

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes
September 14, 2011 – 7:00 p.m.

BOARD OF DIRECTORS

| | |
|------------|----------------|
| Ted Costa | President |
| Pam Tobin | Vice President |
| Ken Miller | Director |

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

| | |
|------------------|--|
| Shauna Lorance | General Manager |
| Keith Durkin | Assistant General Manager |
| Mary Morris | Finance & Admin Services Manager |
| Jason Mayorga | Distribution Operator IV |
| Gretchen Bullock | Purchasing Agent |
| Teri Hart | Board Secretary/Administrative Assistant |
| Joshua Horowitz | Counsel |

OTHER ATTENDEES

| | |
|-------------------|--------------------------|
| Madelaine Kiliany | Customer |
| Sandy Harris | Customer |
| Jeanette Roberts | Customer |
| Ken Roberts | Customer |
| Randy Marx | Fair Oaks Water District |
| Tom Gray | Fair Oaks Water District |

AGENDA ITEMS

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

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

I. PUBLIC FORUM

There was no public comment.

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 August 24, 2011

Vice President Tobin moved to approve the Consent Calendar. Director Miller seconded the motion and it carried unanimously.

ACTION AND INFORMATIONAL ITEMS

III. OLD BUSINESS

1. Compensation Survey

President Costa commented that this item was on the agenda to determine whether or not to conduct a compensation survey.

Vice President Tobin moved to delay a compensation survey until the economy stabilizes. President Costa seconded the motion.

The Board discussed the agenda item. Director Miller noted that the minutes from the last Board of Directors meeting stated that the compensation survey would be sent to the personnel committee prior to Board action. This procedure should be followed since that is how it was stated in the minutes.

Vice President Tobin amended her motion to delay the compensation survey for 24 months. President Costa seconded the motion and it failed with 2 Aye votes and 1 No vote (Miller).

IV. COMMITTEE REPORTS

1. Engineering Committee (9/1/11)

Mr. Durkin reported that the committee met on September 1, 2011 and discussed the following:

- Fair Oaks 40-Inch Pipeline (W/R)
- Solar Power Facilities Site Security (W)
- Emergency Response Plan - Implementation Planning (W/R)
- Other Engineering Matters (W/R)
 - ◆ Next Meeting Date

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

Fair Oaks 40-Inch Pipeline (W/R)

Mr. Durkin informed the Board that staff continued to work with the City of Folsom to obtain a permit for the removal of several trees for the project. The City of Folsom tree ordinance requires the District to either pay an in-lieu

fee of approximately \$15,750 for the removal of nine trees or 174 fifteen gallon trees will need to be planted for mitigation. Initially, City staff indicated there were no alternatives to paying the mitigation fee. After additional inquiries and effort on the part of District staff, the City of Folsom agreed to waive the fee.

The second permit is the California Department of Fish and Game's Notification of Lake or Streambed Alteration. This permit will take approximately 90 days for the State to process and the total fee is \$4,482.75. Mr. Durkin informed the Board that due to time constraints staff filed this permit to start the review process. The permit expense falls within the budget.

For information only; no action requested.

Public Comment

Mr. Durkin informed the Board that FOWD Director Randy Marx, FOWD General Manager Tom Gray and Mr. Walt Sadler, acting as FOWD's consultant, attended the meeting and addressed the committee regarding the Fair Oaks 40 Pipeline Rehabilitation Project. Mr. Durkin informed the Board that the committee discussed the issues and comments with the attendees and requested that FOWD put their comments in writing as requested in the 150-day notice so that there is a clear understanding by SJWD.

Ms. Lorance informed the Board that the written comment letter was received from FOWD and will be discussed by the appropriate committee(s) prior to being submitted to the Board for review.

For information only; no action requested.

Solar Power Facilities Site Security (W)

Mr. Durkin reported that staff has implemented several security measures at the site, including installing additional fencing around the electrical switchgear and panels and increasing security surveillance. Staff is also reviewing additional temporary security measures at the Solar Power site. For a permanent solution, staff is looking at not only providing additional security at the Solar Power site, but also at other remote facility locations within the District.

For information only; no action requested.

Emergency Response Plan - Implementation Planning (W/R)

Mr. Durkin informed the Board that the committee discussed the vulnerability assessments and security reviews conducted by the District since 2002, including the extensive in-house vulnerability assessment conducted by staff during our Emergency Response Planning efforts using the RAM-W process.

Mr. Durkin pointed out that nine of the thirteen recommended projects or purchases have been included in the District's 5-year finance plans. The other four projects will require funding of approximately \$1,012,000. There is approximately \$600,000 in the emergency planning reserve fund that can help pay for the projects related to emergency water supply.

For information only; no action requested.

Other Engineering Matters

Next Meeting Date

The committee agreed the next meeting date would be set following receipt of FOWD's comments on the 150-day notice.

2. **2x2 Ad Hoc Committee with Sacramento Suburban Water District (9/7/11)**
President Costa reported that the committee met on September 7, 2011, and discussed functional and/or organizational consolidation. Before any detailed discussion related to consolidation occurred, a full board discussion would be scheduled.

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

For information only, no action requested

3. **Finance Committee (9/13/11)**
President Costa reported that the committee met on September 13, 2011 and discussed the following:

- Review and Pay Bills (W/R)
- Main Gate Control Pad (W/R)
- Solar Power Facilities Site Security (W)
- Safety Program Audit (W/R)
- Vehicle #1 Replacement (R)
- Fiscal Year 2010-2011 Preliminary Year-End Reports (W/R)
- OPEB Trust (W/R)
- Finance and Accounting Staffing (W/R)
- Other Public Information Matters (W/R)

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

Review and Pay Bills (W/R)

President Costa reported that the committee reviewed bills and claims in the amount of \$1,247,478.61 and found them to be in order.

President Costa moved to approve Resolution 11-15. Vice President Tobin seconded the motion and it carried unanimously.

Main Gate Control Pad (W/R)

President Costa informed the Board that staff researched the cost of installing a keypad gate control for the front entrance gate. The keypad would allow people to exit the facility on foot. The cost is approximately \$640 and staff will proceed with the installation of the device.

For information only; no action requested.

Solar Power Facilities Site Security (W)

President Costa informed the Board that the committee discussed staff's recommendations for additional security at the Solar Power Facility and agreed that a temporary solution was needed until a permanent security system was in place.

For information only; no action requested.

Safety Program Audit (W/R)

President Costa informed the Board that staff is acquiring the services of a consultant for approximately \$5,000 to audit the District's various safety programs.

For information only; no action requested.

Vehicle #1 Replacement (R)

President Costa informed the Board that the District needs to replace service vehicle #1 for the conservation department and the cost is included in the Fiscal Year 2011-2012 Retail Budget for a replacement vehicle.

Vice President Tobin moved to approve the purchase of a replacement vehicle in the amount of \$20,525.37. Director Miller seconded the motion and it carried unanimously.

Fiscal Year 2010-2011 Preliminary Year-End Reports (W/R)

President Costa informed the Board that the preliminary year-end reports were ready for review, which included the financial reports and the reserve fund reconciliations for both wholesale and retail.

For information only; no action requested.

OPEB Trust (W/R)

Ms. Kiliany inquired where the District is investing the OPEB funds. Ms. Lorange commented that a decision has not been made yet and the funds are currently in a low-yield account with LAIF

Finance and Accounting Staffing (W/R)

President Costa informed the Board that there may be a need to increase staffing in the Finance and Accounting Department, and the committee referred the matter to the Personnel Committee for review.

Director Costa stated that he thought employees were still allowed to increase within their salary range; it was clarified that step increases had also been frozen. The committee referred the matter to the Personnel Committee for review.

Other Finance Matters

President Costa commented that other matters were discussed as reflected in the meeting minutes.

V. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 2011 Priority Actions

Ms. Lorance informed the Board that her written report includes a six-month status update of the priority actions from the Board Workshop.

1.2 Report Back Items

There were no items discussed.

1.3 Miscellaneous District Issues and Correspondence

Ms. Lorance mentioned that an email was sent out regarding the Bypass Pipeline Celebration which is being held on October 3, 2011 at the American River Water Education Center.

Ms. Lorance informed the Board that the 150-day comment letter was received from FOWD and the letter will be reviewed by the appropriate committees. In addition, a letter from CHWD was received regarding the FO-40 Pipeline Project.

Ms. Lorance reported that Sacramento LAFCO is accepting nominations for Special District Commissioner Office No. 6, but she is unable to serve as it has to be filled by an elected official.

Vice President Tobin moved to nominate President Costa to run for Special District Commissioner Office No. 6. Director Miller seconded the motion and it carried unanimously.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Report Back Items

There were no items discussed.

2.1 Miscellaneous District Issues and Correspondence

There were no items discussed.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

3.1.1 Report Back on Employee Benefit Cost Changes

Ms. Morris reported that she prepared a written response to Director Peterson's questions regarding Employee Benefit Cost Changes which was included in the meeting packet.

For information only; no action requested.

3.2. Miscellaneous District Issues and Correspondence

There were no items discussed.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters

Mr. Horowitz provided a written report which will be attached to the original meeting minutes. He mentioned that they are still researching the TCCA area of origin lawsuit and will report back in October. He also reported that the Palmdale unpublished decision is now a published decision and can be used as a precedent.

For information only; no action requested.

5. DIRECTORS' REPORTS

5.1 SGA

Vice President Tobin reported that SGA met on August 11, 2011 and she referred to her written report which will be attached to the meeting minutes.

5.2 RWA

Vice President Tobin reported that RWA met on September 8, 2011 and she referred to her written report which will be attached to the meeting minutes.

5.3 Executive Committee

President Costa reported that the Executive Committee meeting that was scheduled on August 23rd was cancelled. The next meeting is scheduled on September 27, 2011.

5.4 ACWA/JPIA

No report.

5.5 CVP Water Users Association

No report.

5.6 LAFCO

President Costa reported that the August 30, 2011 meeting was cancelled.

5.7 Other Reports and Comments

Director Miller requested that the next Personnel Committee agenda include Compensation Study.

Ms. Kiliany commented that she agrees that a Compensation Study should not be completed at this time.

VI. UPCOMING EVENTS

1. ACWA Continuing Legal Education for Water Professionals
September 22-23, 2011
San Diego, CA
2. Gold Country Regional Special Districts Association
September 29, 2011
El Dorado Hills, CA
3. CSDA Annual Conference
October 10-13, 2011
Monterey, CA

VII. ADJOURN

The meeting was adjourned at 7:36 p.m.

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

ATTEST:

TERI HART, Board Secretary

DRAFT

**Engineering Committee Meeting Minutes
San Juan Water District
September 1, 2011
4:00 p.m.**

Committee Members: Dave Peterson, Chair
Pam Tobin, Director

District Staff: Keith Durkin, Assistant General Manager
Rob Watson, Engineering Services Manager
Teri Hart, Administrative Assistant/Board Secretary

Members of the Public: Tom Gray, Fair Oaks Water District
Randy Marx, Fair Oaks Water District
Walt Sadler, Consultant to Fair Oaks Water District

Topics: Fair Oaks 40-Inch Pipeline (W/R)
Solar Power Facilities Site Security (W)
Emergency Response Plan - Implementation Planning (W/R)
Other Engineering Matters (W/R)

- Next Meeting Date

Public Comment (W/R)

1. Fair Oaks 40-Inch Pipeline (W/R)

Mr. Durkin informed the committee that there are two permits for the American River Canyon Crossing project that staff is currently in the process of obtaining. The first permit is for the removal of several trees in the area. A report prepared by Kennedy/Jenks Consultants showing the trees that need to be removed or trimmed was reviewed by the committee. The City of Folsom's tree ordinance requires the District to either pay the in-lieu fee of approximately \$15,750 for the removal of nine trees or 174 fifteen gallon trees will need to be planted for mitigation. The fee will be paid as it falls within the budget of the project.

The second permit is the California Department of Fish and Game's Notification of Lake or Streambed Alteration. This permit will take approximately 90 days for the State to process and the total fee is \$4,482.75. Mr. Durkin informed the committee that due to time constraints staff will file this permit within the week.

Mr. Durkin informed the committee that the District owns an eight foot wide easement along the ARC crossing portion of the pipeline. Staff has been in contact with the property owner for a temporary easement near the pipeline to allow for construction of the project and for an expanded permanent easement for operation and maintenance of the pipeline. The property owner contacted the District and informed staff that he is not satisfied with the proposed offer. The committee suggests that the District have an appraiser assess the property in question and

provide a report which states the fair and reasonable amount to offer the property owner.

For information only; no action requested.

Director Peterson acknowledged the public in attendance and moved Agenda Item 5 in front of Agenda Item 2.

2. Public Comment

Mr. Marx addressed the committee regarding the Fair Oaks 40 Pipeline Rehabilitation Project. He stated his concern that an agreement on the project should be reached upfront and explained that FOWD brought in Mr. Walt Sadler to facilitate for FOWD in order to agree to something achievable.

Mr. Sadler explained that he has reviewed the correspondence between FOWD and SJWD and there were a lot of technical documents. He stated that in his opinion the agreement should not be a split of costs based on rate principles, but should be an operational split, with the need to look at fire flow based on old flows. On his review, based on Max Day plus fire flow, it's the same as FOWD's peak day and therefore he suggests that the allocation be 60% FOWD, 26% SJWD and 14% OVWC. He suggested that FOWD settle all costs to date, enter into an MOU by the end of the month or sooner, looking at the criteria for splitting the costs based on future needs not past use.

The committee discussed the issues and comments with the attendees, explaining that there were several opportunities early on in the project to address their concerns. The committee requested that FOWD put their comments in writing as requested in the 150-day notice so that there is a clear understanding by SJWD. Mr. Sadler commented that he could have something to the District by the next week; however, Mr. Durkin voiced concern that the FOWD board would need to review and approve it prior to submitting and that FOWD's board does not meet again until September 12th.

For information only; no action requested.

3. Solar Power Facilities Site Security (W)

Mr. Durkin reported to the committee that staff has implemented several security measures at the site, including installing additional fencing around the electrical switchgear and panels and increasing security surveillance. Staff is also reviewing additional security measures at the Solar Power site. One suggestion is a temporary security system at a cost of approximately \$1,500 per month. For a permanent solution, staff is looking at not only providing additional security at the Solar Power site, but also at other remote facility locations within the District. Director Tobin suggested staff look at some additional signage options for the site that could help act as a deterrent.

