This summary was prepared by the facilitation team from written notes taken during the workshop. A recording of the two-day workshop was also taken.

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Workshop Day 1: January 22nd

1. Opening Remarks and Agenda Review

San Juan Water District (SJWD) Board President Ken Miller called the meeting to order. Dorian Fougères, facilitator, Center for Collaborative Policy, CSUS, welcomed the group and provided an overview of the agenda, and the ground rules. He also reminded the group of the 2011 criteria for selecting priority actions. Those criteria were (in no particular order):

1. Impacts on water supply reliability
2. Impacts on customer rates
3. Impacts on customer service
4. Financial impacts to the District
5. Existing staff workload
6. Compliance with existing laws and regulations
For many items on the agenda, the goal was to provide an update to the Board, and then to provide direction to staff whether to initiate, continue, augment, or conclude specific activities pertaining to the topics reviewed.

2. Groundwater Contamination

Shauna Lorance, SJWD General Manager, provided the Board with an update on the groundwater contamination issue in the region. She highlighted the concerns about the potential expansion of contamination plumes from groundwater pumping thus creating a greater demand for surface water supply in the future. Currently staff monitor the issue through involvement in the Sacramento Groundwater Authority (SGA) meetings. SGA is analyzing pumping impacts on the plume, and the city of Roseville and Sacramento Suburban Water District have obtained approval for aquifer storage and recovery (ASR). The Board receives quarterly updates on this issue.

Ms. Lorance also said that SJWD relies on groundwater for supply during a surface water shortage. SJWD currently has an agreement with two of the wholesale customer agencies for them to utilize groundwater during shortage conditions. However, Fair Oaks and Citrus Heights have not provided a cost to SJWD for the use of the groundwater, and thus SJWD has not paid the fees associated with those agreements. The concern is that the non-payment may raise questions related to the validity of the agreement.

The following comments reflect the Board’s discussion of the topic:

- The Board members are concerned about the groundwater contamination issue, as well as surface water supply issues. They expressed interest in reviewing the documentation on the groundwater contamination from the SGA, so that SJWD is knowledgeable about the issue. Also, by tracking the data around the contamination, having knowledge of the types of contaminants, and knowledge of legislative action around groundwater will help SJWD be proactive. There was a suggestion to develop a plan to monitor the groundwater issue. There was a request to make the groundwater contamination updates a regular agenda item for the Board meetings.
  - **ACTION:** Continue monitoring data and tracking changes in the contamination plumes
  - **ACTION:** In communication materials, clarify why SJWD cares about groundwater (e.g., dry year emergency supply)
  - **ACTION:** Add a periodic update to the Board’s meeting agendas

- The Board members also discussed the possible need to seek approval from the Regional Water Board to inject treated surface water into the groundwater for storage. Particularly, whether SJWD can get permits to operate injections wells or whether SJWD can have an agreement with another agency to store groundwater through in-lieu usage. Of concern was the legal process and criteria for operating injection wells, and whether SJWD should develop an aquifer development and storage policy and program. Another issue was whether the Southern
California water purchase agreements would impact the opportunity and feasibility to operate injection wells.

- **ACTION:** Have legal counsel review dry year supply contracts and assess the certainty of delivery during shortage conditions

- **ACTION:** Brief the Board on the Regional Water Quality Control Board’s new process and criteria for injection

- **ACTION:** Following review of contracts, decide whether to develop an aquifer storage & recovery policy and program

3. California-Oregon Transmission Project

Ms. Lorance presented on the status of the California-Oregon Transmission Project (COTP). SJWD obtained two megawatts (MW) transmission capacity in the COTP; one MW transmission capacity was required to obtain 1 MW allocation of Central Valley Project (CVP) power for pumping at Folsom Reservoir. The District obtained an additional MW of transmission capacity at the same time; it appears with the limited information available that this was for investment purposes. SJWD originally entered into a contract with Sacramento Municipal Utility District (SMUD) for the use of the 1 MW transmission capacity. In early 2000, WAPA informed SJWD that the one MW of transmission capacity was no longer needed. SMUD then canceled the one MW contract in 2004 that was signed on August 16, 1993. The two MW transmission capacity was then contracted to SMUD through an agreement dated in 2005, and has provided 8% return on investment on the depreciated value of COTP asset. The agreement with SMUD states that either party can cancel the agreement with one-year notice. The agreement with SMUD was entered into as a recommendation from Ken Mellor who analyzed the best use for the 2 MW transmission capacity. Ms. Lorance requested that the Board determine whether to hire a consultant to review contract in 2013.

