

**SAN JUAN WATER DISTRICT
BOARD MEETING AGENDA
February 23, 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

During the Public Forum, the Board may briefly respond to statements made or questions posed by the public, or ask District staff for clarification, refer the matter to District staff or ask District staff to report back at a future meeting. The Board will not take action on any matter raised during the Public Forum, unless the Board first makes the determinations to add the matter to the agenda.

7:05 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 February 9, 2011

7:05 p.m.

III. OLD BUSINESS

1. Penalties and Interest for Delinquent Water Charges
Action: Consider adoption of the proposed delinquency policy
2. 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

7:10 p.m.

IV. COMMITTEE REPORTS

1. Legal Affairs Committee (2/10/11)

- 1.1 Acreage Agreement
- 1.2 Sacramento Regional Water Legislation
- 1.3 Regional Public Information
- 1.4 Legal Counsel Contract
- 1.5 Employee Benefits Recommendations Next Steps
- 1.6 FO-40 Memorandum of Understanding
- 1.7 ACWA Water Transfer Initiative
- 1.8 AB 32 Compliance
- 1.9 Public Comment
- 1.10 Other Legal Affairs Matters

2. Personnel Committee (2/14/11)

- 2.1 Merit and Incentive Policy Changes
- 2.2 Employee Salary and Benefits Recommendations Next Steps
- 2.3 General Manager and Legal Counsel Evaluation Process
- 2.4 Other Personnel Matters
- 2.5 Public Comment

7:40 p.m.

V. INFORMATION AND ACTION ITEMS

1. General Manager's Report

- 1.1 March 7, 2011 Joint Board Workshop
Workshop Meeting 9am to 12pm
No action requested, for information
- 1.2 Report Back Items
- 1.3 Miscellaneous District Issues and Correspondence

2. Assistant General Manager's Report

- 2.1 Report Back Items
- 2.2 Miscellaneous District Issues and Correspondence

3. Finance and Administrative Services Manager's Report

- 3.1 Director's Expense Reimbursement Report
- 3.2 Quarterly Report on Investment
- 3.3 Quarterly Report on Financial Performance
- 3.4 FY 2012 Budget Revenue Projections (*draft*)
- 3.5 Report Back Items
- 3.6 Miscellaneous District Issues and Correspondence

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.

VI. UPCOMING EVENTS

1. 2011 ACWA DC Conference
March 1-3, 2011
Washington, DC
2. Water Education Foundation Executive Briefing
March 24-25, 2011
Sacramento, CA
3. CA-NV AWWA 2011 Spring Conference
March 28-31, 2011
Long Beach, 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.

VII. 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.

VIII. OPEN SESSION

1. Report from Closed Session

IX. ADJOURN

UPCOMING MEETING DATES

March 7, 2011 (Joint Board Workshop at FOWD)

March 9, 2011

March 23, 2011

April 13, 2011

I declare under penalty of perjury that the foregoing agenda for the February 23, 2011 regular meeting of the Board of Directors of San Juan Water District was posted February 17, 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

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes
February 9, 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
Judy Johnson	Customer Service Manager
George Machado	Field Services Manager
Greg Turner	Chief Operator
Jason Mayorga	Distribution Operator IV
Kevin Davis	Treatment Operator III
Teri Hart	Board Secretary/Administrative Assistant
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

Maya Tagore-Erwin	Customer
Karen Bosworth	Customer
Linda Davis	Public
Lianne Peterson	Customer
Dave Hodson	Customer
Greg Umphenour	Customer

AGENDA ITEMS

- I. Public Forum**
- II. Consent Calendar**
- III. Committee Reports**
- IV. Information and Action Items**
- V. Upcoming Events**
- VI. Closed Session**
- VII. Open Session**
- VIII. Adjourn**

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

I. PUBLIC FORUM

Ms. Peterson addressed the Board with a complaint that she did not receive a reply from the email that she sent on January 28th to the Board via Ms. Lorance's email address. Ms. Lorance informed Ms. Peterson that she did not receive the

email and will check to see if the District's spam protection software filtered it. [*The email was discovered by the IT Administrator in the District's spam filter software program.*]

Ms. Peterson also voiced her concern over the exchange between Director Tobin and her at the last Board meeting where she felt Director Tobin accused her of disseminating false information and requested that Director Tobin respond to back up her claim. Director Tobin responded to Ms. Peterson with a prepared explanation of the comments she made at the last Board meeting regarding dissemination of information. A copy of Director Tobin's written comments will be attached to the original meeting minutes.

Ms. Tagore-Erwin inquired who the District serves. President Costa responded that the Board serves the public and the District staff takes direction from the Board.

Director Peterson requested a transcript of Director Tobin's remarks. Director Tobin stated she would provide a copy of her remarks.

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

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

III. COMMITTEE REPORTS

1. Public Information Committee (1/24/11)

Ms. Lorance reported that the committee met on January 24, 2011 and discussed the following:

- Review WaterGram
- Spring Conservation Event
- RWA Public Information Subscription Program

The committee meeting minutes will be attached to the original board minutes.

Ms. Lorance informed the Board that the Spring Conservation Event will be delayed since completing this project in-house would require staff time that is not available at this time.

Ms. Lorance informed the Board that the RWA Public Information Subscription Program has 100% support from the large agencies and most of the other agencies. The first outgoing messages from this project will occur in approximately two months.

Ms. Lorance informed the Board that 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.

For information only; no action requested.

2. Engineering Committee (1/24/11)

Mr. Durkin reported that the committee met on January 24, 2011 and discussed the FO 40 Pipeline Rehabilitation Project. The committee meeting minutes will be attached to the original board minutes.

Mr. Durkin informed the Board that a joint meeting with the Fair Oaks Water District Technical Advisory Committee and the Engineering Committee still needs to be scheduled; therefore, the action on the MOU needs to be tabled to a future meeting. President Costa requested that the action item be placed as a standing item on the agenda until resolved.

Director Walters inquired if the MOU was reviewed by Legal Counsel. Ms. Lorance explained that the MOU is currently in draft mode until comments are received from the other agencies then will be reviewed by Legal Counsel.

There was an inquiry from the public regarding whether the District pays for repairing a pipe that's in the Fair Oaks Water District. President Costa explained that the pipeline is the property of San Juan Water District wholesale and is used to serve a few of the wholesale customer agencies. He explained that the agencies are discussing the cost allocation at this time.

For information only; no action requested.

3. Finance Committee (1/11/11)

President Costa reported that the committee met on February 8, 2011 and discussed the following:

- Review and Pay Bills
- Wholesale Customer Agency Water Supply Contracts
- Penalties and Interest for Delinquent Water Charges
- Wholesale Customer Agency Outstanding Invoices
- Fair Oaks 40-inch Pipeline Update
- WTP Process Pump Maintenance
- Water Treatment Plant Filter Repair Project
- Flexibility in Scheduling Finance Committee Meeting

The committee meeting minutes will be attached to the original board minutes. The items requiring action or Board discussion are detailed below.

Review and Pay Bills

Vice President Costa reported that the committee reviewed the presented bills and claims for January payables in the amount of \$1,350,731.30. The reviewed bills and claims were found to be in order.

Director Miller moved to approve Resolution 11-04. Director Walters seconded the motion and it carried unanimously.

Director Peterson inquired what the large credit was on the January payables that is added back in manually at the end of the list of payables. Ms. Morris explained that the District is required to pay two months in advance for water deliveries from the Bureau and then it is reconciled after the actual usage is calculated. As USBR bills for the water usage, the actual invoice is subtracted from the credit. The credit will be reduced once more water is delivered in the warmer months.

Wholesale Customer Agency Water Supply Contracts

Ms. Lorance informed the Board that final revisions to the contracts were made to reflect comments from Fair Oaks Water District. The Finance Committee discussed the proposed revisions to the contract and agreed with staff recommendations.

Director Miller moved to adopt Resolution No. 11-02 modifying wholesale customer agency water supply contracts. Director Tobin seconded the motion and it carried unanimously.

