
	PAYROLL - 3	\$ 745,036.70	Payroll
	PERS PENSION - Invoices:10	\$ 748,149.56	Employee Benefit - PERS Retirement--
CIP & OCB			
	A.I. ELECTRIC - Invoices:1	\$ 3,183.55	Construction In Progress
	APPLIED TECHNOLOGY GROUP INC - Invoices:1	\$ 4,179.88	Construction In Progress
	ARMORCAST PRODUCTS COMPANY - Invoices:1	\$ 23,029.15	Construction In Progress
	BENNETT ENGINEERING SERVICES - Invoices:1	\$ 7,449.81	Construction In Progress
	BROWN & CALDWELL - Invoices:3	\$ 49,483.50	Construction In Progress
	BSK ANALYTICAL LABORATORY - Invoices:2	\$ 9,730.75	Construction In Progress
	BSK ASSOCIATES - Invoices:1	\$ 5,815.00	Construction In Progress
	COUNTY OF SAC PUBLIC WORKS - Invoices:3	\$ 4,295.50	Construction In Progress
	DOUG VEERKAMP GENERAL ENGR - Invoices:1	\$ 203,533.37	Construction In Progress
	ERC CONTRACTING - Invoices:1	\$ 17,125.00	Construction In Progress
	FLOWLINE CONTRACTORS INC - Invoices:7	\$ 221,648.70	Construction In Progress
	GEOCON CONSULTANTS INC - Invoices:1	\$ 457.50	Construction In Progress
	GM CONSTRUCTION & DEVELOPERS - Invoices:5	\$ 29,295.89	Construction In Progress
	HEROLD & MIELENZ INC - Invoices:1	\$ 12,929.07	Construction In Progress
	LAKE VUE ELECTRIC INC - Invoices:1	\$ 3,555.00	Construction In Progress
	LEONARD RICE ENGINEERS INC - Invoices:2	\$ 5,645.00	Construction In Progress
	LOEWEN PUMP MAINTENANCE - Invoices:3	\$ 12,430.00	Construction In Progress
	LUHDORFF & SCALMANINI - Invoices:2	\$ 9,805.75	Construction In Progress
	NATION ROOF LLC - Invoices:1	\$ 14,943.00	Construction In Progress
	PACE SUPPLY CORP - Invoices:20	\$ 56,274.59	Construction In Progress
	PSOMAS - Invoices:1	\$ 4,847.00	Construction In Progress
	ROADRUNNER DRILLING & PUMP CO - Invoices:2	\$ 43,496.25	Construction In Progress
	S E AHLSTROM INSPECTION - Invoices:1	\$ 16,560.00	Construction In Progress
	SENSUS USA INC - Invoices:4	\$ 318,514.60	Construction In Progress
	WEST YOST & ASSOCIATES - Invoices:1	\$ 395.00	Construction In Progress
	WOOD RODGERS ENGINEERING - Invoices:10	\$ 83,510.40	Construction In Progress
Debt Service			
	CITIGROUP GLOBAL MARKETS INC - Invoices:1	\$ 13,053.28	2009A COP Interest Expense
	SUMITOMO MITSUI BANKING - Invoices:1	\$ 3,382.79	2009A COP Interest Expense
	WELLS FARGO SWAP - Invoices:1	\$ 77,502.38	2009A COP Interest Expense
Financial Services			
	ADP, INC - Invoices:2	\$ 2,208.46	Financial Services
	MOODYS INVESTORS SERVICE - Invoices:1	\$ 8,000.00	Financial Services
Financial Services			
	MUFG UNION BANK NA-DEBT SERVICES - Invoices:1	\$ 3,070.00	Financial Services
	WESTAMERICA ANALYSIS -1	\$ 7,157.89	Financial Services
	WESTAMERICA CARD PROCESSING - Invoices:1	\$ 10,165.79	Financial Services
	WORLDPAY INTEGRATED PAYMENTS - Invoices:1	\$ 669.00	Financial Services
	BUD'S TRI COUNTY TREE SERVICE - Invoices:3	\$ 8,475.00	Misc. Repairs
	BURTON ROBB /BURT'S LAWN & GARDEN SERVICE - Invoices:5	\$ 8,560.00	Contract Services
	CITRUS HEIGHTS WATER DISTRICT - Invoices:2	\$ 41,489.00	Consulting Services
	MICHAEL PHILLIPS LANDSCAPE CORP - Invoices:9	\$ 8,451.88	Building Service Expense - Office & Yard
	RAWLES ENGINEERING - Invoices:1	\$ 9,780.00	Service Laterals
	REGIONAL WATER AUTHORITY - Invoices:1	\$ 19,385.00	Consulting Services
	REGIONAL WATER AUTHORITY - Invoices:2	\$ 117,121.00	Membership & Dues
	SONITROL - Invoices:2	\$ 2,857.58	Building Service Expense - Office & Yard

AP Warrant List from 7/1/2020 to 7/31/2020

Group Other	Vendor Name	Amount	Description
	TULLY & YOUNG - Invoices:1	\$ 880.00	Consulting Services
	CALIFORNIA LABORATORY SERVICES - Invoices:1	\$ 5,161.00	Inspection & Testing
	DOMCO PLUMBING - Invoices:1	\$ 675.00	Misc. Repairs
	EWERS ENGINEERING - Invoices:2	\$ 6,800.00	Consulting Services
	EUROFINS EATON ANALYTICAL - Invoices:1	\$ 17,829.00	Inspection & Testing
	SHRED-IT - Invoices:1	\$ 78.84	Contract Services
	ATLAS FENCE - Invoices:2	\$ 1,250.00	Construction Services
	BROADRIDGE MAIL LLC - Invoices:13	\$ 25,897.81	Contract Services
	BENDER ROSENTHAL INC - Invoices:1	\$ 220.00	Consulting Services
	WOLF CONSULTING - Invoices:1	\$ 1,875.00	Consulting Services
	RAFTELIS - Invoices:2	\$ 35,091.25	Consulting Services
	INFERRERA CONSTRUCTION MGMT - Invoices:1	\$ 4,185.00	Consulting Services
	MUNICIPAL AUTOMATION SERVICES - Invoices:1	\$ 18,600.00	Consulting Services
	CECIL & CECIL ENTERPRISES INC - Invoices:1	\$ 1,402.50	Consulting Services
	LANGUAGE WORLD SERVICES - Invoices:2	\$ 5,285.28	Contract Services
	SUPERIOR TANK SOLUTIONS - Invoices:1	\$ 19,300.00	Contract Services
	HACH COMPANY - Invoices:1	\$ 569.96	Operating Supplies
	SAC GROUNDWATER AUTHORITY - Invoices:1	\$ 197,992.00	Annual Dues/Membership
	ACWA JPJA INSURANCE AUTHORITY - Invoices:2	\$ 71,412.95	Property Insurance
	ALL PRO BACKFLOW - Invoices:2	\$ 4,335.00	Backflow Services
	CALIFORNIA AMERICAN WATER - Invoices:1	\$ 8,286.65	Customer Refunds
	MARQUES GENERAL ENGINEERING - Invoices:1	\$ 5,260.00	Consulting Services
	TITON PACIFIC - Invoices:1	\$ 2,020.51	Hydrant Permit Refund
	CAGGIANO GENERAL ENGR INC - Invoices:1	\$ 2,266.75	Hydrant Permit Refund
	SONNIKSON & STORDAHL CONST - Invoices:1	\$ 2,300.00	Hydrant Permit Refund
	ADVANCED ROOF DESIGN INC - Invoices:1	\$ 270.00	Building Maintenance - Office & Yard
	ATLAS DISPOSAL - Invoices:2	\$ 380.70	Building Service Expense - Office & Yard
	CDWG - Invoices:1	\$ 394.36	Membership & Dues
	CELL ENERGY INC - Invoices:2	\$ 602.04	Vehicle Maintenance Services
	CINTAS - Invoices:8	\$ 3,371.83	Building Maintenance - Office & Yard
	COMCAST - Invoices:1	\$ 45.68	Communication
	COUNTY OF SAC UTILITIES - Invoices:5	\$ 927.76	Utilities
	FEDERAL EXPRESS CORPORATION - Invoices:1	\$ 28.90	Postage/Shipping/UPS/Fed Ex
	FUTURE FORD - Invoices:1	\$ 1,281.34	Vehicle Maintenance Services
	GRAINGER - Invoices:5	\$ 1,232.52	Building Maintenance - Office & Yard
	LES SCHWAB TIRE CENTER/MADISON - Invoices:3	\$ 2,647.12	Vehicle Maintenance Services
	ONE STOP TRUCK SHOP - Invoices:1	\$ 398.68	Vehicle Maintenance Services
	PG&E - Invoices:1	\$ 13.40	Utilities
	PITNEY BOWES EASYPERMIT POSTAGE - Invoices:1	\$ 76.58	Postage/Shipping/UPS/Fed Ex
	PITNEY BOWES POSTAGE - Invoices:1	\$ 6,000.00	Postage/Shipping/UPS/Fed Ex
	RAY MORGAN CO - Invoices:3	\$ 2,507.78	Equipment Maintenance Services
	RUE EQUIPMENT INC - Invoices:10	\$ 6,358.99	Equipment Maintenance Services
	ANSWERNET - Invoices:1	\$ 696.00	Communication
	CONSOLIDATED COMMUNICATIONS - Invoices:1	\$ 433.62	Communication
	COTTON SHOPPE - Invoices:1	\$ 230.99	Uniforms
	WASTE MANAGEMENT - Invoices:3	\$ 357.53	Building Service Expense - Office & Yard
	CLEAR VISION WINDOW CLEANING - Invoices:1	\$ 225.00	Building Service Expense - Office & Yard
	IRON MOUNTAIN OFF SITE DATA PROTECTION - Invoices:1	\$ 304.43	Equipment Maintenance Services
	BROWER MECHANICAL - Invoices:4	\$ 1,341.00	Building Maintenance - Office & Yard
	VERIZON WIRELESS/DALLAS TX - Invoices:2	\$ 6,255.58	Communication
	CITY OF SACRAMENTO DEPT OF UTIL- Invoices:2	\$ 25.83	Utilities
	PITNEY BOWES LEASES - Invoices:1	\$ 539.30	Equipment Rental/Lease
	SUTTER MEDICAL FOUNDATION - Invoices:1	\$ 142.00	Employment Cost
	US BANK CORPORATE PAYMENT SYS - Invoices:1	\$ 4,319.15	Vehicle Maintenance Supplies
	TINA LYNN DESIGN - Invoices:6	\$ 1,297.50	Public Relations
	WATERTRAX - Invoices:1	\$ 20,080.50	Licenses, Permits & Fees
	IN COMMUNICATIONS - Invoices:1	\$ 5,474.65	Public Relations