For information only; no action requested.

4. Emergency Response Plan - Implementation Planning (W/R)

The committee discussed the vulnerability assessments and security reviews conducted by the District since 2002, including the extensive in-house vulnerability assessment conducted by staff during our Emergency Response Planning efforts using the RAM-W process. The District has expended considerable effort over the past decade to improve security for all our facilities, including:

1. Constructing fencing and gates around the WTP
2. Rebuilding the Crown Point/Ashland Pump Station inside a building
3. Constructing a new chlorination building with security features
4. Installing a second raw water supply pipeline
5. Installing card readers and panic buttons
6. Updating our EOP's
7. Hardening locks and facility access points in the field
8. Planning and budgeting to bifurcate Hinkle Reservoir

In the near future, we plan to:

1. Provide backup water supply for Bacon Zone
2. Improve our SCADA system
3. Enclose (and relocate) LGBPS in a building
4. Enter into mutual aid agreements
5. Complete other improvements that are identified in our current long-range financial plan

The committee reviewed the list of security needs, projects, communications equipment, and supplies provided to the Engineering Committee on July 26. The list has been updated in table format with prioritized needs, budget estimates and an estimated schedule for completion. The list/table is attached to the meeting minutes.

Mr. Durkin pointed out that nine of the thirteen recommended projects or purchases have been included in the District's 5-year finance plans. The other four projects will require funding of approximately \$1,012,000. There is approximately \$600,000 in the emergency planning reserve fund that can help pay for these projects.

Director Peterson pointed out that originally the emergency planning reserve was intended to be used for a backup water supply for the retail service area or improvements to address a low lake level in times of drought. Mr. Durkin pointed out that staff, along with the Cities of Roseville and Folsom, are continuing to work with USBR to develop a low lake level pump station. The list of ERP projects also includes inter-ties and a potential "pump back" plan to deliver ground water from SSWD through the CTP during surface water shortages.

For information only; no action requested.

5. Other Engineering Matters

4.1 Next Meeting Date

The committee agreed the next meeting date would be set following receipt of FOWD's comments on the 150-day notice.

For information only; no action requested.

The meeting was adjourned at 5:40 p.m.

Emergency Response Planning
Tentative Capital Improvements Program

| Project | Priority | Project Description and/or Purpose | Estimated Cost ¹ | Schedule | Implementation | W/R | Notes |
|--------------------------------------|----------|---|-----------------------------|----------------------|---|-----|--|
| Security System | 1 | Study, design, and construct security systems for all critical facilities (For example, motion sensors with CCTV systems). | \$250,000 | Spring - Winter 2012 | Identify consultant; develop bid specs; bid; construct. | W/R | A temporary, trailer-mounted security system using lights and CCTV is being researched for use at the solar site. Kokila will need an expensive power supply. Also, this may be an ideal time to install a SCADA controlled auto-shut-off valve on Kokila, in the event of an intrusion. |
| Communications Equipment | 1 | Includes SCADA flat screen monitors and white boards for EOC, 800 mhz radio for contact with Emergency Services, mobile PA system, etc. | \$12,000 | 2012 | Direct purchase | W/R | |
| Miscellaneous equipment and supplies | 1 | Miscellaneous equipment for EOC, 30" pipe for repairs, DO/pH/etc. monitor | \$12,000 | 2012 | Direct purchase | W/R | |
| FO 40 bypass links | 2 | Install three main pipelines and improvements to inter-tie the gravity system and bypass the FO 40 to serve our retail customers. | \$750,000 | 2012 - 2013 | Preliminary engineering will be conducted in-house. Design, bid, build in 2013. | R | |

Emergency Response Planning
Tentative Capital Improvements Program

| Project | Priority | Project Description and/or Purpose | Estimated Cost ¹ | Schedule | Implementation | W/R | Notes |
|-------------------------------|----------|--|-----------------------------|--|---|-----|---|
| Sierra Zone to Gravity Zone | 3 | Connect 30' stub off the CTP to the Sierra 30. | \$500,000 | Pressure tests 2011; Engineering Report 2012; Construct 2013 | Conduct pressure/public acceptability tests; Confer with wholesale customer agencies; Determine low pressure solutions; Prepare engineering report; Obtain easement; Install inter-connection and low pressure solutions. | R | Included in Retail Financial Plan. This project results in significant power savings and improved over-all daily reliability of water service to the Sierra Zone. Solution may only work on a seasonal basis. |
| Relocate LGBPS to WTP site | 4 | Relocate pump station and install PRV to Bacon Zone at AFR and Eureka Road | \$2.9M | 2012 or 2013 | Complete design during final phase of AFR widening project in 2012. Construct PS and PRV station in 2013. | R | Included in Retail Financial Plan |
| Storage Facility | 5 | Complete facility for storage of emergency equipment and repair parts | \$400,000 | Fall, 2012 | | R/W | Included in Retail Financial Plan. Storage of ERP equipment and repair parts is not the primary function of the building. |
| PRV's from Bacon to Sierra | 6 | Various (3?) prv's to allow emergency connection to supply Sierra Zone with water from Bacon Zone | \$300,000 | 2014-2016 | Evaluate need for project based on results of Sierra/Gravity Zone connection. Determine best location for prv stations. | R | Included in Retail Financial Plan. If the Gravity Zone is connected to the Sierra Zone, this project may not be needed. Existing prv's and inter-ties with Roseville will be adequate. |
| CTP/SSWD "Pump Back" facility | 7 | Provides for pumping SSWD groundwater to SJWD via the CTP. | | | Develop technical and inter-agency plan to complete this project. | W/R | SSWD and City of Folsom conducting initial study effort with IRWMP funding. |
| Enclose UGBPS in building | 8 | Refurbish/replace pumping equipment, instrumentation, and controls. Enclose facilities in a secure building. | \$1.3M | | | R | Included in Retail Financial Plan. Only part of the facility can be paid for with ERP funds. |

Emergency Response Planning Tentative Capital Improvements Program

| Project | Priority | Project Description and/or Purpose | Estimated Cost ¹ | Schedule | Implementation | W/R | Notes |
|--|----------|--|-----------------------------|---------------------------|---|-----|--|
| Modify pump stations to allow complete use of Hinkle Reservoir storage | 9 | During severe emergencies, the storage in the bottom seven feet of the reservoir is unavailable for use by the Pump Stations. These mods will allow use of that storage. | Unidentified at this time | Unidentified at this time | This effort will require an analysis of piping, pumps and motors at Hinkle and Bacon Pump Stations, and will result in a number of prioritized recommendations for PS mods. | R | |
| Increase/Enlarge Roseville/SJWD inter-ties | 10 | For emergency conditions | \$100,000 | As time permits | Preliminary discussions need to be held with Roseville about potential sites and design criteria. | R | Roseville has changed its pressure regimes in zones adjacent to SJWD's. SJWD has accomplished WTP expansion and has emergency/shoulder capacity water available for Roseville. This may result in Roseville wanting larger inter-ties and sharing a larger portion of costs to accomplish. |
| Enlarge PCWA/SJWD inter-tie | 11 | For emergency conditions | \$10 to \$20 million? | Unidentified at this time | Current under-sized lines and facilities (WTP) within PCWA's service area make this a challenging proposal. | R | PCWA must increase its WTP capacity and enlarge its pipelines to make this recommendation worthwhile. |

¹Priority improvements requiring funding from ERP reserve fund or other funding sources are identified in red font. The Retail ERP Reserve Fund has approximately \$600,000 as of July 2011.

AGENDA ITEM IV-2

Notes of the Ad Hoc Two-by-Two Committee with San Juan Water District and Sacramento Suburban Water District

A meeting of the 2x2 ad hoc committee with Sacramento Suburban Water District was held at 3407 Arden Way, Sacramento at 1:30 P.M. on September 7, 2011

Those in attendance:

- Neil Schild (NS) – Sacramento Suburban Water District
- Ted Costa (TC) - San Juan Water District
- Ken Miller (KM) – San Juan Water District
- Kevin Thomas (KT) – Sacramento Suburban Water District

It was agreed that Neil Schild would chair the meeting and Ted Costa would keep meeting notes.

Neil Schild presented a one page paper on possible areas of common approach (See Attachment)

Ken Miller liked the concept of working on various functional consolidation projects. Many of the functional consolidation projects are listed on Schild's list.

Ted Costa said he thought water districts should be organized in accordance with the underground water basins, and would like to work to bring that about. Ted presented three possible scenarios.

1. SSWD join San Juan Water District as a wholesale agency---easy and simple to do
2. SSWD consolidate with SJWD and work out efficiencies later.
3. Start functionally consolidation anywhere we see greater efficiencies

Ted said we should start looking into Sacramento County water assessment districts in our areas as possible sources of revenue.

Kevin Thomas likes consolidation.

Ken Miller wants one billing vendor for all--making some 50 thousand bills--possible outsourcing.

Kevin Thomas suggested a hiring freeze. Before filling position we could see if we can use compression or sharing of position before hiring.

2X2 COMMITTEES FOR CONSOLIDATION OF
WATER DISTRICTS IN NORTHEAST
SACRAMENTO COUNTY

Districts Targeted

San Juan Water District
Orange Vale Water Company
Fair Oaks Water District
Citrus Heights Water District
Carmichael Water District
Sacramento Suburban Water District
Rio Linda-Elverta Consolidated Water District

Goals

Reduce costs to water rate payers
Improve water service
More dependable water service

Areas of common approach to obtain goals

Water Conservation goals
Emergency back-up for water supply
Common equipment use
Meter reading procedures
Water billing
Points of collection of bills
Use of internet for bill paying
Engineering staff to provide most engineering services
Technical center for most repairs and replacements
Meter maintenance shop
Finances

Areas that won't likely work for some time

Water rates

AGENDA ITEM IV-3

**Finance Committee Meeting Minutes
San Juan Water District
September 13, 2011
4:00 p.m.**

Committee Members: Ted Costa, President (Chair)
Ken Miller, Director (Alternate)

District Staff: Shauna Lorance, General Manager
Keith Durkin, Assistant General Manager
Mary Morris, Finance and Administrative Services Manager
Teri Hart, Administrative Assistant/Board Secretary

Topics: Review and Pay Bills (W/R)
Main Gate Control Pad (W/R)
Solar Power Facilities Site Security (W)
Safety Program Audit (W/R)
Vehicle #1 Replacement (R)
Fiscal Year 2010-2011 Preliminary Year-End Reports (W/R)
OPEB Trust (W/R)
Finance and Accounting Staffing (W/R)
Other Finance Matters (W/R)
Public Comment

1. Review and Pay Bills (W/R)

The committee reviewed the presented bills and claims. In accordance with recommended practices, the committee specifically reviews any credit card charges and reimbursements for the General Manager, Assistant General Manager and Finance and Administrative Services Manager. The reviewed bills and claims were found to be in order.

Staff update: the total amount of bills and claims provided for approval for August payables is \$1,247,478.61.

The Finance Committee recommends approval of Resolution 11-15.

2. Main Gate Control Pad (W/R)

Mr. Durkin informed the committee that at the request of a Board member, staff researched the cost of installing a keypad gate control for the front entrance gate. The keypad would allow people to exit the facility on foot. The cost is approximately \$640 and staff will proceed with the installation of the device.

For information only; no action requested.

3. Solar Power Facilities Site Security (W)

Mr. Durkin informed the committee that the Engineering Committee reviewed staff's recommendations for additional security at the Solar Power Facility and agreed that a temporary solution was needed until a permanent security system was in place. The recommendation was for mobile surveillance units to be placed inside the facility. Staff has received one quote and is waiting for a second quote before requesting the committee's recommendation to the Board.

For information only; no action requested.

4. Safety Program Audit (W/R)

Ms. Morris informed the committee that staff is acquiring the services of a consultant for approximately \$5,000 to audit the District's various safety programs. The consultant will review the District's compliance with regulatory safety requirements, risk management, employee safety and site safety. Although JPIA provides an annual review of the District's compliance to their standards, the consultant will provide a more detailed review in areas that JPIA does not address such as the regulatory requirements. Ms. Morris explained that since the District does not have a position which covers safety compliance, the tasks associated with safety and compliance are distributed amongst many staff members. This will provide an audit that all is being covered. Ms. Morris will instruct the consultant to review the remote site safety and to overlap JPIA's site inspection to assure that all aspects of safety are covered.

For information only; no action requested.

5. Vehicle #1 Replacement (R)

Ms. Morris informed the committee that the District needs to replace service vehicle #1 for the conservation department and the cost is included in the Fiscal Year 2011-2012 Retail Budget for a replacement vehicle.

Staff has reviewed the State of California Contract Vehicle List from which the District purchases vehicle replacements. The appropriate replacement vehicle is a Chevrolet Colorado extended cab pickup with a total vehicle cost of \$21,025.37, including all applicable fees, before a cash-discount of \$500 (if paid within 15 days of invoice).

Staff recommends approval to purchase a replacement for Service Vehicle #1 for the not-to-exceed amount of \$20,525.37.

The Finance Committee recommends a motion to approve the purchase of a replacement vehicle in the amount of \$20,525.37.

6. Fiscal Year 2010-2011 Preliminary Year-End Reports (W/R)

Ms. Morris informed the committee that the preliminary year-end reports were ready for review, which included the financial reports and the reserve fund reconciliations for both wholesale and retail. The auditors are still reviewing the

documents and the final reports will be ready after the auditors' review. Ms. Morris expects to present the Fiscal Year 2010-2011 Comprehensive Annual Financial Report at the October 12th Board meeting.

For information only; no action requested.

7. OPEB Trust (W/R)

Ms. Morris informed the committee that she has been reviewing options for investing the OPEB Trust funds. She referred to her staff report which was included in the Board meeting packet. As indicated in her report, she recommends investing the District's OPEB funds in the California Employers' Retiree Benefit Trust (CERBT) since it has the highest prospect of significantly increasing the value of those funds due to investment returns of 25% and 13.4% for 2011 and 2010, respectively. This will assist the District in managing the costs for retiree benefits and offset the Annual Required Contribution (ARC) into the future. Ms. Morris explained that the CERBT is not part of the CalPERS pension fund and that the funds invested into the CERBT are separate from the CalPERS pension fund. Participating agencies receive a statement of the funds they deposit including interest earned, fees deducted and reimbursements paid from the fund.