Penalties and Interest for Delinquent Water Charges

Ms. Lorance informed the Board that the proposed 150 day notice for the implementation of penalties and interest charges on delinquent water charges was provided to the General Managers and the Executive Committee, and the 150 day period will be completed this month. Ms. Lorance reported that in order to comply with the 150 days notice requirement, the Finance Committee recommends that the Board of Directors adopt the delinquency policy at the February 23rd Board of Directors meeting.

Director Walters inquired if there should be a clause to waive penalties. Mr. Bartkiewicz explained that the Board has the authority to waive penalties, but should do so on a consistent basis with just cause.

For information only; no action requested.

Wholesale Customer Agency Outstanding Invoices

Ms. Lorance informed the Board that invoices were sent to the Wholesale Customer agencies for the fixed service charges and debt service. Fair Oaks Water District's invoice is the only one outstanding.

Director Miller inquired on the status of payment from FOWD. Ms. Morris informed the Board that she contacted FOWD and was informed by their Financial Analyst that the invoice was approved by the FOWD General Manager and processed through accounts payable for review at the February 14th Board meeting and once approved, then it will be released at that time.

Director Peterson commented that some leeway should be given to FOWD since they have been embroiled in a criminal trial that has taken its toll on them.

For information only; no action requested.

Fair Oaks 40-inch Pipeline Update

Mr. Durkin informed the committee that staff developed a draft agreement for the Fair Oaks 40-inch Pipeline Project that covers capital improvements and ongoing operations and maintenance. The District received comments on the agreement from OVWC in October, but has not received comments from FOWD. It appears it may take a substantial amount of time to negotiate the final agreement with FOWD.

Mr. Durkin commented that the District would like some type of written agreement in place while the project is moving forward and cost allocations are developed. Staff prepared a draft Memorandum of Understanding between the agencies to confirm all agencies are in agreement with the scope of the project and to provide a temporary allocation of costs, including a share to SJWD Wholesale. The SJWD Wholesale percentage would be reimbursed by the agencies once the final project allocation is identified. OVWC provided comments to the MOU. Staff is trying to arrange a meeting with the FOWD Technical Committee to determine what questions and concerns they may have.

The committee discussed the issue. Mr. Durkin will report back on the item.

For information only; no action requested.

WTP Process Pump Maintenance

Mr. Durkin informed the committee that emergency repair was needed on two WTP process pumps which supply water for various needs at the plant. The cost for rebuilding both pumps was just over \$20,000, which fell above the General Manager's normal authorization limit; however, since this was an emergency, the General Manager approved the cost, which was not in the budget. The WTP staff presented an alternative of delaying other capital improvement projects to cover the cost. The committee discussed the issue and suggested that the cost be allocated as a capital improvement project which would be covered by the savings on the Water Treatment Plant Filter Repair Project

For information only; no action requested.

Water Treatment Plant Filter Repair Project

Mr. Durkin informed the Board that the WTP Filter Repair Project was underway and in the course of repairs, it has been determined that more work is needed. A change order is necessary to address saw cutting approximately 400 feet of concrete at the floor and wall expansion joints to achieve a straight, consistent 2-inch wide joint, and replacing the expansion joint material and sealant. The contractor has submitted a quote of \$23,115 to complete the saw cutting and prep work in the south filter basin. The change in cost for the wider joint filler material and caulking is estimated to be an additional \$3,600. The District anticipates a similar change order work requirement in the north filter basin.

The addition of this change order work to the contract will result in the contract amount exceeding the authorized contract budget; however, the project will remain under the 2010/2011 Wholesale Capital Improvement Program Budget. The Finance Committee discussed the change orders and agreed with staff recommendations.

Director Tobin moved to 1) approve Change Order No. 2 to the contract in the amount of \$23,115 to cover the additional work by Koch Excavating, Inc., and 2) approve increasing the total authorized not-to-exceed construction budget to \$182,000 to cover these change orders and provide a contingency of approximately \$10,000 for any other unforeseen conditions. Director Walters seconded the motion and it carried unanimously.

Flexibility in Scheduling Finance Committee Meeting

President Costa explained that the 4pm time needs to remain in order to allow enough time for staff to submit the bills for review; however, he is open to a having a pre-meeting for one of the committee members to meet with staff, then recess to 4pm on the Tuesday prior to the Board meeting. At this time, the alternate would be called to cover the second part of the committee

meeting. President Costa stated that all recommendations and actions on the committee agenda will be determined at the 4:00 pm meeting time.

For information only; no action requested.

Other Finance Matters

Ms. Lorange informed the Board that a detailed list of reserves for both Wholesale and Retail was provided to the Board and will be on the next Finance Committee meeting agenda.

For information only; no action requested.

IV. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 Topics for Workshop

Ms. Lorange informed the Board that a draft list of topics for the February workshop was distributed at the Board meeting. Mr. Fougères will be working on the priorities for this year that the Board wants to accomplish, outside of routine District operations and he will be contacting the Board members to discuss the workshop topics.

For information, no board action requested

1.2 Report Back Items

1.2.1 Board December 14, 2010 Workshop

Ms. Lorange provided the two completed action items that were missing from the December 14th workshop. A copy of the information will be attached to the meeting minutes. The Personnel Committee will review the four items and recommendations from the workshop and identify the next steps.

Director Miller inquired if the District is an "at will" employer and what that means. Mr. Bartkiewicz will research the request and report back.

Director Peterson inquired about item 5 where it refers to other agencies stating that "employees agreed" to something. He would like to know how that agreement manifested, such as an employee vote, majority vote, unanimous decision, or management decision subject to protest. Mr. Bartkiewicz will research the request and report back.

For information, no board action requested

1.3 Miscellaneous District Issues and Correspondence

Director Miller received an email from Ms. Roberts, a customer, which asked a lot of questions and he wanted to know if staff received the email. Ms. Lorance will research and get back to Director Miller.

Ms. Lorance reported that at the request of staff, the District's Injury Illness Prevention Program was reviewed by JPIA and recommendations were received and included in the Board packet.

For information, no board action requested

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Report Back Items

2.1.1 Treated Water and Cooperative Transmission Bypass Pipelines Project

Mr. Durkin reported work is progressing on this project and some major trenching will be completed over the next couple of months; therefore, he cautioned board members and the public to use care when driving through the facility as there will be some heavy equipment and detours.

For information only; no action requested.

2.2 Miscellaneous District Issues and Correspondence

Mr. Durkin reported that a technical team meeting was held at the District on February 4th with the U.S. Bureau of Reclamation, City of Roseville and City of Folsom to review important projects with the Bureau. Some close-out items on the Bypass Pipeline Project were discussed, including thoroughly testing the new and existing pipes as a system and rehabilitating the older pipeline. In addition, the technical team discussed the second intake project for water supply reliability needed during dry years or emergency situations. The most promising alternative for a second intake appears to be a low lake level pump station located in the stilling basin below the dam since there is always water at this location. The technical team will begin meeting on a monthly basis to continue progress on the projects.

President Costa commented that the second intake project seems like it will be a costly project and inquired if there is benefit to the District. Mr. Durkin explained that if the lake goes to approximately 2/3rds empty or less then the water supply through the only intake that the District has would be reduced or completely cut-off and the District would not be able to obtain its water supply from the lake. Mr. Durkin commented that the re-operating of Folsom Lake to meet Delta requirements and other demands might very well put the lake below the existing intake.

Mr. Hodson inquired if there had ever been a problem with obtaining water from Folsom and who will decide if the District moves forward with the

second intake project. Mr. Durkin responded that the District has not had a problem yet with obtaining water from Folsom Lake, but has come close. President Costa commented that the Engineering Committee and the Board will review and decide, but this is a long term project. Mr. Durkin responded that he takes direction from the Board to review a redundant water supply for the District and supply options for the Board's review. Director Miller commented that looking into this second intake is being driven by the state and potential use of water that will be required to flow to the Delta by state mandates which will impact the District and require an alternative water supply.