AP Warrant List from 7/1/2020 to 7/31/2020

Group Other	Vendor Name	Amount	Description
	INNOVYZE INC - Invoices:1	\$ 5,520.00	Licenses, Permits & Fees
	HARROLD FORD - Invoices:6	\$ 1,580.38	Vehicle Maintenance Services
	COUNTY OF SAC ENVIRO MGT DEPT - Invoices:4	\$ 2,016.00	Licenses, Permits & Fees
	H2H PROPERTIES - Invoices:4	\$ 5,184.00	H&D WALNUT PARKING LOT LEASE
	TRUE POINT SOLUTIONS LLC - Invoices:1	\$ 47,500.00	Licenses, Permits & Fees
	THINK, INC - Invoices:1	\$ 17,680.98	Printing
	USC UNIVERSITY OF SOUTHERN CA - Invoices:1	\$ 500.00	Membership & Dues
	LIFEGUARD FIRST AID - Invoices:2	\$ 306.44	Building Service Expense - Office & Yard
	FLEETWASH INC - Invoices:2	\$ 435.13	Vehicle Maintenance Services
	CULLIGAN - Invoices:1	\$ 43.75	Building Maintenance - Office & Yard
	BASIC PACIFIC - Invoices:2	\$ 2,168.80	OPEB - Retiree Benefits Premium
	PAUL BAKER PRINTING INC - Invoices:1	\$ 8,669.88	Printing
	JOSH TAYLOR - Invoices:1	\$ 248.91	Uniforms
	SAC ICE LLC - Invoices:1	\$ 276.02	Building Maintenance - Office & Yard
	TEE JANITORIAL & MAINTENANCE - Invoices:1	\$ 4,108.00	Building Service Expense - Office & Yard
	ELEVATOR TECHNOLOGY INC - Invoices:2	\$ 200.00	Building Service Expense - Office & Yard
	SECUREWORKS - Invoices:1	\$ 34,156.70	Licenses, Permits & Fees
	PEST PROS - Invoices:4	\$ 338.15	Building Service Expense - Office & Yard
	NINJIO LLC - Invoices:1	\$ 129.32	Equipment Maintenance Services
	CAPITAL SWEEPER SERVICE - Invoices:1	\$ 170.00	Building Service Expense - Office & Yard
	WCP SOLUTIONS - Invoices:2	\$ 590.84	Building Maintenance - Office & Yard
	AT&T - Invoices:4	\$ 4,100.75	Communication
	ADT - Invoices:1	\$ 616.44	Building Service Expense - Office & Yard
	TODD BARSNESS VOICE OVER TALENT - Invoices:1	\$ 300.00	Public Relations
	ARMSTRONG REMEDIATION - Invoices:1	\$ 508.96	Building Service Expense - Office & Yard
	ALLIED UNIVERSAL - Invoices:2	\$ 1,348.32	Building Service Expense - Office & Yard
	CONSERVATION REBATES - Invoices:19	\$ 2,729.67	BMP Rebates
	CUSTOMER REFUNDS: 14	\$ 2,233.91	Customer Refunds
	BADGER METER INC - Invoices:1	\$ 4,963.60	Operating Supplies
	EMIGH ACE HARDWARE - Invoices:10	\$ 303.24	Operating Supplies
	NORMAC - Invoices:1	\$ 38.33	Operating Supplies
	OFFICE DEPOT INC - Invoices:2	\$ 390.91	Office Supplies
	HD Supply/WHITE CAP - Invoices:1	\$ 1,165.32	Operating Supplies
	VOYAGER FLEET SYSTEMS - Invoices:1	\$ 8,119.49	Operating Supplies
	FASTENAL COMPANY - Invoices:2	\$ 534.57	Operating Supplies
	BACKFLOW DISTRIBUTORS INC - Invoices:1	\$ 380.00	Operating Supplies
	AIRGAS USA LLC - Invoices:1	\$ 105.59	Operating Supplies
	JM ENVIRONMENTAL INC - Invoices:1	\$ 3,900.00	Operating Supplies
	ICONIX WATERWORKS (US) INC - Invoices:1	\$ 81.90	Operating Supplies
	ROSEMOUNT INC - Invoices:1	\$ 2,595.90	Operating Supplies
	PLATT - Invoices:1	\$ 692.18	Operating Supplies
Water Costs			
	SIERRA CHEMICAL COMPANY - Invoices:1	\$ 12,104.30	HFA, Chemical & Delivery
	SMUD - Invoices:1	\$ 141,774.32	Electrical Charges
	CITY OF SACRAMENTO WATER - Invoices:1	\$ 500.68	Purchased Water-City of Sacramento

\$ 3,947,646.62

**Credit Card Expenditures
July 2020**

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

Vendor Name	Description	Amount	Proj/GLAcct
SSL.COM	SSL CERT FOR NEW CITYWORKS SERVER	\$183.75	18-54509
PAYPAL GROUP GREETINGS	SYMPATHY CARD FOR MATT & DIANA WINANS	\$4.99	17-52108
PAYPAL GROUP GREETINGS	CONGRATS CARD FOR JEOVANI BENAVIDEZ BABY	\$4.99	17-52108
BETTS TRUCK PARTS & SERVICE	VEHICLE #66 REPAIR SUSPENSION	\$327.75	12-54005
HARBOR FREIGHT TOOLS	LARGER KEY BOX FOR ANTELOPE	\$40.91	12-54008
THE HOME DEPOT	COMMAND STRIPS TO HANG COVID SIGNS - COVID REPSONSE	\$29.03	12-52101
CONSOLIDATED ELECTRICAL	BALLAST AND WIRE NUTS FOR LIGHTING REPAIR AT ANTELOPE	\$38.09	12-54008
THE HOME DEPOT	48" LED LAMPS FOR LIGHTING REPAIR AT ANTELOPE	\$53.84	12-54008
THE HOME DEPOT	RED TAPE TO MARK AREAS - COVID RESPONSE	\$10.74	12-52101
ELECTRIC MOTOR WAREHOUSE	PENN VENT ELECTRIC MOTOR FOR RESTROOM AT ANTELOPE	\$243.50	12-54008
TRACTOR SUPPLY CO.	RATCHET STRAPS FOR CANOPY AT ANTELOPE	\$58.16	12-54008
MILWEB	6" SOCIAL DISTANCING FLOOR STICKERS - COVID RESPONSE	\$269.08	12-54008
PEP BOYS	GALLON FOR COOLANT FOR GENERATORS - PRODUCTION DEPT	\$12.91	12-54003
AMAZON.COM	SET OF JUMPER CABLES TO KEEP AT THE ANTELOPE SITE	\$37.16	12-52101
PEP BOYS	SET OF JUMPER CABLES FOR THE MAINTEANCE DEPT.	\$37.70	12-54006
AMAZON	KITCHEN SUPPLIES	\$9.65	03-52108
HOME DEPOT	WAREHOUSE SUPPLIES	\$172.27	05-52101
AMAZON	COVID 19 SUPPLIES-MASKS	\$37.17	05-52101
AMAZON	COVID 19 SUPPLIES MASKS	\$37.17	05-52101
ALIMED	COVID 19 SUPPLIES-HAND SANITIZING STAND	\$548.09	05-52101
AMAZON	OFFICE SUPPLIES	\$105.78	03-52108
LDZCM LONDON	FRAUDULENT CHARGE	\$10.00	00-59450
AMAZON	COVID 19 SUPPLIES- THERMOMETERS	\$929.25	05-52101
AMAZON	COVID 19 SUPPLIES-KLEENEX	\$20.19	05-52101
RITE AID	WAREHOUSE SUPPLIES	\$89.06	05-52101
AMAZON	WAREHOUSE SUPPLIES	\$25.84	05-52101
BUSINESS JOURNALS	SACRAMENTO BUSINESS JOURNAL RENEWAL	\$105.00	15-52502
YRC FREIGHT	FREIGHT TO SENSUS- DIFFERENCE FROM ACTUAL VS ESTIMATED WEIGHT	\$138.07	SC20-040B
AMAZON	WAREHOUSE SUPPLIES	\$70.38	05-52101
LDZCM LONDON	FRAUDULENT CHARGE- CREDIT/REFUND	(\$10.00)	00-59450
HOME DEPOT	WAREHOUSE SUPPLIES	\$379.96	05-52101
AMAZON	OFFICE SUPPLIES	\$41.01	03-52108
ACWA	ACWA SUMMER CONFERENCE - HUOT	\$350.00	02-55001
ACWA	ACWA SUMMER CONFERENCE - YORK	\$350.00	02-55001
	Total Expenditures	\$4,761.49	
AWWA	CREDIT-MATT UNDERWOOD	(\$80.00)	05-51406
	Total Conference & Training Credits	(\$80.00)	

