

**SAN JUAN WATER DISTRICT
BOARD MEETING AGENDA
February 9, 2011
7:00 p.m.
9935 Auburn Folsom Road
Granite Bay, CA 95746**

The Board may take action on any item on the agenda, including items listed on the agenda as information items. The Board may add an item to the agenda (1) upon a determination by at least three Board members that an emergency situation exists, or (2) upon a determination by at least four Board members (or by three Board members if there are only three Board members present) that the need to take action became apparent after the agenda was posted.

The public may address the Board concerning an agenda item either before or during the Board's consideration of that agenda item. Public comment on items within the jurisdiction of the Board is welcome, subject to reasonable time limitations for each speaker. Upon request, agenda items may be moved up to accommodate those in attendance wishing to address that item. Please inform the General Manager. Times on the agenda are estimates, and items may be discussed at a different time than listed.

Documents and materials that are related to an open session agenda item that are provided to the District Board less than 72 hours prior to a regular meeting will be made available for public inspection and copying at the District office during normal District business hours.

In compliance with the American's with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the Board Secretary at 916-791-0115. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

ESTIMATED TIMES

7:00 p.m.

I. PUBLIC FORUM

- 1. Public comment on non-agenda items**

7:01 p.m.

II. CONSENT CALENDAR: All items under the Consent Calendar are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless a member of the Board, Audience, or Staff request a specific item removed after the motion to approve the Consent Calendar.

- 1. Minutes of the Board of Directors Meeting January 12, 2011**
- 2. Minutes of the Board of Directors Meeting January 26, 2011**
- 3. Resolution 11-03, ACWA JPIA Concurring Nomination**

7:05 p.m.

III. COMMITTEE REPORTS

- 1. Public Information Committee (1/24/11)**
 - 1.1 Review WaterGram
 - 1.2 Spring Conservation Event
 - 1.3 RWA Public Information Subscription Program
 - 1.4 Other Public Information Matters
 - 1.5 Public Comment

2. **Engineering Committee (1/24/11)**
 - 2.1 FO 40 Pipeline Rehabilitation Project

Action: Consider motion to approve the Memorandum of Understanding between Fair Oaks Water District, Orange Vale Water Company and San Juan Water District for the FO 40 Pipeline Rehabilitation Project
 - 2.2 Other Engineering Matters
 - 2.3 Public Comment

3. **Finance Committee (2/8/11)**
 - 3.1 Review and Pay Bills

Action: Consider Adoption of Resolution No. 11-04
 - 3.2 Wholesale Customer Agency Water Supply Contracts

Revisions to Bill in Arrears

Action: Consider adoption of Resolution No. 11-02 modifying wholesale customer agency water supply contracts
 - 3.3 Penalties and Interest for Delinquent Water Charges
 - 3.4 Wholesale Customer Agency Outstanding Invoices
 - 3.5 Fair Oaks 40-inch Pipeline Update
 - 3.6 WTP Process Pump Maintenance
 - 3.7 Water Treatment Plant Filter Repair Project

Action: Consider approval of Change Order No. 2 and approval to increase the authorized not-to-exceed construction contract amount to \$165,000
 - 3.8 Flexibility in Scheduling Finance Committee Meeting
 - 3.9 Other Financial Matters
 - 3.10 Public Comment

7:50 p.m.

IV. INFORMATION AND ACTION ITEMS

1. General Manager's Report

- 1.1 Topics for Workshop

Draft list of topics for February workshop will be distributed at meeting

For information, no board action requested
- 1.2 Report Back Items
 - 1.2.1 Board December 14, 2010 Workshop

Report back on action items

For information, no board action requested
- 1.3 Miscellaneous District Issues and Correspondence

2. Assistant General Manager's Report

- 2.1 Report Back Items
 - 2.1.1 Treated Water and Cooperative Transmission Bypass Pipelines Project
- 2.2 Miscellaneous District Issues and Correspondence

3. Finance and Administrative Services Manager's Report

- 3.1 Report Back Items
- 3.2 Miscellaneous District Issues and Correspondence
 - 3.2.1 CalPers Press Release

4. Legal Counsel's Report

- 4.1 Legal Matters

5. Directors' Reports

- 5.1 SGA
- 5.2 RWA
- 5.3 Executive Committee
- 5.4 ACWA/JPIA
- 5.5 CVP Water Users Association
- 5.6 LAFCO
- 5.7 Other Reports and Comments

8:30 p.m.

V. UPCOMING EVENTS

- 1. Special District and Local Government Institute Governance
February 17-18, 2011
Anaheim, CA
- 2. 2011 ACWA DC Conference
March 1-3, 2011
Washington, DC
- 3. Water Education Foundation Executive Briefing
March 24-25, 2011
Sacramento, CA
- 4. Metro Chamber Cap to Cap
May 7-11, 2011
Washington DC
- 5. ACWA Spring Conference
May 11-13, 2011
Sacramento, CA

President Costa to call for Closed Session

8:30 p.m.

VI. CLOSED SESSION

Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(b); significant exposure to litigation involving construction contract claims of Preston Pipelines, Inc. related to WTP Pipeline Improvements Project.

VII. OPEN SESSION

1. Report from Closed Session

VIII. ADJOURN

UPCOMING MEETING DATES

February 15 & 16, 2011 (Annual Workshop)

February 23, 2011

March 7, 2011 (Joint Board Workshop at FOWD)

March 9, 2011

I declare under penalty of perjury that the foregoing agenda for the February 9, 2011 regular meeting of the Board of Directors of San Juan Water District was posted February 3, 2011, on the outdoor bulletin boards at the District Office Building, 9935 Auburn Folsom Road, Granite Bay, California, and was freely accessible to the public.

Teri Hart
Board Secretary

VII. Upcoming Events
VIII. Adjourn

President Costa called the meeting to order at 7:00 p.m.

I. PUBLIC FORUM

Ms. Karen Bosworth, customer, requested to read an email from Maya Tagore-Erwin.

President Costa presented a gift of appreciation to the Immediate Past Board President Dave Peterson.

II. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

1. BOARD OF DIRECTOR'S MEETING MINUTES

Approval of San Juan Water District's Board of Director's meeting minutes as follows:

1. Minutes of the Board of Directors Meeting December 8, 2010

2. WHOLESALE FINANCIAL PLAN AND WATER RATE STUDY

Accept the Wholesale Financial Plan and Water Rate Study.

Director Peterson requested that item 1 be removed from the Consent Calendar for corrections. [President Costa removed Item 1 from the Consent Calendar.](#)

Director Tobin moved to approve the Consent Calendar. Director Walters seconded the motion and it carried unanimously.

Director Peterson requested that [the December 8, 2010 Board of Directors meeting minutes](#) page 3, item V.1 paragraph 2 be revised to reflect that he requested the Board Workshop agenda be sent to the Wholesale Customer Agencies board members; therefore, the minutes will be revised to reflect what was recorded on the tape.

Director Peterson requested that when an attachment is called out that it is attached to the minutes. The Board Secretary explained that the minute book contains all of the attachments, since the Board members receive the attachments previously, it would be a duplicate process to supply them again.

VIII. General Counsel Performance Evaluation

Ms. Silvers handed out the final performance evaluation for General Counsel. The Board members gave positive verbal feedback to legal counsel. President Costa suggested that Director Walters and Mr. Bartkiewicz review the legal counsel contract to make sure it covers the scope of work completely.

Vice President Tobin moved to approve the final performance evaluation for General Counsel. Director Peterson seconded the motion and it carried unanimously.

IX. General Manager Salary Survey

Ms. Sevy provided a presentation on the General Manager Salary Survey. She reviewed the data from ten agencies and explained that the challenge to completing the survey was finding the right size agency to analyze without pulling data from Southern California or the Bay Area. Ms. Sevy informed the Board that the current salary of the SJWD General Manager falls in the middle of the salary data. Ms. Sevy commented that she tends to take a conservative approach in compensation and use the median salary when you have small sample data and it's erratically applied and is somewhat below the average salary data; in addition, she commented that compensation is correlated to revenue size of the agency.

For information only; no action requested.

President Costa called for Closed Session at 8:38 pm

X. CLOSED SESSION

General Manager's performance evaluation, and conference with negotiating committee involving compensation of General Manager, under Government Code sections 54954.5(e) and 54954.5(f), 64947 and 54957.6.

President Costa returned to Open Session at 10:08 pm

XI. OPEN SESSION

1. Report from Closed Session

President Costa announced that during the closed session, these actions had been taken: (1) Director Costa appointed a negotiating committee of Director Walters (Chair) and Director Costa; and (2) the Board unanimously approved as presented the performance evaluation report for General Manager Shauna Lorange.

Director Tobin moved to approve a payment of 4% pay-for-performance for the General Manager, under Section 6.a. of the employment agreement between the District and the General Manager. Director Walters seconded the motion and it carried with three Aye votes and two No votes (Directors Peterson and Miller).

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

January 26, 2011 – 7:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Pam Tobin	Vice President
Kenneth Miller	Director
Dave Peterson	Director
Bob Walters	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Mary Morris	Finance and Administrative Services Manager
Rick Hydrick	Operations Manager
Judy Johnson	Customer Service Manager
George Machado	Field Services Manager
Bill Sadler	Water Treatment Plant Superintendent
Greg Turner	Chief Operator
Jason Mayorga	Distribution Operator IV
Teri Hart	Board Secretary/Administrative Assistant
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

Misha Sarkovich	Fair Oaks Water District
Dan Gilliam	Fair Oaks Water District
Madelaine Kiliany	Customer
Jenny Lyon	Customer
Lianne Peterson	Customer
Jeanette Roberts	Customer
Ken Roberts	Customer
Greg Umphenour	Customer
Two Unknown	

AGENDA ITEMS

- I. Public Forum**
- II. Consent Calendar**
- III. Presentations**
- IV. New Business**
- V. Old Business**
- VI. Information and Action Items**
- VII. Upcoming Events**
- VIII. Adjourn**

President Costa called the meeting to order at 7:00 p.m.

President Costa moved Item III-2, Emergency Response Planning Presentation, to the beginning of the agenda per request of the presenter. The minutes will reflect the original order.

I. PUBLIC FORUM

Mr. Ken Roberts commented that the agenda didn't show the discussion that is ongoing regarding employee benefit package and inquired when it will be put on the agenda. President Costa responded that there are four items to discuss from the Personnel Committee recommendations and they will be on a Board agenda in the future, possibly separate meeting dates within the next six weeks.

Ms. Lianne Peterson commented on compensation issues regarding employee portion of insurance premiums and retirement packages and requested that the Board take into consideration rate payers when evaluating Personnel Committee recommendations. President Costa encouraged Ms. Peterson to give the Board Secretary her email address so that she is included in the email distribution of Board agendas and he assured her that the Board will address every issue in the Personnel Committee recommendations.