For information, no board action requested

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

Ms. Morris informed the Board that she is following up on scheduling the Placer County Tax Collector to conduct a presentation on pooled-money accounts.

Ms. Morris informed the Board that she is meeting with Director Peterson on February 10th to review the budget assumptions as directed at the last Board meeting.

3.2. Miscellaneous District Issues and Correspondence

Ms. Morris referred to the CalPERS press release regarding returns on investments, which are 12.5% for calendar year 2010 and shows a \$65 billion gain since the low point in 2009. This is the second straight year of double-digit returns and is important to the District as CalPERS states that approximately 70-80% of retirees' payments come from these investment returns.

Ms. Morris informed the Board that staff will be reviewing allocation of staff time between wholesale and retail to assure allocations are up to date given current work activity and accounted for properly in the budget.

4. LEGAL COUNSEL'S REPORT

Mr. Bartkiewicz provided a written report which will be attached to the original meeting minutes. He informed the Board that a memorandum was provided to Ms. Lorance regarding the recent Supreme Court decision on the State Water Resources Control Board fees case. The Supreme Court held that the legislature properly enacted the fees; however, since they are fees there needs to be a direct nexus between the fees and the services received. The case was referred back to Superior Court for more evidence that proves the fees were justified for the services rendered.

For information only; no action requested.

5. DIRECTORS' REPORTS

5.1 SGA

Director Tobin reported that SGA meets on February 10, 2011.

5.2 RWA

No report.

5.3 Executive Committee

Mr. Durkin reported that the Executive Committee met on January 25th and all agencies were represented. A copy of the meeting minutes will be attached to the Board meeting minutes.

5.4 ACWA/JPIA

No report.

5.5 CVP Water Users Association

No report.

5.6 LAFCO

President Costa reported that they meet next month. He reported that he watched the report on the service review of Rio Linda Water District. The PUC conducted a hearing on the rate increases that American Waterworks forecasted at 42%.

5.7 Other Reports and Comments

Ms. Lorance informed the Board that the Joint Board Workshop will be held at Fair Oaks Water District on March 7th from 9:00am to 12:00pm.

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 called for Closed Session at 8:27 pm

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.

President Costa returned to Open Session at 8:37 pm

VII. OPEN SESSION

1. Report from Closed Session
There was no report from the closed session.

VIII. ADJOURN

The meeting was adjourned at 8:38 p.m.

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

ATTEST:

TERI HART, Board Secretary

The February 9, 2011 meeting minute attachments are located under Meeting Minutes – *Draft* on the webpage.

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.

Legal Affairs Committee Meeting
February 10, 2011
1:30 p.m.

Attendees: Bob Walters, Chair
Ted Costa, Director
Shauna Lorance, General Manager
Keith Durkin, Assistant General Manager
Teri Hart, Administrative Assistant/Board Secretary
Paul Bartkiewicz, Counsel

Topics: Acreage Agreement
Sacramento Regional Water Legislation
Regional Public Information
Legal Counsel Contract
Employee Benefits Recommendations Next Steps
FO-40 Memorandum of Understanding
ACWA Water Transfer Initiative
AB 32 Compliance
Public Comment
Other Legal Affairs Matters

1. Acreage Agreement

Ms. Lorance informed the committee that there is a property in the District that was under an acreage agreement. The owner of the property completed a complicated lot split and, in the process, the acreage agreement for the re-defined parcel was inadvertently signed by the wrong party. The District has attempted to correct the situation with an amended acreage agreement with the proper owner; however, the property owner has not responded to our requests. At this time, water usage on the property falls within the water budget and there are no associated fees with this acreage agreement. The issue is that there is not a valid acreage agreement on file with the existing property and if in the future the property owner sells the property, there is not an agreement filed against the property to notify the new purchaser.

The committee discussed the issue and requested that a certified letter be sent to the property owner with regard to signing the agreement, the water budget and notifying subsequent owners of the water budget on the property.

For information only; no action requested.

2. Water Sacramento Regional Water Legislation

Mr. Bartkiewicz informed the committee that Assemblyman Roger Dickinson and state Sen. Darrell Steinberg introduced legislation to allow the Sacramento County Regional Sanitation District (SCRSD) to sell water treated by an upgraded wastewater treatment plant in an effort to mitigate the estimated \$2 billion cost of mandated upgrades.

SCRSD processes the waste water it receives and puts it into the Sacramento River. Assembly Bill 134 would allow the district to apply for a state permit to sell up to 180,000 acre-feet of water a year.

Separately, Steinberg has introduced a bill that would appropriate \$50 million from previously voter-approved bonds to help pay for the upgrades.

Ms. Lorange informed the committee that the water agencies in the region would like to maintain a neutral position on these bills, while it is believed that ACWA will stand in opposition against the bills. The committee agreed that the District keep a watch on these bills and remain neutral.

For information only; no action requested.

3. Regional Public Information

Ms. Lorange informed the committee that RWA contracted with Larsen/Cazanis, a political public relations firm, for the work on the regional public information project. Ms. Lorange received a draft agreement which shows the cost allocation for San Juan Retail at \$10,000; Fair Oaks Water District and Citrus Heights Water District cost are also allocated at \$10,000, while Orange Vale Water Company cost is allocated at \$5,000. Ms. Lorange will provide the detailed scope of work at the March meeting.

For information only; no action requested.

4. Legal Counsel Contract

Director Walters informed the committee that Mr. Bartkiewicz and he met to discuss the Legal Counsel Contract. There are some minor changes that need to be amended and Mr. Bartkiewicz will forward those amendments to the District. The original contract and all amendments will remain in the same file at the District office.

For information only; no action requested.

5. Employee Benefits Recommendations Next Steps

Ms. Lorange informed the committee that the Personnel Committee will be meeting Monday, and included on that agenda is to discuss the next steps regarding the committee recommendations presented at the December workshop. Mr. Bartkiewicz informed the committee that care must be used when bringing topics to more than one committee since the same discussion could violate the Brown Act. He suggested that if the Personnel Committee has topics which need review by the Legal Affairs Committee that they not be referred in whole, but rather compartmentalized so that the Legal Affairs Committee only reviews certain parts as requested based on the legal aspect of the item.

For information only; no action requested.

6. FO-40 Memorandum of Understanding

Ms. Lorance informed the committee that she was in receipt of several email communications over the past few days from Fair Oaks Water District. Based on those emails, the District has concluded that FOWD is in dispute regarding the cost allocation of labor charges for SJWD staff and materials used on the initial work completed on the FO-40 pipeline to date.

The committee discussed the issue and agreed to discuss further after the joint meeting is held between SJWD Engineering Committee and FOWD Technical Committee to discuss the cost allocations and draft MOU. The joint meeting is anticipated to be scheduled the week of February 22, 2011.

For information only; no action requested.

7. ACWA Water Transfer Initiative

Mr. Bartkiewicz informed the committee that an ACWA task force was developing a water transfer's initiative to provide suggestions on how to improve the efficiency of water transfers

For information only; no action requested.

8. AB 32 Compliance

Ms. Lorance informed the committee that the District will be looking completing a greenhouse gas emissions baseline study in order to comply with AB 32, the California Air Resources Board's Green House reduction targets, and new CEQA guidelines. The District needs to establish the baseline in order to get credit for the anticipated energy savings from the Solar Project, pressure zone revisions, and other projects. The District will begin the baseline study in-house, but anticipates utilizing a consultant to complete the study. This assumption will be placed in the 2011-12 budget.

For information only; no action requested.

9. Public Comment

There was no public comment.

10. Other Legal Matters

There were no other matters discussed.

The meeting was adjourned at 2:47 p.m.