The following comment reflect the Board’s discussion of the topic:

- There is concern that Ken Mellor may have had a conflict of interest when he analyzed the contract, as he worked for SMUD at that time.

- The Board requested that Ms. Lorance locate the original contract that granted the two MW capacity to SJWD to better understand the terms and capacity requested, and to then determine whether to continue with the SMUD power agreement. The concern is that SJWD is not receiving sufficient compensation for the 2 MW transmission capacity it supplies to SMUD. One board member requested that the annual report contain a section to show SJWD power assets.

  - **ACTION:** Research the original contract, including genesis, ownership versus rental, modifications over time, and current status

  - **ACTION:** Add section to annual report on power assets
4. Water Supply Reliability

Ms. Lorance gave an update on the current water supply and reliability efforts around the region. Such efforts include the following:

- Bay Delta Conservation Plan – SJWD Staff are engaged with the issue.
- Delta Plan – complete.
- Remanded Biological Opinion – SJWD is listed as a stakeholder.
- State Water Resources Control Board’s Flow Standards – SJWD is significantly involved through BKS and is a financial contributor to the regional efforts.
- Folsom Dam Reoperation – SJWD is involved in the process as a stakeholder.
- Water Conservation Requirements – 20% conservation requirement may occur.

For 2013, Ms. Lorance recommended that SJWD focus on Folsom Reservoir water levels to maintain adequate water levels to maintain adequate water supply reliability, as well as to evaluate and modify existing water supply models. Questions about the existing water supply analysis include:

- Does SJWD spend effort to keep water in region?
- Does SJWD want to inject water into the ground to bank for future use, contamination control?
- Does SJWD want to cooperate with other users for conjunctive use?
- Does SJWD want to transfer any unused CVP capacity to Roseville or others?
- How to leverage water supplies to influence and cooperate with interests around the state.

The following comments reflect the Board’s discussion of the topic:

- A Board member suggested SJWD should work to protect the desired water supply level for customers, and thereafter SJWD can explore opportunities for consolidation, financial agreements, and other activities in support of this goal. This would include identifying organizations that share SJWD interests.
- There was discussion about the minimum surface water level necessary at Folsom Reservoir to protect surface water availability and to determine if additional groundwater is necessary to protect the reliability of water supply for our customers.
- There was a recommendation to develop a list of objectives to enable SJWD to fully assess potential opportunities. Such objectives may include protection of water rights, minimizing fees, etc. Discussions involving opportunities with other agencies to increase the reliability of water supply.
supply may be necessary. The following questions need to be addressed before evaluating the
questions above.
  o What is the minimum water supply necessary in all months?
  o What is the desired water supply in all months?
  o What can be used to leverage other opportunities, and which opportunities have the
    most value?
• Another discussion point included whether there were opportunities available beyond adjacent
  areas, and whether to shift to a proactive assessment of what opportunities may become
  available through the State Legislature. There could be additional lobbying at the state and
  federal levels to ensure contracts for dry year water supply are firm.
• There was discussion of upstream American River water storage, which has no current focused
  activity, and Folsom Dam Reoperation, which can impact customers through summer water
  releases and water exports.
  o SJWD and the Bureau of Reclamation interpret Term 14 of Reclamation’s water rights
differently. Reclamation views Term 14 as having been already met and not applicable
  anymore. As such, SJWD is aware of the potential need to seek legal action to protect
  customers’ access to the water supply.
  o Another option to ensure water supply reliability includes installation of hardware to
  pump water from other locations at Folsom Dam, including downstream of the intake.
  o There was support to keep access to the water supply source rather than develop and
  maintain hardware options to access other supply sources.
• There was a recommendation to have guidelines rather than rigid rules for participation with
  potential partners on water supply issues. It is important to have informed discussions, but
  there is a need to have flexibility around the conditions to engage in agreements.
  o ACTION: Continue investigating strategic questions identified in presentation, including
    those added on January 22 (how shipping water south might affect dry year supplies,
    whether cooperating with agencies outside the region would increase SJWD influence in
    statewide solution discussions, and what alternative facilities and associated costs
    would be to serve customers at the dead pool water level)
  o ACTION: Estimate minimum supply in all months, desired supply in all months, and then
    assess what flexibility there is to participate in other opportunities
  o ACTION: (Repeted from above) Have legal counsel review dry year supply contracts and
    assess the certainty of delivery during these periods
  o ACTION: Assess how well Term 14 will provide assurances for water rights and
    entitlements
  o ACTION: Clarify WSR objectives and develop policy guidelines regarding participation in
    other opportunities (e.g., shipping water south, cooperating with agencies outside the
    region)
5. Public Communication of Wholesale and Retail Expenses