Mr. Roberts commented that the Board meeting minutes are not posted quickly enough on the website. Ms. Lorance explained that the final meeting minutes are posted after the Board adopts them, which is at the next Board meeting; however, draft meeting minutes are available in the Board Packet on the website usually by the Friday prior to the Board meeting when they will be adopted.

Ms. Jenny Lyon commented that she agrees with Ms. Peterson's comments on compensation issues.

II. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

1. BOARD OF DIRECTOR'S MEETING MINUTES

Approval of San Juan Water District's Board of Director's meeting minutes as follows:

1. Minutes of the Board of Directors Meeting January 12, 2011

Director Peterson requested that the minutes be removed from the Consent Calendar for discussion.

Director Miller moved to approve the January 12, 2011 Board of Directors meeting minutes. Director Tobin seconded the motion.

Director Peterson requested that item II-2, paragraph 3, be revised to strike "carried unanimously." [The Board Secretary reviewed the audio tape and, after Item 1 was removed, the Consent Calendar was approved

unanimously. The minutes were revised to clarify the meeting minute discussion and will be reviewed at the February 9th meeting.]

Director Peterson requested that item IX, last sentence be revised to include that Ms. Sevy does not recommend that the average salary is used and that the median salary should be used. Ms. Lorange suggested that the Board Secretary review the audio tape and correct the minutes as necessary. Director Peterson suggested striking, “and is somewhat below the average salary data” from the sentence. Director Tobin requested clarification from the audio tape.

Director Walters pointed out that on page 5 of the meeting minutes, there was a motion to table the Wholesale Water Agency Water Supply Contracts agenda item until the January 26th meeting; however, he noticed that the agenda item is not on the agenda. Ms. Lorange explained that the revisions requested from Fair Oaks Water District were not received prior to the agenda being posted and were received on January 26th; therefore, the topic was not included on the agenda.

Director Miller withdrew his motion.

President Costa requested that the Board Secretary review the audio tape and revise the January 12th meeting minutes as needed and table review of those minutes until the February 9th meeting.

III. PRESENTATIONS

1. Budget Assumptions for 2011/2012 Budget – Mary Morris

Ms. Morris reviewed her staff report which will be attached to the original meeting minutes. She conducted a presentation on the Budget Assumptions for the 2011-12 Budget. She reviewed the budget schedule which was included in her report and reviewed the assumptions in detail. She informed the Board that the Retail Financial Plan and Water Rate Study is being completed and is anticipated to be brought back to the Board at the February 22nd meeting.

The Board discussed the budget assumptions – comments and suggests are below:

- Use the proceeds from the sale of water to Sacramento Suburban Water District to offset rate increases in the following year
- Inflation factors - note if there is data backup or if an assumption
- OPEB - 5% factored until actual numbers are received in May/June
- Energy costs – Solar Project generates savings, that savings will be applied to CIP to cover initial costs. Increases in energy costs from outside source will still be showed in the budget with the actual savings shown from the Solar Project

- Engineering costs should be allocated appropriately either to the CIP or operating budget
- Savings that were mentioned in Ms. Lorance's report from the last meeting should be reflected in the budget
- Construction cost inflation at 4% not necessarily correct [updated costs for 2010 CIP in 2010 to reflect current construction costs]
- Use of Reserves to help offset rate increases
- Solar Project – only show the current year savings instead of the overall savings that will be recovered over 4 years.
- Put a place holder for the costs anticipated by state actions, such as fees or conservation efforts

President Costa requested that Director Peterson meet with Ms. Morris to review the budget assumptions and answer all of his questions.

Mr. Dan Gilliam commented that a consultant recommended that FOWD borrow \$5.4 million in order to complete the water meter installations. He commented that the FOWD board decided not to take this advice and have not raised rates in five years and have almost installed all the meters.

Mr. Sarkovich commented that the assumptions for construction costs for 2012 are not based on data – the 2010 CPI Index was up on an average 1.5%, so a 3-4% inflation rate is too aggressive.

Ms. Kiliany commented that the constructions bids come in too low then the contractors issue claims and bill the District more.

The Board concurred that Director Peterson will meet with Ms. Morris to review initial budget assumptions.

2. Emergency Response Planning – Rick Hydrick

Mr. Durkin reviewed his staff report which will be attached to the original meeting minutes. Mr. Durkin introduced Mr. Rick Hydrick, SJWD Operations Manager. Mr. Hydrick conducted a presentation on Emergency Response Planning and reported that the project is almost complete. A copy of the presentation will be attached to the original meeting minutes.

For information only; no action requested.

IV. NEW BUSINESS

1. Communications

Director Walters informed the Board that the District received emails from Misha Sarkovich on January 11 and 12, 2011. Mr. Sarkovich addressed the Board with his concerns as listed in the emails. A copy of the emails will be attached to the original meeting minutes. Mr. Sarkovich expressed his frustration on escalating rates on the wholesale side.

Mr. Roberts commented that the rate payer, regardless if wholesale or retail, pays for the cost of water and therefore it is not responsible to consider any rate increase.

Ms. Lorange commented that the District will be looking at next year's budget to hold or reduce costs where possible and explained that this year's budget contained more projects than in past years.

Director Miller expressed his appreciation to the public for attending the Board meeting and discussing their opinions and assured the public that the Board will take their comments very seriously, along with the Personnel Committee recommendations, in reviewing the budget.

Director Walters agreed that the three items in the second email should be discussed along with all the options. Director Walters commented that the first email stated information without any backup and he would like to see the data. Mr. Sarkovich commented that he will get the backup data to Director Walters.

Director Tobin explained that San Juan Wholesale and Retail are totally separate and the funding is not crossed between the two entities. She encouraged the public to attend more Board meetings in order to understand the District and not be swayed by incorrect or twisted information that has been disseminated that is not technically correct. Ms. Lorange commented that the public is welcome to contact the District in order to get clarification on any issue they might have.

President Costa inquired if Mr. Sarkovich wanted a formal response on this topic. Mr. Sarkovich informed the Board that he did not want a formal response. Ms. Lorange invited FOWD to contact the District if they wanted to come to the District to go over any finances.

For information only; no action requested.

V. OLD BUSINESS

1. Recording of Meetings

The Board discussed the recording of regular meetings versus workshops and decided to record all meetings including workshops. Ms. Lorange will discuss with the Legal Affairs Committee regarding a possible revision in the board policy.

For information only; no action requested.

2. Attachments for Meeting Minutes

Ms. Lorange explained that attachments to the draft meeting minutes are not attached when they are sent in the meeting packet because the items were already provided previously. A previous board member had requested that

they did not want large board packets with documents that they had already received, and this would cut down on staff time and copying expense. Ms. Lorance explained that the attachments can be found on the original meeting minutes located in the minute book at the District office. The Board discussed the topic and decided that the board packet version posted to the website will include the attachments as well as the final minutes which are posted to the website, and the hardcopy board packet will not include the attachments. Ms. Lorance will bring back a policy for adoption at a later meeting as a formal change.

For information only; no action requested.

3. Committee Assignments

President Costa made his committee assignments and a copy of the assignments will be attached to the meeting minutes.

For information only; no action requested.

VI. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 Board December 14, 2010 Workshop

Ms. Lorance informed the Board that responses to most of the action items are provided in the staff report. The schedule for completion for the remaining items is also included. A copy of the staff report will be attached to the meeting minutes.

Director Peterson inquired on the document that was stamped, "Confidential," and asked Legal Counsel if this document could be made public. Mr. Bartkiewicz informed the Board that the document could be made public. Ms. Lorance requested that the document remain confidential unless a copy is specifically requested in order to reduce potential for employee morale issues.

For information only; no action requested.

1.2 RWA Public Information Subscription Program

Ms. Lorance informed the Board that RWA is leading a Public Information Subscription Program which will be used to educate the public and legislators on upcoming legislative issues, such as water rights and fees. The RWA carries more weight in the legislature since it is a regional association that represents multiple agencies. The cost for San Juan Retail will be approximately \$10,000 to \$15,000.

For information only; no action requested.

1.3 Report Back Items

Ms. Lorance informed the Board that Dorian Fougères will facilitate the Annual Workshop in February. Mr. Fougères will be working on the priorities for this year that the Board wants to accomplish, outside of routine District operations.

Director Miller would like to see a list of the impacts to the District and why the District would be involved in an issue, with the pros and cons listed. Ms. Lorance will send a list of the issues to the Board members in advance of the workshop.

For information only; no action requested.

1.4 Miscellaneous District Issues and Correspondence

Ms. Lorance informed the Board that the Water Education Foundation Executive Briefing will be held on March 24-25, 2011 and encouraged Board members to contact the Board Secretary if they plan to attend. Director Tobin highly recommends that Board members attend at least the first day of the conference.

For information only; no action requested.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Report Back Items

Mr. Durkin informed the Board that the results of the chemical pilot testing to date look very promising and staff is anticipating a successful outcome. The actual chemical usage will be projected into next year's budget.

For information only; no action requested.

2.2 Miscellaneous District Issues and Correspondence

There were no items discussed.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association

Ms. Morris reported that the District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the 4th consecutive year. This award is given to the District for meeting certain high level criteria for financial reporting.

For information only; no action requested.

3.2. Report Back Items

- **Local Government Compensation Report**

Ms. Morris reported that the District submitted the compensation report to the State Controller's Office. The data will be available to the

public by June 2011 on their website. A copy of the data that was submitted to the State Controller's Office will be attached to the meeting minutes.

For information only; no action requested.

President Costa requested that Ms. Morris follow up on scheduling the Placer County Tax Collector to conduct a presentation on pooled-money accounts.

3.3. Miscellaneous District Issues and Correspondence

There were no items discussed.

4. LEGAL COUNSEL'S REPORT

Mr. Bartkiewicz provided a copy of the Environmental, Environmental Justice, and Fishing Community Joint Scoping Recommendations for the Delta Stewardship Council. A copy of the document will be attached to the meeting minutes.

For information only; no action requested.

5. DIRECTORS' REPORTS

5.1 SGA

No report.

5.2 RWA

Director Tobin reported that RWA met on January 13th. Bill George was elected as Chair for the Board of Directors.

5.3 Executive Committee

Mr. Durkin reported that the Executive Committee met on January 25th and the minutes will be available at the next Board meeting.

5.4 ACWA/JPIA

No report.

5.5 CVP Water Users Association

President Costa reported that the CVP Water Users Association met on January 18th. He mentioned that the Bureau wanted to change its billing practices to automatically bill and the water purveyors would pay over a 10-year period, with interest; however, CVPWUA pointed out that due process was not used and the policy to do this has now been delayed. Ms. Lorance mentioned that Kathy Kitchell will be working on this issue as a joint effort for the District and City of Roseville.

5.6 LAFCO

No report.

5.7 Other Reports and Comments

No report.