The committee discussed the staff recommendation and would like legal counsel to review the information as there is concern that the funds invested into CERBT could be utilized by the state as they have done to the CalPERS pension fund in the past. In addition, the committee would like to know the District's flexibility in terminating participation in CERBT and Board members' liability for recommending investment in CERBT, or any other account, in the case that the investment fails.

For information only; no action requested.

8. Finance and Accounting Staffing (W/R)

Ms. Lorange informed the committee that the Finance and Accounting Department work load has increased to the point where it is no longer possible to ask staff to do more; they are not capable of keeping up with the existing workload and still conduct all the appropriate reviews and controls. The existing department has Ms. Morris and two additional positions to cover both wholesale and retail. Ms. Lorange requested direction on how to proceed. The District has reduced staff from a high of 50+ and now has 45 staff members. When refraining from filling positions, staff has removed the positions from the organizational chart, so it would not be perceived they are still authorized positions.

The committee discussed the request and recognized that the Board froze salary increases but not hiring. Director Costa stated that he thought employees were still allowed to increase within their salary range; it was clarified that step increases had also been frozen. The committee referred the matter to the Personnel Committee for review.

For information only; no action requested.

9. Other Finance Matters (W/R)

President Costa reported that he and Mr. Durkin attended the Fair Oaks Water District (FOWD) board meeting on September 12th. He mentioned that there was discussion regarding the Fair Oaks 40 project and the 18" pipeline that diverts off the FO-40. Ms. Lorance informed the committee that she, along with each Board member, received an email from FOWD with an attached comment letter regarding the 150-day notice and that she will provide a printout to the Board at the Wednesday meeting. Ms. Lorance informed the committee that she will draft a response letter for discussion at the legal affairs committee meeting.

Ms. Lorance mentioned that SMUD finished a study on the impacts related to implementation of the State Board's recommended 75% unimpaired inflow into the delta. The preliminary results indicated that Lake Shasta would be emptied 73 out of 80 years if this level of flows were implemented in the Delta.

For information only; no action requested.

10. Public Comment

There was no public comment.

The meeting was adjourned at 5:10 p.m.

San Juan Water District

**RESOLUTION 11-15
PAYMENT OF BILLS AND CLAIMS**

WHEREAS, the Finance Committee of the Board of Directors has reviewed the bills and claims in the amount of \$1,247,478.61; and

WHEREAS, the Finance Committee of the Board of Directors has found the bills and claims to be in order.

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

1. The bills and claims attached hereto totaling \$1,247,478.61 are hereby approved.
2. That the depository be and the same is hereby authorized to pay said bills and claims in the total sum of \$1,247,478.61 of the General Fund Account.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 14th day of September 2011, by the following vote:

| | |
|---------|------------|
| AYES: | DIRECTORS: |
| NOES: | DIRECTORS: |
| ABSENT: | DIRECTORS: |

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

TERI HART
Secretary, Board of Directors

SAN JUAN WATER DISTRICT

Aged AP - Summary

Period: 12-11 As of: 9/14/2011

| Vendor | Name | Balance |
|------------|--------------------------------|-----------|
| ACWA | ACWA | 125.40 |
| AIRGAS | AIRGAS INC | 310.91 |
| ALPHADES | GLENN WALKER | 956.00 |
| AT&TWIRELS | CINGULAR WIRELESS - ATLYS | 825.83 |
| AUBPLCRDIS | Recology Auburn Placer | 632.71 |
| AWWA | American Water Works Assoc | 231.00 |
| BARTKIEWI | BARTKIEWICZ,KRONICK & SHANAHAN | 11,688.15 |
| BORGES | BORGES & MAHONEY, COMPANY | 2,340.77 |
| BRYCECONSU | BRYCE CONSULTING INC | 11,050.50 |
| BSK | BSK Sacramento Microbiology | 125.00 |
| BUREAUMPR | Bureau of Reclamation-MPR | -9,883.90 |
| CAL-CARD | US BANK CORPORATE PAYMENT SYS | 26,936.35 |
| CALAIR | JOHNSON CONTROLS INC (CALAIR) | 169.59 |
| CAMUNISTAT | CALIFORNIA MUNICIPAL STATISTCS | 750.00 |
| CHECKPROC | CHECK PROCESSORS, INC. | 1,707.40 |
| CITYFLSMWR | CITY OF FOLSOM | 36.10 |
| CITYFOLSM | CITY OF FOLSOM | 1,561.96 |
| CITYNATION | City National Bank--Retain. | 24,465.40 |
| CLARKPEST | Clark Pest Control | 1,187.00 |
| COPPRSNLVC | CPS HR Consulting | 480.00 |
| COSTA | TED COSTA | 662.74 |
| CTEC | Commercial Truck Equip. Co. | 704.57 |
| CTYSAC-EMD | County of Sacramento-EMD | 1,384.50 |
| DATAPROSE | CSG SYSTEMS INC | 4,042.55 |
| DAWSONOIL | DAWSON OIL CO | 5,812.34 |
| DEPTENERGY | DEPARTMENT OF ENERGY | 10,537.17 |
| DEWEY | DEWEY SERVICES INC | 82.00 |
| DOMENICHEL | DOMENICHELLI & ASSOCIATES INC | 3,305.00 |
| DONROBINSN | DON ROBINSON SAND & GRAVEL INC | 9,133.83 |
| DOWNTWNFRD | DOWNTOWN FORD | 29,477.92 |
| DURA FENCE | DURA FENCE | 10,900.00 |
| DURKIN | KEITH DURKIN | 894.77 |
| EMERFUND | EMERGENCY FUND | 25.57 |
| ETHANWADE | INSOMNIAC PRODUCTIONS INC | 2,987.17 |
| FEDERALEX | FEDERAL EXPRESS CORP | 11.47 |
| FERNANDEZ | Fernandez Gov't Solutions, LLC | 9,000.00 |
| FLSM LAND | AMARJEET SINGH GARCHA | 1,400.00 |

SAN JUAN WATER DISTRICT

Aged AP - Summary

Period: 12-11 As of: 9/14/2011

| Vendor | Name | Balance |
|------------|--------------------------------|------------|
| FREDRADER | FRED RADER MILL SUPPLY, CORP | 625.42 |
| GOLDENSTAT | GOLDEN STATE FLOW MEASUREMENTS | 16,748.48 |
| GRAYMONT | Graymont Western US, Inc | 10,522.20 |
| HACH | HACH COMPANY | 132.58 |
| HASLER | Hasler Financial Services | 485.08 |
| HENRYPRATT | HENRY PRATT COMPANY | 2,887.35 |
| JOHNSONPET | JOHNSON PETROLEUM CONST. INC. | 875.44 |
| JRICHARD | J. Richard Eichman, CPA | 210.85 |
| KENNEDY | KENNEDY/JENKS CONSULTANTS | 143,127.43 |
| LAFCO | SAC LOCAL AGENCY FORMATION COM | 2,879.00 |
| LUBRICATIN | LUBRICATION ENGINEERS, INC. | 507.51 |
| LUCYCO | THE ELDAM CORPORATION | 10,369.60 |
| MARCIAFRIT | MARCIA FRITZ & COMPANY | 8,400.00 |
| MBK | MBK Engineers | 400.00 |
| MCC | MCC Control Systems | 9,690.08 |
| MCCURRY | McCurry Business Forms | 359.96 |
| MCI | MCI WORLDCOM | 75.30 |
| MCPHERSON | MCPHERSON~MIKE | 109.04 |
| MILLERKEN | KEN MILLER | 522.20 |
| MONTLABS | MONTGOMERY WATSON LABORATORIES | 1,672.00 |
| MOTIONIND | MOTION INDUSTRIES, INC. | 2,123.56 |
| MTCASCADE | Mountain Cascade | 220,188.52 |
| MURRAY | Murray Duncan Architects, Inc. | 19.21 |
| MWSOFT | Innovyze, Inc. | 2,800.00 |
| OFFDEPBUS | OFFICE DEPOT BUS SERV DIV | 928.14 |
| PACE | Pace Supply Corp | 3,848.00 |
| PAYROLL | PAYROLL | 438,166.94 |
| PETERSON | DAVE PETERSON | 625.00 |
| PG&E | P G & E | 26,363.64 |
| PG&ECO | P. G. & E. CO. | 20.00 |
| PLACERCOAI | PLACER CO AIR POLLUTION | 735.00 |
| PLACERCOTX | PLACER COUNTY TAX COLLECTOR | 61.68 |
| POLYDYNE | Polydyne Inc | 3,629.34 |
| RAIN4RENT | Rain for Rent (Western Oil) | 2,664.94 |
| REBATE10 | NORMAN SCHLOSS | 125.00 |
| REFUND21 | ARCHIE AZIZIAN | 77.60 |
| REFUND22 | AMANDA SMITH | 46.78 |

SAN JUAN WATER DISTRICT

Aged AP - Summary

Period: 12-11 As of: 9/14/2011

| Vendor | Name | Balance |
|------------|-------------------------------|-----------|
| REFUND23 | LPS FIELD SERVICES INC | 104.02 |
| RFI | RFI Enterprises Inc | 3,678.22 |
| ROBERTW | Robert W Miles, Consulting CE | 20,879.25 |
| RWA | REGIONAL WATER AUTHORITY | 13,170.00 |
| SACVAL | SAC VAL JANITORIAL SALES INC | 72.16 |
| SAMSClub | SAM'S CLUB 6621 | 35.00 |
| SAMSCRCD | SAM'S CLUB DIRECT CREDIT | 414.88 |
| SCHEETZ | SCHEETZ WELDING SERVICE INC | 499.96 |
| SIERRASP | SNC dba Sierra Nat'l Asphalt | 3,947.79 |
| SIERRACHEM | Sierra Chemical Co | 12,129.48 |
| SIGNIUS | SIGNIUS INVESTMENT CORP | 160.00 |
| SMUD | S M U D | 37,297.81 |
| SORFND15 | 2540 PARTNERS LLC | 4,730.17 |
| SORFND16 | F CALTON | 974.51 |
| SORFND4 | WONG PARCEL | 1,048.49 |
| SORFND9 | GRANITE MEADOW LLC | 3,676.84 |
| SQUEAKYCLN | DJ REPPAS VENTURES INC | 100.00 |
| STORHMAIER | ROSE STROHMAIER | 41.53 |
| SUREWEST | SUREWEST | 1,901.06 |
| SUTTER | SUTTER MEDICAL FOUNDATION | 55.00 |
| THATCHER | Thatcher Company of CA | 36,250.47 |
| TOBIN | PAMELA TOBIN | 1,125.00 |
| TODDHELDT | TODD HELDT EXCAVATING | 8,946.00 |
| TOPCON | TOPCON POSITIONING SYSTEMS | 160.00 |
| TRUGREEN | TRUGREEN LANDCARE | 600.00 |
| UPS | UNITED PARCEL SERVICE | 115.65 |
| USPOSTAL | US POSTAL SERVICE | 320.00 |
| VERIZON | AMERICAN MESSAGING | 7.78 |
| VIKING | Viking Shred, LLC | 75.00 |
| WALTERS | BOB WALTERS | 500.00 |
| WESTIN | Westin Engineering | 4,668.00 |
| YATES | KYLE YATES, INC | 830.00 |

Report Total 1,237,594.71
 Addback Bureau 9883.90
1,247,478.61

San Juan Water District
Preliminary Fiscal Year 2010 - 2011 Financial Report
Wholesale

| Category | Budgeted FY 2011 | Preliminary FY 2011 | Variance | | Reason for Variance |
|-------------------------------------|---------------------|------------------------|----------------|----------|----------------------------------|
| | | | Amount | Percent | |
| <i>Operating</i> | | | | | |
| <u>Revenues:</u> | | | | | |
| Water Sales | \$ 7,081,966 | \$ 7,764,982 | \$ 683,016 | 9.64% | Water use; SSWD; Retail Rate |
| Pilot Water Project | 500,000 | \$ - | (500,000) | -100.00% | Not able to complete |
| Other | - | 25,359 | 25,359 | 0.00% | Grant |
| Operating Revenues | \$ 7,581,966 | \$ 7,790,341 | \$ 208,375 | 2.75% | |
| <u>Expenses:</u> | | | | | |
| Administrative & General | \$ 1,298,389 | \$ 1,390,631 | \$ 92,242 | 7.10% | Overall: Wholesale activities |
| Conservation | 281,295 | 215,043 | (66,252) | -23.55% | Programs; Cust Svc |
| Engineering | 184,125 | 43,446 | (140,679) | -76.40% | Capital projects |
| Pumping & Telemetry | 472,732 | 250,270 | (222,462) | -47.06% | Pump station change |
| Source of Supply | 831,000 | 537,086 | (293,914) | -35.37% | Water use |
| Transmission | 214,627 | 60,959 | (153,668) | -71.60% | More retail activities |
| Water Treatment | 2,142,672 | 2,118,921 | (23,751) | -1.11% | Employee on leave |
| Pilot Water Project | 450,000 | - | (450,000) | -100.00% | Not able to complete |
| OPEB | 175,000 | 188,529 | 13,529 | 7.73% | ARC estimate |
| Operating Expenses | 6,049,840 | 4,804,885 | (1,244,956) | -20.58% | |
| Net Income/(Loss)-Operations | \$ 1,532,126 | \$ 2,985,457 | \$ 1,453,331 | 94.86% | |
| <i>Non-Operating</i> | | | | | |
| <u>Revenues:</u> | | | | | |
| COP Payments (direct) | \$ 1,678,999 | \$ 433,406 | \$ (1,245,593) | -74.19% | Retail direct debt to Retail |
| Interest/Investment Income | 175,000 | 121,632 | (53,368) | -30.50% | Capital project funds |
| Wholesale Connections | - | 19,470 | 19,470 | 0.00% | Increased connections |
| Taxes & Assessments | 850,000 | 798,762 | (51,238) | -6.03% | Assessment values |
| Other | 100,000 | 96,036 | (3,964) | -3.96% | SMUD COTP |
| <u>Expenses:</u> | | | | | |
| 2003 COPs (interest) | (217,251) | (211,717) | 5,534 | -2.55% | Principal vs Interest |
| 2009 COPs (interest) | (614,991) | (615,119) | (128) | 0.02% | |
| Other | - | - | - | 0.00% | Assessment values |
| Net Non-Operating | \$ 292,758 | \$ 209,064 | \$ (83,694) | -28.59% | |
| Capital Contributions | 1,500,000 | 1,283,677 | (216,323) | -14.42% | Capital project complete |
| Net Available Income | \$ 3,324,884 | \$ 4,478,197 | \$ 1,153,313 | 34.69% | |
| <i>Debt Service Principal</i> | | | | | |
| 2003 COPs | \$ (767,749) | \$ (773,283) | \$ (5,534) | 0.72% | Principal vs Interest |
| 2009 COPs | (6,400) | (6,400) | 0 | 0.00% | |
| <u>Transfers from/(to) Reserves</u> | | | | | |
| Out: CIP/Hinkle Lining | \$ (50,000) | \$ (50,000) | \$ - | 0.00% | |
| Out: Wholesale Reserves | (2,102,080) | (3,548,514) | (1,446,434) | 68.81% | Higher revenues; lower costs |
| Out: PERS Stabilization | (100,000) | (100,000) | 0 | 0.00% | |
| Total Transfers | \$ (2,252,080) | \$ (3,698,514) | \$ (1,446,434) | 64.23% | |
| Ending Available Income | \$ 298,655 | \$ - | \$ (298,655) | -100.00% | |