AGENDA ITEM IV-2

DRAFT

**Personnel Committee Meeting
San Juan Water District
February 14, 2011
8:30 a.m.**

Committee Members: Bob Walters, Chair
Ken Miller, Director

District Staff: Shauna Lorance, General Manager
Keith Durkin, Assistant General Manager
Teri Hart, Board Secretary/Administrative Assistant

Topics: Merit and Incentive Policy Changes
Employee Salary and Benefits Recommendations Next Steps
General Manager and Legal Counsel Evaluation Process
Other Personnel Matters
Public Comment

1. Merit and Incentive Policy Changes

Ms. Lorance informed the committee that the intent of discussion was to clarify the meaning of the two policies and recommend changes to the policy definitions. As explained in her staff report, a merit increase raises the employee's base pay with increases given within the salary range of a position until the top of the range is reached, and an incentive award is a one-time payment to an employee which does not increase the base pay. A copy of the staff report will be attached to the meeting minutes.

The committee discussed the Merit Increases policy and requested that Ms. Lorance rewrite the policy based on discussions and bring back to the next committee meeting.

The committee discussed the Incentive Award Program and requested that Ms. Lorance provide her recommendation to the committee which lists the pros and cons of the program and bring back to the next committee meeting.

For information only; no action requested.

2. Employee Salary and Benefits Recommendations Next Steps

The committee discussed the Personnel Committee recommendations and requested that Ms. Lorance lay out the process to work through the four recommendations and bring her suggestions to the next committee meeting. In addition, it was requested that Ms. Lorance look at the recommendations and give her opinion on whether any of them should be referred to another committee.

For information only; no action requested.

3. General Manager and Legal Counsel Evaluation Process

The committee discussed the evaluation process which was recently completed for the General Manager and Legal Counsel and agreed that it was a good process. The committee requested that Ms. Lorance bring the model that was used for the evaluations to the next meeting for review and recommendations for next year's evaluations.

For information only; no action requested.

4. Other Personnel Matters

The committee set the next meeting date to March 14, 2011 at 8:30 am.

Director Miller commented that the District should not spend time on the intake project and let the Bureau figure out how they will supply water to the District in low lake situations. Ms. Lorance informed the committee that this topic is on the workshop agenda for this week.

For information only; no action requested.

5. Public Comment

There was no public comment.

The meeting was adjourned at 10:07 am.

STAFF REPORT

To: Board of Directors
From: Shauna Lorance
General Manager
Date: January 4, 2011
Subject: Merit Increases and Incentive Awards

Background

At the Board of Directors workshop on employee benefits, further clarification on the difference between merit increases and incentive awards was requested.

Below are the definitions of each:

- a. The definition of a merit increase is the stepping through the salary range. In most public agencies, the employee moves through the salary range in 5% increments every year they are in the position, regardless of whether their job performance is ok or great. The District has moved an employee from the bottom to the top of the salary range based on job performance, not length of time spent at the position.

However, the title “merit” increase is confusing, as even if someone has a spectacular job performance, if they are at the top of their salary range, they do not get a merit increase. The top of the range is effectively a maximum salary available for that position. “Within Range” increases would be a better title for these types of increases.

- b. Incentive Awards are one time payments that do not increase the salary for an employee. They are based on the performance of that employee over the past year. Incentive awards range between 0 to 10% of the employee’s annual salary. Incentive awards are provided when the employee’s performance is better than the job description. In other words, is the performance better than would be expected to consider the performance average?

Current Status

A clearer policy to describe both increases within salary ranges and incentive awards would be beneficial. Recommended modifications to both the Salary Range and Incentive Awards policies are included with this staff report.

The “Merit Increases” have been renamed “Within Ranges Increases” for better clarity. The incentive awards have retained the same title.

Staff Recommendation

Staff recommends discussing the recommended revisions to Policy 3080 Salary Ranges and Policy 3090 Incentive Award Program in the personnel committee.

SAN JUAN WATER DISTRICT
EMPLOYEE MANUAL

POLICY TYPE : Payroll Practices and Hours of Work
POLICY TITLE : Salary Ranges
POLICY NUMBER : 3080
DATE ADOPTED : May 12, 2002
DATES AMENDED : February 14, 2007

3080.00 SALARY RANGES

The District has established pay ranges for the various job classifications of employees. In doing this, several factors were considered, including the prevailing rates for similar positions in other water districts, the level of responsibility, technical qualifications and the relative degree of interaction/decision-making. Employee salary ranges may be changed from time to time by the Board of Directors.

3080.01 MERIT-WITHIN RANGE INCREASES

Employees may progress through the salary range, up to the maximum salary amount in the range, based on their job performance. The bottom of a salary range is similar to the apprentice level of a job, with the top of the salary range equating to a journey level position. Set step increases based on the amount of time in the position are not used by the District. An employee progresses through the salary range to journey level at the rate which their job performance dictates they are approaching journey level performance, within limitations set by the Board. The within range increases must be included in the budget approved by the Board of Directors.

The assumptions used by CalPERS in calculating the actuarial projections in retirement costs includes a component related to the amount of merit increase each employee will receive. The assumptions are based on the age of employee, and number of years of service. Each year, the actuarial valuation is updated using actual salary costs, so the actuarial assumptions are not interdependent from year to year.

The intent of the Board of Directors is to reduce the possibility of increasing the retirement liability of the District, as well as forbid the policy of spiking salaries for the purpose of increasing retirement. The Board of Directors recognizes the benefits of allowing the General Manager the authority to award merit increases based on actual work performance and merit. Directly implementing the CALPERS assumptions and mandating a merit increase for each individual employee does not provide adequate flexibility for the General Manager to effectively manage the District.

The Board has provided the General Manager the authority to determine the specific

advancement within the salary range for each employee, under the condition that the total increase for all employees does not exceed the total assumed increase used by CalPERS for merit increases. The assumed [merit-within range](#) increase used by CalPERS is defined as the total assumed increase in payroll costs for the district. Should the total increase in payroll costs for recommended [merit-within range](#) increases exceed the estimated assumed merit increase used by CalPERS, the General Manager will obtain Board approval prior to implementation.

SAN JUAN WATER DISTRICT
EMPLOYEE MANUAL

POLICY TYPE : Payroll Practices and Hours of Work
POLICY TITLE : Incentive Award Program
POLICY NUMBER : 3090
DATE ADOPTED : May 12, 2002
DATES AMENDED : February 14, 2007

3090.00 INCENTIVE AWARD PROGRAM

Incentive Award Programs have been in existence for many years in the private sector. As a tool to improve efficiency and effectiveness, the District has implemented a performance incentive award program.

3090.01 Performance Evaluations

At least annually, the performance of all staff shall be evaluated in writing. Evaluation of performance shall include, but not be limited to, goals and objectives, budget compliance, operational standards, peer evaluation, organization evaluation results, outstanding accomplishments, educational achievement, Board assessment and priority areas identified by the Board and General Manager. Descriptions of the categories, and the definitions of; does not meet expectations, meets expectations, and exceeds expectations, were included in the initial adoption of this policy and are attached to this policy. An employee must reasonably exceed expectations in multiple categories that are applicable to the employee's job to receive an incentive award.

3090.02 Performance Incentive

The General Manager, at the end of each fiscal year, shall compute the actual performance incentive as a function of collective and individual performance over the past fiscal year. The performance incentive is for performance above and beyond the job description and basic expectations for the position.

The payment of performance incentives shall be subject to budgetary appropriations prescribed by the Board of Directors. Performance incentives shall be paid in one installment after the performance evaluation period in June of each fiscal year.

3090.03 Administration

The appropriate Department Manager, under delegation from the General Manager, shall administer the compensation of subordinate employees.

Any employee subject to these regulations who is affected by a decision under the authority of these regulations may appeal the decision by filing a grievance in accordance with this Manual.

3090.04 Incentive Award Compensation

The potential is 0-10% of base wages for all regular staff.