VII. UPCOMING EVENTS

1. Special District and Local Government Institute Governance
February 17-18, 2011
Anaheim, CA
2. 2011 ACWA DC Conference
March 1-3, 2011
Washington, DC
3. Water Education Foundation Executive Briefing
March 24-25, 2011
Sacramento, CA
4. Metro Chamber Cap to Cap
May 7-11, 2011
Washington DC
5. ACWA Spring Conference
May 11-13, 2011
Sacramento, CA

VIII. ADJOURN

The meeting was adjourned at 9:30 p.m.

EDWARD J. "TED" COSTA, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary

The January 26, 2011 meeting minute attachments are located under the Meeting Minutes – *Draft* on the webpage.

AGENDA ITEM II-3

From: [Robert Churchill](#)
To: [David Breninger](#); [Debra Sedwick](#); [Jan Gentry](#); [John Woodling](#); [Mitch Dion](#); [Rob Roscoe](#); [Shauna Lorange](#); [Steve M Nugent](#); [Teri Hart](#); [Tom R Gray](#)
Subject: ACWA JPIA Concurring Nomination
Date: Wednesday, February 02, 2011 11:24:59 AM
Attachments: [concurring_resolution_exco.pdf](#)

All:

CHWD Director Joe Dion will be nominated for re-election to the ACWA-JPIA Executive Committee and needs your assistance with concurring nominations. Please consider having your agency adopt a concurring nomination on his behalf. A sample resolution is attached. Concurring nominations must reach ACWA-JPIA at P.O. Box 619082, Roseville, CA 95661-9082 by the close of business (4:30 PM) on Friday March 25, 2011

Thanks!

Bob Churchill

General Manager
Citrus Heights Water District
6230 Sylvan Road
Citrus Heights, CA 95610
Telephone: (916) 725-6873
Fax: (916) 725-0345
Email: rchurch@chwd.org
Web: www.chwd.org

IMPORTANT: Beginning Monday May 10, 2010 CHWD Office Hours will change to:
Monday through Thursday 8:00 AM to 5:30 PM.
CHWD will be closed on Fridays

RESOLUTION NO. 11-03

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN JUAN WATER DISTRICT

CONCURRING IN NOMINATION TO THE EXECUTIVE COMMITTEE

OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES
JOINT POWERS INSURANCE AUTHORITY ("ACWA/JPIA")

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

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

WHEREAS, another ACWA/JPIA member district, the CITRUS HEIGHTS WATER DISTRICT, has requested that this district concur in its nomination of its member of the ACWA/JPIA Board of Directors to the **Executive Committee** of the ACWA/JPIA;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the SAN JUAN WATER DISTRICT that this district concurs with the nomination of Joe Dion of the CITRUS HEIGHTS WATER DISTRICT to the **Executive Committee** of the ACWA/JPIA.

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a certified copy of this resolution to the ACWA/JPIA at P.O. Box 619082, Roseville, California 95661-9082, forthwith.

ADOPTED this 9th day of February, 2011.

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:

EDWARD J. "TED" COSTA
President, Board of Directors

ATTEST

TERI HART
Secretary, Board of Directors

**Public Information Committee Meeting Minutes
San Juan Water District
January 24, 2011
8:30 a.m.**

Attendees: Ken Miller, Chair
Ted Costa, Member
Shauna Lorance, General Manager
Judy Johnson, Customer Service Manager
Teri Hart, Administrative Assistant/Board Secretary
Nicole Quinonez, LucyCo

Topics: Review WaterGram
Spring Conservation Event
RWA Public Information Subscription Program
Other Public Information Matters
Public Comment

1. Review Water Gram

The committee reviewed the WaterGram and recommended minor revisions.

For information, no action requested.

2. Spring Conservation Event

Ms. Lorance informed the committee that a spring conservation event is scheduled for May 21, 2011. This event will be renamed and is coordinated in-house to keep costs down. The event will focus on conservation efforts to encourage customers to keep water use down.

For information, no action requested.

3. RWA Public Information Subscription Program

Ms. Lorance informed the committee that RWA is coordinating a Public Information Subscription Program. The Wholesale Customer Agencies decided to participate in this program individually and not under SJWD Wholesale; therefore, individual participation is at the discretion of each agency. The cost for each agency to participate in this program will depend on the size of the agency. The cost to SJWD retail is estimated be between \$10,000 and \$15,000.

The program is a continuation of the state lobbying efforts in that the public will receive information on fee increases due to legislation, potential large fees to support the water bond, spot bills for fees and significant issues in the legislature that may affect water rights.

For information, no action requested.

4. Other Public Information Matters

Director Miller suggested that items being discussed at the February Board Workshop be compiled into a written format that includes information on the item, the impact to the District, including financial impact, and a list of pros and cons for the Board members to review.

Director Miller inquired if the District funded rebate programs for grass replacement. Ms. Johnson informed the committee that the District researched this type of rebate program and it was considered too costly for customers.

Ms. Quinonez informed the committee that a press release was distributed regarding the District receiving the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

5. Public Comment

There was no public comment.

The meeting adjourned at 9:08 am.

AGENDA ITEM III-2 DRAFT

Engineering Committee Meeting Minutes San Juan Water District January 24, 2011 9:30 a.m.

Attendees: Dave Peterson, Chair
Pam Tobin, Director
Shauna Lorance, General Manager
Keith Durkin, Assistant General Manager
Rob Watson, Engineering Services Manager
Tony Barela, Senior Engineer
Teri Hart, Administrative Assistant/Board Secretary

Topics: FO 40 Pipeline Rehabilitation Project
Other Engineering Matters
Public Comment

1. FO 40 Pipeline Rehabilitation Project

Mr. Durkin provided an update to the committee on the project status. The committee reviewed and discussed the following items:

- October 18, 2010 Staff Report to Engineering Committee on Phase 1 Investigation. This report outlined the recommended project and construction phasing plan previously agreed to by FOWD, OVWC and SJWD (the "Agencies").
- October 15, 2010 draft Agreement for Ownership, Utilization, Operation, and Maintenance of the Fair Oaks 40-Inch Pipeline. This agreement included draft capacity and cost allocations for the pipeline. Capacity and cost allocations were based on data obtained from the new Wholesale Water Meters. Comments on the agreement were received from OVWC.
- November 3, 2010 email documenting a November 2nd meeting with Agencies to review project scope, phasing, schedule, cost, etc. and the draft Agreement. The email provided action items and completion dates.
- November 18, 2010 overall project schedule and estimated cash flow demand.
- December 15, 2010 email to Agencies with a recap of the project expenses to date.
- December 30, 2010 memo from Tom Gray regarding project funding. The memo suggested cost allocations for the project should be based on data obtained prior to installation of the new Wholesale Water Meters, or based on requested service levels from each Agency.
- January 10, 2011 memo from Keith Durkin to Tom Gray responding to the December 30th memo. The January 10th memo agreed that assigning capacity and costs based on requested service was a feasible approach, recognized that developing a final agreement could take several months, emphasized the urgency of continuing to move the project forward, and suggested that a Memorandum of Understanding be entered into between the

Agencies to document the Agencies general agreement on the project going forward and establish an interim cost sharing arrangement for initial project expenses.

The above documents are available for review upon request to SJWD staff.

Staff developed a draft Memorandum of Understanding (MOU) for use between FOWD, SJWD and OVWC based on the concepts of the January 10th memo to FOWD and per direction from the SJWD Directors at the January 12th Board meeting. The SJWD Directors would like to ensure that all Agencies are “on the same page” before the project proceeds much further. Staff received comments from OVWD on the draft MOU but has not yet received feedback from FOWD. The committee reviewed and recommended two additional clarifications to the MOU. A copy of the draft MOU is attached to these minutes.

Mr. Durkin reminded the committee that preliminary work to determine if the project qualifies for a statutory or categorical exemption under CEQA, prepare the CEQA Notice of Exemption and supporting documentation, and identify environmental permitting requirements including schedule and costs for obtaining permits on the ARC crossing has begun as reported to the Board at the last meeting.

The committee discussed the benefits of, and recommended scheduling, a joint meeting between the SJWD Engineering Committee and the FOWD Technical Committee. The joint meeting would be for the purpose of reviewing the draft MOU, discussing questions and comments, and expediting approval of the MOU by each agency. Overall project questions or concerns could also be discussed. SJWD would like each Agency to approve the MOU at their regularly scheduled February Board meetings.

The Engineering Committee recommends consideration of a motion to approve the Memorandum of Understanding between Fair Oaks Water District, Orange Vale Water Company and San Juan Water District for the FO 40 Pipeline Rehabilitation Project.

2. Other Engineering Matters

There were no other matters discussed.

3. Public Comment

There was no public comment.

The meeting was adjourned at 11:10 a.m.

MEMORANDUM OF UNDERSTANDING REGARDING THE FAIR OAKS 40-INCH PIPELINE REHABILITATION PROJECT

This memorandum of understanding (hereinafter "MOU") is entered into on _____, 2011, by and between the Fair Oaks Water District (hereinafter "FOWD"), the Orange Vale Water Company (hereinafter "OVWC"), and San Juan Water District (hereinafter "SJWD"), collectively referred to as the "Agencies". The purpose of this MOU is to memorialize the understanding and agreement of the Agencies regarding initial work associated with planning, engineering, environmental compliance, permitting, and construction for the repair and rehabilitation of the existing Fair Oaks 40-inch diameter pipeline (FO40) while a formal agreement for the project is developed by the Agencies.

RECITALS

1. There is a need for repair and rehabilitation of the existing Fair Oaks 40-inch diameter pipeline (FO40) to extend the life expectancy of the pipeline. All work associated with this repair and rehabilitation, including investigations and planning, engineering, environmental compliance, permitting, construction, and construction management is referred to as the "Project".

2. The Agencies have agreed to complete the Project in order to continue providing water deliveries to the Agencies through the pipeline. The Agencies agree that the Project consists of the following phases of work:

- Phase 1: Replacing the existing piping crossing the American River Canyon (ARC) with a new, self-supporting pipeline span that meets modern design standards. This phase includes completing CEQA review and design during early 2010 to allow construction of the new crossing during winter months of 2011-2012.
- Phase 2: Constructing additional isolation line valves, air valves, and blow-offs along the pipeline to facilitate maintenance and make the pipeline fully operational. Design and construction will run concurrent with, and be accomplished as part of the contract for Phase 1.
- Phase 3: Installing an impressed current cathodic protection system to halt the progress of corrosion on the exterior of the pipeline. It is anticipated this work will be completed during 2012.
- Phase 4: Identifying the joints along the pipeline that pose the greatest risk to water supply reliability and public or private property in the event of a failure or major leak. Identifying pipeline joints that have significant spalling and cracking of the mortar lining and corrosion that should be addressed. The welding and repair of these joints is scheduled for 2012.