**District Reserve Balances
July 31, 2020**

**Sacramento Suburban Water District
Reserve Fund Balance**

	<u>July 31, 2020</u>	<u>December 31, 2019</u>
Debt Service Reserve	\$ -	\$ -
Facilities Reimbursement	-	-
Emergency/Contingency	12,275,211	11,194,277
Operating	13,726,558	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>\$ 48,634,097</u>	<u>\$ 47,268,398</u>

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

	<u>July 31, 2020</u>	<u>December 31, 2019</u>
Cash and Cash Equivalents	\$ 7,817,993	\$ 8,011,079
Investments	40,638,398	39,040,578
Interest Receivable	177,626	215,053
Restricted Cash	80	1,688
TOTAL	<u>\$ 48,634,097</u>	<u>\$ 47,268,398</u>

Information Required by Bond Agreement

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

	Actual Year-To-Date 7/31/2020	Budget Year-To-Date 7/31/2020
REVENUES		
Water sales charges	\$26,993,198.26	\$25,763,000.00
Facility development charges	385,887.00	175,000.00
Interest and investment income	597,840.09	565,831.00
Rental & other income	277,298.40	262,500.00
TOTAL REVENUES	28,254,223.75	26,766,331.00
EXPENSES		
Source of supply	263,300.26	2,603,914.00
Pumping	2,128,276.86	2,185,203.18
Transmission and distribution	2,374,907.25	2,441,755.22
Water conservation	218,567.38	332,521.38
Customer accounts	733,880.15	806,551.68
Administrative and general	4,835,676.66	5,454,262.75
TOTAL EXPENSES	10,554,608.56	13,824,208.21
NET REVENUE	17,699,615.19	12,942,122.79

Sacramento Suburban Water District
6 - Months Debt Service Schedule
7/31/2020

Total SSWD Debt Service						
Month	Principal	Interest Adjustable/Fixed/Swap	Facility Fee	Remarketing	Debt Service	
August-20	\$ -	\$ 88,792.84	\$ -	\$ -	\$ 88,792.84	
Sept-20	-	88,792.84	50,400.00	13,125.00	152,317.84	
Oct-20	4,790,000.00	619,692.84	-	-	5,409,692.84	
Nov-20	-	88,792.84	-	-	88,792.84	
Dec-20	-	88,792.84	50,400.00	13,125.00	152,317.84	
Jan-20	-	88,792.84	-	-	88,792.84	

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

Series 2009A Adjustable Rate COPs (\$42,000,000.00)						
Month	Principal	Interest, Adjustable 0.16%	Facility Fee 0.480%	Remarketing 0.125%	Debt Service	
August-20		\$ 5,600.00			\$ 5,600.00	
Sept-20		5,600.00	50,400.00	13,125.00	69,125.00	
Oct-20		5,600.00			5,600.00	
Nov-20		5,600.00			5,600.00	
Dec-20		5,600.00	50,400.00	13,125.00	69,125.00	
Jan-20		5,600.00			5,600.00	

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

2012 SWAP Interest, Net (\$33,000,000.00)						
Month	Principal	Interest, Swap Net 3.283%-(0.10506 +.18)%			Debt Service	
August-20		\$ 83,192.84	-	-	83,192.84	
Sept-20		\$ 83,192.84	-	-	83,192.84	
Oct-20		\$ 83,192.84	-	-	83,192.84	
Nov-20		\$ 83,192.84	-	-	83,192.84	
Dec-20		\$ 83,192.84	-	-	83,192.84	
Jan-20		\$ 83,192.84	-	-	83,192.84	

**Financial Markets Report
July 31, 2020**

Financial Markets Report July 31, 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	0.77%
	Notional Amount	Counterparty	FMV	Receive Rate	Fixed Rate
Swap	\$33,300,000	Wells Fargo Bank, N.A.	(\$9,827,565)	0.286%	3.283%

Current Status of District's Investment Portfolio (July 31, 2020):

Fair Market Value	Security Type	Yield
\$ 493,568.88	Money Market	0.01%
3,357,387.51	LAIF	0.92%
799,632.80	commercial paper	1.82%
2,995,970.18	Asset-Backed Securities	2.49%
5,081,219.66	Certificates of Deposit	2.30%
7,686,207.06	Corporate Notes	2.51%
2,947,290.73	Federal Agency Securities Bonds/Notes	0.94%
858,325.32	Federal Agency Collateralized Mortgage Obligation	2.50%
205,875.00	Municipal Obligations	1.50%
2,601,713.43	Supra-National Agency Bond	2.13%
18,261,796.79	Treasury Bonds/Notes	1.76%
\$ 45,288,987.36		1.90%

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 drifted marginally lower by just one or two basis points in the month. They remain at historically low levels with the 10-year benchmark ending the month at 0.66%.
- The U.S. Treasury continued to borrow at a record pace to fund the unprecedented series of stimulus packages by selling nearly a halftrillion of bills and bonds. The federal budget deficit in June alone was nearly equivalent to the deficit for the entire prior fiscal year.
- Given low and very stable rates, Treasury returns were muted in June, with intermediate-term maturities outperforming both their shorter and longer counterparts by only small margins. For June, the 3-month Treasury Bill returned 0.01%, while the 5-year and 10year Treasury indexes returned 0.17% and -0.01%, respectively.
- Investment-grade (IG) corporate bonds generated strong excess returns as spreads tightened to near pre-crisis levels. IG companies issued \$178 billion of debt in June as the Fed's backstop to purchase corporate notes became an opportunity for issuers to tap sources of liquidity. Market appetite for both new and secondary inventory remained strong, helping to pressure credit spreads to narrow.
- As most all non-U.S. Treasury sectors again benefited from a continued retracement of spreads from peak crisis levels in mid-March, sector diversification helped to buoy portfolio performance in June.

PFM Outlook

- **Balancing** With little opportunity presented by the shape of the treasury yield curve and bond market volatility low, there is no compelling reason to move from a benchmark-neutral duration strategy. We will rebalance portfolios monthly to match index duration extensions.
- **Value persists** in the federal agency sector, with new issues offering attractive concessions to lure buyers. Callable agencies with longer lockouts have also become more attractive as the additional yield represents value with rates in a low, stable range.
- **In the corporate sector**, PFM took advantage of the flurry of new issuance to extend maturities, focusing on new purchases in the steep credit curve (greater than three years) and extending durations. Issuer preference was selective, as strong balance sheets and diversification are favored in this uncertain time.
- **AAA-rated asset-backed securities** also offered good value. Following periods of heightened volatility, PFM removed the hold status on the sector and became active buyers of new issues

during the month. Due diligence on structure was critical in our decision to participate as stress tests indicated the ability to withstand adverse market pressures.

- Mortgage-backed securities offered a mixed bag as specific coupon and structure were key drivers of performance on the heels of prepayment variability. The sector appears to have found a level of normalization based on the Fed's commitment. PFM's investments are aimed at maintaining allocations in the sector as issues pay-down principal.
- Taxable municipal debt remains one of the more attractive alternatives in the current market. At relatively elevated spreads, these high-quality issues — particularly those that are taxable — have been purchased for many portfolios over the past several weeks. Although somewhat supply constrained, we will continue to participate broadly in attractively priced new issues.