BOARD OF DIRECTORS EXPENSE REIMBURSEMENT SUMMARY

OCTOBER - DECEMBER 2010 RECAP

NAME	MEETINGS ATTENDED	QUARTER PAID	QUARTER BUDGET	COMPENSATION	REIMBURSED EXPENSES	DISTRICT EXPENSES	TOTAL	REMAINING
Ted Costa	16	Oct-Dec	\$ 1,500.00	\$ 2,000.00	\$ -	\$ 35.35	\$ 2,035.35	\$ (535.35)
Ken Miller	16	Oct-Dec	\$ 1,650.00	2,000.00	66.00	-	\$ 2,066.00	\$ (416.00)
Dave Peterson	13	Oct-Dec	\$ 2,350.00	1,625.00	745.02	55.00	\$ 2,425.02	\$ (75.02)
Pam Tobin	16	Oct-Dec	\$ 1,622.00	2,000.00	72.00	55.00	\$ 2,127.00	\$ (505.00)
Bob Walters	17	Oct-Dec	\$ 1,375.00	2,125.00	1,370.90	953.40	\$ 4,449.30	\$ (3,074.30)
TOTAL	78		\$ 8,497.00	\$ 9,750.00	\$ 2,253.92	\$ 1,098.75	\$ 13,102.67	\$ (4,605.67)

YEAR -TO-DATE RECAP

NAME	MEETINGS ATTENDED	ANNUAL BUDGET	COMPENSATION	REIMBURSED EXPENSES	DISTRICT EXPENSES	TOTAL	REMAINING
Ted Costa	28	\$ 6,000.00	\$ 3,500.00	\$ -	\$ 66.35	\$ 3,566.35	\$ 2,433.65
Ken Miller	33	\$ 6,600.00	4,125.00	142.40	-	\$ 4,267.40	\$ 2,332.60
Dave Peterson	26	\$ 9,400.00	3,250.00	784.02	715.00	\$ 4,749.02	\$ 4,650.98
Pam Tobin	28	\$ 6,489.00	3,500.00	72.00	86.00	\$ 3,658.00	\$ 2,831.00
Bob Walters	25	\$ 5,500.00	3,125.00	1,370.90	1,403.40	\$ 5,899.30	\$ (399.30)
TOTAL	140	\$ 33,989.00	\$ 17,500.00	\$ 2,369.32	\$ 2,270.75	\$ 22,140.07	\$ 11,848.93

BOARD OF DIRECTORS EXPENSE REIMBURSEMENT SUMMARY

Quarterly Activity - October 2010 - December 2010

NAME	MEETING DATE	DESCRIPTION	DATE PAID	COMPENSATION	REIMBURSED EXPENSES	DISTRICT EXPENSES	
Ted Costa							
	10/5	Ad Hoc Meeting	11/10/2010	\$ 125.00			
	10/12	Finance Meeting	11/10/2010	125.00			
	10/13	Board Meeting	11/10/2010	125.00			
	10/20	Legal Committee	11/10/2010	125.00			
	11/2	Personnel Committee	12/8/2010	125.00			
	11/9	Finance Meeting	12/8/2010	125.00			
	11/10	Board Meeting	12/8/2010	125.00			
	11/15	CUIA	12/8/2010	125.00			
	11/17	Public Information Committee	12/8/2010	125.00			
	11/22	Meeting with Shauna/Keith	12/8/2010	125.00			
	11/30	Meeting with Kim Silvers	12/8/2010	125.00			
	12/6	Legal Committee	1/12/2011	125.00			
	12/7	Executive Committee	1/12/2011	125.00			
	12/7	Finance Meeting	1/12/2011	-			
	12/8	Board Meeting	1/12/2011	125.00			
	12/14	Board Workshop	1/12/2011	125.00			
	12/15	District Party	1/12/2011	-			
	12/20	Meeting with Shauna/Keith	1/12/2011	125.00		35.35	
	12/20	Meeting with Kim Silvers	1/12/2011	-			
				Total	\$ 2,000.00	\$ -	\$ 35.35
Ken Miller							
	10/4	SAS SSWD Board Workshop	11/10/2010	125.00			
	10/5	AD Hoc	11/10/2010	125.00			
	10/12	Finance Committee	11/10/2010	125.00			
	10/13	Board Meeting	11/10/2010	125.00			
	10/31	Mileage	11/10/2010		16.00		
	11/2	Personnel Committee	12/8/2010	125.00			
	11/9	Finance Committee	12/8/2010	125.00			
	11/10	Board Meeting	12/8/2010	125.00			
	11/12	Personnel Committee	12/8/2010	125.00			
	11/17	Public Information Committee	12/8/2010	125.00			
	11/30	Meeting with Kim Silvers	12/8/2010	125.00			
	11/30	Mileage	12/8/2010		25.00		
	12/6	GM Meeting	10/13/2010	125.00			
	12/7	Finance Committee	10/13/2010	125.00			
	12/8	Board Meeting	10/13/2010	125.00			

12/14	Board Workshop	10/13/2010	125.00		
12/22	Meeting with Kim Silvers	10/13/2010	125.00		
12/27	Meeting with Kim Silvers	10/13/2010	125.00		
12/31	Mileage	10/13/2010		25.00	

Total	\$	2,000.00	\$	66.00	\$	-
--------------	-----------	-----------------	-----------	--------------	-----------	----------

Dave Peterson

10/4	SSWD Workshop	11/15/2010	125.00		
10/5	AD Hoc	11/15/2010	-		
10/7	Meeting with Shauna/Keith	11/15/2010	125.00		
10/13	Board Meeting	11/15/2010	125.00		
10/19	Engineering Committee	11/15/2010	125.00		
10/31	Mileage	11/15/2010		18.00	
11/2	Personnel Committee	12/9/2010	125.00		
11/10	Board Meeting	12/9/2010	125.00		
11/12	Personnel Committee	12/9/2010	125.00		
11/23	Phone conference with Kim Silvers	12/9/2010	125.00		
11/29	Phone conference with Kim Silvers	12/9/2010	125.00		
11/30	ACWA Conf	12/9/2010	125.00		
11/30	Mileage	12/9/2010		727.02	
11/30	RWA Social	12/9/2010			55.00
12/8	Board Meeting	1/13/2011	125.00		
12/14	Board Workshop	1/13/2011	125.00		
12/16	Meeting with Kim Silvers	1/13/2011	125.00		

Total	\$	1,625.00	\$	745.02	\$	55.00
--------------	-----------	-----------------	-----------	---------------	-----------	--------------

Pam Tobin

10/5	Wholesale Budget Meeting	11/15/2010	125.00		
10/13	Board Meeting	11/15/2010	125.00		
10/14	SGA	11/15/2010	125.00		
10/14	Placer County Squaw Valley	11/15/2010	125.00		
10/19	Engineering Committee	11/15/2010	125.00		
10/31	Mileage	11/15/2010		72.00	
11/4	RWA	12/9/2010	125.00		
11/10	Board Meeting	12/9/2010	125.00		
11/18	Conservation Committee	12/9/2010	125.00		
11/23	Meeting with Shauna	12/9/2010	125.00		
11/30	Phone Survey	12/9/2010	125.00		
11/30	RWA Social	12/9/2010			55.00
12/8	Board Meeting	1/13/2011	125.00		
12/9	SGA	1/13/2011	125.00		
12/13	Meet with Shauna/Keith	1/13/2011	125.00		
12/14	Board Workshop	1/13/2011	125.00		
12/17	Q&A Dorian Facilitator	1/13/2011	125.00		
12/21	Meet with Kim Silvers	1/13/2011	125.00		

Total	\$	2,000.00	\$	72.00	\$	55.00
--------------	-----------	-----------------	-----------	--------------	-----------	--------------