- Phase 4 (continued): Identifying the internal surfaces of the pipeline exhibiting spalling, cracking, and corrosion. Repair these areas of pipe and mortar lining concurrent with the joint repairs identified above during 2012.
- Phase 5: Instituting a maintenance program that includes an internal inspection of the FO40 every three to five years to monitor the pipeline joints for accelerating deterioration. Weld the remaining joints and complete other necessary internal pipeline repairs and rehabilitation while the pipe remains in satisfactory condition to extend its life a minimum additional fifty years.

3. It is the intent of the Agencies to enter into an Agreement for ownership, utilization, operation and maintenance of the FO 40-inch diameter pipeline (hereinafter "Agreement"). This Agreement will [confirm SJWD's ownership of the pipeline and allocate pipeline capacity and costs for operation, maintenance, capital replacements and repairs of the pipeline, including costs of the this Project.](#) The Agreement is under development, but may take several months to complete.

4. As a service to the Agencies, San Juan Water District Wholesale has paid expenses necessary for, and directed the work required to complete preliminary investigations, initial planning, and engineering work to determine the recommended Project. As the owner of the pipeline, San Juan Water District Wholesale will continue to manage and direct the Project. It is the intent of the Agencies to promptly reimburse San Juan Water District Wholesale for expenses on the Project to date and future Project expenses as provided for in this MOU.

5. The Agencies agree there is urgency for moving forward with critical portions of the Project. At a minimum, the time sensitive and critical work includes environmental compliance, permitting, and engineering for the pipeline crossing the American River Canyon. This MOU covers work necessary to complete critical portions of the Project prior to execution of the Agreement.

UNDERSTANDING

1. **Incorporation of recitals.** The foregoing recitals are incorporated herein by reference.

2. **Lead Agency.** SJWD will continue to be the lead Agency for the Project.

3. **Scope of MOU.** The Agencies agree this MOU covers Project work completed prior to the date of this MOU and Phases 1 and 2 as described above.

4. **Cost Sharing.** Cost sharing for the Project will be based on the percentage of pipeline capacity allocated to each Agency, or by some other agreed upon methodology. The Agencies acknowledge that each Agency's cost share has not been identified and will be determined as part of the final Agreement. As such, the Agencies agree to allocate a percentage of the total costs to date and through the term of this MOU as follows:

FOWD – 75% of total costs

SJWD [Retail](#) – 10% of total costs

OVWC – 3% of total costs

San Juan Water District Wholesale will continue to hold 12-percent of the total Project costs until the final Agreement is executed at which time invoices will be sent to each Agency reconciling the amount paid by each Agency to the actual amount owed for the Project to that date per the Agreement.

5. Invoices and Payments. SJWD will provide itemized invoices to the Agencies monthly. Should an Agency dispute any portion of any invoice, the Agency shall pay the undisputed portion and at the same time advise SJWD in writing of the disputed portion. [The Agency and SJWD will work to resolve disputed amounts as quickly as possible.](#) Non-payment of invoices will result in the following penalties and interest charges due to SJWD by an Agency that is delinquent as of 45 days after receipt of the invoice from SJWD, or 2 weeks after the first Board of Directors meeting following receipt of invoice, whichever is later: (1) a 10% penalty; and (2) 1% per month in interest on the delinquent amount until paid in full. [Disputed portions of invoices will not be subject to penalties or interest.](#)

6. Term of MOU. This MOU will be effective as of the date written above and will remain in effect until the execution of an Agreement for Ownership, Utilization, Operation and Maintenance of the Fair Oaks 40-Inch Diameter Pipeline. In no case shall this MOU remain in effect past the completion of Phases 1 and 2 of the Project as described above unless amended.

7. Amendment. The terms of this MOU (including but not limited to the cost allocation provisions) may be modified or amended only by a subsequent written amendment approved and executed by all the Agencies.

8. Counterparts. This MOU may be executed in counterparts.

SAN JUAN WATER DISTRICT

By: _____
Edward J. "Ted" Costa
President, Board of Directors

Attest: _____
Teri Hart
Secretary of the Board

FAIR OAKS WATER DISTRICT

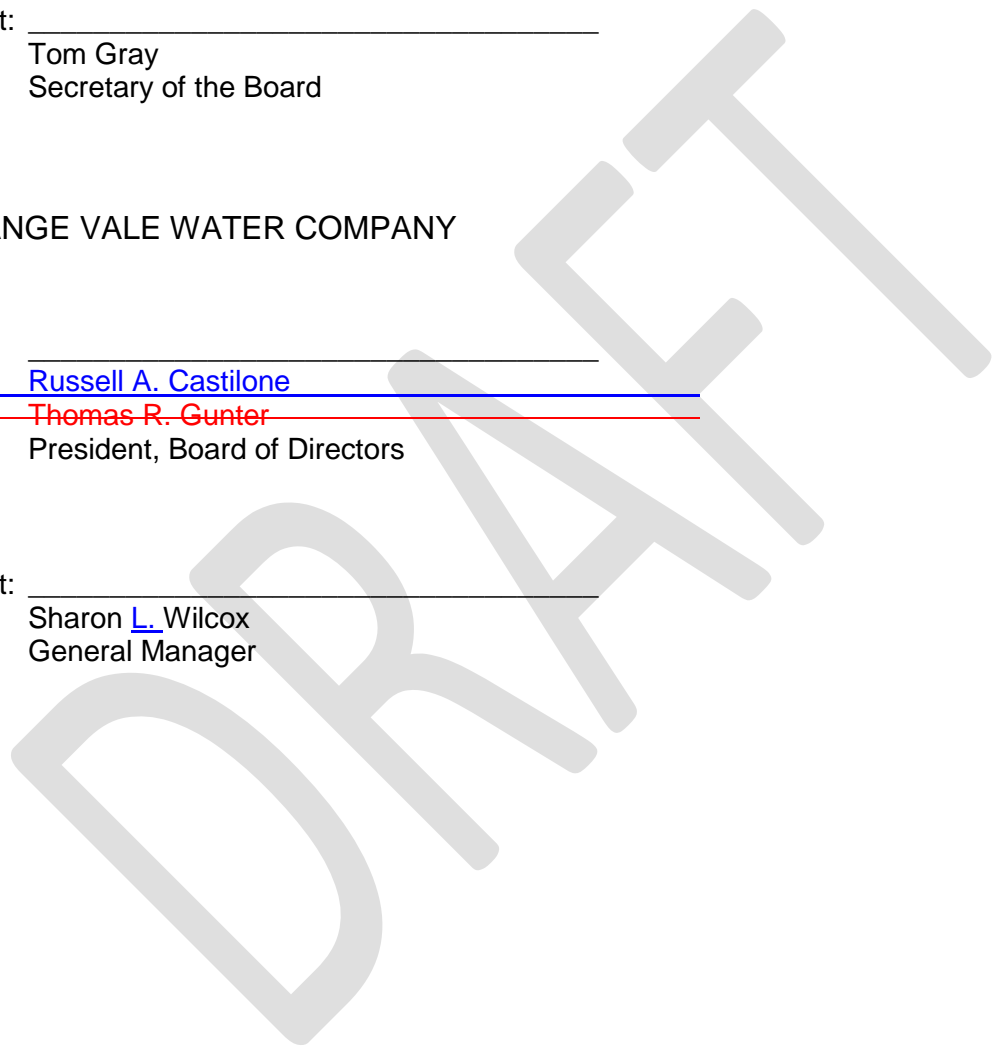
By: _____
Randy Marx
President, Board of Directors

Attest: _____
Tom Gray
Secretary of the Board

ORANGE VALE WATER COMPANY

By: _____
Russell A. Castilone
~~Thomas R. Gunter~~
President, Board of Directors

Attest: _____
Sharon L. Wilcox
General Manager



RESOLUTION NO. 11-02

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
APPROVING AMENDMENTS TO WHOLESALE WATER SUPPLY AGREEMENTS
TO PERMIT BILLING IN ARREARS FOR WATER DELIVERIES**

WHEREAS, San Juan Water District (SJWD) currently bills Orange Vale Water Company, Citrus Heights Water District, Fair Oaks Water District and the SJWD retail service area (Wholesale Customer Agencies) all wholesale water service charges in advance each quarter based on historical water usage;

WHEREAS, the Board of Directors of SJWD has been requested by the Wholesale Customer Agencies to begin billing the consumption portion of the wholesale water service charges in arrears to avoid the cost and inconvenience of reconciling estimated and actual annual consumption charges incurred by those agencies; and

WHEREAS, billing in arrears will reduce SJWD wholesale staff time and costs for reconciling wholesale water bills at the end of each calendar year, and save processing and other costs which are now, and may be in the future, incurred by the retail customers of the district.

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

1. The Board hereby approves the attached Amendment No. 1 to each of the Wholesale Water Supply Agreements between the Wholesale Customer Agencies and SJWD for the purpose of commencing the practice of billing in arrears for the consumption component of wholesale water supplies.

2. The General Manager or her designee is directed to implement the change in billing for the consumption component of wholesale water supplies as provided in the attached amendments.

PASSED AND ADOPTED this 9th day of February 2011, by the following vote:

AYES: DIRECTORS:
NOES: DIRECTORS:
ABSENT: DIRECTORS:

EDWARD (TED) COSTA
President, Board of Directors

ATTEST:

TERI HART
Secretary, Board of Directors

**AMENDMENT NO. 1 TO
SAN JUAN WATER DISTRICT AND FAIR OAKS WATER DISTRICT
WHOLESALE WATER SUPPLY AGREEMENT**

This Amendment No. 1 to the Wholesale Water Supply Agreement (entered into as of May 2008, Agreement) by and between San Juan Water District, a public agency (“San Juan”), and Fair Oaks Water District, a public agency (“Fair Oaks”), is entered into as of January 1, 2011 (the “Effective Date”). San Juan and Fair Oaks are referred to as the “Parties.”

RECITAL

Existing Section 11 of the Agreement provides that San Juan will bill Fair Oaks in advance for all charges related to wholesale water service provided by San Juan. The Parties desire to terminate the practice of billing in advance for the consumption component of wholesale water service charges in order to avoid the cost and inconvenience of annual reconciliations of the amount of the estimated consumption charges paid in advance with the charges for the amount of water actually delivered. San Juan and Fair Oaks instead agree that the consumption charges will be billed in arrears based the amount of water actually measured and delivered by San Juan to Fair Oaks in the previous calendar quarter.