(Source: PFM July 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: 16

Date: August 1, 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

July 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	5	4	29	—	—
Service Line Leaks	5	5	33	—	—

Water Main Shutdown

-- Emergency	1	3	19	—	—
-- Scheduled	6	5	38	—	—

Preventive Maintenance Program

Fire Hydrants Inspected	71	40	279	6,173	1,235	22.6%
Fire Hydrant Valves Inspected	58	37	260	5,869	1,174	22.2%
Fire Hydrant Valves Exercised	54	34	237	5,869	1,174	20.2%
Mainline Valves Inspected	120	76	532	11,023	2,205	24.1%
Mainline Valves Exercised	93	55	386	11,023	2,205	17.5%
Blow Off Valves Inspected	12	9	61	1,049	210	29.1%
ARV/CARV Inspected	2	3	21	283	57	37.1%

Field Services Department

Meters

PM - Meters Tested (3 - 10 inch)	2	9	64	450	120	53.3%
PM - Meters Replaced (⁵ / ₈ - 1 inch)	0	7	52	41,167	1,000	5.2%
PM - Meter Re-Builds (1 ¹ / ₂ - 2 inch)	93	29	206	2,449	245	84.1%
Customer Pressure Inquiries	12	11	77	—	—	—

Field Operations Department

After Hours Activity (On-Call Technician)

Calls Received Distribution	44	44	305	—	—	—
Calls Responded Distribution	26	27	191	—	—	—
Calls Received Production	16	24	171	—	—	—
Calls Responded Production	3	7	48	—	—	—

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 July 2020.

3. Customer Service Monthly Activity Report

Customer Service Activity Report for the month of July 2020.

Total Calls	Calls Abandoned	% of Calls Abandoned	Average Wait on Queue	Max Wait on Queue	Average Talk Time
2,562	41	2.0%	21s	6m, 54s	2m,50s

4. Community Outreach Report

September Bill Insert

The September bill insert will begin on August 25, 2020, and will continue until, September 21, 2020. A sample of the bill insert is shown below.

September Bill Insert

00239920



H₂O on the Go

September 2020



Tap Talk

Tap Talk | Providing
Excellent Customer Service
Even Through Challenging
Times

One of the primary goals outlined in SSWD's Strategic Plan is to "Maintain Excellent Customer Service." SSWD staff have strived to go above and beyond to achieve this goal while prioritizing the health and safety of our customers, the public and fellow employees during the pandemic. Here are two examples of how staff stepped up to this challenge.

In May, SSWD Field Operations staff members Geremy and Cody responded to a customer's call about a potential leak in her water service line. Normal protocol is that customers are responsible for fixing leaks on their side of the water meter. After quickly diagnosing the problem, they

Tap Talk | page 2

SSWD Marks 20th Anniversary of the Water Forum

This year marks the 20th anniversary of the Water Forum and an unprecedented level of regional collaboration to achieve two co-equal goals: provide a reliable and safe water supply for the Sacramento region's long-term economic health and preserve the fishery, wildlife, recreational and aesthetic values of the lower American River.

During the 1990s, the Sacramento region's water supplies and environment were on an unsustainable path. Water suppliers, local governments, environmental groups and business interests struggled over how to balance the water needs of people vs. the environment of the lower American River.

To address these challenges, the City and County of Sacramento launched the Water Forum negotiations in 1993. Slowly, over the next seven years and thousands of hours of meetings, stakeholders negotiated a plan that would bring cohesion to water management and environmental stewardship.

Water Forum | page 2

Fall Into Savings With SSWD

SSWD has a great array of rebates available for water-wise upgrades inside and outside your home.

\$75 for Energy Star's Most Efficient clothes washers

\$100 for pool covers **\$150** for high-efficiency toilets

\$100 for rain sensors **\$500** for sprinkler system upgrades

Complete details and applications at sswd.org/rebates

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.

September Bill Insert



Water Forum | from page 1

Former SSWD General Manager Rob Roscoe participated in the Water Forum negotiations and signed the Agreement on behalf of SSWD in 2002 when the District was formed through the consolidation of Arcade Water District and Northridge Water District. “The Water Forum brought transformational change to water management on the American River,” Roscoe recently recalled. “The argumentative, litigious gridlock that existed prior to the Water Forum was not advancing either water supply interests or environmental interests. Everyone was losing. Bringing all sides together with a negotiated agreement allowed more reliable water supplies and improved environmental conditions.”

This year, as the Water Forum celebrates its 20th anniversary, SSWD is partnering with other Water Forum members on a new strategic planning process to consider where the Water Forum should go from here, particularly in a future with climate change, again working in collaboration to shape this living document.

Tap Talk | from page 1

walked the customer and her son through all the steps to fix the problem on their own, which the customer accomplished successfully. As an added bonus: Jeremy and Cody left their cell phone numbers in case the customer had any questions or additional concerns.

Also in May, a customer contacted SSWD about problems they were having with their sprinkler system and requested a Water-Wise House Call. This complimentary service traditionally involves a visit to a customer’s home, but was offered in the spring via video chat or by phone in order to keep our customers and staff safe.

SSWD Water Conservation Technician Vicki set up a video conference call with the homeowner to diagnose the problem using their phones. First, the homeowner showed Vicki the sprinkler controller so that Vicki could see how the schedule was currently set. Vicki then helped the homeowner turn on each sprinkler station one at a time to look for problems like broken, clogged or misdirected sprinkler heads. Working together, Vicki and the homeowner discovered a station that was not working. Vicki was able to help the homeowner reset the sprinkler timer to get the sprinklers working properly again. All of this occurred even with some early technical difficulties with video conferencing, which Vicki and the homeowner worked through together.

Free Weather-Based Sprinkler Timers

There is still time to take advantage of this special offer from SSWD, WaterWise Consulting and HydroRain for a free B-hyve Wi-Fi weather-based sprinkler timer.

Weather-based sprinkler timers use local weather conditions to precisely time how long your sprinklers run so your yard gets just the right amount of water.



These “smart” sprinkler timers are available for FREE to SSWD customers who have a standard sprinkler timer and a Wi-Fi connection. Installation is also included at no charge.

This offer is available on a first-come, first-served basis while supplies last. To review the terms and conditions and to apply for the program, please visit our website, [sswd.org](http://www.sswd.org).

The SSWD Water Conservation team is available to help you too! If you are interested in setting up a virtual or in-person Water-Wise House Call, please contact customer service at 916.972.7171 or online at <http://www.sswd.org/departments/conservation/water-wise-house-call>





Agenda Item: 17

Date: August 3, 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	Complete – Spring 2020	Summer 2021	In the July 20, 2020, report, the design indicated Spring 2020 as an approximate completion. The design was actually completed, which is now shown as “Complete” in the design column.
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 *	Paving moved to 2021 to coordinate with County project
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*Paving to be completed in spring 2021.

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 – Sept 2020	Presented to the F&O Committee in July 2020. Scheduled to be presented to the Board as recommended by the F&O Committee, which is scheduled for September 2020.
Transmission Main AMP	Draft – June 2020 Final – Sept 2020	Presented the AMP to the F&O Committee in July 2020. The F&O Committee had comments on the AMP and directed staff to bring the AMP back to the F&O Committee. The AMP is scheduled to be presented at the F&O Committee in August 2020.
Buildings and Structures AMP	Draft – Q3 2020 Final – Q4 2020	Scheduled to be presented to the F&O Committee in August 2020.
Groundwater Well AMP	Draft – Q3 2020 Final – Q4 2020	Final moved from Q3 to Q4 as GM wanted this brought before the F&O Committee prior to being presented to the full Board. Scheduled to be presented to the F&O Committee in September 2020.

SCADA AMP	Draft – Q3 2021 Final – Q4 2021	Moved Draft from Q4 2020 to Q3 2021 and Final from Q1 2021 to Q4 2021 to allow staff to complete the 2020 SCADA Remote Telemetry Unit (RTU) / Communication Improvement project, which will determine the RTU communication protocol for existing and future facilities and is necessary to complete the AMP.
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
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
40A Auburn/Yard	Motor Repair; Electrical Investigation	Construction; Assessment	August 2020	N/A
N34 Cottage	Pump Replacement	Construction	August 2020	N/A
N10 Walnut	Well Casing Repair; Pump Repair	Construction	September 2020	Pump delivery was delayed due to parts shortage.
59A Bainbridge/ Holmes Sch.	Well Casing Repair; Pump Repair	Construction	September 2020	Pump delivery was delayed due to supply shortage.

N32B Poker	Well Casing Repair; Pump Replacement	Construction	October 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
N6A Palm	Water Quality Assessment	Investigation	TBD	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 design and construction schedule is to complete the design in Winter 2020 and complete construction by Summer 2021. Design is under way by consultant and their preliminary estimate for completion of construction is Summer of 2021.

**REGIONAL WATER AUTHORITY
Strategic Planning Workshop No. 4
August 7, 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. 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/479313901>

You can also dial in using your phone.

United States: [+1 \(872\) 240-3311](tel:+18722403311)

Access Code: 479-313-901

1. CALL TO ORDER AND ROLL CALL

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

3. RWA STRATEGIC PLAN UPDATE

Discussion: Led by Jim Peifer, Executive Director and Ellen Cross, Strategy Driver.

Action: Approve RWA Strategic Plan Objectives

4. ADJOURNMENT

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
SPECIAL MEETING OF THE BOARD OF DIRECTORS
TUESDAY, AUGUST 11, 2020, 9:00 a.m.**

AGENDA

The purpose of this meeting is to allow the RWA member agencies coordinate activities to ensure the continuity of member agencies operations.

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.