San Juan Water District
Preliminary Fiscal Year 2010 - 2011 Financial Report
Retail

| Category | Budgeted FY 2011 | Preliminary FY 2011 | Variance | | Reason for Variance |
|-------------------------------------|---------------------|------------------------|--------------|----------|-----------------------------------|
| | | | Amount | Percent | |
| <i>Operating</i> | | | | | |
| <u>Revenues:</u> | | | | | |
| Water Sales | \$ 7,350,726 | \$ 7,834,917 | \$ 484,191 | 6.59% | Water use |
| Other | 100,000 | 98,354 | (1,646) | -1.65% | Lower grant revenue |
| Operating Revenues | \$ 7,450,726 | \$ 7,933,271 | \$ 482,545 | 6.48% | |
| <u>Expenses:</u> | | | | | |
| Administrative & General | \$ 1,115,171 | \$ 1,031,016 | \$ (84,155) | -7.55% | Overall: Employee cost savings |
| Conservation | 540,889 | 402,571 | (138,318) | -25.57% | Programs; Cust Svc |
| Engineering | 463,958 | 299,077 | (164,881) | -35.54% | Capital projects |
| Pumping & Telemetry | 165,085 | 340,453 | 175,368 | 106.23% | Pump station change |
| Source of Supply | 2,411,484 | 2,283,825 | (127,659) | -5.29% | Rate change; water use |
| Transmission/Distribution | 1,570,606 | 1,596,558 | 25,952 | 1.65% | Water use |
| Customer Service | 562,061 | 658,999 | 96,938 | 17.25% | Conservation to Customer Service |
| OPEB | 193,377 | 188,529 | (4,849) | -2.51% | |
| Operating Expenses | 7,022,631 | 6,801,028 | (221,604) | -3.16% | |
| Net Income/(Loss)-Operations | \$ 428,095 | \$ 1,132,244 | \$ 704,149 | 164.48% | |
| <i>Non-Operating</i> | | | | | |
| <u>Revenues:</u> | | | | | |
| Interest/Investment Income | \$ 87,500 | \$ 115,781 | \$ 28,281 | 32.32% | Capital project funds |
| Retail Connections | 50,000 | 144,071 | 94,071 | 188.14% | Increased connections |
| Taxes & Assessments | 850,000 | 798,762 | (51,238) | -6.03% | Assessment values |
| Other | - | 132,981 | 132,981 | 0.00% | Expense recovery |
| <u>Expenses:</u> | | | | | |
| 2003 COPs (interest) | (217,251) | (211,717) | 5,534 | -2.55% | Wholesale interest |
| 2009 COPs (interest) | (614,991) | (615,119) | (128) | 0.02% | |
| EDA Loan (interest) | (8,672) | (8,672) | - | 0.00% | |
| CEC (interest) | (598) | (598) | - | 0.00% | |
| Other | - | - | - | 0.00% | |
| Net Non-Operating | \$ 145,988 | \$ 355,489 | \$ 209,501 | 143.51% | |
| Net Available Income | \$ 574,083 | \$ 1,487,732 | \$ 913,649 | 159.15% | |
| <i>Debt Service Principal</i> | | | | | |
| 2003 COPs | \$ (370,120) | \$ (370,120) | \$ - | 0.00% | |
| 2009 COPs | (3,600) | (3,600) | 0 | 0.00% | |
| EDA Loan | (21,416) | (21,416) | 0 | 0.00% | |
| CEC Loan | (5,589) | (5,589) | 0 | 0.00% | |
| <u>Transfers from/(to) Reserves</u> | | | | | |
| Out: Kokila Reservoir | \$ (10,000) | \$ (10,000) | \$ - | 0.00% | |
| Out: Retail Reserves | (13,358) | (832,936) | (819,578) | 6135.49% | Higher revenues; lower costs |
| Out: Connection Reserves | (50,000) | (144,071) | (94,071) | 188.14% | Increased connections |
| Out: PERS Stabilization | (100,000) | (100,000) | 0 | 0.00% | |
| Total Transfers | \$ (173,358) | \$ (1,087,007) | \$ (913,649) | 527.03% | |
| Ending Available Income | \$ - | \$ - | \$ - | 0.00% | |

San Juan Water District
Reserve Funds Reconciliation
As of June 30, 2011

| Description | Source | Wholesale Reserves | | | | | | Total |
|-----------------------------|-------------|------------------------------------|---------------|-----------------|-----------|--------------|-----------------------------------|--------------|
| | | Operating (incl Rate Stabil) | PERS/ OPEB | Comp Absence | Connect | CIP | Restricted- Debt Svc/ Other | |
| Beginning Balance | 42,293,980 | \$3,004,075 | \$415,526 | \$338,740 | \$109,421 | \$15,053,119 | \$3,014,732 | \$21,935,613 |
| Add Revenues and Receipts: | | | | | | | | |
| Operating: | | | | | | | | |
| Wholesale Water Sales | 7,764,982 | 6,797,184 | 288,957 | 27,801 | | 651,040 | | 7,764,982 |
| Retail Water Sales | 7,834,917 | | | | | | | 0 |
| Other | 123,714 | 25,359 | | | | | | 25,359 |
| | 15,723,613 | 6,822,543 | 288,957 | 27,801 | 0 | 651,040 | 0 | 7,790,341 |
| Non Operating: | | | | | | | | |
| Connection Fees | 163,541 | | | | 19,470 | | | 19,470 |
| Investment Income | 271,233 | 20,620 | 2,846 | 2,320 | 750 | 103,114 | 9,103 | 138,753 |
| Property Taxes | 1,597,524 | | | | | 798,762 | | 798,762 |
| Other | 225,330 | 93,036 | | | | | | 93,036 |
| Cap Contributions | 1,283,677 | | | | | 1,283,677 | | 1,283,677 |
| COPs Direct Billed | 110,027 | 146,927 | | | | | | 146,927 |
| | 3,651,332 | 260,583 | 2,846 | 2,320 | 20,220 | 2,185,553 | 9,103 | 2,480,625 |
| Less Expenses and Payments: | | | | | | | | |
| Operating: | | | | | | | | |
| Administrative/General | 2,452,645 | 1,395,479 | | | | | | 1,395,479 |
| Conservation | 617,614 | 215,043 | | | | | | 215,043 |
| Customer Service | 658,999 | 0 | | | | | | 0 |
| Engineering | 342,523 | 43,446 | | | | | | 43,446 |
| Pumping & Telemetry | 590,217 | 250,270 | | | | | | 250,270 |
| Source of Supply | 2,820,910 | 537,086 | | | | | | 537,086 |
| Transmission | 1,657,517 | 60,959 | | | | | | 60,959 |
| Water Treatment | 2,119,426 | 2,119,426 | | | | | | 2,119,426 |
| | 11,259,851 | 4,621,709 | 0 | 0 | 0 | 0 | 0 | 4,621,709 |
| Non Operating: | | | | | | | | |
| COPs principal | 995,000 | 621,280 | | | | | 0 | 621,280 |
| COPs interest | 2,458,258 | 1,631,422 | | | | | | 1,631,422 |
| EDA Loan (incl prin) | 30,087 | 0 | | | | | | 0 |
| CEC Loan (incl prin) | 6,188 | | | | | | | 0 |
| Other | 59,022 | 58,823 | | | | | 199 | 59,022 |
| | 3,548,555 | 2,311,525 | 0 | 0 | 0 | 0 | 199 | 2,311,724 |
| CIP | 11,139,546 | | | | | 10,825,687 | | 10,825,687 |
| Balance sheet changes: | | | | | | | | |
| Accounts Receivable | 1,626,794 | 1,518,814 | | | | | 0 | 1,518,814 |
| Interest Receivable | 10,475 | | | | | 5,238 | | 5,238 |
| Prepaid expense | (36,840) | (36,840) | | | | | | (36,840) |
| Accounts Payable | 972,964 | 672,964 | | | | | | 672,964 |
| Interest Payable | (12,479) | (8,282) | | | | | | (8,282) |
| Due other gov't | (10) | (10) | | | | | 0 | (10) |
| Deferred Income | (16,129) | | | | | | | 0 |
| Comp Abs | (52,564) | (63,089) | | | | | | (63,089) |
| | 2,492,211 | 2,083,557 | 0 | 0 | 0 | 5,238 | 0 | 2,088,795 |
| Net Change | (4,080,796) | 2,233,449 | 291,803 | 30,121 | 20,220 | (7,983,856) | 8,904 | (5,399,359) |
| Ending Balance | 38,213,184 | \$5,237,524 | \$707,329 | \$368,861 | \$129,641 | \$7,069,263 | \$3,023,636 | \$16,536,254 |

San Juan Water District
Reserve Funds Reconciliation
As of June 30, 2011

| Description | Source | Wholesale Reserves | | | | | Restricted- Debt Svc/ Other | Total |
|------------------------------|--------|------------------------------------|------------------|------------------|------------------|--------------------|-----------------------------------|---------------------|
| | | Operating (incl Rate Stabil) | PERS/ OPEB | Comp Absence | Connect | CIP | | |
| Designation/Purpose: | | | | | | | | |
| Debt Service Payment | | \$764,658 | | | | | \$764,658 | |
| Debt Service Reserve Fund | | | | | | 3,023,636 | 3,023,636 | |
| Employee Leave Balances | | | | 368,861 | | | 368,861 | |
| Operating | | 2,580,719 | | | | | 2,580,719 | |
| Operating Reserve | | 892,147 | | | | | 892,147 | |
| OPEB Trust | | | 505,611 | | | | 505,611 | |
| PERS Stabilization | | | 201,718 | | | | 201,718 | |
| Rate Stabilization | | 1,000,000 | | | | | 1,000,000 | |
| Capital Projects | | | | | | 7,069,263 | 7,069,263 | |
| Capital Projects (emergency) | | | | | | | 0 | |
| Capital Projects (expansion) | | | | | 129,641 | | 129,641 | |
| Customer Deposits | | | | | | | 0 | |
| | | \$5,237,524 | \$707,329 | \$368,861 | \$129,641 | \$7,069,263 | \$3,023,636 | \$16,536,254 |

San Juan Water District
Reserve Funds Reconciliation
As of June 30, 2011

| Description | Retail Reserves | | | | | | | | Total |
|-----------------------------|-----------------|---------------|-----------------|------------------------------------|-------------|--------------|------------------|-----------------------------------|--------------|
| | Operating | PERS/ OPEB | Comp Absence | Developer/ Customer Deposits | Connect | CIP | Emergency CIP | Restricted- Debt Svc/ Other | |
| Beginning Balance | \$1,209,573 | \$415,526 | \$422,469 | \$68,724 | \$2,400,925 | \$13,432,408 | \$587,705 | \$1,821,037 | \$20,358,367 |
| Add Revenues and Receipts: | | | | | | | | | |
| Operating: | | | | | | | | | |
| Wholesale Water Sales | | | | | | | | | 0 |
| Retail Water Sales | 7,514,764 | 288,957 | 21,196 | | | 10,000 | | | 7,834,917 |
| Other | 98,355 | | | | | | | | 98,355 |
| | 7,613,119 | 288,957 | 21,196 | 0 | 0 | 10,000 | 0 | 0 | 7,933,272 |
| Non Operating: | | | | | | | | | |
| Connection Fees | | | | | 144,071 | | | | 144,071 |
| Investment Income | 8,286 | 2,846 | 2,894 | 471 | 16,446 | 92,012 | 4,026 | 5,499 | 132,480 |
| Property Taxes | 455,000 | | | | | 343,762 | | | 798,762 |
| Other | 132,294 | | | | | | | | 132,294 |
| Cap Contributions | | | | | | | | | 0 |
| COPs Direct Billed | (36,900) | | | | | | | | (36,900) |
| | 558,680 | 2,846 | 2,894 | 471 | 160,517 | 435,774 | 4,026 | 5,499 | 1,170,707 |
| Less Expenses and Payments: | | | | | | | | | |
| Operating: | | | | | | | | | |
| Administrative/General | 1,057,166 | | | | | | | | 1,057,166 |
| Conservation | 402,571 | | | | | | | | 402,571 |
| Customer Service | 658,999 | | | | | | | | 658,999 |
| Engineering | 299,077 | | | | | | | | 299,077 |
| Pumping & Telemetry | 339,947 | | | | | | | | 339,947 |
| Source of Supply | 2,283,824 | | | | | | | | 2,283,824 |
| Transmission | 1,596,558 | | | | | | | | 1,596,558 |
| Water Treatment | 0 | | | | | | | | 0 |
| | 6,638,142 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,638,142 |
| Non Operating: | | | | | | | | | |
| COPs principal | 373,720 | | | | | | | 0 | 373,720 |
| COPs interest | 826,836 | | | | | | | | 826,836 |
| EDA Loan (incl prin) | 30,087 | | | | | | | | 30,087 |
| CEC Loan (incl prin) | 6,188 | | | | | | | | 6,188 |
| Other | | | | | | | | | 0 |
| | 1,236,831 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,236,831 |
| CIP | | | | | | 313,859 | | | 313,859 |
| Balance sheet changes: | | | | | | | | | |
| Accounts Receivable | 107,980 | | | | | | | 0 | 107,980 |
| Interest Receivable | | | | | | 5,237 | | | 5,237 |
| Prepaid expense | | | | | | | | | 0 |
| Accounts Payable | 300,000 | | | | | | | | 300,000 |
| Interest Payable | (4,197) | | | | | | | | (4,197) |
| Due other gov't | | | | | | | | 0 | 0 |
| Deferred Income | 0 | | | (16,129) | | | | | (16,129) |
| Comp Abs | 10,525 | | | | | | | | 10,525 |
| | 414,308 | 0 | 0 | (16,129) | 0 | 5,237 | 0 | 0 | 403,416 |
| Net Change | 711,134 | 291,803 | 24,090 | (15,658) | 160,517 | 137,152 | 4,026 | 5,499 | 1,318,563 |
| Ending Balance | \$1,920,707 | \$707,329 | \$446,559 | \$53,066 | \$2,561,442 | \$13,569,560 | \$591,731 | \$1,826,536 | \$21,676,930 |