Ms. Lorance shared that SJWD had a goal to increase communication with wholesale and retail customers. In 2012 SJWD communicated with retail customers via the Water Gram, with wholesale and retail customers through direct mailing, emails and facebook, as well as through the budget and other documents. Additional outreach efforts related to the potential impacts of legislation and delta activities were put on hold until the potential future costs could be assessed. For 2013, the communication efforts will continue to include the Water Gram, emails, facebook, other focused mailers, and the SJWD website. To address any questions customers may have about upcoming conservation requirements, legislation and delta activities, SJWD could have town hall meetings with Board members.

The following comments reflect the Board’s discussion of the topic:

- The Board wanted to know what information other retailers communicate to their customers, and how retailers handle reporting on the wholesaler’s activities.
- Given that communication has primarily focused on retail rates, communication efforts may need to be a broader topic. While conservation goals are vague, there may be a way to create a graphic representation of water conservation scenarios. Additionally, seek Association of California Water Agencies (ACWA) input and information about contextual conservation efforts. Water industry terminology and concepts should be translated into terms that customers understand.
- It was noted that communication to interested and active customers is effective. It is challenging to communicate with customers not engaged. There was a request to identify all the options to communicate with customers, and a suggestion that the SJWD should identify if there are new avenues of communication that could be utilized. Another suggestion was to use customer quotes from letters (without identification) that express appreciation for the service received. Additionally, it was noted that there must be discussions with customers to clarify the how rates are set, and that paper communications could support this activity. There was a suggestion to develop more appropriate communication strategies that could be understood by a broader range of customers; there was request to gather information that assesses customer understanding of terminology used, as well as how the wholesale entity is portrayed, and to identify best practices of communication.

  - **ACTION:** Gather information about how other retailers communicate their costs, how they portray San Juan wholesale, and great government examples (e.g., League of Cities, CSAC)
  - **ACTION:** Augment current strategies to better address objectives, and incorporate new topics and strategies (Objectives include to educate people that conservation costs more, and to cultivate a constituency for advocacy. New topics include water conservation and statewide legislation, including from a regional perspective. New strategies include face-to-face public outreach like town hall meetings, expanding irrigation seminar information, and using a consultant to proof terminology/messages.)
• The goal for the Town Hall meetings would be to help the community learn about issues and to help the directors communicate their work. Another benefit of the hosting such meetings is to building an advocacy base, since customers are disconnected about the issues. The meeting locations are not yet determined.

• There was a suggestion to have the Communication Committee consider a focus group to determine people’s perceptions of SJWD conservation efforts, to assess potential results before communicating the scenarios to a wider distribution.

6. Remaining Items, including Employee Compensation Study

As part of the follow up from the 2012 Annual Board Meeting, Ms. Lorance shared staff efforts on the following items:

- Board of Directors campaign fees - The Board decided not to contribute to campaign costs.
- Water Efficient Landscape Garden - The WEL Garden meter data is available for comparison.
- New Finance and Accounting Position – The Position was created.
- Board Discussion Protocols – Board member training was not approved.
- Rio Linda Water District – No action as yet, SJWD Staff are monitoring the issue.

Additionally, for SJWD’s Efficiency and Structure discussion per the 2012 board workshop, Staff initiated succession-planning efforts, continued to work on ethics and looked for efficiencies, and hold 2x2 meetings with Sacramento Suburban.

For 2013 SJWD staff will conclude the succession-planning effort, will continue to participate in 2x2 meetings, and will continue to focus work effort on high priority issues.