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Meeting Information:

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

<https://global.gotomeeting.com/join/310832269>

You can also dial in using your phone.

United States: [+1 \(571\) 317-3122](tel:+15713173122)

Access Code: 310-832-269

1. CALL TO ORDER AND ROLL CALL

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

3. RWA MEMBER AGENCY DISCUSSION

- a. Legislation and Orders Relating to COVID-19 [Ojakian]
 - Current State and County orders
- b. Financial and Other Impacts to the RWA Member Agencies [Ojakian]
- c. Maintaining RWA Member Agencies Operations [Bigley]
 - Planning for a Fall/Winter with an anticipated second surge, coupled with seasonal flu impacts
 - Mutual Aid Agreements/Assistance
 - PPE Sourcing Coordination and Status
- d. Identifying Weaknesses [Bigley]
 - How to identify and mitigate for weaknesses (Example: operation of facilities with a small, specialized crew.)
- e. Agency Requirements for COVID-19 [Madison]
 - COVID-19 testing for Essential Services employees and the recent Tiers established by CDPH.
 - The Family First Coronavirus Response Act (FFCRA) and its effects on public agencies providing essential services.
 - How to determine who is “Potentially Affected.”
- f. Communication [York, Kohn]
 - Communication to employees
 - Communication to the public
- g. Sharing Best Practices [York]
 - Declaring essential and non-essential positions
 - Pandemic Plans
 - Telework Programs
- h. Action Items

4. ADJOURNMENT

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
July 22, 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/790562805>

You can also dial in using your phone.

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

Access Code: 790-562-805

- 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 June 24, 2020 Executive Committee meetings
Action: Approve the June 24, 2020 Executive Committee meeting minutes.
4. **SACRAMENTO CENTRAL GROUNDWATER AUTHORITY**
Discussion: Jim Peifer, Executive Director
5. **LEGISLATIVE/REGULATORY UPDATE**
Information Presentation: Ryan Ojakian, Legislative and Regulatory Affairs Manager
Action: Adopt Positions on Legislation
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. **AMEND RWA PERSONNEL RULES (POLICY 400.1)**
Discussion: Jim Peifer, Executive Director
Action: Recommend Approval of Amendments to Policy 400.1
8. **SMALL AGENCY SUPPORT**
Discussion: Jim Peifer, Executive Director
9. **STRATEGIC PLAN**
Discussion: Jim Peifer, Executive Director
10. **EXECUTIVE DIRECTOR'S REPORT**
11. **DIRECTORS' COMMENTS**

ADJOURNMENT

Upcoming meetings:

Executive Committee Meetings: Wednesday, August 26, 2020 at 8:30 a.m. and September 23, 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, 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.

**SACRAMENTO GROUNDWATER AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, August 13, 2020; 9:00 a.m.**

AGENDA

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

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection on SGA's website. 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 cpartridge@rwah2o.org. 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 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:

**SGA Board Meeting
Thu, Aug 13, 2020 9:00 AM - 10:30 AM (PDT)**

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

<https://global.gotomeeting.com/join/540428845>

You can also dial in using your phone.

United States: [+1 \(872\) 240-3412](tel:+18722403412)

Access Code: **540-428-845**

1. CALL TO ORDER AND ROLL CALL

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

3. CONSENT CALENDAR

Minutes of June 11, 2020 meeting

Action: Approve June 11, 2020 meeting minutes

4. COUNTYWIDE BASIN SPECIFIC FEE PROGRAM

Discussion: Kerry Schmitz, Sacramento County Water Agency and Jim Peifer, Executive Director

Action: Direct staff to participate in the development a Countywide Basin Specific Fee Program

5. LEGISLATIVE/REGULATORY UPDATE

Information Update: Ryan Ojakian, Legislative/Regulatory Affairs Manager

6. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY

Discussion: Caryl Sheehan, Chair, Brett Ewart, Vice Chair and Jim Peifer, Executive Director

7. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)-RELATED AND GROUNDWATER MANAGEMENT PROGRAM UPDATES

Information Update: Rob Swartz, Manager of Technical Services

8. EXECUTIVE DIRECTOR'S REPORT

9. DIRECTORS' COMMENTS

ADJOURNMENT

Next SGA Board of Director's Meeting – October 8, 2020, 9:00 a.m. at the RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights, the location is subject to change depending on the COVID-19 emergency

Notification will be emailed when the SGA electronic packet is complete and posted on the SGA website at <http://www.sgah2o.org/meetings/board-meetings/>.



Agenda Item: 18 b.

Date: August 11, 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."

Agenda Item 19 a.

Minutes

Sacramento Suburban Water District
Facilities and Operations Committee
Wednesday, July 15, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #839 6314 0350

Call to Order – Videoconference/Audioconference Meeting

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

Pledge of Allegiance

Chair Jones opted to forgo the Pledge of Allegiance since it is a Zoom meeting.

Roll Call

Directors Present: Dave Jones and Kathleen McPherson.

Directors Absent: None.

Staff Present: General Manager Dan York, Assistant General Manager Mike Huot, James Arenz, Matt Underwood, David Morrow, Dana Dean, David Espinoza, Mitchell McCarthy, and Tommy Moulton.

Public Present: William Eubanks and Sierra Summers.

Announcements

None.

Public Comment

None.

Consent Items

1. Minutes of the February 13, 2020, Facilities and Operations Committee Meeting

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

Table with 4 columns: AYES, NOES, ABSENT, ABSTAINED, RECUSED. AYES: Jones and McPherson.

Items for Discussion and/or Action

2. Fleet Main Asset Management Plan

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

Director McPherson inquired about the history of when the Fleet Asset Management Plan was presented to the Facilities and Operations Committee.

Senior Project Manager, James Arenz (Mr. Arenz) clarified that the Fleet Asset Management Plan in the past was based on a vehicle point system. The Committee and Board recommended back in 2017 new criteria for rating vehicles and added portable equipment under \$5k to the new plan.

Director McPherson inquired how this new plan differs from the existing plan.

Mr. Arenz stated that currently the District does not have an approved plan in place. The Facilities and Fleet Specialist has a procedure to follow, but an approved plan was never adopted and put into place.

Chair Jones inquired if generators are included as equipment.

Mr. Arenz clarified that fixed generators are not included as equipment, only portable generators.

General Manager, Dan York (GM York) stated that the District did have a system in place from 2002 to 2009. It was a system comprised of age and mileage. When the vehicle point system was developed, it worked well initially, but over time staff had to adjust the numbering criteria, which extended the mileage to 100,000 miles, which starts to be a problem for reliability.

Director McPherson inquired if the District has done a fiscal analysis of what the anticipated cost would be compared to what the District is doing now.

GM York stated the District has the finances to replace them; however, using the point system could lead to replacing too many vehicles in one given year.

Director McPherson inquired if the District is contracted with Ford or any other dealership to purchase new vehicles.

Mr. Arenz stated the District purchases its vehicles through the California State Vehicle Fleet program.

Chair Jones stated that staff should review the Fleet Asset Management Plan and change language that reads “should” to “shall”, to provide clarity and clear direction.

Public comment from William Eubanks (Mr. Eubanks) stated he is concerned that if the cost of repairing a vehicle sometimes is more than the vehicle itself. A 10 year old truck might not be worth much.

AGM Huot clarified that this Fleet Asset Management Plan is a guide to help staff determine if or when is the right time to replace or buy new vehicles.

The Committee moved to recommend the item move to the full Board as a discussion item with Committee's full recommendation of approval.

3. Transmission Main Asset Management Plan

Senior Engineer, David Espinoza (Mr. Espinoza) presented the staff report and went through a PowerPoint presentation.

Discussion ensued on the PowerPoint presentation.

Director McPherson stated that staff has done a lot of analysis to come up with an initial ranking and inquired if staff has gone out to look at rank 1, or does staff need Board approval for that.

Mr. Espinoza stated that staff needs Board approval on the analysis that was just completed in the last few months and future funding before proceeding on reviewing rank 1. Staff's intent for the fall is to acquire funding for just the condition assessment of the pipe in 2021 and as staff performs the research and there is a conclusion that the pipe needs rehab and replacement then staff will go back to the Board for funding for the following year.

Director McPherson inquired if an outside consultant or additional staff will be needed.

Mr. Espinoza stated that staff will be working with an outside consultant and vendors on the project.

Chair Jones stated that he has concerns that the figure on the cost estimate of \$2.4 million per mile is under as currently the District is paying \$2.2 million on distribution main pipe, thinks it will be closer to \$3 million a mile.

Mr. Espinoza pointed out that the costs in the plan range from \$2.4 million to \$6.1 million per mile, depending on pipe diameter.

Chair Jones requested modifications to the Transmission Main Asset Management Plan to reevaluate the cost of the lines and to provide more information from the 2011 report to the current 2020 report. In addition, Chair Jones would like more detail added to the Executive Summary section. Chair Jones further noted that back in the 2011 report, there was a lot of information on the 48 inch pipe and the pipe going down Northrop Avenue from Enterprise and how it ties in at Bell. No mention of that work, the cost, and how the cost will be shared with the City or San Juan Water District and Sacramento Suburban Water District.