The Parties agree as follows:

1. **Recital Incorporated.** The foregoing recital is incorporated by reference.
2. **Amendment of Section 11.** Section 11 of the Agreement is amended as follows:

11. Water Rates and Charges.

A. Wholesale Water Rates and Charges. San Juan will set wholesale water rates and charges from time to time for making treated water supplies available to Fair Oaks, and other agencies that contract for wholesale water supplies from San Juan, to recover San Juan’s costs of making treated water supplies available, including without limitation, the cost of untreated water under San Juan’s Water Rights and Water Entitlements, and the cost of operation, maintenance, repair, replacement of, and capital improvements to, San Juan’s Water Treatment and Conveyance Facilities. San Juan’s wholesale water rates and charges will include the melded cost of water from San Juan’s Water Rights and Water Entitlements. San Juan’s wholesale water rates and charges will include interest and penalties for delinquent payments, as appropriate. San Juan will determine its wholesale water rates and charges based on cost-of-service principles and other applicable provisions of law. San Juan will ensure that revenues collected by San Juan from Fair Oaks and other Member Agencies for wholesale water service are equitably used for the benefit of such wholesale water customers. San Juan will provide Fair Oaks with 150 days’ advance written notice of proposed changes in water rates and charges under this Agreement, provide Fair Oaks an opportunity to comment on such proposed changes prior to adoption of changes by San Juan, and account for Fair Oaks’ comments in making its determination. Changes in water rates and charges will typically be effective as of January 1 of the calendar year following adoption by San Juan.

B. Schedule for Payment. San Juan will bill Fair Oaks quarterly in advance for

one-quarter of the annual water service charge and one-quarter of any required debt service payments. San Juan will bill Fair Oaks in arrears for actual water deliveries provided to Fair Oaks during the prior calendar quarter under this Agreement. San Juan will bill Fair Oaks during the month following the end of each calendar quarter.

In the event that the measurements for water deliveries to Fair Oaks based upon San Juan's water measurement facility or facilities are determined to be incomplete or inaccurate, San Juan and Fair Oaks shall collaborate and agree on how to determine a reasonable estimate of water delivered to Fair Oaks. Said estimate methods may include, but are not limited to, utilization of Fair Oaks in-series water measurement facilities, summation of Fair Oaks water deliveries to its retail customers, comparison to a prior time period, or other method mutually acceptable to the parties and approved by the Fair Oaks and San Juan Boards of Directors.

3. Effect of Amendment. The remaining provisions of the Agreement will remain in full force and effect.

The foregoing is hereby agreed to by the Parties and executed in counterpart duplicate originals as of the Effective Date of this Amendment No. 1.

SAN JUAN WATER DISTRICT

FAIR OAKS WATER DISTRICT

By _____
Edward (Ted) Costa, President
President, Board of Directors

By _____
Randy Marx, President
President, Board of Directors

ATTEST:

By _____
Teri Hart, Secretary

By _____
Tom R. Gray, Secretary

Approved as to form:

Paul M. Bartkiewicz, Legal Counsel
Bartkiewicz, Kronick & Shanahan

By _____
Jeffrey A. Mitchell, Legal Counsel
Kronick, Moskovitz, Tiedemann & Girard

STAFF REPORT

To: Board of Directors
From: Shauna Lorange, General Manager
Date: February 2, 2011
Subject: Penalties and Interest for Delinquent Water Charges

Background

Section 11 of the Wholesale Water Supply Agreements with wholesale customer agencies sets forth provisions related to water rates and charges for making treated water supplies available. Under Section 11, SJWD's wholesale water rates and charges are to include interest and penalties for delinquent payments, as appropriate. SJWD current wholesale water rates and charges do not include penalties or interest for delinquent charges, as these charges have not been required in the past.

However, there have been situations in the recent past where penalty and interest charges would have been appropriate. SJWD Board of Directors provided direction to staff at the August 2010 Board meeting to provide the required 150 day notice to the wholesale customer agencies that the Board is considering adoption of delinquent charges.

Current Status

Staff sent out the proposed policy to wholesale customer agencies for comment. Comments were received from CHWD, and the intent of the comments was incorporated into the proposed policy.

The proposed policy is as follows:

Effective no earlier than 150 days after advance written notice is provided to San Juan's wholesale customer agencies, the following penalties and interest will apply to any charges due to San Juan by a wholesale customer agency under a wholesale water supply agreement that are delinquent as of 45 days after receipt (as identified in Section F of the agreement) of the invoice from San Juan, or 2 weeks after the next scheduled wholesale customer agency board meeting after receipt of the invoice from San Juan, whichever is later: (1) a 10% penalty; and (2) 1% per month in interest on the delinquent balance until paid in full. These penalties and interest will not apply to delinquencies that are outstanding prior to the effective date of this change in San Juan's wholesale water rates and charges.

To comply with the 150 days notice requirement, the Board of Directors cannot adopt the delinquency policy until the February 23 Board of Directors Meeting.

Budget Impact

If all invoices are paid on time, there will be no impact to the budget. If invoices are delinquent, then the charges are intended to offset the costs to SJWD wholesale related to delayed payment. The intent of the penalty charge is to provide an incentive to pay invoices on time.

Staff Recommendation

Staff recommends the finance committee recommend adoption of the proposed delinquency policy at the February 23, 2011 Board of Directors meeting.

District Policy V.5.4.1
Penalties and Interest for Delinquent Water Charges under San Juan Water District's Wholesale Water Supply Agreements

The following sets forth a draft proposal recommended by the San Juan Water District legal affairs committee to include penalties and interest on delinquent water charges under San Juan Water District's wholesale water supply agreements.

Background

San Juan has entered into a wholesale water supply agreement with Citrus Heights Water District, Fair Oaks Water District, the City of Folsom and Orangevale Water Company. Section 11 of the agreement sets forth provisions related to water rates and charges for making treated water supplies available. Under section 11A and B of the agreement:

- San Juan adopts wholesale water rates and charges from time to time.
- San Juan provides wholesale agencies 150 days' advance written notice of proposed changes in water rates and charges, provides the wholesale [water customer](#) agencies an opportunity to comment on the proposed changes prior to adoption and accounts for the comments of the wholesale [customer](#) agencies in making San Juan's determination.
- San Juan bills the wholesale [customer](#) agencies a minimum of 15 days prior to the beginning of each quarter, and payment is due within 30 days from the beginning of each quarter.
- San Juan's wholesale water rates and charges may include interest and penalties for delinquent payments, as appropriate.

San Juan's current wholesale water rates and charges do not include penalties or interest for delinquent payments. The San Juan Board of Directors believes that it is prudent and reasonable to provide for penalties and interest on delinquent payments under the wholesale water agreements.

Penalties and Interest for Delinquent Water Charges

Effective no earlier than 150 days after advance written notice is provided to San Juan's wholesale [customer](#) agencies, the following penalties and interest will apply to any charges due to San Juan by a wholesale [customer](#) agency under a wholesale water supply agreement that are delinquent as of 45 days after receipt [\(as identified in Section F of the agreement\)](#) of the invoice from San Juan, [or 2 weeks after the next scheduled wholesale customer agency board meeting after receipt of the invoice from San Juan, whichever is later](#): (1) a 10% penalty; and (2) 1% per month in interest on the delinquent [amount balance](#) until paid in full. These penalties and interest will not apply to delinquencies that are outstanding prior to the effective date of this change in San Juan's wholesale water rates and charges.

STAFF REPORT

To: Board of Directors
From: Shauna Lorange, General Manager
Date: February 3, 2011
Subject: Action Items from Workshops

5. Legal counsel to research the process by which union and non-union agencies have developed agreements to reduce Employer Paid Member Contributions

Josh Horowitz has provided a memorandum, and it is attached to this staff report.

9. Staff to clarify whether Employer Paid Member Contributions are included as salary in calculating pensions.

The District developed a policy on calculating compensation under the District's CalPERS retirement plan. This policy was developed as part of the Ad Hoc Retirement Committee process. The policy is attached to this staff report.



Bartkiewicz, Kronick & Shanahan

A Professional Corporation

MEMORANDUM

TO: BOARD OF DIRECTORS, SAN JUAN WATER DISTRICT

CC: SHAUNA LORANCE, GENERAL MANAGER

FROM: JOSHUA M. HOROWITZ

DATE: FEBRUARY 3, 2011

RE: DESCRIPTION OF PROCESS BY WHICH UNION AND NON-UNION PUBLIC AGENCIES HAVE DEVELOPED AGREEMENTS TO REDUCE EMPLOYER PAID MEMBER CONTRIBUTIONS

During the District's December 14, 2010 workshop on employee benefits issues, the Board requested more specific information on the process used by both union and non-union agencies to develop agreements to reduce Employer Paid Member Contributions ("EPMC") to CalPERS or another pension plan. This memorandum presents the results of my research on the process employed by local public agencies to reduce EPMC.

A. INITIAL COMMENTS ON PROCESSES USED TO REDUCE EPMC

To prepare this memorandum, I obtained information from the public agencies that responded affirmatively to my earlier survey on EPMC reductions as reported in my December 10, 2010 memorandum to the Board. Agencies discussed in my previous memorandum that did not specifically reduce EPMC were not included here. I also was able to obtain information from several additional agencies concerning their process for achieving reductions in the EPMC.

In many cases, public agencies, including many of those discussed in this memorandum, have both represented and unrepresented employees. This is typical because management employees of local agencies generally are not represented for both legal and practical reasons. Like San Juan, some local agencies, generally special districts, have only unrepresented employees. I am not aware, however, of any agency with only unrepresented employees that has reduced or eliminated the EPMC.

Those local agencies that have unionized employees are subject to the Meyers-Milias-Brown Act ("MMBA"), which governs relations between non-school local agencies and represented employees. The MMBA generally requires good faith bargaining of changes in employment, including those related to reducing or altering compensation. Generally, the MMBA requires a

process in which the agency's and representatives periodically meet and confer on any changes to the terms and conditions of employment, negotiate those changes, memorialize the agreed terms and conditions in a labor agreement (generally termed a memorandum of understanding or "MOU"), and then submit the proposed MOU to the agency's governing body and represented employees for approval. A request for a change in the terms and conditions of employment can be initiated by either the agency or the employee bargaining unit. This process generally begins before an existing labor memorandum is due to expire. Once both parties approve, the terms and conditions are memorialized in a new labor MOU that is effective for a designated period. A labor MOU may have provisions allowing the agency or bargaining unit to reopen certain items during the term of the MOU. There are also very limited exceptions that permit a local agency to unilaterally impose changed terms and conditions of employment. Those exceptions generally apply when an impasse is reached during negotiations for a new or reopened MOU or in cases of serious financial emergency.

Agencies have significantly more flexibility to negotiate benefits changes with unrepresented employees. This is particularly true if the agency maintains an at-will employment policy because there are fewer limits on changes to the terms and conditions of employment. Agencies with unrepresented employees can generally initiate changes in conditions of employment at any time either unilaterally by the agency board or in consultation with employees.

B. DESCRIPTION OF THE PROCESSES EMPLOYED BY LOCAL PUBLIC AGENCIES TO REDUCE EPMC

This portion of the memorandum describes in more detail the policies adopted by local public agencies that have recently implemented or that are implementing reductions in the EPMC. The description of each agency first summarizes the EPMC reduction made and then describes the process by which the change was achieved.