The following comments reflect the Board’s discussion of the topic:

• There was discussion of whether the Water Efficient Landscape (WEL) Garden uses less water than a conventional garden, and the cost to landscape the WEL garden. The request was to determine the level of water conservation from the WEL Garden. There was a recommendation to communicate the water usage for the WEL Garden information in the Water Gram in comparison to a traditional garden. One Board member offered to provide the outdoor water use data for that comparison. There was a suggestion that such information should include a disclaimer about how actual cost savings/efficiencies may differ by garden size and type, and that SJWD should provide a calculator for efficiencies and factors on the website.
  - **ACTION:** Include information about the WEL garden in the Water Gram, including current water use data
  - **ACTION:** Estimate and communicate comparative water use and water cost savings between WEL and Director Peterson’s summer lawn in Granite Bay
  - **ACTION:** Find a good WEL calculator and make this available on the website
• Since SJWD has not modified its Human Resources Master Plan in some time, the Board requested that the SJWD Staff provide information about potential updates to the plan. Such updates could include the employee compensation study, and the HR Master Plan.

• There was discussion whether to do a compensation study instead of a salary survey, as a compensation study reflects both wages and benefits. The three main concerns with conducting a salary survey or compensation study include the complexity of the survey/study (e.g., what types of districts and positions to use for comparison) and thus how to interpret the data; what kind of commitment there would be to follow through on the results, whether that meant reducing or increasing wages and benefits; and having a sufficiently rigorous design (so that the data would be drawn from a sufficient large geographic area and set of similar institutions, and thus be technically robust rather than anecdotal). There was interest to gather the information, with factors that determine such compensation, and to ultimately assess the relative compensation of SJWD employees. There was a recommendation to have the Personnel Committee develop an initial scope and goals for the study, to then create a full proposal to guide a firm’s research. The initial proposal should include clear goals, purpose, and geographic area for data collection.
  
  o **ACTION:** Solicit consultant proposals for an employee compensation study based on the goals and criteria identified by the Board
  
  o **ACTION:** Develop goals and criteria for an employee compensation study in coordination with the Personnel Committee

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**Workshop Day 2: January 29th**

**7. Welcoming Remarks and Agenda Review**

Board President Miller resumed the meeting. Mr. Fougères welcomed the Board. He also reviewed the revised agenda, where the State and Federal Activities was changed to be the first item for discussion, and the Employee Compensation Discussion item was removed as it was addressed during the January 22nd session. Additionally, the agenda included time to prioritize strategic action.

**8. State and Federal Activities**

Ms. Lorance presented to the Board the need for SJWD to be aware of legislative and regulatory efforts around water issues, specifically state actions that impact SJWD. There are allies in the water rights/quality sector, business industries, labor groups and the rest of the community. The question is what assets does SJWD have to leverage and participate in the greater discussions around water issues. Also, what efforts must SJWD conduct to convince ratepayers, both wholesale and retail, that water is worth fighting for? And what will SJWD spend, not only in dollars, but also in reputation and community credits, to achieve the desired results?
The state water bond is of particular interest to SJWD. The water bond may be modified in 2013, but is scheduled as a ballot measure for 2014. Ms. Lorance asked the Board whether it could support the water bond if SJWD were to receive water rights assurances from other sources. Other issues include a fees/public goods charge, and whether the Board will support such fees if they are based on a specific benefit, have a cap and/or a sunset date, as well as if there are water rights assurances provided from other sources.

The following comments reflect the Board’s discussion of the topic:

- There was discussion of the need to identify community assets that will help to engage people to support SJWD at the state and federal levels, and particularly to identify the points where community assets connect with state and federal activities. It was noted that Board members are assets, which have not been called on to advocate for the community. Where do all the state and federal activities line up effectively with the SJWD goals for the community?
- There was recommendation to be more direct with ACWA to express SJWD interests. An example of the level of influence would be similar to that of the California Judges Association with the California Judicial Board. The question becomes how SJWD can proactively influence state decisions.
- Another question is about community advocacy on behalf of SJWD and influence at the state level. It was noted that while Capitol-to-Capitol is an effort to influence federal actions that impact the region. There was also a question of the efficacy of SJWD communities’ influence at the state level. There was a request to have more discussion with other water districts to gain better understanding of water users and issues, and efforts in such a way as to identify allies.
  - **ACTION:** Provide the Board with standing report after ACWA board meetings
- Potential allies include the Tree Foundation; the Regional Water Authority, which has worked with SJWD at the state and federal levels; chambers of commerce; and the biggest commercial/industrial/institutional water users. Community associations, the Folsom Rotary Club, and rate payers are also potential allies.
  - **ACTION:** Director Costa to provide Conservation Committee with Tree Foundation contact for follow-up
- It was recommended to also discuss issues with the local district representatives, as they need to know about the economic, physical, and political consequences of water scarcity and the urgency of the issues. If there is a water shortage, there will be a political landslide.
- Another state issue is the standards set by the State Water Resources Control Board and Regional Water Quality Control Board. It was noted that there are guiding principles and broad directives to guide SJWD Staff around advocacy issues at the state and federal levels. However, there was a recommendation to develop strategies to influence decision-makers. As the RWA has changed strategy from a political public relations firm to a general public relations firm there was a request to consider whether or not a political firm is necessary to provide the legislative outreach to provide sufficient influence. It was noted that such services are costly and may be outside the budget capacity of SJWD.
• The community needs to understand SJWD’s advocacy efforts, and how state and federal actions impacts rate payers. One board member pointed out that Folsom Reservoir water levels are not part of SJWD interests, but that water quality, power to access the water, and quantity are SJWD interests. Thus there needs to be a way to mitigate issues that impact those interests. One example where rate payers are impacted by federal actions is when the Bureau of Reclamation needs to lower salinity in the Delta, they use Folsom Reservoir water, which draws down the water available for SJWD customers.