Bob Walters

9/30	ACWA Legal Conference	11/10/2010	125.00		
10/1	ACWA Legal Conference	11/10/2010	125.00		
10/13	Board Meeting	11/10/2010	125.00		
10/19	Meeting with Shauna	11/10/2010	125.00		
10/20	Legal Committee	11/10/2010	125.00		
10/29	ACWA Fall Conf Registration	11/10/2010			635.00
10/31	ACWA Legal Conference	11/10/2010		433.40	
11/10	Board Meeting	1/12/2011	125.00		
11/18	Conservation Committee	1/12/2011	125.00		
11/22	Meeting with Shauna/Keith	1/12/2011	125.00		
11/28	Meeting with Kim Silvers	1/12/2011	125.00		
11/30	RWA Social	1/12/2011			55.00
11/30	ACWA Conference Flight	1/12/2011			263.40
11/30	ACWA Conference	1/12/2011	125.00		
12/1	ACWA Conference	1/12/2011	125.00		
12/2	ACWA Conference	1/12/2011	125.00		
12/3	ACWA Conference	1/12/2011	125.00		
12/6	Legal Committee	1/12/2011	125.00		
12/8	Board Meeting	1/12/2011	125.00		
12/14	Board Workshop	1/12/2011	125.00		
12/20	Meetin with Kim Silvers	1/12/2011	125.00		
12/31	ACWA Expenses	1/12/2011		937.50	
Total			\$ 2,125.00	\$ 1,370.90	\$ 953.40
			<u>\$ 9,750.00</u>	<u>\$ 2,253.92</u>	<u>\$ 1,098.75</u>

STAFF REPORT

To: Board of Directors
From: Mary Morris, Finance & Administrative Services Manager
Date: February 23, 2011
Subject: Investment Portfolio for Quarter Ended December 31, 2010

Background

In compliance with the State of California Government Code and the District's Investment Policy, the San Juan Water District Investment Report for the quarter ended December 31, 2010 is submitted for your review.

The attached Portfolio Summary Report provides a summary of the District's investments by type including: par value, market value, cost basis, maturity, rates and percentage of portfolio. The attached schedule provides these details, a graph representing the overall composition of District investments and Treasury Yield Curve as of quarter end for 2009 and 2010 for comparative purposes. The market value of the securities is provided by US Bank Trust and Custody, the District's third party custodian for safekeeping of the investments.

Current Status

The investment portfolio is in compliance with the Government Code and District's Investment Policy and demonstrates the District's ability to meet its cash flow requirements based upon the cash on deposit with US Bank and LAIF, which can be withdrawn during any period within the next 180 days.

The principal cost (book value) and market value of the cash and investment portfolio was \$46,055,337 and \$46,108,790, respectively. Increased market interest rates after the purchase of an investment decrease the value, while declining market interest rates have the opposite effect. Holding investments until the maturity date eliminates the market risk. Market values have remained fairly stable this quarter reflecting market conditions.

Budget Impact

Investment earnings for the fiscal year are currently estimated to be approximately \$179,087.

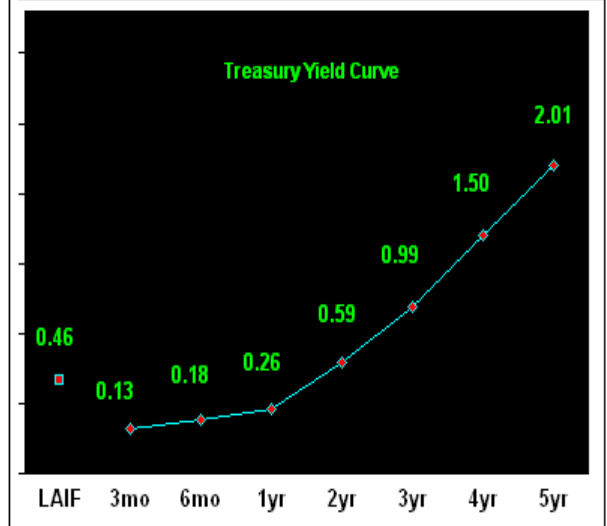
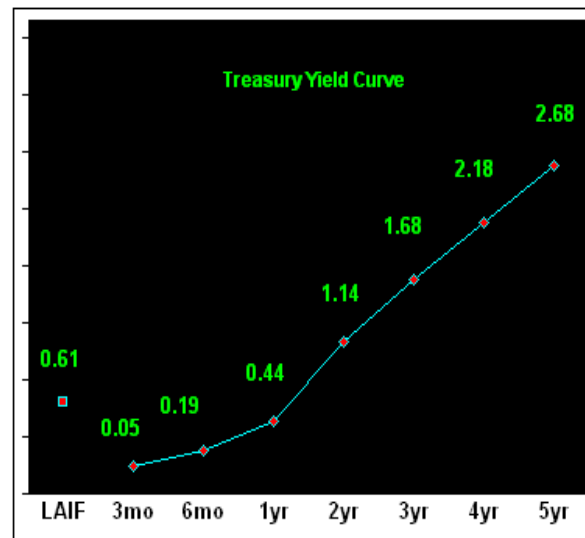
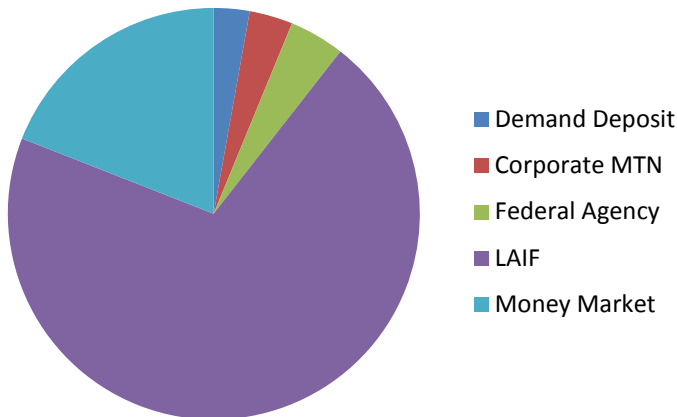
Staff Recommendation

For information only, no action is required.

San Juan Water District
Investments as of 12.31.2010

Institution	Category	Issuer	Purpose	Dates		Coupon	Purchase		Date	Rating	Market Price	Value
				Settle	Maturity		Par Amount	Cost Basis				
US Bank	Demand Deposit	Demand Deposit	General Funds	N/A	N/A	0.130%	324,069.71	\$324,069.71	12/31/10	N/A	\$1.00	\$324,069.71
US Bank	Demand Deposit	Demand Deposit	Payroll	N/A	N/A	0.130%	909,699.31	909,699.31	12/31/10	N/A	\$1.00	909,699.31
US Bank	Demand Deposit	Demand Deposit	EE Sect 125	N/A	N/A	0.130%	9,861.24	9,861.24	12/31/10	N/A	\$1.00	9,861.24
US Bank	Demand Deposit	Demand Deposit	Cust Deposits	N/A	N/A	0.130%	42,500.71	42,500.71	12/31/10	N/A	\$1.00	42,500.71
US Bank	Demand Deposit	Demand Deposit	Emergency	N/A	N/A	0.130%	4,000.00	4,000.00	12/31/10	N/A	\$1.00	4,000.00
Demand Deposit Total							1,290,130.97	1,290,130.97				1,290,130.97
US Bank Trust	Corporate MTN	Citigroup, Inc.	Pooled		2/14/2011	5.125%	500,000.00	500,890.00	12/31/10	A+	\$100.49	502,455.00
US Bank Trust	Corporate MTN	General Electric Corp	Pooled		5/1/2013	4.800%	1,000,000.00	990,940.00	12/31/10	AA+	\$106.91	1,069,090.00
Corporate MTN Total							1,500,000.00	1,491,830.00				1,571,545.00
US Bank Trust	Federal Agency	FNMA-Fannie Mae	Pooled	1/27/2010	1/27/2015	2.000%	1,000,000.00	1,000,000.00	12/31/10	AAA	\$100.56	1,005,550.00
US Bank Trust	Federal Agency	FHLMC-Freddie Mac	Pooled	12/22/2010	12/22/2015	2.250%	1,000,000.00	1,000,000.00	12/31/10	AAA	\$99.15	991,520.00
Federal Agency Total							2,000,000.00	2,000,000.00				1,997,070.00
LAIF	LAIF	LAIF	Pooled	N/A	N/A	0.460%	32,462,977.89	32,462,977.89	12/31/10	N/A	\$1.00	32,462,977.89
LAIF Total							32,462,977.89	32,462,977.89				32,462,977.89
US Bank Trust	Money Market	First American Gov't	Pooled	N/A	N/A	0.000%	2,767,565.60	2,767,565.60	12/31/10	AAA	\$1.00	2,767,565.60
US Bank	Money Market	Money Market	Reserve Funds	N/A	N/A	0.130%	1,187,291.03	1,187,291.03	12/31/10	N/A	\$1.00	1,187,291.03
Merrill Lynch	Money Market	Money Market	Pooled	N/A	N/A	0.014%	19,865.39	19,865.39	12/31/10	N/A	\$1.00	19,865.39
Union Bank	Money Market	Money Market	Debt Svc Reserve	6/23/2003	6/23/2033	1.070%	1,924,506.29	1,924,506.29	12/31/10	N/A	\$1.00	1,924,506.29
Union Bank	Money Market	Money Market	Debt Svc Reserve	6/30/2009	6/30/2039	0.700%	2,911,170.24	2,911,170.24	12/31/10	N/A	\$1.00	2,887,838.08
Money Market Total							8,810,398.55	8,810,398.55				8,787,066.39
Grand Total							\$46,063,507.41	\$46,055,337.41				\$46,108,790.25