1. City of Belmont. The city and its represented and unrepresented employees negotiated a "zero net" arrangement in which employees agreed to pick up all of their EPMC in exchange for an equivalent percentage increase in salary and benefits payments. The change was proposed by represented employees and negotiated as part of the periodic renewal of labor agreements with the city. The changes were included in the new labor MOUs, which were then presented to and approved by the city council. Under the city's employment policies, any benefits changes negotiated with represented employees automatically are applied to unrepresented employees.

2. City of Citrus Heights. I understand that Board President Costa has provided the Board with copies of the City of Citrus Heights' ordinance requiring employees to begin picking up 1% of the EPMC. The reduction in EPMC was initiated by the city council in late 2009, when it required all unrepresented employees to begin paying 1% of the EPMC effective July 1, 2011. Management then used this same standard to negotiate new labor MOUs with represented miscellaneous and safety employee bargaining units, which agreed to the reduction effective July 1, 2011. The city council approved the labor MOUs and later adopted the appropriate CalPERS resolutions to implement the changes.

3. City of Concord. Represented miscellaneous employees have agreed to begin paying 2% of their EPMC. The EPMC reduction was negotiated by the city with its miscellaneous employee bargaining units as part of on-going labor negotiations over a MOU that expired in July 2009. A new MOU was not finalized until June 2010. In the interim, miscellaneous employees worked under imposed terms and conditions. The reduction was memorialized in an MOU and approved by the city council.

In June 2010, Concord's safety employees voluntarily proposed an EPMC reduction to the city as part of a package of wage and benefits concessions to help reduce the city's \$13 million deficit. As part of the package, safety employees agreed to begin paying 5% of the EPMC for the remaining term of their MOU. The changes were included in an amendment to the existing labor MOU and approved by the city council.

4. City of Red Bluff. Management-level employees of Red Bluff have agreed to pick up their entire EPMC as part of the city council's request that all employee groups agree to contribute to salary and benefits reductions of \$500,000 or more. The council directed management to work with employee groups to achieve the savings. Top and mid-level management employees volunteered to pay the EPMC as their contribution to the reductions and the city council has memorialized those voluntary reductions by adopting CalPERS' required resolutions to implement the changes. Negotiations with rank and file employees are continuing and it is not clear if an EPMC reduction will be part of their package.

5. City of Redding. Based on the city council's desire to eliminate the EPMC, unrepresented city employees volunteered to begin paying the entire 7% EPMC as of January 1, 2011. The voluntary elimination of EPMC was driven by the city voters' approval of Measure A at the November 2, 2010 election, which was put on the ballot by the city council and which provides that the city will adopt a policy requiring that all employees begin paying EPMC over a four year phase-in period. As directed by the city council, management is negotiating with represented employees to implement the four year EPMC phase-out schedule provided in Measure A. Negotiations are still in progress with represented employee bargaining units, with the issues of timing of the phase-outs and whether the city will provide any compensation for elimination of the EPMC remaining to be resolved.

6. City of Redlands. Represented miscellaneous employees of Redlands agreed to amend their labor MOUs to provide that all employees in their bargaining units hired after March 11, 2010 would pay 5% of the EPMC. The city continues to pay the entire 7% EPMC for all employees hired before March 11, 2010. At the city council's direction, management requested that miscellaneous employee groups reopen existing labor MOUs to negotiate this change. All bargaining units agreed to the change and amendments to each group's MOU were presented to and approved by the City Council.

7. City of Richmond. The City of Richmond paid the entire EPMC for miscellaneous (8%) and safety (9%) employees. All represented and unrepresented employees now pick up half (4% miscellaneous/4.5% safety) of their EPMC. Employees who agreed to the change received a 2.5% bonus in 2007. The change in EPMC was a mid-term change prompted by a fiscal crisis. The city council directed management to reopen labor agreements with represented employee

groups to obtain reductions in employment costs, including pension benefits. All represented employee groups, except firefighters, agreed to reopen their MOUs and negotiate salary and benefits to achieve budget savings. The EPMC reduction was jointly suggested by negotiators for both sides. Unrepresented employees agreed in advance to accept the same terms as represented employees accepted. After an impasse was declared in negotiations with the firefighters' union, the city imposed payment of the entire EPMC on firefighters without a phase-in or bonus.

8. El Dorado Irrigation District. Represented EID employees recently agreed to begin paying all of their EPMC through December 31, 2011 and 4% of their EPMC from January 1, 2012 through December 31, 2013. This change was requested by District management to implement cost-savings directed by the Board and was negotiated as part of a new labor MOU to replace an expiring agreement. Once the employees and management agreed to the change, it was memorialized in a new labor MOU and presented to and approved by the EID Board.

9. Georgetown Divide Public Utility District. GDPUD's employees agreed to pay the entire EPMC formerly picked up by the district. This agreement was made in exchange for equivalent increases in salary in each job classification. The elimination of EPMC in exchange for higher salaries was initiated by represented employees, whose top priority in negotiating a new MOU with GDPUD was an enhancement to the PERS retirement formula. Because the change to the pension formula would affect all employees, the board directed that unrepresented employees also should participate in the negotiations. The MOU negotiated and executed between represented employees and GDPUD provides for the elimination of EPMC in exchange for an increase in PERS to the 2.7% @ 55 formula and the salary increase. Once the board approved the labor MOU and it became effective, unrepresented employees also began paying the entire EPMC by prior agreement to be bound by the terms negotiated in the labor MOU.

10. San Diego County Water Authority. Represented and unrepresented employees previously paid 1% of the EPMC and SDCWA paid the balance. All employees agreed to a "zero net" arrangement under which they would pay a total of 4.5% of the EPMC in exchange for SDCWA's agreement to provide salary and benefits increases totaling 3.5%. Represented employees requested the change. The process for negotiating the change with represented employees was by collective bargaining during periodic labor MOU negotiations. Once employees and management concurred in the changes, the final MOU was presented to and approved by the SDCWA board. Unrepresented employees agreed to accept whatever change was agreed to by represented employees.

**SAN JUAN WATER DISTRICT
POLICY ON CALCULATING COMPENSATION UNDER THE DISTRICT'S
CALPERS RETIREMENT PLAN**

INTRODUCTION

Within the constraints of applicable laws and regulations, the Board of Directors of San Juan Water District has the legal authority to determine compensation for purposes of the retirement benefits of District employees under the District's retirement plan pursuant to the contract between the District and CalPERS ("Retirement Plan"). The purpose of this policy is to: (1) confirm the items that the District includes as compensation for the purpose of calculating the retirement benefits of District employees under the Retirement Plan; (2) confirm that any change in what constitutes compensation for the purpose of calculating the retirement benefits of District employees would require prior Board approval; and (3) institute measures to ensure that the retirement benefits of District employees are calculated according to this policy.

WHAT CONSTITUTES COMPENSATION UNDER THE RETIREMENT PLAN

The Retirement Plan, consistent with applicable law, requires including an employee's basic pay rate in "compensation" for the purpose of calculating the retirement benefits of District employees under the Retirement Plan. (See California Government Code section 20630.) In calculating total compensation, the only permissible addition is "special compensation." (See California Government Code section 20636.)

Special compensation is limited to additional compensation that is received by employees similarly situated in a group or class of employment pursuant to a labor policy or agreement, or as otherwise required by state or federal law.

The Board of Directors has approved including the following items as special compensation for the purpose of calculating the retirement benefits of District employees under the Retirement Plan:

- "Pay for performance" compensation approved consistent with section 3.9 of the District's "Employee Policy and Procedures Manual" (pursuant to California Government Code section 20636(c)(1) and (2));
- The "pick-up" of required employee contributions to the Retirement Plan consistent with section 13.1.6 of the Employee Manual (pursuant to California Government Code section 20636(c)(4)); and
- The employee uniform allowance consistent with section 7.4.3 of the Employee Manual (pursuant to California Government Code section 20636(c)(6)), subject to the determination under applicable law (e.g., Ventura County Deputy Sheriff's Association v. Board of Retirement of Ventura County (1997) 16 Cal. 4th 483)

that the employee uniform allowance under the District's Employee Manual is required to be included as special compensation under the Retirement Plan.

Base monthly pay under the Retirement Plan is reduced by \$133.33 to reflect the exemption from CalPERS benefits of the first one-third of maximum social security earnings.

THE PROCESS FOR AMENDING THE RETIREMENT PLAN

Any change in what constitutes compensation under the Retirement Plan, or any other amendment of the Retirement Plan, requires approval of the District's Board of Directors of an amendment in the contract for the Retirement Plan, confirmed in a Board resolution.

MEASURES TO ENSURE COMPLIANCE WITH THIS POLICY

In connection with the preparation of the District's annual independent financial audit, the District's Chief Financial Officer will certify in writing that compensation for the purpose of calculating the retirement benefits of District employees under the Retirement Plan has been reported in a manner that is consistent with this policy. The District's independent financial auditor will be requested to confirm as part of its annual report to the Board that compensation for the purpose of the Retirement Plan has been reported in a manner that is consistent with this policy. The District's General Manager will report to the Board when CalPERS retirement program benefits are changed.

AGENDA ITEM IV-1.3

Copy to Board



January 31, 2011

JOINT POWERS
INSURANCE AUTHORITY

Ms. Shauna Lorange, General Manager
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President
E.G. "Jerry" Gladbach

Vice President
Tom Cuquet

Chief Executive Officer
Daniel N. Klaff

Chief Operations Officer
Walter "Andy" Sells

Auditor/Controller
Eldon Boone

Executive Committee
Tom Cuquet
Joseph Dion
E.G. "Jerry" Gladbach
David T. Hodgins
W.D. "Bill" Knutson
Melody A. McDonald
Charles W. Muse
Randy A. Record
Lou Reinkens

RE: INJURY ILLNESS PREVENTION PROGRAM CONSULTATION

Dear Ms. Lorange:

This letter is a follow-up to my visit on January 6, 2011. The purpose was to assist your staff with a review of the District's Injury Illness Prevention Program (IIPP). During the visit I met with Mary Morris, Financial & Administrative Services Manager, and Rick Hydrick, Operations Manager.

Mary, Rick, and I discussed the content, focus of District loss prevention programs, and strategized ways to improve their effectiveness. I had the following input:

- a. While Cal/OSHA has identified specific compliance elements in the IIPP (see 8 CCR 3203), an IIPP would also include other programs (Hazard Communication, Fire Prevention, Emergency Response) that enhance the safety of District personnel.
- b. One of the most effective and pro-active elements of an IIPP is its training requirement. Such training would include:
 - (1) Teaching all employees the function of the IIPP and identifying any changes made to it.
 - (2) New employee orientations that include an explanation of the District's IIPP, an orientation of jobsite hazards, and an identification of the pre-job and on-going training required by the new employee's duty position.
- c. Consideration should be given to providing and documenting the following training:
 - (1) The use and care of personal protective equipment (PPE).
 - (2) Equipment operations training for all equipment used.
 - (3) Fall protection.
 - (4) The purpose of and method of implementing the District's Drug and Alcohol Prevention Program.
 - (5) The purpose of and method of implementing the District's Sexual Harassment Prevention Program.
 - (6) Heat Illness Prevention.