San Juan Water District
Reserve Funds Reconciliation
As of June 30, 2011

| Description | Retail Reserves | | | | | | | | Total |
|-----------------------------|-----------------|---------------|-----------------|------------------------------------|-------------|--------------|------------------|-----------------------------------|--------------|
| | Operating | PERS/ OPEB | Comp Absence | Developer/ Customer Deposits | Connect | CIP | Emergency CIP | Restricted- Debt Svc/ Other | |
| Designation/Purpose: | | | | | | | | | |
| Debt Service Payment | \$455,736 | | | | | | | | \$455,736 |
| Debt Service Reserve Fund | | | | | | | | 1,826,536 | 1,826,536 |
| Employee Leave Balances | | | 446,559 | | | | | | 446,559 |
| Operating | 114,912 | | | | | | | | 114,912 |
| Operating Reserve | 1,350,059 | | | | | | | | 1,350,059 |
| OPEB Trust | | 505,611 | | | | | | | 505,611 |
| PERS Stabilization | | 201,718 | | | | | | | 201,718 |
| Rate Stabilization | | | | | | | | | 0 |
| Capital Projects | | | | | | 13,569,560 | | | 13,569,560 |
| Capital Projects (emergenc | | | | | | | 591,731 | | 591,731 |
| Capital Projects (expansion | | | | | 2,561,442 | | | | 2,561,442 |
| Customer Deposits | | | | 53,066 | | | | | 53,066 |
| | \$1,920,707 | \$707,329 | \$446,559 | \$53,066 | \$2,561,442 | \$13,569,560 | \$591,731 | \$1,826,536 | \$21,676,930 |

STAFF REPORT

To: Board of Directors
From: Mary A. Morris, Finance & Administrative Services Manager
Date: September 14, 2011
Subject: Other Post Employment Benefits (OPEB) Trust

RECOMMENDED ACTION

1. Approve establishment of an Other Post Employment Benefits (OPEB) trust fund organized under Section 115 of the Internal Revenue Code that complies with the requirements of General Accounting Standards Board (GASB) 45 within the California Employers' Retiree Benefit Trust (CERBT) Fund.
2. Transfer \$1,010,790 from District reserve funds held in LAIF to CERBT.

BACKGROUND

As a result of the work of the Ad Hoc Retirement Committee in 2009, the District's Board of Directors elected to prefund the Annual Required Contribution (ARC) for the District's OPEB Liability. While it is not required that an agency prefund, establishing a trust to prefund offsets the District's OPEB liability. The District has prefunded within District reserves \$1,010,790 for OPEB.

District staff has evaluated options through research and contact with other agencies as well as providers. Staff recently initiated a state-wide survey through the California Society of Municipal Finance Officers. Of the agencies that responded, 74% have selected CERBT to prefund OPEB. There are many advantages of CERBT over other providers given the District's staffing level, size and lower magnitude of OPEB ARC. Other options would require the District to: establish an OPEB Trust Fund Board, develop an investment policy, determine the allocation of investments, and prepare financial statements for the Trust along with related administrative duties. Smaller agencies, such as the District, have leveraged CERBT for these activities. In addition, there are now several investment options that the District can select within CERBT to allow some level of control over the investment portfolio.

FINANCIAL CONSIDERATIONS

Investing the District's OPEB funds in the CERBT will significantly increase the value of these funds due to investment returns of 25% and 13.4% for 2011 and 2010, respectively. This will assist the District in managing the costs for retiree benefits and offset the ARC into the future. Since these are long-term funds there will be fluctuation in value over the years due to highs and lows in the stock

market; however, the nature of the funds requires these equity types of investment to produce the **average** anticipated returns.

Attachments: Agreement and Election to Prefund OPEB Through CalPERS
 Delegation of Authority to Request Reimbursements Resolution
 Certification of OPEB Actuarial Information
 Certification of OPEB Funding Policy
 CERBT Statement of Investment Policy
 CERBT Fund Facts

CALIFORNIA EMPLOYER'S RETIREE BENEFIT TRUST PROGRAM ("CERBT")

**AGREEMENT AND ELECTION
OF**

(NAME OF EMPLOYER)

**TO PREFUND OTHER POST EMPLOYMENT
BENEFITS THROUGH CalPERS**

WHEREAS (1) Government Code Section 22940 establishes in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS (2) The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post employment benefits in accordance with the terms of participating employers' plans; and

WHEREAS (3) _____
(NAME OF EMPLOYER)

(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the Prefunding Plan upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Other Post Employment Benefits (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The Prefunding Plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 43 consisting of an aggregation of single-employer plans, with pooled administrative and investment functions;

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Representation and Warranty

Employer represents and warrants that it is a political subdivision of the State of California or an entity whose income is excluded from gross income under Section 115 (1) of the Internal Revenue Code.

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the Prefunding Plan by adopting this Agreement and filing with the CalPERS Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to: CalPERS
 Constituent Relations Office
 CERBT (OPEB)
 P.O. Box 942709
 Sacramento, CA 94229-2709

Filing in person, deliver to:
 CalPERS Mailroom
 Constituent Relations Office
 CERBT (OPEB)
 Attn: Employer Services Division
 400 Q Street
 Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both CalPERS and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the Prefunding Plan, to carry out the purposes of this Agreement, and to maintain the tax exempt status of the Prefunding Plan. Employer agrees to follow such procedures and processes.

C. Other Post Employment Benefits (OPEB) Cost Reports and Employer Contributions

(1) Employer shall provide to the Board an OPEB cost report on the basis of the actuarial assumptions and methods prescribed by the Board. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by GASB 43. This OPEB cost report may be prepared as an actuarial valuation report or, if the employer is qualified under GASB 45 and 57, may be prepared as an Alternative Measurement Method (AMM) report.

- (a) Unless qualified under GASB 45 and 57 to provide an AMM report, Employer shall provide to the Board an actuarial valuation report. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by GASB 43 and 57, and shall be:
 - 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
 - 2) prepared in accordance with generally accepted actuarial practice and GASB 43, 45 and 57; and,
 - 3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.
- (b) If qualified under GASB 45 and 57, Employer may provide to the Board an AMM report. Such report shall be for the Board's use in financial reporting, shall be prepared at least as often as the minimum frequency required by GASB 43 and 57, and shall be:
 - 1) affirmed by Employer's external auditor, or by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board, to be consistent with the AMM process described in GASB 45;
 - 2) prepared in accordance with GASB 43, 45, and 57; and,
 - 3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(2) The Board may reject any OPEB cost report submitted to it, but shall not unreasonably do so. In the event that the Board determines, in its sole discretion, that

the OPEB cost report is not suitable for use in the Board's financial statements or if Employer fails to provide a required OPEB cost report, the Board may obtain, at Employer's expense, an OPEB cost report that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such OPEB cost report by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.

(3) Employer shall notify the Board of the amount and time of contributions which contributions shall be made in the manner established by the Board.

(4) Employer contributions to the Prefunding Plan may be limited to the amount necessary to fully fund Employer's actuarial present value of total projected benefits, as supported by the OPEB cost report acceptable to the Board. As used throughout this document, the meaning of the term "actuarial present value of total projected benefits" is as defined in GASB Statement No. 45. If Employer's contribution causes its assets in the Prefunding Plan to exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board may refuse to accept the contribution.

(5) The minimum Employer contribution will be at least \$5000 or be equal to Employer's Annual Required Contribution, whichever is less, as that term is defined in GASB Statement No. 45. Contributions can be made at any time following the seventh day after the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

D. Administration of Accounts, Investments, Allocation of Income

(1) The Board has established the Prefunding Plan as an agent plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions, under the terms of which separate accounts will be maintained for each employer so that Employer's assets will provide benefits only under employer's plan.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the Prefunding Plan (Employer's Prefunding Account).

(3) Employer's Prefunding Account assets may be aggregated with prefunding account assets of other employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 Trust.

(4) The Board may deduct the costs of administration of the Prefunding Plan from the investment income or Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income shall be allocated among employers and posted to Employer's Prefunding Account as determined by the Board but no less frequently than annually.

(6) If Employer's assets in the Prefunding Plan exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board, in compliance with applicable accounting and legal requirements, may return such excess to Employer.

E. Reports and Statements

(1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.

(2) The Board shall prepare and provide a statement of Employer's Prefunding Account at least annually reflecting the balance in Employer's Prefunding Account, contributions made during the period and income allocated during the period, and such other information as the Board determines.

F. Disbursements

(1) Employer may receive disbursements not to exceed the annual premium and other costs of post employment healthcare benefits and other post employment benefits as defined in GASB 43.

(2) Employer shall notify CalPERS in writing in the manner specified by CalPERS of the persons authorized to request disbursements from the Prefunding Plan on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board. The Board may require that Employer certify or otherwise establish that the monies will be used for the purposes of the Prefunding Plan.

(4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) that are received on or after the first of a month will be processed by the 15th of the following month. (For example, a disbursement request received on or between March 1st and March 31st will be processed by April 15th; and a disbursement request received on or between April 1st and April 30th will be processed by May 15th.)

(5) CalPERS shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements. In the event of any other erroneous disbursement, the extent of CalPERS' liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

(6) No disbursement shall be made from the Prefunding Plan which exceeds the balance in Employer's Prefunding Account.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the Prefunding Plan, as determined by the Board.

H. Termination of Employer Participation in Prefunding Plan

(1) The Board may terminate Employer's participation in the Prefunding Plan if:

- (a) Employer gives written notice to the Board of its election to terminate;
- (b) The Board finds that Employer fails to satisfy the terms and conditions of this Agreement or of the Board's rules or regulations.

(2) If Employer's participation in the Prefunding Plan terminates for any of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the Prefunding Plan, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D.

(3) After Employer's participation in the Prefunding Plan terminates, Employer may not make contributions to the Prefunding Plan.

(4) After Employer's participation in the Prefunding Plan terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After thirty-six (36) months have elapsed from the effective date of this Agreement or at such earlier date as may be approved by the Board in its sole discretion:

- (a) Employer may request a trustee transfer of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that the transfer will satisfy applicable requirements of the Internal Revenue Code and the Board's fiduciary duties, then the Board shall effect the transfer within one hundred twenty (120) days. The amount to be transferred shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the transfer by more than 120 days.
- (b) Employer may request a disbursement of the assets in Employer's Prefunding Account. Upon satisfactory showing to the Board that all of Employer's obligations for payment of post employment health care benefits and other post employment benefits and reasonable administrative costs of the Board have been satisfied, then the Board shall

effect the disbursement within one hundred twenty (120) days. The amount to be disbursed shall be the amount in the Employer's Prefunding Account as of the disbursement date and shall include investment earnings up to the investment earnings allocation date immediately preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement by more than 120 days.

(6) After Employer's participation in the Prefunding Plan terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate.

(7) If, for any reason, the Board terminates the Prefunding Plan, the assets in Employer's Prefunding Account shall be paid to Employer after retention of (i) amounts sufficient to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants described by the employer's current substantive plan (as defined in GASB 43), and (ii) amounts sufficient to pay reasonable administrative costs of the Board.

(8) If Employer ceases to exist but Employer's Prefunding Plan continues to exist and if no provision has been made by Employer for ongoing payments to pay post employment health care benefits and other post employment benefits to annuitants for current and future annuitants, the Board is authorized to and shall appoint a third party administrator to carry out Employer's Prefunding Plan. Any and all costs associated with such appointment shall be paid from the assets attributable to contributions by Employer.

(9) If Employer should breach the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the Prefunding Plan.

I. General Provisions

(1) Books and Records.

Employer shall keep accurate books and records connected with the performance of this Agreement. Employer shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location at the Employer's office(s) and shall be available for inspection and copying by CalPERS and its representatives.

(2) Audit.

- (a) During and for three years after the term of this Agreement, Employer shall permit the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, at all

reasonable times during normal business hours to inspect and copy, at the expense of CalPERS, books and records of Employer relating to its performance of this Agreement.

- (b) Employer shall be subject to examination and audit by the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, during the term of this Agreement and for three years after final payment under this Agreement. Any examination or audit shall be confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement. Employer shall cooperate fully with the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, in connection with any examination or audit. All adjustments, payments, and/or reimbursements determined to be necessary by any examination or audit shall be made promptly by the appropriate party.

(3) Notice.

- (a) Any notice, approval, or other communication required or permitted under this Agreement will be given in the English language and will be deemed received as follows:
 - 1. Personal delivery. When personally delivered to the recipient. Notice is effective on delivery.
 - 2. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice. Notice is effective three delivery days after deposit in a United States Postal Service office or mailbox.
 - 3. Certified mail. When mailed certified mail, return receipt requested. Notice is effective on receipt, if delivery is confirmed by a return receipt.
 - 4. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, Notice is effective on delivery, if delivery is confirmed by the delivery service.
 - 5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written confirmation of receipt. Any notice given by telex or fax shall be

deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.

6. E-mail transmission. When sent by e-mail using software that provides unmodifiable proof (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

Addresses for the purpose of giving notice are as shown in Paragraph B.(1) of this Agreement.

- (b) Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- (c) Any party may change its address, telex, fax number, or e-mail address by giving the other party notice of the change in any manner permitted by this Agreement.
- (d) All notices, requests, demands, amendments, modifications or other communications under this Agreement shall be in writing. Notice shall be sufficient for all such purposes if personally delivered, sent by first class, registered or certified mail, return receipt requested, delivery by courier with receipt of delivery, facsimile transmission with written confirmation of receipt by recipient, or e-mail delivery with verifiable and unmodifiable proof of content and time and date of sending by sender and delivery to recipient. Notice is effective on confirmed receipt by recipient or 3 business days after sending, whichever is sooner.