Category



Source: Foothill Securities/Robinson Capital Management

AGENDA ITEM V-3.3

San Juan Water District
 FY 2010-2011 Financial Performance
 Wholesale

FY 2010 - 2011				
Category	Budget	Actual	Variance	% Actual vs Budget
Revenues/Sources:				
Water Sales	\$7,081,966	\$5,233,491	\$1,848,475	73.90%
PILOT Water Project	500,000	0	500,000	0.00%
Property Taxes	850,000	0	850,000	0.00%
Debt Service	445,872	29,694	416,178	6.66%
Interest Income	175,000	46,048	128,952	26.31%
Connections	0	3,445	(3,445)	0.00%
Other	271,000		271,000	0.00%
Capital Contributions	1,500,000	1,283,677	216,323	85.58%
Total Revenues/Sources	\$10,823,838	\$6,596,355	\$4,227,483	60.94%

FY 2010 - 2011				
Category	Budget	Actual	Variance	% Actual vs Budget
Expenses/Uses:				
Administrative & General	\$1,473,389	\$376,461	\$1,096,928	25.55%
Conservation	281,295	99,848	181,447	35.50%
Engineering	184,125	12,956	171,169	7.04%
PILOT	450,000	0	450,000	0.00%
Pumping & Telemetry	472,732	272,145	200,587	57.57%
Source of Supply	831,000	301,824	529,176	36.32%
Transmission	214,627	33,245	181,382	15.49%
Water Treatment	2,142,672	1,075,720	1,066,952	50.20%
Debt Service	2,262,856	861,249	1,401,607	38.06%
CIP Reserve	2,102,080	626,040	1,476,040	29.78%
Hinkle Reservoir	50,000	25,000	25,000	50.00%
PERS Stabilization	100,000	50,000	50,000	50.00%
Total Expenses/Uses	10,564,776	3,734,488	6,830,288	35.35%

FY 2010 - 2011				
Category	Budget	Actual	Variance	% Actual vs Budget
Total Revenues/Sources	\$10,823,838	\$6,596,355	\$4,227,483	60.94%
Total Expenses/Uses	10,564,776	3,734,488	6,830,288	35.35%
Net Sources/(Uses) of funds	\$259,062	\$2,861,867	(\$2,602,805)	

FY 2010 - 2011				
Category	Budget	Actual	Variance	% Actual vs Budget
Revenues:				
Water Sales	\$7,350,726	\$4,832,311	\$2,518,415	65.74%
Property Taxes	850,000	0	850,000	0.00%
Interest Income	87,500	44,980	42,520	51.41%
Connections/Annexations	50,000	50,308	(308)	100.62%
Other	100,000	41,905	58,095	41.91%
Total Revenues	\$8,438,226	\$4,969,504	\$3,468,722	58.89%

FY 2010 - 2011				
Category	Budget	Actual	Variance	% Actual vs Budget
Expenses:				
Administrative & General	\$1,308,548	\$707,214	\$601,334	54.05%
Conservation	540,889	188,005	352,884	34.76%
Customer Service	562,061	325,352	236,709	57.89%
Engineering	463,958	141,666	322,292	30.53%
Pumping & Telemetry	165,085	90,121	74,964	54.59%
Source of Supply	2,411,484	1,782,456	629,028	73.92%
Transmission	1,570,606	810,460	760,146	51.60%
Debt Service	1,241,390	424,873	816,517	34.23%
CIP Reserve	0	0	0	0.00%
Connection Reserve	50,000	50,308	(308)	100.62%
Kokila Reservoir	10,000	10,000	0	100.00%
PERS Stabilization	100,000	50,000	50,000	50.00%
Total Expenses	8,424,021	4,580,455	3,843,566	54.37%

FY 2010 - 2011				
Category	Budget	Actual	Variance	% Actual vs Budget
Total Revenues	\$8,438,226	\$4,969,504	\$3,468,722	58.89%
Total Expenses	8,424,021	4,580,455	3,843,566	54.37%
Net Sources/(Uses) of funds	\$14,205	\$389,049	(\$374,844)	

STAFF REPORT

To: Board of Directors
From: Mary Morris, Finance & Administrative Services Manager
Date: February 23, 2011
Subject: Wholesale Water Revenue Projections

Background

As part of the upcoming Fiscal Year 2011-2012 Budget process, staff is providing revenue projections for Wholesale Water Revenue as detailed in the attachment. This information is provided as an estimate of Fiscal Year 2010-2011 and Fiscal Year 2011-2012 Wholesale Water Revenue given rate increases as projected in the Wholesale Water Rate Study and Financial Plan.

Current Status

Wholesale Water Revenues as projected in the attachment are expected to be within the financial plan, with the addition of revenue from Sacramento Suburban Water District (SSWD). While this revenue has been received in some years and not in others, the District conservatively does not include this in the budget so there will not be a major operational impact if water is not delivered to SSWD. Alternatively, if the remaining revenues and expenses are within budget, this may be a potential offset to any increase in the next fiscal year if chosen by the Board of Directors.

Budget Impact

As the attached report indicates, revenues are anticipated to be within budget. As the budget process continues, staff and the Finance Committee will evaluate impacts to the Fiscal Year 2011-2012 Wholesale Water Revenues and any rate increase.

Staff Recommendation

For information only, no action is required.

San Juan Water District
Budget Calculations
Wholesale Water Revenue

	Fiscal Year 2010-2011					Fiscal Year 2011-2012			
	Acre Feet Total	Water Use	Service Charge	Debt		Water Use Total	Service Charge Total	Debt	
		Total	Total	Water	Direct Debt			Water	Direct Debt
SJWD									
Placer	9,640.27	\$1,109,600	\$303,321	\$562,895	\$1,204,974	\$888,363	\$318,857	\$563,319	\$1,202,380
Sac	3,010.86	345,480	0	0	0	277,585	0	0	0
	12,651.13	\$1,455,080	\$303,321	\$562,895	\$1,204,974	\$1,165,948	\$318,857	\$563,319	\$1,202,380
CHWD	12,165.48	1,067,722	368,554	621,390	0	1,121,406	376,637	621,894	0
FOWD	10,606.41	931,722	231,218	415,036	233,604	978,561	213,549	415,415	232,724
OVWC	4,324.01	379,861	81,726	172,954	103,539	398,956	82,308	173,073	112,149
Folsom	1,331.46	116,998	33,966	50,090	98,261	122,880	36,039	50,114	98,328
SSWD	15,514.02	860,873	0	0	0	868,730	0	0	0
GBGC	258.16	9,211	0	0	0	8,053	0	0	0
	56,850.67	\$4,821,467	\$1,018,785	\$1,822,365	\$1,640,378	\$4,664,534	\$1,027,390	\$1,823,815	\$1,645,581
Excluding Debt Service			\$5,840,252				\$5,691,924		
Excluding SSWD			\$4,979,379				\$4,823,194		

STAFF REPORT

To: Board of Directors
From: Mary Morris, Finance & Administrative Services Manager
Date: February 23, 2011
Subject: Retail Water Revenue Projections

Background

As part of the upcoming Fiscal Year 2011-2012 Budget process, staff is providing revenue projections for Retail Water Revenue as detailed in the attachment. This information is provided as an estimate of Fiscal Year 2010-2011 and Fiscal Year 2011-2012 Retail Water Revenue given rate increases of 0% or 2% (as was the case last year) simply for comparative purposes since the Retail Water Rate Study and Financial Plan is in the process of being updated and not yet complete.