Ms. Shauna Lorance, General Manager
San Juan Water District
January 31, 2011
Page 2


- d. It is often very beneficial to identify individual staff members to be responsible for implementing certain loss prevention programs. Programs that would benefit include (but are not limited to):
 - (1) Asbestos Concrete Pipe (ACP) training
 - (2) Forklift training
 - (3) Heat Illness Prevention
 - (4) Respiratory Protection
 - (5) Hazard Communications/MSDS
 - (6) Fall Protection

- e. The effectiveness and timeliness of New Employee Orientations (NEO) could be improved by developing an NEO checklist that includes actions expected from the District's Human Resources staff, and the employee's supervisor. I emailed Mary a copy of an NEO Checklist that could be used as a model for your specific orientation goals.

The JPIA is developing a model Heat Illness Prevention Program in accordance with 8 CCR 3395. As soon as it is finalized, I will email a copy to Mary. In the interim, Cal/OSHA has a sample program available for use and I have emailed a copy to Mary. Additional information concerning the California Division of Occupational Safety and Health (DOSH) Heat Illness Prevention focus can be found at the following web link:
<http://www.dir.ca.gov/DOSH/HeatIllnessInfo.html>

I commend your staff for investing their time to ensure that the District's IIPP is up-to-date and effective. If you have any questions or need assistance, please contact me at (916) 535-7500.

Sincerely,



John Haaf, CSP
Senior Risk Management Consultant

13111

- c: JPIA Member Services
JPIA Risk Management Subcommittee
Kenneth Miller, JPIA Board Member

AGENDA ITEM IV-3.2.1



[About CalPERS](#) > [Press Room](#) > [2011 Press Releases](#) > [January 2011 Press Releases](#) > **CalPERS Sees Double-Digit Gains in 2010**

Press Release

January 20, 2011

External Affairs Branch

(916) 795-3991

Patricia K. Macht, Director

Brad Pacheco, Chief, Office of Public Affairs

Contact: Wayne Davis, Information Officer

pressroom@calpers.ca.gov

CalPERS Sees Double-Digit Gains in 2010

SACRAMENTO, CA – The California Public Employees’ Retirement System (CalPERS) said today that it earned a 12.5 percent net return on investments for the 2010 calendar year.

The solid net returns mark the second straight calendar year of double-digit gains for the nation’s largest public pension fund. Total fund assets closed 2010 at \$225.7 billion. CalPERS assets have gained more than \$65 billion since the fund’s low point in March 2009, at \$160 billion.

“We repositioned our portfolio to take full advantage of the overall gains in the market last year,” said Joseph Dear, CalPERS Chief Investment Officer. “The strong returns we saw in 2010 prove that our comprehensive evaluation of all our investments is paying off for our members, employers and taxpayers.”

CalPERS private equity program – the Alternative Investment Management (AIM) Program – was the biggest gainer among asset classes in 2010, with a 21.5 percent overall return. That figure easily topped its benchmark by more than 7 percentage points. AIM returns lag the year-ending results by a quarter.

CalPERS Global Equity investments returned 14.6 percent last year, with domestic stocks gaining 17.3 percent and international stocks returning 12.8 percent. Both portfolios beat their benchmarks.

Other CalPERS asset classes also saw strong returns last year:

- Global Fixed Income, up 11.6 percent, beating its benchmark by nearly 3 percentage points.
- Inflation Linked Asset Class, which includes infrastructure, commodities, inflation-linked bonds and forestland, up 7.8 percent. That topped its benchmark by more than 2 percentage points.

Though the real estate portfolio saw an overall decline of 5 percent in 2010, the drop was the smallest since the beginning of the financial crisis. The reported returns also lag the year-end results by one quarter.

“During 2010, we reduced portfolio leverage and ended relationships with several real estate partners who didn’t meet our expectations,” Dear said. “Our current focus is on income-generating properties, and now that we’re beginning to see signs of a rebound in the market we’ll be ready to take advantage of opportunities as they arise.”

In December 2010, after nearly a year of review, the CalPERS Board of Administration approved a new asset allocation plan designed to position the fund for better risk-adjusted performance. The new model, which places investments in one of five groups, focuses on the risks to the portfolio and how different investments perform in different economic climates. This more “holistic” look at the portfolio will enable the Board and CalPERS investment professionals to better manage risk.

In early 2011, the CalPERS Board is scheduled to review its assumed rate of return for investments. The current rate is 7.75 percent.

CalPERS is the nation's largest public pension fund with about \$228 billion in market assets. The pension fund provides retirement benefits to more than 1.6 million State, public school, and local public agency employees, retirees, and their families, and health benefits to nearly 1.3 million members.

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Dated: 01-20-2011

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**MEMORANDUM**

TO: SAN JUAN WATER DISTRICT BOARD OF DIRECTORS

FROM: RYAN BEZERRA AND STEPHEN SIPTROTH

DATE: FEBRUARY 2, 2011

RE: WATER ISSUES UPDATE

In the last few weeks, state and federal agencies have issued new reports and documents concerning the Delta and what actions they may take to address the Delta's problems. Specifically: (1) the U.S. Environmental Protection Agency (USEPA) is working on a notice of rulemaking concerning the Delta and a draft of that notice is now circulating; (2) the Delta Stewardship Council (Delta Council) released a new schedule and outline for the Delta Plan that it must complete by the end of the year; and (3) the state Resources Agency and the interested federal agencies have released status updates concerning the Bay-Delta Conservation Plan (BDCP) coinciding with the change in state administrations. This memorandum summarizes the key points in these reports.

1. USEPA Draft Notice of Rulemaking

The USEPA has authority over the Delta through its oversight of permits – including National Pollutant Discharge Elimination System (NPDES) permits – under the federal Clean Water Act, its review of water quality standards that the State Water Resources Control Board (SWRCB) issues and its registration of pesticides under federal law. The USEPA is working on a draft notice of rulemaking concerning the Delta. That draft is now circulating and it appears that USEPA plans to finalize the notice and publish it in the Federal Register sometime in February 2011 because the draft notice sets a date of “March XX 2011” as the deadline for any comments.

The draft notice does not identify any regulatory actions that USEPA plans to take, but rather identifies a number of factors that may be affecting the Delta and requests comments about what, if anything, USEPA can or should do about those factors. For example, the draft notice discusses, at some length, the effects that pesticides – including those used primarily in urban areas that reach streams through stormwater discharges – may be having on the Delta and, in particular, its food web. Probably the most interesting portions of the draft notice, however, are its discussions of how the boundary between salt and fresh water in the Delta – known as “X2” – has changed over time and of how salmon migrate through the Delta.

Many regulatory agencies consider changes in X2's location to be important in describing whether conditions in the Delta are supportive for fish that live in the Delta

like delta smelt. Those agencies tend to believe that conditions for such fish in the Delta are better if X2 is, on average, closer to the ocean. This belief eventually may affect upstream water uses because more water must be released or not used upstream in order to increase the amount of fresh water flowing out of the Delta.

The USEPA's draft notice (p. 52) describes X2's location over time as follows:

Recent research suggests that the quantity and quality of low salinity estuarine habitat, as measured by the location of . . . X2, has declined during the fall period since 1985. As shown in Figure [D], the low salinity zone in the fall has moved upstream, especially after 2000. When the low salinity zone moves upstream, its areal extent shrinks as the low salinity zone is forced into the narrow, deeper channels of the interior Delta and away from the broad shallow shoals of Honker Bay and Suisun Bay downstream . . .

[¶] Prior to 2000, the location of the low salinity zone during the fall varied significantly from year to year, based on springtime precipitation and releases from summertime carryover reservoir storage . . .

[¶] Since 2000, the low salinity zone in the months of September through November (fall X2) has been consistently further upstream in the watershed in all water year types . . . This consistent upstream shift of the low salinity zone has greatly reduced areal extent of the fall habitats of delta smelt and young striped bass . . . The combined indicators of adult delta smelt abundance and the location and extent of fall habitat appear to be a good predictor of subsequent delta smelt abundance.

In other words, according to the USEPA's draft notice, since 2000, the location of X2 has consistently moved upstream in the Delta in the fall, from locations like Honker and Suisun Bays – where there are significant marshes that can be good habitat for delta smelt – to narrower channels – where such marshes do not exist.

What this portion of the USEPA's draft notice suggests is that recent and, in particular, post-2000 increases in demands on water that otherwise would have flowed out of the Delta have impacted delta smelt by moving fall X2 more consistently into a location in the Delta where there is less smelt habitat. The most likely factor that would have produced such results is the return of Delta export pumping to levels consistent with historic highs of 5,000,000 to 6,500,000 acre-feet per year after consistently lower levels of pumping during most of the 1990s.¹

In addition, USEPA's draft notice discusses issues with "Migratory Fish Corridors" that may be impacting the Delta, but the entire discussion concerns issues with salmon migration into and out of the San Joaquin River system. (Pp. 56-60.) The draft notice does not discuss any issues with salmon migration into and out of the Sacramento River system.

¹See Hanak et al., *California Water Myths* (PPIC 2009), p. 9 (www.ppic.org/main/publication.asp?i=890).

2. Delta Council

On January 20, 2011, the Delta Council released its agenda packet for its January 27-28, 2011 meeting. That packet contains a revised outline of the Delta Plan and a more detailed schedule for the Council's development of that plan, among other things. Those materials are available on-line on the Council's Web site at www.deltacouncil.ca.gov/delta_council_meetings/january_2011/meeting_materials_january_2011.html. The Council's updated schedule for developing the Delta Plan involves the issuance of a first draft of the Plan in February 2011 so that the Council can review that draft at its February 24-25, 2011 meeting. The Council then plans to hold two meetings a month through at least May 2011 to work on the draft plan, with the Council producing at least two additional drafts. The Council's updated schedule is on-line at www.deltacouncil.ca.gov/delta_council_meetings/january_2011/Item_10_Attach_4.pdf.

The draft outline adds little definition to the notice of EIR preparation that the Council issued in December 2010, but does contain a list of "Potential Funding Sources" for the Council's work that includes "User Charges for Water," "Carbon Offsets," "Water Marketing Charges," "Stressor Charges" and "Public Goods Charges." While these items' precise meanings are not clear, it is clear that one or more of them might involve fees on water users.

We will review the draft Delta Plan when the Council releases it. We also worked with the District's General Manager and Assistant General Manager and with the Regional Water Authority (RWA) and the Northern California Water Association (NCWA) to prepare comments on the Council's notice of EIR preparation for its Delta Plan. Those comments were submitted to the Council before its January 28 deadline.