(4) Modification

This Agreement may be supplemented, amended, or modified only by the mutual agreement of the parties. No supplement, amendment, or modification of this Agreement shall be binding unless it is in writing and signed by the party to be charged.

(5) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement shall survive the termination of this Agreement until such time as all amounts in Employer's Prefunding Account have been disbursed.

(6) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(7) Necessary Acts, Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

A majority vote of Employer's Governing Body at a public meeting held on the _____ day of the month of _____ in the year _____, authorized entering into this Agreement.

Signature of the Presiding Officer: _____

Printed Name of the Presiding Officer: _____

Name of Governing Body: _____

Name of Employer: _____

Date: _____

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
ALAN MILLIGAN
ACTUARIAL AND EMPLOYER SERVICES BRANCH
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

| |
|--|
| To be completed by CalPERS The effective date of this Agreement is: _____ |
|--|



DELEGATION OF AUTHORITY TO REQUEST DISBURSEMENTS

RESOLUTION OF THE

(GOVERNING BODY)

OF THE

(NAME OF EMPLOYER)

The _____ delegates to the incumbents in
(GOVERNING BODY)

the positions of _____ and
(TITLE)

_____ authority to request on behalf
(TITLE)

of the Employer disbursements from the Other Post Employment Prefunding

Plan and to certify as to the purpose for which the disbursed funds will be used.

By _____

Title _____

Witness _____

Date _____



CERTIFICATION OF OPEB ACTUARIAL INFORMATION

As Actuary of the plan, I certify that the Other Post-Employment Benefits (OPEB) actuarial valuation upon which the enclosed summary of actuarial information is based meets the following criteria:

- The assumptions used in this OPEB valuation come from the CalPERS OPEB Assumption Model prescribed by the California Employers' Retiree Benefit Trust (CERBT).
- The valuation has been prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries.¹
- The valuation has been prepared in accordance with generally accepted actuarial principles.
- The valuation has been prepared in accordance with the requirements set forth in Governmental Accounting Standards Board (GASB) Statements No. 43 and No. 45.
- If the actuarial valuation is to be performed every two years, then the valuation includes information that covers two fiscal years.
- If employer assets to pre-fund other post-employment benefits are invested in an irrevocable OPEB trust other than the CERBT, the liabilities associated with those assets are not included in the summary of actuarial information.

I further certify that the discount rate is consistent with the anticipated level of funding pursuant to the relevant section of GASB 43, and the employer's certification.

Name of Employer

Valuation Date

Printed Name of Actuary and Designation

Signature

Date

¹ In cases where the actuary performing the work does not meet these criteria, the valuation may be acceptable if the person has equivalent qualifications that are acceptable to the CalPERS Board. Please provide the qualifications of the actuary performing the valuation.



CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE

As the employer, I certify that our funding policy is to contribute consistently an amount equal to (check one):

- 100 % of the ARC as determined in our OPEB valuation (or AMM if it applies) dated _____, 20__ which used an average actuarial Discount Rate of 7.75% *(Date should correspond with Item No. 1.0 in excel Summary of Actuarial Information)*
- ___% of the ARC as determined in our OPEB valuation (or AMM if it applies) dated _____, 20__ which used an average actuarial Discount Rate of ___%.
- We will contribute to the trust using an approach not directly related to the ARC. Please describe your funding approach and how the approach relates to the average discount rate assumption made by your actuary in the OPEB valuation (or AMM if it applies) dated _____, 20__ which used an average actuarial Discount Rate of ___%:

This OPEB valuation provides ARC amounts for the following periods:

First year: From _____, 20__ through _____, 20__.

Second year: From _____, 20__ through _____, 20__.

(Dates should correspond with Item No. 10.0 in excel Summary of Actuarial Information)

The First Year ARC

We plan to contribute toward the ARC in the following manner (check one):

- Contribute our ARC payments to the trust and seek reimbursements for Pay-go costs
- Contribute our ARC payments to the trust net of Pay-go costs and not seek reimbursements
- Other (Please describe):

CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE

The California Employers' Retiree Benefit Trust (CERBT) fund plan includes more than 200 members. We understand that, under GASB 43, paragraph 33, as an employer participating in the CalPERS CERBT, we must obtain an actuarial valuation (or AMM if it applies) on at least a biennial basis.

We understand that we will be asked to provide accounting information to CalPERS as required in order to facilitate CalPERS compliance with GASB 43 reporting requirements, and we agree to make any information requested available to CalPERS on a timely basis. Our contact information is noted below.

We understand that CalPERS will provide us with our Statement of Plan Net Assets and our Statement of Changes in Plan Net Assets, which can be used to prepare our GASB 45 reporting. CalPERS will report aggregated GASB 43 information pertaining to the Funded Status and Funding Progress.

Date of OPEB valuation (or AMM if it applies)

Name of Employer

Printed Name and Title of Person Signing the Form

Signature

Date

Designated Employer Contact Name for GASB Reporting

Phone #

Email Address

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
STATEMENT OF INVESTMENT POLICY**

**FOR
THE CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST (CERBT) FUND**

August 15, 2011

This policy is effective immediately upon adoption and supersedes all previous policies governing the Annuitants' Healthcare Coverage Fund, also known as the California Employers' Retiree Benefit Trust (CERBT) Fund.

I. PURPOSE

The California Public Employees' Retirement System ("CalPERS") Total Fund Statement of Investment Policy, adopted by the CalPERS Investment Committee ("Committee"), sets forth CalPERS overarching investment purposes and objectives with respect to all its investment programs.

This document sets forth the investment policy ("Policy") for the policy portfolios ("Portfolios") of the California Employers' Retiree Benefit Trust ("CERBT"). The design of this Policy ensures that investors, managers, consultants, and other participants selected by CalPERS take prudent and careful action while managing the Portfolios. Additionally, use of this Policy ensures sufficient flexibility in managing investment risks and returns associated with the CERBT.

The CERBT was established March 1, 2007 for public employers to prefund their retiree health and other post-employment benefit obligations. The CERBT is currently known in statute as the Annuitants' Healthcare Coverage Fund. There are three separate Portfolios ("Strategy 1", "Strategy 2", and "Strategy 3") for the CERBT, which provide employers a choice of asset allocation strategies.

II. STRATEGIC OBJECTIVE

Each of the CERBT Portfolios shall be managed to accomplish the following:

- A. Offer to employers a distinct investment alternative.
- B. Invest in an asset allocation mix with targets and ranges based on a periodic asset liability management review.
- C. Maintain significant diversification to temper losses from market volatility.
- D. Ensure that the asset class policy ranges approved by the Committee are adhered to, and that any rebalancing is performed efficiently and prudently.
- E. Maintain adequate liquidity to meet cash needs.

III. RESPONSIBILITIES

- A. In addition to the Committee's responsibilities outlined in the Total Fund Statement of Investment Policy, the Committee is also responsible for approving asset classes for investment and approving a policy target allocation, permissible range, and benchmark for each asset class.
- B. CalPERS Investment Staff ("Staff") is responsible for the following:
1. All aspects of portfolio management including monitoring, analyzing, and evaluating performance relative to the appropriate benchmark.
 2. Providing individualized asset allocation strategy recommendations to the Committee, including selection of asset class benchmarks, Policy targets and ranges.
 3. Managing the asset class allocations of the Portfolios within Policy ranges approved by the Committee, in accordance with Policy guidelines.
 4. Creating internally managed funds and soliciting externally managed funds to be used in the composition of the Portfolios.
 5. Identifying opportunities and making recommendations to the Committee consistent with pertinent delegations.
 6. Reporting internally to the Committee concerning the implementation of this Policy. This report shall include, but is not limited to, the current market value and asset allocations compared to the Policy targets and ranges.
 7. Monitoring the implementation of, and compliance with, the Policy. Staff shall report concerns, problems, material changes, and all violations of Guidelines and Policies at the next Committee meeting. All events deemed materially important will be reported to the Board immediately. These reports shall include explanations of any violations and appropriate recommendations for corrective action.
- C. The [General Pension Consultant](#) ("Consultant") is responsible for:
1. Monitoring, evaluating, and periodically reporting to the Committee on the three CERBT Portfolios' performance relative to the benchmark and Policy.
- D. External Managers ("Manager") are responsible for aspects of portfolio management as set forth in each Manager's contract with CalPERS and shall fulfill the following duties:

1. Communicate with CalPERS staff, as needed, regarding investment strategies and investment results.
2. Monitor, analyze, and evaluate performance relative to the agreed-upon benchmark.
3. Cooperate fully with CalPERS staff, Custodian and Consultant concerning requests for information.

IV. PERFORMANCE OBJECTIVE AND BENCHMARK

- A. The CERBT benchmark for the Affiliate Funds is specified in the Policy for Benchmarks. The CERBT is included in the Affiliate Funds section of the Policy.
- B. CalPERS shall invest the assets of each of the CERBT Portfolios to meet or exceed the individualized benchmark designated in the Policy.

V. INVESTMENT APPROACHES AND PARAMETERS

- A. Philosophy and Approach

The CERBT Portfolios shall be managed in accordance with the CalPERS Total Fund Statement of Investment Policy and in a manner consistent with the respective investment policy governing each asset class. Such policies approved by the Committee shall specify the method and parameters for implementation and provide for the ongoing monitoring of that asset class.

- B. Strategic Asset Allocation Process

A comprehensive asset allocation strategy analysis shall be completed at least once every three years and will be presented to the Committee for review and approval of the Policy target asset allocation and ranges. The CIO may recommend a more frequent analysis if expected returns, risks or liability values have substantially changed since the prior analysis. The CIO may also recommend to the Committee changes in the Policy asset allocation targets and ranges. A target for cash is exempt from consideration.

- C. Fund Structure/Parameters

Staff shall manage the Portfolios in accordance with the approved strategic asset allocation. CalPERS Custodian shall employ a [unitized fund structure](#) to maintain separate and distinct historical records and to produce individual [net asset values \(NAV's\)](#) for each asset class.

- D. Policy Asset Allocation Targets and Ranges

The Committee shall approve Policy asset allocation targets and ranges expressed as a percentage of total assets. The Committee shall set Policy ranges sufficiently wide to permit efficient and flexible implementation, yet sufficiently narrow to maintain the basic risk and return relationship established by the allocation targets.

There are three separate CERBT Portfolios ("Strategy 1", "Strategy 2", and "Strategy 3"). Levels of expected return and risk vary among the Portfolios. The Policy asset allocation targets and permissible ranges are as follows:

| Asset Class | Strategy 1 | | Strategy 2 | | Strategy 3 | |
|----------------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|
| | Policy Allocation | Policy Range | Policy Allocation | Policy Range | Policy Allocation | Policy Range |
| U.S Inflation Linked Bonds | 5% | +/- 2% | 15% | +/- 4% | 15% | +/- 4% |
| U.S. Nominal Bonds | 18% | +/- 5% | 24% | +/- 5% | 42% | +/- 5% |
| Global Equity | 66% | +/- 5% | 50% | +/- 5% | 32% | +/- 5% |
| Global Public Real Estate | 8% | +/- 2% | 8% | +/- 2% | 8% | +/- 2% |
| Commodities | 3% | +/- 2% | 3% | +/- 2% | 3% | +/- 2% |
| Expected Return | 7.10% | | 6.50% | | 5.75% | |
| Expected Risk | 11.73% | | 9.46% | | 7.27% | |
| Return/Risk | 0.61% | | 0.69% | | 0.79% | |

Approved by the Investment Committee August 15, 2011.

E. Rebalancing

Adherence to the Policy asset allocation targets and ranges shall be monitored and reported to the Investment Committee as part of the quarterly performance report. This report shall display a comparison between the Portfolios' asset class allocations and the Policy asset allocation targets and ranges. The report shall also compare the investment performance results of each asset class and the benchmark returns.

Asset class allocations shall be managed to be within Policy ranges. Cash in the portfolio will be held within a range of 0 – 1%. Allocations may temporarily deviate from Policy ranges due to employer contributions and/or extreme market volatility. If an asset class allocation exceeds the Policy range, staff shall return the asset allocation to within its Policy range in a timely manner, with the exact time period primarily dependent on transaction costs and liquidity.

Changes in Policy asset class allocations may be achieved by the movement of capital between asset classes through the trading of [pooled funds](#) or through the use of derivatives. The intent is for Policy asset class

allocations to be actively managed rather than being allowed to passively drift with recent relative asset class returns.

F. Restrictions, Prohibitions and Authorized Securities

Restrictions, Prohibitions and Authorized Securities of the CERBT are defined in the policy governing each asset class or external investment manager guidelines.

VI. CALCULATIONS AND COMPUTATIONS

Investors, managers, consultants, and other participants selected by CalPERS shall make all calculations and computations on a market value basis, as recorded by CalPERS Custodian.

VII. GLOSSARY OF TERMS

Key words used in this policy are defined in CalPERS Master Glossary of Terms.