The Committee moved to recommend the item come back to the Facilities and Operations Committee with Chair Jones' requested modifications.

Adjournment

Chair Jones adjourned the meeting at 3:43 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

DRAFT

Minutes

Sacramento Suburban Water District Finance and Audit Committee

Monday, August 10, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #816 5474 4319

Call to Order – Videoconference/Audioconference Meeting

Chair Thomas called the meeting to order at 5:00 p.m.

Roll Call

Directors Present: Kevin Thomas and Robert Wichert.

Directors Absent: None.

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

Public Present: Craig Locke.

Announcements

General Manager Dan York (GM York) announced that Director Locke was present at the meeting, but that he was not permitted to comment, as he was not a committee member.

Public Comment

None.

Consent Items

1. Minutes of the June 30, 2020, Finance and Audit Committee Meeting

Director Wichert moved to approve the minutes of the June 30, 2020, Finance and Audit Committee meeting, Chair Thomas seconded. The motion passed by unanimous vote.

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

Items for Discussion and/or Action

2. New Auditing Firm

Jeff Ott (Mr. Ott) presented the staff report.

The committee requested a copy of the evaluation ranking spreadsheet be sent to them.

Mr. Ott answered several clarifying questions on the evaluation ranking spreadsheet.

Director Wichert noted he was happy with any of the top three ranked firms, and that he was additionally ok continuing to use Richardson & Company. with a new lead person.

Chair Thomas commented that although he was very happy with Richardson & Company, he thought it might be good to get a new set of eyes for next year's audit.

The committee agreed to recommend Maze & Associates to the full Board with a recommendation to approve them as the audit firm for 2021.

3. 2021 Budget Assumptions

Mr. Ott presented the staff report.

Director Wichert requested to update the budgeted cost for the City of Sacramento water (item 4b) to the expected rate and change Footnote (B) of the Key Assumptions to reflect the actual contract amount.

GM York expressed he would contact the City of Sacramento to try to solidify the rate for 2021.

Discussion ensued regarding the price and amount of water.

Director Wichert inquired why the COLA was only projected to be 0.8%.

Mr. Ott expressed that 0.8% was what the United States Bureau of Labor Statistics reported as the 12 month figure for June 2020 for the West – Size Class B/C category.

Director Wichert inquired why the merit increase was estimated at 5%.

GM York explained that the Employee Benefits Ad Hoc Committee recommended to review the rate further, and staff proposed to use what staff research indicated to be a public works standard, which is 5%. He explained that the Employee Benefits Ad Hoc Committee was reviewing the item at their next meeting.

The Committee recommended to provide the staff recommendations to the full Board at the next regular Board meeting with support to approve what is recommended. Director Wichert just noted to modify the City of Sacramento Footnote section as discussed.

Adjournment

Chair Thomas adjourned the meeting at 5:36 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

Notes

Sacramento Suburban Water District/Del Paso Manor Water District
2x2 Ad Hoc Committee

Monday, August 3, 2020 at 5:00 P.M.

Location:

Videoconference or Teleconference Only at 1 (669) 900-6833, or <https://zoom.us/>
Meeting ID: 871 8874 7034

Call to Order – Videoconference/Audioconference Meeting

Chair Locke called the meeting to order at 5:00 p.m.

Roll Call

Committee Members: Craig Locke, Robert Wichert, Marissa Burt, and John Lenahan.

Directors Absent: None.

SSWD Staff: General Manager Dan York, Assistant General Manager Mike Huot, Heather Hernandez-Fort, Todd Artrip, and Dana Dean.

DPMWD Staff: Adam Coyan.

Public Present: William Eubanks and Paul Olmstead.

Consent Items

- 1. Notes of the June 1, 2020, Sacramento Suburban Water District/Del Paso Manor Water District 2x2 Ad Hoc Committee meeting

John Lenahan (Director Lenahan) moved to approve Item 1, Robert Wichert (Director Wichert) seconded. The motion passed by unanimous vote.

AYES:	Burt, Lenahan, Locke, and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

- 2. Operational Services Agreement Extension

Sacramento Suburban Water District (SSWD) General Manager Dan York (Mr. York) provided an overview of the staff report.

Director Wichert inquired what options Del Paso Manor Water District (DPMWD) considered.

Director Lenahan expressed they have reviewed all available options and that their current goal was to become fully staffed.

Director Wichert expressed that the impact on SSWD staff has been significant and inquired if it was realistic for DPMWD not to need SSWD services past the current agreement.

DMPWD General Manager Adam Coyan (Mr. Coyan) expressed he was pretty confident that DPMWD would not need SSWD services past September, 2020.

Craig Locke (Chair Locke) expressed he was not in favor of the contract being long term, and expressed if it were to extend past the current contract end date, he would request that any support to DPMWD be charged at the overtime rate.

Director Wichert inquired if Chair Locke was ok extending the contract through September 30, 2020.

Chair Locke answered that he wanted to make sure that every hour SSWD staff spent supporting DPMWD was charged at the overtime rate, noting that SSWD staff time was already accounted for each week for SSWD work.

Director Wichert inquired if Chair Locke would be comfortable with bringing a contract extension to the SSWD Board, through September 30th, using the overtime rate for all support provided to DPMWD.

Chair Locke expressed he was willing to continue to help our neighboring district while they were in a crisis, but wanted to be sure that we were not still having this same conversation 6 months from now.

Marissa Burt (Director Burt) expressed that she appreciated all the help SSWD has provided, and expressed she was still interested in additional support past the expiration date as SSWD has knowledge of DPMWD's system and has been very helpful with providing suggestions for improvements. She additionally commented that she was interested in support with training for their staff, noting however, that she was only in favor of paying their fair share, and wanted to be fair by being charged the overtime rate only when SSWD staff was working overtime.

Chair Locke noted that SSWD staff was not getting all of their work done, as some of their time has been used at DPMWD. He expressed that if DPMWD was committing to a certain number of hours needed, then SSWD could hire more staff to accommodate all the demands of both districts. He further commented that he felt his original suggestion was fair. He additionally stated that he was in favor of including into the agreement to invite DPMWD staff to any of SSWD training sessions at cost, and additionally expressed he was in favor of DPMWD staff job shadowing SSWD staff while SSWD staff was working, in an effort to gain knowledge and experience.

Director Lenahan expressed he didn't disagree with Chair Locke's point of view, and at this point he was in favor of planning to wind it down and to no longer need the agreement past September.

Director Wichert summarized that he supported an agreement extension to September 30, 2020, but not beyond without a long-term commitment to allow SSWD to staff up, and that Chair Locke supported an agreement to September 30, 2020, charged at the overtime rate.

Director Burt agreed with Director Wichert, noting that if the contracted agreement was not a longer term agreement, then it would be done at the contract end date.

Chair Locke noted that he was not interested in running the DPMWD District, but that he was happy to help out in the event of an emergency.

Director Lenahan stated that he wanted the overtime rate to have careful consideration so that it did not turn into just a profit, which might be viewed as a justification issue.

Director Wichert concluded by stating the Committee agreed for the agreement to continue at the current level of support through September, and that SSWD Committee members were split on whether to charge the current rate of compensation, or switch to an overtime rate only. He suggested each District discuss that at their next Board meeting.

Chair Locke requested for SSWD staff to discuss a policy to enhance SSWD's training opportunities to extend to surrounding water districts.

Director Lenahan expressed he would try to add the contract agreement extension discussion to their next agenda.

3. Groundwater/Surface Water Supplies

Mr. York presented the staff report and answered clarifying questions on rates.

Director Wichert expressed he was in favor of either the entire District on fluoride, or none of the District, further stating he was more in favor of not having fluoride.

Director Burt expressed she was not in favor of fluoride, and that she would vote against the use of it.

Director Lenahan expressed there would be more research to do in regards to a water transfer, which included fluoride.

Director Wichert encouraged DPMWD to consider soliciting the cost of a water transfer from SSWD as well as the cost of a water transfer from other surrounding entities based on the current state of DPMWD. He noted it was always best to have back-up supply in order to meet peak demands.

4. **Next Meeting Date, Time, and Topics for Discussion**

Director Lenahan suggested September 7, 2020, for the next committee meeting.

The committee realized September 7 was a holiday and agreed to hold the next meeting on Monday, September 14, 2020.

Director Wichert recommended bringing back the same topics for discussion.

5. **Public Comment**

Paul Olmstead (Mr. Olmstead) inquired about DPMWD's staffing status.

Mr. Coyan clarified that he planned on hiring two certified operators.

William Eubanks (Mr. Eubanks) inquired why it was taking so long for DPMWD to be fully staffed. He additionally stated he supported DPMWD in an emergency and further inquired if SSWD was going to provide an item at their next meeting on the fluoridation issue Director Wichert discussed.

Director Wichert suggested SSWD agendaize fluoridation on the SSWD agenda.

Adjournment

Chair Locke adjourned the meeting at 6:03 p.m.

Agenda Item 19 d.

Minutes

Sacramento Suburban Water District
Employee Benefits Ad Hoc Committee Meeting
Tuesday, August 11, 2020

Location:

Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #830 9259 3780

Call to Order – Videoconference/Audioconference Meeting

Chair Thomas called the meeting to order at 4:00 p.m.