• One way to build community awareness of the impacts from state and federal is to develop a strategic communication and outreach plan that prioritizes and identifies the topics, audiences, key messages for each audience group, things SJWD is willing to trade, allies, and the resources necessary to deliver the messages.
  o One recommendation was for SJWD staff to develop a foundational plan, and then bring it to the Board for review. The Board could provide input into the scope and prioritize the topics.

• Another recommendation was to use media outlets to grow the distribution of the messages, and to create media distribution/partnerships. The basic message is, “We’re important enough for you to deal with us.” One way to do that is to have the Public Information Committee discuss with Crocker and Crocker on developing an op-ed to be submitted to the Sacramento Bee. There was an understanding that the description of the issues need to be clear for both the professionals and general public. Also, any letter sent to media outlets should come from the Directors, after review by the General Manager.

• A third recommendation includes using the SJWD website to disseminate information more effectively.
  o ACTION: Begin conversation with Crocker and Crocker about an op-ed
  o ACTION: Develop a media packet for media outlets and request that they contact the District when related topics arise
  o ACTION: Discuss at the PI committee public messaging and determine if SJWD should retain a consultant who specializes in political public relations
  o ACTION: Review and refine website and social media strategy with appropriate language, including link to coalition websites
  o ACTION: Report to the Board on the implementation of communications efforts

• There are three categories of actions that impact the SJWD:
  o Specific State actions
    ▪ Bay Delta Conservation Plan
    ▪ ARIOS – American River Operation System
  o Specific Federal actions
    ▪ Reoperation of Folsom Dam
    ▪ Remanded Biological Opinion
State Water Resources Control Board Flow Standards
  o Federal and State actions that intersect with the community
    ▪ Water Bond and Fee Legislation
    ▪ Lower American River Flow Standards – Water Forum
    ▪ State Water Resources Control Board Flow Standards
    ▪ Moving the Department of Public Health into the SWRCB
    ▪ Remanded Biological Opinion – DWR and USBR
    ▪ Planned water levels at Folsom Reservoir and utilization of Folsom Reservoir for Delta Benefits

9. Water Management and Shortage Supply

Ms. Lorance updated the Board on the Sacramento Suburban Water District’s (SSWD) request to initiate a 2x2 process. First efforts included information distribution about parallel services, such as mailing bills, purchasing supplies, etc. This effort did not result in any action. A second request from the SSWD for a 2x2 process included a discussion of how to improve water management between the two agencies. Assets that SSWD brings to a potential agreement include groundwater and transmission facilities, and SJWD brings surface water and treatment facilities. As outlined in the Staff Report to the 2x2 Committees and SSWD and SJWD, dated January 14, 2013, the staff recommendation was to call a joint board meeting to update the other directors on the discussions. There is a joint board workshop scheduled to continue discussion on the best process for improving water management and political strength in the region. At the workshop, there will be a more detailed presentation of the past discussions between the two districts and whether the discussions should continue.