Current Status

Retail Water Revenues as projected in the attachment are expected to be slightly higher than the budget which may be due to water conditions, economic conditions or a combination of the two. The additional amount could possibly be utilized to offset a future rate increase, fund capital projects or other purpose as determined by the Board of Directors.

Budget Impact

As the budget process continues with more information from the Retail Water Rate Study and Financial Plan, staff and the Finance Committee will evaluate impacts to the Fiscal Year 2011-2012 Retail Water Revenues and any rate increase for discussion and decision by the Board of Directors.

Staff Recommendation

For information only, no action is required.

San Juan Water District
Retail Water Revenue Projections
Fiscal Year 2010-2011 and 2011-2012

Account/Service Type	Meter Size	Rate			# of Connections			Base Charge FY10-11		Base Charge FY11-12 @ 0% increase		Base Charge FY11-12 if 2% increase	
		2010	2011	2012 (if 2%)	Active	Inactive	Total	Active connections only	Total connections (Active & Inactive)	Active connections only	Total connections (Active & Inactive)	Active connections only	Total connections (Active & Inactive)
Commercial	1"	\$1.13	\$1.15	\$1.17	195	9	204	\$ 81,134	\$ 84,878	\$ 82,076	\$ 85,864	\$ 82,785	\$ 86,606
Commercial	1 1/2"	\$3.01	\$3.07	\$3.13	97	1	98	107,622	108,732	108,991	110,115	110,050	111,185
Commercial	2"	\$4.80	\$4.90	\$5.00	152	2	154	269,055	272,595	272,597	276,184	275,363	278,986
Commercial	3"	\$9.56	\$9.75	\$9.95	27	0	27	95,142	95,142	96,350	96,350	97,332	97,332
Commercial	4"	\$14.89	\$15.19	\$15.49	2	0	2	10,978	10,978	11,119	11,119	11,228	11,228
Commercial(Fire)	4"	\$5.79	\$5.91	\$6.03	2	0	2	4,270	4,270	4,326	4,326	4,370	4,370
Fireline 4"	N/A	\$0.43	\$0.44	\$0.45	12	0	12	1,905	1,905	1,932	1,932	1,954	1,954
Fireline 6"	N/A	\$0.64	\$0.65	\$0.66	56	0	56	13,183	13,183	13,322	13,322	13,424	13,424
Fireline 8"	N/A	\$0.86	\$0.88	\$0.90	18	0	18	5,715	5,715	5,797	5,797	5,863	5,863
Fireline 10"	N/A	\$1.03	\$1.05	\$1.07	8	0	8	3,037	3,037	3,074	3,074	3,104	3,104
Residential	1"	\$1.13	\$1.15	\$1.17	9863	57	9920	4,103,698	4,127,414	4,151,337	4,175,328	4,187,238	4,211,437
Residential	1 1/2"	\$3.01	\$3.07	\$3.13	9	0	9	9,986	9,986	10,113	10,113	10,211	10,211
Residential	2"	\$4.80	\$4.90	\$5.00	4	0	4	7,080	7,080	7,174	7,174	7,246	7,246
Total Base Charge Projections								\$4,712,805	\$4,744,915	\$4,768,208	\$4,800,698	\$4,810,168	\$4,842,946
Consumption Projections using uniform commodity rate								\$3,113,778	\$3,130,267	\$3,150,179	\$3,166,848	\$3,163,783	\$3,180,535
Total Revenue Projections								\$7,826,583	\$7,875,182	\$7,918,387	\$7,967,546	\$7,973,951	\$8,023,481

SGA Meeting, February 10, 2010

SGA Report By Director Tobin

Alex MacDonald, Central Valley Regional Water Quality Control Board, gave an informational presentation from on the clean up progress at Aerojet.

Aerojet is made up of 8,500 acres and was put on the "Super Fund List" in 1983. The property is marked in sectors with indicators that show how the contaminated ground water flows. On the East side of Aerojet ground water is 10' below the surface, but on the West side it's at 100' feet below the surface.

Contaminates like solvents, fuels (ie. Kerosene, etc), perclorate is the major concern.

The clean up process involved investigating, doing a feasibility study, devising a USEPA Plan, a USEPA record of decision, design remediation and then implementation and monitoring the remedy. Some wells have been lost due to the pollution but they are constructing new wells and pipeline with plans for water supply replacement.

Update on threats to ground water quality sustainability study. In June 2008, SGA was awarded a \$249K grant through the CA Dept of Water Resources Local Groundwater Assistance Grant Program (AB303 Grant). The study is to conduct an assessment of the various threats to the long-term sustainability of groundwater quality underlying the SGA area. Commencement of the work was delayed for nearly a yr due to the State's suspension of funds resulting from its ongoing fiscal concern. In late 2009, SGA was notified that it was authorized to commence work again on the project. Because of the delay, SGA was given an extension to complete the project in May 2011. The next steps to completing the study will be presented to the SGA Board.

At the direction of the board, SGA staff submitted a request to the Dept of Water Resources to be recognized as a monitoring entity for SGA's jurisdictional area. DWR must respond to this request within 3 months. If SGA is recognized as a monitoring entity, Water Code Section 10931 (a) states: "The department shall work cooperatively with each monitoring entity to determine the manner in which groundwater elevation information should be reported to the dept. pursuant to this part. In determining what information should be reported to the dept., the dept. shall defer to existing monitoring programs if those programs result in information that demonstrates seasonal and long-term trends in groundwater elevations".

Key planning action for 2011 includes preparation of a basin management report, completing the regional contamination threats study, and applying for AB303 grant funds to study the increased number of detections of tetrachloroethylene (PCE) and trichloroethylene (TCE) in a series of Cal Am service area production wells.

The water accounting framework will go into effect Jan. 1, 2012. Staff will be collecting information from members during 2011 to develop a baseline account balances for each water purveyor.

Staff attended the Assembly Water, Parks and Wildlife Committee hearing on groundwater management issues Feb 1, 2011. Assembly member Huffman opened the meeting by commenting that while CA is often the leader on many important issues, we are severely lagging behind the rest of the nation in our approach to regulating groundwater usage. Mr. Huffman also indicated that the hearing was just an initial step in what he saw as being a long process. Finally, Mr. Huffman concluded the hearing with a somewhat rhetorical inquiry as to why CA has continued to maintain its disconnect between the way in which surface water and ground water rights are treated. While there is no specific groundwater related legislation introduced yet this session, a number of bills may be of interest to SGA members, including AB134 (Dickinson) that would provide for Sacramento Regional County Sanitation District to seek a water rights permit for the treated wastewater from the State Water Resources Control Board. SB 52 (Steinberg) would provide \$50 Million from Prop 1E and 84 funds to support upgrades to the SRCSD treatment plant. AB 157 (Jeffries) proposed reducing the amount of the 2012 Water Bond by 25% across the board. SB 34 (Simitian) supports a fee-based structure for water infrastructure improvements across the state AB 19 (Fong) would require the installation of submeters for multi-family residential housing.

Next SGA Board of Directors' Meeting – Thursday, April 14, 2011