Roll Call

Directors Present: Kevin Thomas and Kathleen McPherson.

Directors Absent: None.

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

Public Present: Terri Ezaki and Katie Huddleston.

Announcements

None.

Public Comment

None.

Items for Discussion and Action

1. Fixing the Employer Contribution at an Equal Amount for Employees and Annuitants Under the Public Employees' Medical and Hospital Care Act for 2021 Benefit Plan Year and Medical Plan Analysis

Cassie Crittenden (Ms. Crittenden) presented the staff report and introduced Terri Ezaki (Ms. Ezaki) and Katie Huddleston (Ms. Huddleston) with Epic Consulting.

Ms. Huddleston presented the PowerPoint presentation and answered clarifying questions.

Director McPherson was not in favor of offering District employees a payment if they did not take advantage of the medical benefits offered by the District, as she believed it was not a cost savings to the District. She additionally expressed she believed there should be a cap placed on the payment for opting out.

General Manager Dan York (GM York) expressed the payment was an incentive for District employees, as it cost the District less for the medical program when employees choose to opt-out.

Ms. Huddleston continued presenting the PowerPoint presentation and answered clarifying questions.

The committee requested a copy of the PowerPoint presentation be sent to them in color.

The Committee agreed to recommend continuing the health benefits with CalPERS for the 2021 benefit plan year for approval to the Board of Directors at the August 17, 2020, regular Board meeting.

Director McPherson expressed she was interested in reviewing some of the District Policies further as she disagreed with paying employees such a high amount to opt out of the District's medical benefits, noting she believed the cap should be a flat rate and it should not fluctuate based on medical plan rates. She requested to see how much the District was paying annually for employees to opt out. She recommended paying somewhere between the highest and lowest, and for the employees to contribute the rest.

GM York noted that staff has hired a consultant periodically to do a full analysis of the benefits package options to ensure the District was doing all it could to save money by selecting the best benefits package, as well as to provide justification for staying with CalPERS each year.

Director McPherson expressed she felt Epic did great work with explaining all of the options, noting the research provided clearly indicated the District should stay with CalPERS, but that she had concerns with some of the District Policies, which she noted should be looked at with the full Board.

2. Medical, Dental, Vision Benefits Analysis

Ms. Crittenden presented the staff report. Ms. Crittenden recommended the District to continue to utilize EPIC for consulting services related to analyzing the District's medical benefit plans.

Discussion ensued regarding cafeteria plans.

Ms. Ezaki noted that the Board should check with CalPERS before making any changes to ensure the changes are allowable based on prior resolutions.

The committee agreed with staff's recommendation to utilize Epic to analyze the District's medical plans.

3. Merit Program

GM York presented the staff report.

Director McPherson expressed she was in favor of rewarding staff based on performance.

GM York expressed the District places a lot of effort into the performance evaluations for staff and noted that the District had one of the most robust performance evaluation programs in the region.

Director McPherson endorsed the annual Merit Program being set at 5%.

Chair Thomas expressed he was happy with the current rate of 4%.

Director McPherson expressed she believed that 5% was a more reasonable figure.

The Committee recommended that the annual Merit Program be set at 5% based on individual employee performance, which can be adjusted accordingly by the Board at budget time, and endorsed it being presented to the full Board with recommendation of approval.

Adjournment

Chair Thomas adjourned the meeting at 5:26 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District



Agenda Item: 20

Date: July 31, 2020
Subject: Legislative and Regulatory Update
Staff Contact: Greg Bundesen, Water Conservation Supervisor

1. RWA Government Affairs Committee

Table 1 on the next page shows the Assembly Bills (AB) and Senate Bills (SB) staff is tracking 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 affect District operations.

2. Notable Updates

- a. Water Resilience Portfolio - In response to Executive Order N-10-19, on July 28, 2020, Governor Newsom released the final version of the Water Resilience Portfolio (Portfolio). The Portfolio was developed by state agencies in an effort to improve California's capacity to prepare for disruptions in water supplies, withstand and recover from climate-related shocks, and adapt into the future. It is no secret that California faces some unique challenges as it prepares for future droughts, raising temperatures, reduced fish populations, impacts to groundwater resources, and other water related concerns. This Portfolio provides a blueprint for mitigating many of these challenges. The Portfolio details 142 water related ideas grouped into four categories: (1) Maintain and Diversify Water Supplies, (2) Protect and Enhance Natural Ecosystems, (3) Build Connections, and (4) Be Prepared. There is no set timeframe for implementation or a source of funding for the Portfolio as implementation and funding will depend on feasibility, availability of resources, and competing priorities.
- b. Economic Recovery Stimulus Plan (Stimulus Plan) - On July 27, 2020, the California Legislature introduced an Economic Recovery Stimulus Plan. The Stimulus Plan aims to raise \$100 billion through a new tax voucher program and the acceleration of other existing revenue streams. The funds would be used to boost the economy and protect jobs, small businesses, and working families. The Stimulus Plan is being noted because many of the Plan's sponsors want to accelerate funding for infrastructure and green industry projects. One noted project is the improvement of clean water delivery systems and recycled water infrastructure. The workgroup hopes to pass the Stimulus Plan by August 31, 2020. SSWD has submitted 6 projects through the Regional Water Authority to be considered for funding from the Stimulus Plan.

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 July. Copies of any letters sent out can be provided upon request.

a. Comment Letter

- i. S. 4308, Special Districts Provide Essential Services Act – Sent to our Congressional and Senatorial representatives thanking them for their support of the bill.

Bill Number	Name	District Position	RWA Position	ACWA Position
AB 609	California Environmental Quality Act (CEQA): Electronic Filing and Posting	TBD	TBD	Favor if Amended
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	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	Support if Amended
SB 55	CEQA: Housing and Land Use	TBD	TBD	Favor if 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 1099	Emergency Backup Generators: Critical Facilities: Exemptions	Favor	TBD	Support
SB 1185	Emergency Backup Generators: Operation During Deenergization Events	Favor	TBD	Favor
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



Agenda Item: 21

Date: August 11, 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:

***Due to the current pandemic, until further notice, all meetings listed will be virtual.**

Upcoming Events

1. AWWA CA-NV - Water Education Seminar
August 19, 2020
Online
https://www.ca-nv-awwa.org/canv/CNS/Events_Classes/Future_Events/Water_Education_Seminar_WES_/CNS/EventsandClasses/WESALL/2020/WES_2020.aspx?hkey=7c3bd7f9-2a56-43d9-940e-5f134b1130ca
2. ACWA 2020 CLE Virtual Workshop Series
September 2, 9, 16, and 23, 2020
Online
<https://portal.acwa.com/about/?conferenceid=c0ba33a9-3d3e-ea11-a812-000d3a34717b>
3. Sacramento Metro Chamber of Commerce Capitol to Capitol – Board Approved Conference
September 8-12, 2020
Washington, D.C.
<https://metrochamber.org/>
4. ACWA Bay-Delta Tour 2020
September 9-11, 2020
Sacramento, CA
<https://www.acwa.com/events/bay-delta-tour-2020/>

Upcoming Water Industry Events

August 11, 2020

Page 2 of 3

5. RWA Board Meeting
September 10, 2020
RWA Office, Sacramento
<http://rwah2o.org/>
6. ACWA Northern CA Tour 2020
October 14, 2020
Sacramento, CA
<https://www.acwa.com/events/northern-california-tour-2020/>
7. SGA Board Meeting
October 8, 2020
SGA Office, Sacramento
<https://www.sgah2o.org>
8. American Water Works Association Annual Fall Conference & Exposition
October 26-29, 2020
Virtual
https://www.ca-nv-awwa.org/canv/CNS/Events_Classes/Future_Events/CNS/EventsandClasses/Copy_of_events.aspx?hkey=40976128-710b-4097-b27b-e35fe6133849
9. RWA Board Meeting
November 12, 2020
RWA Office, Sacramento
<http://rwah2o.org/>
10. ACWA Fall Conference
December 1-4, 2020
Indial Wells, CA
<https://www.acwa.com/events/2020-fall-conference-exhibition/>
11. 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 30, 2020

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

Staff Contact: Cassie Crittenden, Human Resources Coordinator

The Driver Record and Insurance Review Policy (PL – HR 006) is scheduled for its biennial review. The subject policy was originally adopted by the Board on August 21, 2006, and last reviewed on July 16, 2018.

Staff recommends grammatical changes throughout and a minor change as follows:

Section 200.00

- Included an explanation of what the requirements are under the California Compulsory Financial Responsibility Law for clarification.

The policy is scheduled for Board review and approval at the September 21, 2020, regular Board meeting. If a Director wishes to comment on the policy, please provide those comments to staff by August 24, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda.

Attachments:

1 – Driver Record and Insurance Review Policy (PL – HR 006) - redlined

Sacramento Suburban Water District

Driver Record and Insurance Review Policy

Adopted: August 21, 2006

~~Ratified without~~ Approved with changes on: ~~July 16, 2018~~ September 21, 2020

100.00 Purpose of the Policy

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

200.00 Policy

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

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

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

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

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

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

300.00 Authority and Responsibility

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

400.00 Policy Review

This Policy shall be reviewed at least biennially.