California Employers' Retiree Benefit Trust

Approved by the Policy Subcommittee:

June 15, 2011

Adopted by the Investment Committee:

August 15, 2011

The California Employers' Retiree Benefit Trust was previously the Annuitants' Healthcare Coverage Fund and Attachment A of the Affiliate Fund Policy. The dates below reflect the revision history of the Affiliate Fund Policy:

Affiliate Fund Policy

Approved by the Policy Subcommittee:

August 18, 2008

Adopted by the Investment Committee:

September 15, 2008

Revised by the Investment Committee:

December 15, 2008

Admin changes made due to Policy Review Project:

June 16, 2009

Admins changes due to adoption of Benchmark Policy:

September 28, 2009

Annuitants' Healthcare Coverage Fund (Policy consolidated into the Affiliate Fund Policy)

Approved by the Policy Subcommittee:

December 15, 2006

Adopted by the Investment Committee:

December 18, 2006

Repealed by the Policy Subcommittee:

August 18, 2008

Repealed by the Investment Committee:

September 15, 2008



This information is for: Public Agency Employer

[Employer Information](#) > [GASB 45 and California Employers' Retiree Benefit Trust Fund](#) > **FAQs - California Employers' Retiree Benefit Trust Fund**

FAQs - California Employers' Retiree Benefit Trust Fund

- [What is the Governmental Accounting Standards Board?](#)
- [What are Other Post Employment Benefits?](#)
- [What is GASB 45 or Statement No. 45?](#)
- [Who can enter into an agreement to prefund OPEB?](#)
- [What is required to prefund OPEB through CalPERS?](#)
- [Who should the employer contact to obtain an actuarial valuation?](#)
- [Will CalPERS perform GASB 45 actuarial valuations for employers?](#)
- [Can CalPERS give ballpark figures of employers' OPEB liabilities?](#)
- [Must each employer submit its OPEB valuation report \(valuation or AMM\) to CalPERS?](#)
- [When should the employer submit copies of the OPEB valuation report?](#)
- [In addition to the report, do we need to send anything else?](#)
- [Who can sign the Certification of OPEB Actuarial Information and the Certification of OPEB Funding Policy forms?](#)
- [How often are the actuarial valuations required?](#)
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- [What additional information needs to be included each time we provide CalPERS with an actuarial cost report?](#)
- [How can employers enter into an Agreement to prefund their OPEB through CalPERS?](#)
- [Who can sign the Agreement?](#)
- [Is the employer required to provide CalPERS with the original Agreement?](#)
- [Where should the Agreement be filed?](#)
- [Are employers required to use the CalPERS Agreement document to elect to participate in the Prefunding Plan?](#)
- [What will be the effective date of our participation in the Prefunding Plan?](#)
- [What is the earliest date contributions may be made?](#)
- [Do employers have to fund the full amount shown in the actuarial cost report \(valuation or AMM\)?](#)
- [What is the minimum contribution amount CalPERS will accept?](#)
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- [How should employers remit contributions?](#)
- [Who may request disbursements from the trust?](#)
- [How should requests for disbursements be made and to whom should they be directed?](#)
- [What about a Private Letter Ruling?](#)
- [How much does it cost to participate in the CERBT?](#)
- [What keeps the CERBT from overcharging the participating employers?](#)

What is the Governmental Accounting Standards Board?

The Governmental Accounting Standards Board (GASB) is a non-profit organization that formulates accounting standards for State and local governments. GASB standards are not law but are accounting principles that improve the relevance of financial reporting.

What are Other Post Employment Benefits?

Other Post Employment Benefits (OPEB) consist of post employment healthcare benefits, including medical, dental, vision, and other health-related benefits, whether provided separately or through a defined benefit pension plan. OPEB also includes post employment benefits such as life insurance, disability and long term care benefits if provided separately from a defined benefit pension plan.

What is GASB 45 or Statement No. 45?

Statement No. 45 of the Governmental Accounting Standards Board (GASB 45), titled Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions, establishes standards for the measurement, recognition, and display of OPEB expense/expenditures, and related liabilities (assets), note disclosures. and, if applicable, required supplementary information in the financial reports of State and local

accuracy, and, if appropriate, requires supplementary information in the financial reports of state and local governmental employers.

Who can enter into an agreement to prefund OPEB?

CalPERS administers the California Employers' Retiree Benefit Trust Fund (CERBT). California government agencies, including schools, may enter into an agreement with CalPERS to participate in the CERBT. There are no restrictions related to being a participant of Public Employee's Medical and Hospital Care Act (PEMHCA); this requirement was eliminated with the passage of AB 554.

What is required to prefund OPEB through CalPERS?

If you are interested in participating in the CalPERS Prefunding Plan, you must obtain an OPEB valuation report by one of two methods; an actuarial valuation, or an Alternative Measurement Method (AMM). The actuarial valuation should use the actuarial assumptions and methods prescribed by CalPERS. Employers who have fewer than 100 plan members (actives, terminated vested, retirees) may under certain conditions, be eligible to use the AMM. Once the valuation report is completed, you must adopt and execute an agreement and submit the agreement, along with the OPEB valuation report, to us for approval.

Who should the employer contact to obtain an actuarial valuation?

You will need to hire an actuarial consulting firm to perform the valuation work. [View the list of actuaries](#) (PDF, 26 KB) who have declared themselves able to provide OPEB valuations for California public agencies. CalPERS does not endorse or recommend the work of any consulting actuary or group of consulting actuaries. You may also contact the [American Academy of Actuaries](#), the [American Society of Pension Professionals & Actuaries \(ASPPA\)](#), or the [Society of Actuaries](#) to obtain a list of actuarial firms.

Will CalPERS perform GASB 45 actuarial valuations for employers?

No, CalPERS does not prepare OPEB valuation reports (valuation or AMM) at this time.

Can CalPERS give ballpark figures of employers' OPEB liabilities?

No, we recommend that you contact an actuarial consulting firm to obtain this information.

Must each employer submit its OPEB valuation report (valuation or AMM) to CalPERS?

Yes, CalPERS requires a copy of the OPEB valuation reports. Valuation reports must be prepared and signed by an actuary who is both a Member of the American Academy of Actuaries and either a fellow or associate of the Society of Actuaries or a person with equivalent qualifications acceptable to the Board. AMM reports must be certified by an actuary or external auditor to have been prepared in a manner compliant with GASB 45 and 57.

When should the employer submit copies of the OPEB valuation report?

The OPEB valuation report must be provided to CalPERS (1) at the same time you submit an executed Agreement for approval by CalPERS; and (2) for the subsequent valuation periods, before contributions for that period are made to the CalPERS Prefunding Plan. Contributions to the Prefunding Plan will not be accepted until after CalPERS approves the signed agreement.

In addition to the report, do we need to send anything else?

Yes, along with the OPEB valuation report, you must submit either the [Certification of OPEB Actuarial Information](#) or the Affirmation of OPEB Cost Analysis Report (dependent on which OPEB valuation report was used) and the [Certification of OPEB Funding Policy](#) certifying the OPEB actuarial valuation and the agency's funding policy. You must also electronically submit, or provide a CD containing the [Summary of Actuarial Information Required for CalPERS Financial Statements](#).

Who can sign the Certification of OPEB Actuarial Information and the Certification of OPEB Funding Policy forms?

The Certification of the OPEB Actuarial Information should be signed by the actuary. The employer can sign the Certification of OPEB Funding Policy.

How often are the actuarial valuations required?

Actuarial valuations are required as specified in GASB 45, paragraph 12 or as otherwise directed by CalPERS. Agencies participating in the CERBT will be on a biennial valuation cycle. The GASB standard specifies that plan membership determines the frequency of valuation. Since the CERBT has more than 200 participants, GASB staff advises that participating agencies should have OPEB valuations biennially.

Which employers must have valuations?

All employers electing to participate in the CalPERS Prefunding Plan must provide an OPEB valuation report (actuarial valuation or AMM)

valuation or AMM).

What additional information needs to be included each time we provide CalPERS with an actuarial cost report?

You must provide the [Certification of OPEB Actuarial Information](#) (or the Affirmation of OPEB Cost Analysis Report if using AMM), the [Certification of OPEB Funding Policy](#), and the [Summary of Actuarial Information](#) to CalPERS each time you provide a copy of an OPEB valuation report.

How can employers enter into an Agreement to prefund their OPEB through CalPERS?

Complete the [Agreement and Election to Prefund Other Post Employment Benefits](#). The Agreement must then be adopted at a public meeting by the governing body of the public entity electing to participate in the Prefunding Plan and submitted to CalPERS for review and approval.

Who can sign the Agreement?

The presiding officer of the employer's governing body can sign the Agreement.

Is the employer required to provide CalPERS with the original Agreement?

An original Agreement or a certified copy of the Agreement is acceptable. If the employer wishes to have an original signed copy of the Agreement for its records, it should send two copies with original signatures to CalPERS. After approval, CalPERS will sign both copies and return one to the employer for its records.

Where should the Agreement be filed?

The Agreement may be filed by mail or by personal delivery.

If filing by mail, send to:

CalPERS
Constituent Relations Office
CERBT (OPEB)
PO Box 242709
Sacramento, CA 94229-270

If sending FedEx, send to:

CalPERS
Constituent Relations Office
CERBT (OPEB)
400 Q Street
Sacramento, CA 95811

Are employers required to use the CalPERS Agreement document to elect to participate in the Prefunding Plan?

Yes, the Agreement developed by CalPERS must be used to elect to participate in the Prefunding Plan.

What will be the effective date of our participation in the Prefunding Plan?

The effective date of the Agreement and of the employer's participation in the Prefunding Plan will be the date CalPERS approves the Agreement.

What is the earliest date contributions may be made?

Contributions will be accepted as early as one day after the date the Agreement is approved by CalPERS.

Do employers have to fund the full amount shown in the actuarial cost report (valuation or AMM)?

No, employers are not required to fund the full amount shown in the valuation. To comply with GASB 45 employers must simply measure and report their liabilities. GASB 45 does not require that contributions be made, nor does CalPERS. All contributions are submitted voluntarily.

What is the minimum contribution amount CalPERS will accept?

The minimum contribution will be the lesser of \$5,000 or the annual required contribution as that term is defined in GASB Statement No. 45.

How often may employers contribute?

Employers may contribute as frequently as they wish, but, not less than \$5,000 per contribution (see FAQ above regarding minimum contribution.)

How should employers remit contributions?

If paying by check, complete the Contribution by Check Transmittal form and mail with your check payable to CalPERS at the following address:

CalPERS
Fiscal Services Division
P.O. Box 942703
Sacramento, CA 94229-2703

If paying by wire transfer:

Call the Employer Contact Center at **888 CalPERS (or 888-225-7377)**. A Remittance by Wire Transfer form, including wire instructions, will be emailed or faxed to you. The Remittance by Wire Transfer form must be returned to CalPERS before the wire transfer is initiated to ensure proper crediting to your prefunding account. Note: Transfers greater than \$5 million require 72 hours notice prior to sending the transfer.

Who may request disbursements from the trust?

The employer must notify CalPERS by completing a [Delegation of Authority to Request Disbursements](#) form indicating the positions authorized to request disbursements from the Prefunding Plan.

How should requests for disbursements be made and to whom should they be directed?

All requests for disbursement must be in writing and include a certification that the monies will be used for the purposes of the Prefunding Plan. The requests must be signed by an individual serving in the position authorized by the employer to request disbursements from the Plan. In an effort to keep the cost of this program down, we suggest disbursements be requested no more frequently than on a quarterly basis.

Mail requests for reimbursement to:

CalPERS
Constituent Relations Office
CERBT (OPEB)
PO Box 242709
Sacramento, CA 94229-2709

What about a Private Letter Ruling?

Historically, private sector companies have relied on Private Letter Ruling (PLR) from the Internal Revenue Service (IRS) to raise consumer confidence that the trust plans marketed by private sector companies may enjoy tax qualified status.

A PLR does not guarantee tax qualified plan status. Tax qualified plan status is maintained by careful administration, not by a PLR. The unfortunate consequences of ignoring this fact were illustrated during 2007 in the case of a trust program marketed to local public agencies in Orange County by a nationally recognized trust administrator. This trust fund had received a favorable PLR from the IRS. Nevertheless, later the IRS found the trust program to be non-compliant due to improper administration

CalPERS is a State agency, not a private sector company. The CERBT OPEB trust fund administered by CalPERS has been established under California law by legislative act. CalPERS has not sought a PLR

The design of and administrative compliance of the CalPERS OPEB pre-funding trust plan with IRS Section 115 requirements is simple and unexceptional. CalPERS retains highly qualified outside tax counsel who, working in conjunction with the CalPERS Legal Office, guided establishment and administration practice of the California Employers' Retiree Benefit Trust plan. CalPERS continues to pay careful attention to the details required to establish and to maintain tax qualified status under IRS Section 115.

How much does it cost to participate in the CERBT?

The CERBT is a public sector, not-for-profit OPEB service provider, operating in a competitive marketplace. That is good news for participating employers. It means the CERBT will provide trust administration for a lower cost.

The CERBT is a self-funded program, in which the participating employers pay for the program costs. In this regard, the CERBT is exactly like the Public Employees Retirement Fund (PERF). Fees vary from year to year and are

The CERBT is exactly like the Public Employees Retirement Fund (PERF). Fees vary from year to year and are determined at the end of the operation year.

The CERBT is administered following the same principles as the PERF. At the end of the year, all costs are compiled and deducted from the investment return of the fund. Subsequently, the investment return, net of expenses, is credited to the fund accounts of the participants. The fees must equal the cost because CalPERS, a government agency, has no capital of its own by which to fund fees. During the first three years of CERBT operation, the total cost to participating employers was less than 10 basis points per year. As the CERBT program matures, we expect the average annual total cost not to exceed 20 basis points

What keeps the CERBT from overcharging the participating employers?

Competition, public sector law and regulations, active oversight from an Administrative Board - the composition of which is set by statute to represent all stakeholders, the institutional transparency legally required of public governance meetings and public records, and the fact that CalPERS cannot retain a profit.

Dated: 08-18-2010

STAFF REPORT

To: Board of Directors
From: Shauna Lorance, General Manager
Date: August 30, 2011
Subject: Status of Priority Actions from Board Workshop

RECOMMENDED ACTION

For information, no action requested.

BACKGROUND

The Board of Directors held their annual workshop on February 15 and 16, 2011. The Board of Directors identified priority actions for the 2011 calendar year. This staff report provides a six-month status report on the priority actions identified.

STATUS UPDATES

Complete Capital Projects

The district has multiple capital projects ongoing. The engineering committee has received multiple status updates. The information below is a synopsis of the status of the 2011 projects.

Current Status

- *Treated Water Pipeline, Cooperative Transmission Bypass Pipeline, and Granite Bay Mainline Project (Wholesale and Retail)* – the project is currently in progress. The pipelines are installed, and the contractor is preparing for paving. Though the contractor is slightly behind schedule, the contractor is adequately staffing the project for timely completion. There has been approximately 3.8% in change orders, including a District requested 54-inch buried valve. The pipelines are being brought online for the District's benefit as completed. The project should be substantially complete by end of next week. The project is currently under budget.
- *Fair Oaks 40-inch pipeline (Wholesale)* – The first phase of the project is in design. The Engineers Report is completed and the 150 day notice was provided to FOWD and OVWC. The 150 day review period will end October 2, 2011. SJWD has not received any comments on the 150 day notice or the cost allocations as of the date this staff report was written.
- *SCADA Upgrade (Wholesale and Retail)* – The project is approximately 2 months into the construction phase.
- *Solar Project (Wholesale)* – the Solar Project has been completed, and the District has been utilizing solar energy since June. The project was on schedule and on budget. The ribbon cutting event generated excellent

publicity for the District, and was well covered by television, radio, and print media.