Review of improved water management opportunities include:

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<th>Approvals required</th>
<th>Constraints</th>
<th>Costs</th>
<th>Feasibility</th>
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<td>1. likely lose access to surface water</td>
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<td>Utilize CVP water outside SJWD service area</td>
<td>1. USBR</td>
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<td>agreement</td>
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<td>downstream</td>
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<td>Modify SJWD CVP water service area to include</td>
<td>1. USBR</td>
<td>1. Environmental costs high</td>
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SJWD Board of Directors Workshop Summary    January 22 and 29, 2013
| Utilize SJWD water rights in SSWD and use CVP in SJWD service area, without consolidation | 1. SSWD and SJWD agreement | 1. Agreement requires CEQA  
2. Possible court challenge based on harm to downstream  
3. Concern with entering agreement for use of water rights outside SJWD | 1. Environmental costs high  
2. High legal costs if challenged | Medium, if SJWD willing to enter agreement |
| Utilize SJWD water rights in SSWD and use CVP in SJWD service area, with consolidation | 1. LAFCO | 1. Categorical exemption or Negative Declaration  
2. Political concerns  
2. Staff effort to consolidate functions | Medium to High, depending on political or customer concerns |

The following comments reflect the Board’s discussion of the topic:

- The 2x2 committees have recommended continued evaluation of three possible options: 1) no action, 2) change SJWD CVP service area to include SSWD, and 3) consolidate agencies to better manage surface and groundwater.

- There was a request for additional information about the consolidation option, as well as a consideration of the other options through actions such as purchasing well sites and water injection sites. Directors Peterson, Costa, Tobin, and Walters all indicated support for the third option, but also wanted to learn about the benefits and drawbacks of a potential merger, particularly how it will impact ratepayers, and whether a vote by the public will be required. Director Walters noted he would also be supportive of the second option if the third was not available.

- It was noted that consolidation can be a contentious issue, depending on whether adequate information is provided. If there was a protest by customers, 25% of the voters would have to protest to mandate a vote by the public. It was discussed that if there was that large a protest, the districts would likely reconsider the action. One way to minimize possible conflict is to prepare the agenda materials using neutral terminology and explain that the workshop would be informative and non-decisional, and to prepare for any possible publicity. A key goal would be to examine potential benefits for rate-payers. One Board member noted that an alternative to the effort to initiate a consolidation is to work towards a segmented or stepped consolidation.

  - **ACTION:** In preparation for the workshop, prepare a one-page summary of the potential costs and benefits of each of the options

- Prior to the Joint Board Workshop in March, the SJWD attorney will provide information about the previous Arcade and Northridge consolidation process. At a regular SJWD Board meeting,
the attorney can give a presentation about the lessons learned, broader issues, and have a question and answer session. The Board recognized that the Attorney may face a conflict of interest at some point of the process as he represents both districts. Should a point be reached where there is a conflict of interest, the attorney will provide notice to both boards, and at that time SJWD will need to determine who will provide legal representation on their behalf.

- **ACTION:** Conduct a meeting with SJWD Attorney and the board prior to the 3/21 Joint Board Workshop
- **ACTION:** After the workshop, discuss at a future board meeting (for full transparency) whether any further action is needed

10. Fair Oaks 40 – Lessons Learned

Ms. Lorance updated the Board about the lessons learned from the dispute with Fair Oaks Water District (FOWD) over the 40” pipeline. Those lessons include the need to develop set process for communication, recognize that the lack of responsive communication from the other party should not lead to delays by SJWD to pursue action, and that consensus is not always achievable. Specifically efforts to reach consensus with one agency resulted in less effort on priority activities. Questions Ms. Lorance would like the Board to consider include whether SJWD should modify the wholesale water rates to include a charge for planned capital improvement projects on facilities downstream of Hinkle Reservoir, based on a beneficiary pays principle, and how to address damage to SJWD credibility with other wholesale customer agencies due to the long process. The most urgent question to address is how to address capacity in the existing surface water facilities in the case where a wholesale customer agency has plans to use more groundwater in future.

Going forward Ms. Lorance recommends a review and revision to the wholesale water supply agreements to include communication requirements, as well as review of other wholesale agreements, such as shortage supply to verify if they are adequate. Should relationship with wholesale customer agencies be a more business like relationship?