The District's comments stated that the Council should not include the District as a "responsible agency" in the Delta Plan EIR because the District is not located within the Delta and its actions would not be subject to appeal to the Council. Submitting this comment was important to make a record that the District does not believe that its environmental-review documents for its future projects should be tied up with the Delta Plan EIR.

RWA's and NCWA's joint comments listed many possible environmental impacts that the Council would need to consider in analyzing possible elements of a Delta Plan. For example, RWA's and NCWA's comments stated that the Council would need to consider what implementing SWRCB's Delta flow criteria would do to upstream communities' water supplies, the generation of hydroelectricity, the possible increases in greenhouse gas emissions resulting from a loss of hydroelectricity and the possible inducement of growth in other parts of the state if the economies of upstream communities were impacted by a significant loss of water supplies.

3. BDCP

BDCP is the vehicle by which the agencies that export water from the Delta to the San Joaquin Valley and southern California are attempting to obtain 50-year permit

coverage for those exports under the federal and state Endangered Species Acts. In mid-December 2010, the state Resources Agency released a document entitled “Highlights of the BDCP,” which was intended to describe the work that the previous state administration did on BDCP and BDCP’s status. (The document is available on-line at resources.ca.gov/docs/Highlights_of_the_BDCP_FINAL_12-14-10_2361.pdf.) This BDCP highlights document identifies, but does not state specific conclusions or positions on, several key issues. For example, the document identifies Delta outflow as a “Primary Delta Flow Management Factor” and identifies certain related objectives,² but does not state any particular outflow criteria. (P. 31.) Similarly, the document states the following about financing for BDCP (p. 62):

The apportionment of costs between urban and agricultural water users from the San Francisco Bay Area, the Central Valley and Southern California, all of whom benefit from improved water supply reliability from the state and federal water project pumps, is still under discussion . . . Some portion of the habitat restoration and other actions, such as water quality improvement and invasive species removal, may be paid for and financed by other sources such as state and federal agencies . . . subject to funding availability. It is common practice for public funds to be used for conservation plans.

Shortly after the state Resources Agency issued its BDCP document, six federal agencies – including the Executive Office of the President – issued a document entitled “Interim Federal Action Plan Status Update for the California Bay-Delta: 2011 and Beyond.” It states that “[t]his document confirms the Federal government’s commitment to advance the BDCP process to a successful conclusion.” This federal document states that the federal government’s “Next Steps on the Bay-Delta Conservation Plan” include continuing to develop an integrated biological opinion to be issued by the U.S. Fish and Wildlife Service and the National Marine Fisheries Service “for the BDCP and continued operation of the CVP.” The federal document states the following about such a biological opinion:

An integrated biological opinion will be a key component for the long-term management [of] the Bay-Delta, by combining the BDCP and CVP actions into a single, comprehensive analysis that ensure coordination of water operations and restoration activities for all potentially impacted species.

This approach for developing a biological opinion for BDCP could create issues for north-of-Delta CVP contractors like the District if it were to result in the CVP’s operations being governed by a BDCP that has been developed primarily by Delta-export agencies. For example, such an approach would have the potential to cause Folsom Reservoir to be operated primarily to serve environmental needs in the Delta over needs of American River Division water contractors like the District.

²The stated objectives are “(1) Provide enough outflow to maintain salinity levels during the spring, and (2) explore variable outflow criteria to make water conditions more suitable for fish.”

**San Juan Water District
Executive Committee Meeting Minutes
January 25, 2011 – 1:00 p.m.**

MEMBER ATTENDEES

Joe Dion, Chair	Citrus Heights Water District
Chuck Rose	Citrus Heights Water District
David Kane	Citrus Heights Water District
Bob Churchill	Citrus Heights Water District
Walt Sadler	City of Folsom
Randy Marx	Fair Oaks Water District
Victor Salle	Orange Vale Water Company
Sharon Wilcox, Vice Chair	Orange Vale Water Company
Ed Formosa	Sacramento Suburban Water District
Ted Costa	San Juan Water District
Ken Miller	San Juan Water District
Shauna Lorance	San Juan Water District
Keith Durkin	San Juan Water District
Teri Hart	San Juan Water District

AGENDA ITEMS

- I. Call to Order**
- II. Visitors**
- III. Public Comment**
- IV. Review Agenda**
- V. Review Minutes**
- VI. New Business**
- VII. Old Business**
- VIII. Standing Items**
- IX. Other Items**
- X. Future Meeting Dates**
- XI. Adjournment**

I. Call to Order

Chairman Joe Dion called the meeting to order at 1:02 p.m.

II. Visitors

There were no visitors.

III. Public Comment

There was no public comment.

IV. Review Agenda

There were no changes to the agenda.

V. Review Executive Committee Minutes

The minutes of the December 7, 2010 meeting were unanimously approved.

VI. New Business

- ◆ Metro Chamber State Legislative Summit
Ms. Lorance announced that the Metro Chamber State Legislative Summit will be on February 22, 2011 – the date of the next Executive Committee meeting. Ms. Lorance will be attending the summit.

- ◆ Annual Workshop
Ms. Lorance informed the committee that the workshop is scheduled for March 7th at Fair Oaks Water District. The committee discussed the workshop and agreed to meet from 9:00 am until 12:00 pm with Shauna Lorance facilitating the meeting. The wholesale water agencies will submit their agenda item requests by February 18th and the agenda will be reviewed at the February 22nd Executive Committee meeting.

- ◆ WTP Chemical Pilot Testing and Potential Cost Savings
Mr. Durkin conducted a presentation on the WTP Chemical Pilot Testing which was in progress at the facility. He explained that by changing the chemicals used in the treatment of the water, the District could save approximately \$100,000 on an annual basis from reduced chemical costs, lower electrical costs from reduced pumping and treatment of solids, and lower O&M. In addition, since the pilot testing was completed in-house, the District saved at least \$50,000 to \$100,000.

Mr. Durkin reported that by using less chemicals, the WTP will be able to process more water due to reduced solids handling and increased efficiency of the system. The project will continue through summer of 2011.

The Executive Committee requested that the District report back on the project and commended the District staff for saving the District money.

VII. Old Business

- ◆ Fair Oaks 40-inch Pipeline Status
Mr. Durkin reported that the District has contracted with CDM to perform the preliminary work to determine if the project qualifies for a statutory or

categorical exemption under CEQA, prepare the CEQA Notice of Exemption and supporting documentation, and identify environmental permitting requirements including schedule and costs for obtaining permits on the ARC crossing.

Mr. Durkin informed the committee that the District is working with FOWD and OVWC on the agreement for allocation of capacity and costs on the pipeline. A draft MOU for the initial work has been reviewed by OVWC and they are in agreement with it. FOWD has not provided comments on the MOU. The District would like to have the MOU approved at each agency's February board meeting to allow work to proceed.

◆ Wholesale Water Supply Agreement Delinquency Policy

Ms. Lorance informed the committee that she received comments on the recommended Wholesale Water Supply Agreements Delinquency Policy for water charges. The SJWD Board recommended that this is not just the policy for water charges, but for any delinquent payments for any District projects. Comments were received from CHWD and are incorporated into the policy. The recommended policy will be reviewed for adoption at the February Board meeting.

VIII. Standing Items (as needed)

Fair Oaks 40

This item was covered under Old Business.

Bypass Intake Project Update

Ms. Lorance informed the committee that there is a meeting set for February 4th.

Emergency Water Supply Planning

Mr. Durkin informed the committee that the general managers met on January 20th to get an update on the Emergency Water Supply Planning. A draft Emergency Response Operations Manual and a draft Mutual Aid Agreement were provided to each agency. The Wholesale Customer Agencies were requested to submit comments on the documents within the next 2 to 3 weeks. Mr. Durkin commented that the project may require one more meeting to complete. Mr. Durkin informed the committee that the general managers were informed of the February 17-18 SEMS/NIMS training provided by the Sacramento County Office of Emergency Services.

Groundwater Pumping Update

CHWD – Operating one well per week and rotating them every 5th week, which should total approximately 80 af per month.

FOWD – No report.

OVWC – Not pumping.

SJWD – Not pumping.

Agency Updates

Each agency provided a brief update on operations and the status of ongoing capital improvements projects.

San Juan Water District:

Ms. Lorance reported that the contract amendment to bill in arrears has been reviewed and approved by OVWC and CHWD. Comments from FOWD were received the day of the last SJWD Board meeting; therefore, approval of the agreements was delayed until the January 26th meeting. However, the District has not received FOWD comments or revisions. The SJWD Board requested that all the amendments be the same for the Wholesale Customer Agencies so all contracts are pending until FOWD submits their revisions. Approval of the amendment to the agreements needs to be completed by the March Board meeting in order to bill in arrears, otherwise, it may be necessary to bill in advance at that time. Director Marx commented that he will contact Tom Gray regarding this issue. Mr. Sadler commented that the section numbers in the agreement with Folsom are slightly different; therefore, if the amendment removed the section numbers and only included the section title, then all agreement amendments would more closely match.

Citrus Heights Water District:

Mr. Churchill reported that he sent out a request for comments regarding adjustments on the Wholesale Meter Cost Reallocation Project. To date, he received written response from Folsom and would like to receive comments back so that he can finalize his report this month.

Mr. Churchill reported that their Accounts Receivable Specialist is retiring in May and they will be posting an announcement to fill that position.

Mr. Churchill informed the committee that they need to cement mortar approximately 1,000 ft of 16" steel waterline and would like to borrow specs if any agency has some for this type of installation.

Mr. Churchill commented that they have received several calls regarding the California American Water rate increase, since they recently announced a proposed 27.59% rate increase in 2012. Director Costa inquired if they are using the rate increase to payoff the 20% profit for investors. Ms. Lorance suggested that Rob Roscoe be contacted to gain information regarding background on the rate increase process.

Mr. Churchill announced that Director Dion is running for a position on the JPIA Executive Committee and a request for concurring nominations will be sent to the Wholesale Customer Agencies for support.

Orange Vale Water Company:

No report.

Fair Oaks Water District:

Director Marx reported that they switched to bi-monthly billing and completed their last newsletter production in-house.

Folsom:

No report.

Sacramento Suburban Water District:

Mr. Formosa reported that Peter Brundage, Executive Officer, Sacramento Local Agency Formation Commission (LAFCo), attended the SSWD Board meeting to discuss the Rio Linda Elverta Community Water District (RLECWD). Mr. Formosa commented that LAFCo requested SSWD to consider their request for assistance with the selection of a general manager and financial advice for RLECWD.

IX. Other Items

◆ Elect Officers

The Executive Committee discussed the nomination of officers for 2011 and it was unanimous that Sharon Wilcox serve as Chair and Ed Formosa serve as Vice Chair – both accepted the positions.

X. Future Meeting Dates

- February 22, 2011
- March 7, 2011 - Workshop
- March 22, 2011

XI. Adjournment

The Executive Committee was adjourned at 2:24 p.m.