Agenda Item: 22 b.

Date: August 7, 2020

Subject: Upcoming Policy Review – Procurement Policy (PL – Fin 005)

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

Background:

The Procurement Policy PL – Fin 005 (Policy) was last reviewed by the Board in October 2018.

Discussion:

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

Section 200.20 Purchases of Materials and Trade Services up to \$100,000 – Removed sentence requiring disclosure and economic impact of purchase on budget to the Board.

Section 200.30 Purchases of Materials and Trade Services in Excess of \$100,000 –

1. Clarified language describing purchases over \$100,000 individually and cumulatively per vendor.
2. Added language requiring three bids and memorandum describing situations where less than three bids are received.
3. Clarified language for selection of bidder of trade services contracts.
4. Added language for selection of bidder for material purchases.

Section 200.40 General Purchase Guidelines

1. Clarified language on pre-authorizing purchases.
2. Minor clarifications to guidelines.

Section 200.50 Emergency Purchases

1. Added condition on the requirement for two board members for emergency purchases that one should be the Board President unless unavailable.

Section 200.60 Direct Award Approval

1. This entire section was added. It allows an award of contract for purchases greater than \$100,000 by Direct Award in certain situations.

Section 200.70 Acquisition of Real Property Interests

1. This entire section was added. It describes the requirements to purchase real property interests.

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The Policy is scheduled for Board consideration and adoption at the September Board meeting. If a Director wishes to comment on the policy, please provide those comments to staff by August 31, 2020. If no comments are received by any Director, this policy will be placed on the consent agenda at the September 2020 Board Meeting. A redline version of the policy is included as Attachment 1.

Attachments:

- 1) Investment Policy PL – Fin 003 – redlined

Sacramento Suburban Water District

Procurement Policy

Adopted: September 20, 2004

Approved with changes on ~~October 15, 2018; April 6~~ September 21, 2020

100.00 Purpose of the Policy

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

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

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

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

200.00 Policy

200.10 Authority

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

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

Purchases from ~~contract~~ loan and/or grant funds will be approved in accordance with the sponsoring agency's contract or grant procedures, in addition to the requirements of this Policy to the extent they do not conflict with the loaning or granting agency's requirements.

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

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

For emergency purchasing guidance, see Section 200.50.

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

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

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

An RFQ or RFP inviting bids for such purchases or trade services will be sent to at least three (3) qualified bidders as determined by the District, at least 10 days prior to the date designated for receipt of responses to the RFQ or RFP. If there are not three (3) qualified bidders, then staff shall prepare a memorandum to the General Manager (and retained in the project file) describing the nature of the work and reason for that fewer than three (3) qualified bidders were solicited to provide the materials or services will be prepared and retained.

For trade services, selection criteria will be established by the District, which may be based solely on qualifications of the candidate(s). The bidder with the highest score in accordance with the scoring criteria stated in the RFRP/RFQ shall will be selected.

For material purchases, the lowest cost responsible and responsive bidder providing the lowest cost bid shall will be selected.

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

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

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

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

Once notified, a non-responsible bidder may appeal the District's proposed determination of disqualification. The District will provide a two-tiered appeal process, consisting of an initial appeal to (1) the General Manager, and (2) if dissatisfied with the General Manager's decision, to the Board of Directors or a committee of Directors assigned by the Board President. The Board of Directors' ruling on a disqualification appeal is final.

200.40 General Purchasing Guidelines

- (a) Purchases made with the District's Purchasing Card (Cal Card) shall conform to this Policy and Policy PL Fin 006 "Purchasing Card Policy."

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

200.50 Emergency Purchases^[JH1]

In case of emergency, where a purchase has not been authorized by the Board of Directors or this Policy requires such purchase to be made by competitive process or RFQ or RFP, and the General Manager has determined that the best interests of the District require that such purchase be made before the Board of Directors can meet to authorize such purchase, the General Manager or designee is authorized to make such

purchase by negotiation after first obtaining the written or verbal consent of **two members** of the Board of Directors, one of who should be the Board President unless he or she is unavailable. The General Manager will thereafter promptly report in writing to the Board of Directors at the next regularly scheduled meeting of the Board of Directors the nature and amount of the purchase and the emergency circumstances justifying such purchase.

200.60 Direct Award Approval

Competitive bidding in accordance with section 200.30 generally is required for purchases of materials or trade services greater than \$100,000. However, in certain situations, the District may benefit from waiving required competitive bidding and negotiating a materials or trade services agreement directly with a single service provider or vendor. Examples of such situations include:

- a) Selecting a consultant or service provider based on unique experience, ability and/or knowledge.
- b) Purchasing replacement equipment parts where doing so from other than the original equipment manufacturer or other select manufacturer could adversely impact a warranty or ongoing maintenance.
- c) Purchasing new or replacement equipment or work which must integrate with existing assets and where it is not reasonably available from a source other than the service provider or vendor who supplied the existing asset or where equipment or operations compatibility concerns compel a purchase from a particular manufacturer.

In these situations, and before a contract is issued by the District, the General Manager must approve the waiver. To make a waiver request, a justification shall be prepared by the employee with authority to make the purchase or enter into the contract to explain the reasons for waiving competitive bidding and sent to the General Manager. At minimum, the justification shall address the economics, operating efficiencies, and any legal considerations of using a Direct Award approach.

The General Manager shall review the justification and prepare a written reply to the requesting employee indicating approval or disapproval of the request.

The employee responsible for issuing a contract under an approved Direct Award request should ensure that a copy of the request/justification and General Manager's reply is retained in the respective project file.

200.70 Acquisitions of Real Property Interests Purchases

When the acquisition of a real property interest is being considered, the General Manager must ~~adhere to~~ comply with the following process:

- (a) The Board of Directors must be informed in writing in advance of the intended acquisition, of its estimated cost (including purchase price, transaction costs, and required or prudent site assessments and studies), known or suspected

environmental concerns, and the acquisitions intended purpose District purpose and public necessity for purchasing the real property interest, and the need for any budget augmentation for the purchase. This may be done at annual Budget time or at any point throughout the year.

- (b) After Board approval in principle of the proposed purchase of the real property interest, staff is authorized to expend District resources on site studies, professional assistance and other studies/consultation may begin in earnest.
- (c) If staff decidesproposes to move forward with a purchase of an interest in real property after performing appropriate due diligence, the Board of Directors must first provide final approval of the acquisitionis required.
- (d) After such BoardIf approval is granted., the General Manager may proceed to close on the purchase offer is then executed.
- (e) Nothing in this section is intended to limit the General Manager's authority to accept easements and other interests in real property that are necessary for a District public works project and that are donated or granted as a condition of accepting the work or project.

300.00 Policy Review

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



Agenda Item: 22 c.

Date: August 8, 2020

Subject: Upcoming Policy Review – Public Works Contracting Policy (PL – Eng 002)

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

The subject Policy was adopted by the Board in December 2004, and last revised in October 2018. This policy is to be reviewed biannually.

Attachment 1 is a redline version of the proposed revised Policy. There are several minor edits, not considered to be substantive; and one edit that adds Multi-Year (“Master Services”) Contracting, which is considered to be substantive.

Multi-year contracting has been in use by the District for about 10 years, most notably with the Main Replacement Program. This contracting approach is credited with helping to keep this Capitol program’s costs in control and has received broad support from the Board historically.

The updated Policy is scheduled for the Board to adopt at the September 21, 2020, Board meeting. If a Director wishes to comment, please provide to staff by August 24, 2020.

Attachment:

1. Public Works Contracting Policy – Redlined version (PL – Eng 002)

Sacramento Suburban Water District

Public Works Contracting Policy

Adopted: December 20, 2004

Approved with Changes: ~~October 15, 2018~~ September 21, 2020

Introduction

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

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

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

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

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

- [Multi-Year \(“Master Services”\) Contracting](#)
- ~~Open Bid Contracting~~
- Pre-Qualification Bid Contracting
- Request for Qualifications / Request for Proposal
- Sole Source Negotiations
- Solicitation of Price Quotes

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

100.00 Purpose

The primary purpose of this policy is to provide [guidance to District staff on Public Works Contracting practices so that](#) the District’s ratepayers [receive](#) the best value ~~from~~ public works contracts awarded by the District.

~~101.00~~ [200.00](#) Authority

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

Requirements for separate purchases of [non-Public Works services, such as](#) materials (including supplies, inventory, and equipment) and trade services, are set forth in the District’s Procurement Policy (PL - Fin 005).

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

~~102.00~~ [300.00](#) Procedure

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

~~103.00~~ 400.00 Incorporation of Sustainability Policy

Whenever prudent, staff will incorporate applicable principles of the District's [Environmental Sustainability Policy \(PL - Adm 005\)](#) into the ~~bid procedures and the~~ projects constructed ~~in accordance with this Policy~~.

~~104.00~~ 500.00 Policy Review

This Policy ~~will~~ shall be reviewed at least biennially.