The following comments reflect the Board’s discussion of the topic:

- The Board suggests that SJWD Board needs to consider whether or not to allocate capacity to wholesale customer agencies. SJWD needs to allocate costs based on capacity reserved for an agency. One Board member expressed the need for all district directors to participate in the future five year wholesale financial plan, which includes the rate setting processes. Another Board Member recommended that Ms. Lorance provide her recommendation to the board about how to proceed when the issue is discussed at board meetings. There was a recommendation for Ms. Lorance to give quick presentations at Board meetings about such business decisions so as to inform discussions about the budget for the five year plan.
- Part of the issue was that SJWD did not proactively control the interaction with FOWD on the FO-40 and approach it as a business decision. It was also noted that SJWD had not yet established key allocation formulas that would allow it to drive the conversation.
The Board discussed cost allocations for the wholesale customer agencies. Ms. Lorance explained that debt service charges are assigned to each agency based on the capacity utilized at the time of the borrowing. There is also a fixed service charge for each agency. There is a volumetric charge based on the number of acre-feet used by each wholesale agency. Should one agency begin to utilize less water, then the effective per acre foot charge increases. If an agency uses more water, then the effective per acre foot charge decreases. SJWD is interested in partnering with other agencies to utilize any unused capacity at the WTP as this reduces costs for all agencies.

It was emphasized that SJWD would have to verify the legality of selling unassigned capacity at the WTP and make sure there was not any negative impacts to existing customers.

There needs to be a communication plan so that SJWD Board is confident information is being presented to the Board of Directors at the other wholesale customer agencies. It was suggested that a possible solution is to set a ground rule at the executive committee that presentation on cooperative projects by staff of one agency to the Board at another agency during public comment is acceptable.

- **ACTION:** Executive Committee to develop and recommend a communication protocol allowing staff to speak to other Boards on mutual projects without breaking protocol

There was a recommendation to send a letter to the FOWD Board and all other district boards requesting expected surface water use for the next five years with a response due date, as it is important for the SJWD to develop its financial plan. The letter to the wholesale customer agencies boards of directors should include a rationale and background on why the information is necessary, as well as the importance of responding by the designated date.

- **ACTION:** Send letter to the family agency boards requesting them to clarify their anticipated surface water use for next five years with due date for response and context of request
- **ACTION:** Bring analysis of anticipated water use to Board with recommendations on how to incorporate into wholesale five year financial plan

### 11. Prioritization of Action Items

Ms. Lorance and Mr. Fougères requested that the Board assign rankings to the following Strategic Actions to prioritize the items. Once the rankings were compiled the Board discussed the outcomes.

<table>
<thead>
<tr>
<th>#</th>
<th>DESCRIPTION</th>
<th>VALUE ASSIGNED (1, 3, or 5)</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>TC</td>
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<tr>
<td>GROUNDWATER CONTAMINATION</td>
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| BOARD MEMBER INITIALS | 1 | 3 | 1 | 3 | 3 | 11 |

SJWD Board of Directors Workshop Summary

January 22 and 29, 2013
the contamination plumes.

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<tr>
<td>2</td>
<td>Have legal counsel review dry year supply contracts and assess the certainty of delivery during these periods.</td>
<td>3</td>
<td>5</td>
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<td>3</td>
<td>Following review of contracts, decide whether to develop an aquifer storage &amp; recovery policy and program.</td>
<td>5</td>
<td>5</td>
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**CALIFORNIA-OREGON TRANSMISSION PROJECT**

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<td>4</td>
<td>Review and assess whether the current contract is providing SJWD with the best possible value.</td>
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**WATER SUPPLY RELIABILITY**

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<tr>
<td>5</td>
<td>Continue investigating strategic questions, including those added on January 22*.</td>
<td>3</td>
<td>5</td>
<td>5</td>
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<td>6</td>
<td>Estimate minimum supply in all months, desired supply in all months, and then assess what flexibility there is to participate in other opportunities.</td>
<td>3</td>
<td>3</td>
<td>5</td>
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<td>7</td>
<td>(Same as #3 above, no need to rank again) Have legal counsel review dry year supply contracts and assess the certainty of delivery during these periods.</td>
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<tr>
<td>8</td>
<td>Assess how well Term 14 will provide assurances for water rights and entitlements.</td>
<td>3</td>
<td>5</td>
<td>5</td>
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<tr>
<td>9</td>
<td>Clarify WSR objectives and develop policy guidelines regarding participation in other opportunities (e.g., shipping water south, cooperating with agencies outside the region).</td>
<td>5</td>
<td>5</td>
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**PUBLIC COMMUNICATION OF WHOLESALE & RETAIL EXPENSES**

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<td>10</td>
<td>Augment current strategies to better address objectives, and incorporate new topics and strategies**.</td>
<td>1</td>
<td>5</td>
<td>3</td>
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**EMPLOYEE COMPENSATION STUDY**

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<td>11</td>
<td>Develop goals and criteria for an employee compensation study in coordination with the Personnel Committee.</td>
<td>1</td>
<td>3</td>
<td>5</td>
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**STATE AND FEDERAL ACTIVITIES**

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<tr>
<td>12</td>
<td>Prioritize of State/Federal/Community Actions</td>
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<td>5</td>
<td>5</td>
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**WATER MANAGEMENT AND SHORTAGE SUPPLY**
After the workshop, discuss at a future board meeting (for full transparency) whether any further action is needed

FAIR OAKS 40: LESSONS LEARNED

Bring analysis to Board with recommendations in preparation for the five year financial plan

- Highest ranking items include:
  - Item #9 - Clarify WSR objectives and develop policy guidelines regarding participation in other opportunities (e.g., shipping water south, cooperating with agencies outside the region).
  - Item #5 – Water Supply – Continue to investigate strategic question including those added on 1/22.
  - Item #8 - Assess how well Term 14 will provide assurances for water rights and entitlements.
  - Item #12 - Prioritization of State/Federal/Community actions

- Second Highest:
  - Item #3 - Following review of contracts, decide whether to develop an aquifer storage & recovery policy and program.
  - Item #6 - Estimate minimum supply in all months, desired supply in all months, and then assess what flexibility there is to participate in other opportunities.
  - Item #13 - Decide whether to continue the analyzing consolidation

The following comments reflect the Board’s discussion of the topic:

- Topically, water supply and reliability are key focal area to prioritize.

Tactical action items from the two days were not ranked, given the shared expectation that staff would complete these regardless of ranking. These included:

GROUNDWATER CONTAMINATION
1. In communication materials, clarify why SJWD cares about groundwater (e.g., dry year emergency supply)
2. Add a regular update to the Board’s meeting agendas
3. Brief the Board on the Regional Water Quality Control Board’s new process and criteria for injection

CALIFORNIA-OREGON TRANSMISSION PROJECT
4. Research the original contract, including genesis, ownership versus rental, modifications over time, and current status
5. Add section to annual report on power assets
6. As part of reviewing contract, seek legal counsel’s advise on the specific questions to ask

PUBLIC COMMUNICATION OF WHOLESALE & RETAIL EXPENSES
7. Gather information about how other retailers communicate their costs, how they portray San Juan wholesale, and great government examples (e.g., League of Cities, CSAC)

WATER EFFICIENT LANDSCAPE GARDEN
8. Include information about the WEL garden in the Water Gram, including current water use data
9. Estimate comparative water use and water cost savings between WEL and Director Peterson’s summer lawn in Granite Bay
10. Find a good WEL calculator and make this available on the website

EMPLOYEE COMPENSATION STUDY
11. Solicit consultant proposals for an employee compensation study based on the goals and criteria identified by the Board

STATE AND FEDERAL ACTIVITIES
12. Provide the Board with standing report after ACWA board meetings
13. Director Costa to provide Conservation Committee with Tree Foundation contact for follow-up
14. Begin conversation with Crocker and Crocker about an op-ed
15. Develop a media packet for media outlets and request that they contact the District when related topics arise
16. Review public messaging with a consultant who specializes in this field
17. Review and refine website and social media strategy with appropriate language, including link to coalition websites
18. Report to the Board on the implementation of communications efforts

WATER MANAGEMENT AND SUPPLY SHORTAGE
19. In preparation for the workshop, prepare a one-page summary of the potential costs and benefits of each of the options
20. Conduct a meeting with SJWD Attorney and the board prior to the 3/21 Joint Board Workshop

FAIR OAKS 40: LESSONS LEARNED
21. Executive Committee to develop and recommend a communication protocol allowing staff to speak to other Boards on mutual projects without breaking protocol
22. Send letter to the family agency boards requesting them to clarify their anticipated surface water use for next five years with due date for response and context of request
12. Closing Remarks

Mr. Fougères summarized the action items from the day’s session and requested feedback about the workshops.

The following comments reflect the Board’s discussion of the topic:

- It is useful to connect the strategic action items back to the standing board committees, and use them to provide strategic direction and create a work plan for the committees.

- One idea to address at a future board meeting is how to engage other agencies and training/schools to recruit recent graduates to work for SJWD.
  - There was a recommendation to have a focused discussion on workforce development as part of the Succession Plan and Human Resources Master Plan.

- It was noted that future meetings could also address more internal organizational issues.

Board President Miller closed the meeting.