- *Filter Valve Replacements (Wholesale)* – 24-16” filter valves within the water treatment plant filter gallery have been purchased and installed. The project is approximately 40% complete and will restart in the fall when the plant flows are lower.
- *WTP Filter Leak Repairs Improvements (Wholesale)* – The project was completed with in-house design, bidding, and construction management and inspection. The project was completed within budget in April 2011.
- *Alum Tank Replacements Improvement (Wholesale)* – Design phase in process using in-house staff. Scheduled to bid in late winter 2011 and begin construction in 2012.
- *Chlorination Monitoring Equipment (Wholesale)* – District staff installed 2 chlorinators, 2 Ph meters, 2 chlorine analyzers and related equipment. Project is now complete.
- *Auburn Folsom Road 24-inch Main, middle phase (Retail)* – project completed with in-house design and integrated with Placer County project. This project was staff promoted for significant cost savings. Project substantially complete; waiting for Placer County portion of project to be complete to develop punch list items. The north phase is on hold until Placer County initiates construction.
- *Miscellaneous Pipeline Projects (Retail)* – Six separate pipelines being bundles into one project. Designs have been completed in-house. Bidding scheduled for winter 2011 for spring 2012 construction.

Action Items

- Complete current projects – current projects have been, or are in process of, being completed.
- Reevaluate each project prior to construction to confirm requirement to complete at this time – Each project has been reevaluated prior to each phase of the project to determine necessity of project.

Conservation

Water use efficiency is part of the culture at SJWD retail. The 2009 water legislation SB 7 X 7 is now carrying that to a new level. The state legislature has declared the intent to reduce urban water usage in California by 20% by 2020.

Current Status

- SJWD retail has a current water usage that meets the 20% reduction requirement, based on the 10-year average baseline. SJWD baseline is the average of the 10 years water usage ending in 2004.
- The amount of effort and cost associated with maintaining this reduced usage is not yet known.
- SJWD wholesale customer compliance is not known as all agencies have not completed their UWMP.

- In 2020 if all agencies are not compliant, SJWD's water rights could be at significant risk.

The Urban Water Management Plan (UWMP) is due in June. The UWMP must include the plan for meeting the 20% by 2020.

- SJWD completed the UWMP for the retail service area. The elements of the UWMP that related to the wholesale customer agencies were taken from the wholesale customer agencies UWMP, where available.

Current Best Management Practices (BMPs) are required for all SJWD wholesale customer agencies via the CVP water contract.

- Wholesale customer agencies are developing their report on the BMPs as part of their Water Management Reports required by the USBR. These reports are due on October 8, 2011.
- USBR sent an email on August 18, 2011 informing SJWD that the SJWD Board must adopt a resolution approving the wholesale customer agencies' water management plans. SJWD is in the process of identifying the requirements for the SJWD Board resolution of approval.

Action Items

- Development of water efficiency policy principles to guide staff in legislative activities – This item has been on hold to focus on higher priority action items to date, as there has not been any legislative action on water efficiency this session.
- Develop plan for 20% by 2020 and coordinate with wholesale customer agencies; Develop an UWMP – The UWMP required all agencies to develop a plan for meeting the 20x2020 requirement. As SJWD retail has already met the requirement, the plan is to continue with existing approach. CHWD and OVWC are also in the same situation. FOWD did not coordinate completion of an UWMP with the other agencies, and SJWD has not been provided a copy of the plan to date.
- Continue to work with legislatures to keep requirements reasonable – Discussions with representatives in the legislature have taken place in a general sense. There has not been specific legislation introduced that required action.

Sacramento Delta

The Sacramento Delta consists of many elements all combined into the "Delta" project. The Bay Delta Conservation Plan, the Delta Stewardship Council, and the reports by the Delta Master are just some of the current elements of the Delta plan.

Current Status

- The Bay Delta Conservation Plan is being completed by the export interests and is currently behind schedule due to various setbacks related to modeling issues and data collection. This purpose of this plan is to allow

construction of an isolated facility to convey water around the Delta to exporters.

- The Delta Stewardship Council is in the process of developing a Delta Plan. The fifth draft was just released. Although better than the second draft, the fifth draft still has significant fatal flaws that must be addressed. ACWA and RWA are both working to provide verbal comments at an upcoming Council meeting. There does not appear to be any reasonable way to meet the statutory schedule for completing the plan; however the council is still trying to hurry the process to meet the deadline.
- The Delta Master has not been publicly developing any new reports that would require action by SJWD.

Action Items

- Develop a Delta Policy Principles Document to guide staff – the Legal Affairs Committee of the SJWD Board is in the final stages of developing a Delta Policy Guidelines Document.
- Continue with state and federal lobbying and education on the issues as related to northern California – The six large agencies have continued the contract with Soyla Fernandez for state lobbying. SJWD and the cities of Folsom and Roseville are still sharing the cost of the Ferguson Group for federal lobbying.
- Through the RWA, SJWD has joined forces with the Northern California Water Agencies (NCWA), EBMUD, and other agencies when appropriate. SJWD has worked with the other CVP contractors as a coalition when appropriate.
- Implement public information through RWA - The RWA has initiated a public education coalition to educate the public and elected officials.

Public Information

SJWD has always worked hard to provide communication to the public we serve. Public information is twofold at SJWD – retail customers and wholesale customer agencies.

It will be necessary to communicate to customers that the cost of water will increase at the same time water use must be reduced. It will cost more for the ability to use less water.

Current Status

- SJWD has met with multiple homeowners associations, mothers group, rotary clubs, etc. over the past year to provide information on the status of water issues in California.
- SJWD has increased communication to the wholesale customer agencies via email information related to outside activities.
- SJWD provides detailed information on wholesale budgets to wholesale customer agencies as requested.

- Costs associated with water use and water resources are continuing to increase as expected. Costs are anticipated to increase significantly over the next few years. For example, storm water regulations are being promulgated that will likely cause increased costs well into the six figures to comply. Fees and charges are anticipated to be the funding mechanism for multiple water related activities.
- As expected at the workshop, wholesale customer communications have become more and more involved and time consuming, as the issues become more complicated. There has continued to be more disagreement on where the District should focus energy and funds.

Action Items

- Continue direct communication style in water gram – The watergram has become very direct and more user friendly.
- Regional Public Information Program regarding legislation, etc – SJWD is a member of the coalition at RWA that is funding public information related to conservation and legislation.
- Be available as a speaker for homeowners associations, etc.- SJWD has actively sought out opportunities to speak at homeowners associations, rotary clubs, mothers clubs, advisory committees, etc.
- Develop a Mailer to all residences within wholesale service area related to legislative activities, once they reach a point where the information will not be outdated when received – This point has not yet been reached. Did develop and send a mailer to all residences within the wholesale service area related to wholesale capital improvement projects.
- Continue periodic status updates – The executive committee email list has been expanded to include all board members from wholesale customer agencies that were willing to provide their email address. Information is provided relatively frequently. Periodic status updates on key information are provided as available.
- Increased attendance at wholesale customer agency board meetings by staff and/or board members – Staff has attended select OVWC and CHWD board meetings this year. Staff and a board member have attended most of FOWD board meetings to increase communication.
- Continue executive committee meetings – done
- Continue General Manager meetings – these meetings are standing monthly meetings. CHWD and OVWC General Managers attend these meetings. FOWD does not routinely attend these meetings.

Water Forum

The Water Forum has successfully joined together water purveyors, environmentalists, agriculturalists, business leaders, along with city and county governments in Sacramento, El Dorado and Placer counties in a monumental agreement to secure the future of the Sacramento region water supply to the year 2030 and preserve the Lower American River.

Current Status

The Water Forum is at a critical juncture. The environmental caucus does not feel they have received adequate preservation of the Lower American River as they do not feel the flow standard included in the Biological Opinions is adequate. The water caucus is concerned with the environmental caucus's opinion that water cannot be managed and used on a regional basis.

Action Items

- Continue with WF process as necessary – involved in process to identify how to resolve these issues. Roger Niello is also volunteering to assist the District in the process.

Water Supply Reliability

This Issue effectively covers many areas of efforts:

- Emergency intake at Folsom Reservoir
- Maintaining water supply reliability at Folsom Reservoir
- Maintaining groundwater supply through adequate groundwater management and contamination control

Current Status

The Cities of Folsom and Roseville and SJWD are working with USBR to identify the best technical solution for an emergency intake at Folsom Reservoir that provides adequate water supply for low lake level conditions and emergency facility shutdowns. Action on an emergency intake at Folsom Reservoir has slowed down due to the need for USBR staff to work on other time critical projects.

Water supply reliability at Folsom Reservoir is still at significant risk of being reduced. The Corps of Engineers is developing an operational plan for the reservoir that puts flood control as the primary responsibility of the reservoir operations. The USBR will be releasing a combined biological opinion that is likely to have significant actions that could reduce the water supply reliability aspect of Folsom Lake. The Delta Plan, Delta Flow Criteria and Bay Delta Conservation Plan, as well as other Delta activities, have multiple recommendations that could impact Folsom Reservoir.

Groundwater management is the purview of the Sacramento Groundwater Authority. SGA Board of Directors has been discussing possible ways to increase monitoring groundwater contamination impacts and spreading.

Action Items

- Continue to monitor Delta processes and get involved when appropriate/necessary – Ryan Bezerra has been monitoring Delta activities for SJWD and the cities of Folsom and Roseville.

- Continue regional public information project – RWA has initiated a public information project related to educating the legislature, legislative staff, and the public.
- Continue shared state lobbying effort – State lobbying shared by seven agencies has been continued for 2011.
- Continue with technical efforts for second intake at Folsom Reservoir – This project has had slight movement, but is delayed through staffing issues at USBR.
- Review joint Biological Opinion when released and identify actions at that time – joint BO has not been released. Once released, comments and actions will be identified.

USBR CVP Shortage Policy

SJWD has been working with USBR on their development of a Shortage Policy for the CVP Municipal and Industrial (M&I) water contracts since 1995. The first formal draft version was developed in 2001.

Current Status

USBR has developed a revised final draft of the shortage policy. The implementation concerns resulted in recommended revisions to the final draft policy by the M&I water contractors. USBR has agreed to include the M&I water contractors' version as an alternative in the EIR. USBR just released the notice of intent for the EIR.

Action Items

- Remain involved in this process. This process is vital to protecting our ability to use our water rights and contracts. – Staff has remained actively involved in the process.
- Follow project through environmental process to protect SJWD interests – Staff will continue to be actively involved. In addition, Ryan Bezerra, BKS, will also be following the process.

STAFF REPORT

To: Board of Directors
From: Mary A. Morris, Finance & Administrative Services Manager
Date: September 14, 2011
Subject: Employee Benefit Cost Changes

RECOMMENDED ACTION

1. This is for information only, no action is required.

BACKGROUND

Director Peterson submitted questions regarding changes to employee benefit costs to Shauna Lorange and me via email. I have provided answers to his questions and related information for all of the Board members as requested. The question exactly as asked is listed first, followed by my response in italics:

1. The extra taxes paid by employees due to the EPMC change consist only of social security on the 8% raise?

The additional taxes paid by employees related to the 8% increase given in exchange for employees to begin paying the CalPERS Employee Contribution (which had previously been an Employer Paid Member Contribution (EPMC)) are both social security and medicare.

2. Since employee share of social security is 4.2% this year, the impact would be \$168 for a person formerly making \$50,000/yr (\$4,000 raise * .042)?

I have attached both the current social security scenario and normal social security scenario calculation for all District employees listed by title to demonstrate the full impact of the change. In the example above for social security alone, this is the impact of only that component. This does not include the medicare component of 1.45% and the CalPERS Employee Contribution on the 8% increase. For example, the fictitious employee above would be impacted as follows: \$168 social security, \$58 medicare and \$320 CalPERS Employee Contribution for a total of \$546. The 8% increase does not fully offset the CalPERS contribution as the employee contributes 8% on the new salary base of \$54,000.

3. Assuming social security goes back to 6.2% next year, the impact would be \$248 for that \$50,000/yr person?

I have attached both the current social security scenario and normal social security scenario calculation for all District employees listed by title to demonstrate the full impact of the change. In the example above for social security alone, this is the impact of only that component. This does not include the medicare component of 1.45% and the CalPERS Employee Contribution on the 8% increase. For example, the fictitious employee above would be impacted as follows: \$248 social security, \$58 medicare and \$320 CalPERS Employee Contribution for a total of \$626. The 8% increase does not fully offset the CalPERS contribution as the employee contributes 8% on the new salary base of \$54,000.

4. And since social security caps at \$106,800, the maximum impact would be to an employee formerly making \$98,889. With an 8% raise of \$7911, the extra cost would be \$332 at 4.2% and \$490 at 6.2%?

In the example above for social security alone, this would be the impact. This does not include the medicare component of 1.45% and the CalPERS Employee Contribution on the 8% increase. For example, the fictitious employee above would be impacted as follows: \$332 or \$490 social security, \$114.71 medicare and \$632.88 CalPERS Employee Contribution for a total of \$1,079.59 or 1,237.59, depending upon social security percentage of 4.2% versus 6.2%. The 8% increase does not fully offset the CalPERS contribution as the employee contributes 8% on the new salary base of \$106,800.

5. And though not stated below as a factor, if Medicare were added in at 1.45%, the impact would go up by \$58 for the \$50,000/yr person, and \$115 for the \$98889/yr person? This would raise worst case impact to \$605 for the \$98889 person under the 6.2% social security scenario. Please explain how you compute a \$720 impact for anybody, much less the average of all staff.

Yes, the medicare impact listed is correct as explained in the previous questions. The example of worst case impact of \$605 does not include the CalPERS Employee Contribution on the 8% increase. The 8% increase does not fully offset the CalPERS contribution as the employee contributes 8% on the new (increased) salary base. The District-wide detailed analysis of impacts to all employees is attached to show the impact by position.

6. And doesn't money contributed to social security increase a person's retirement benefit? So it's kind of like a pension contribution?

Money paid into social security does provide for future social security retirement benefits. Reading reports that the U.S. government states there is enough money to pay benefits at current amounts until 2041 with potential benefit reductions after that and critics stating they have concerns beyond 2016 or 2017, certainly makes one wonder whether this system will be in

place. I am not a social security expert, so would have to defer to one in order to provide an answer.

7. And what percentage of employees are affected by the family coverage cost sharing change to dental? In other words, some employees take single coverage due to being single, some take single coverage and cover their dependents under their spouse's plan, and some opt out completely in favor of their spouse's plan. For all of these people, the impact of cost sharing is \$0.

82% of District employees are impacted by the dependent dental cost sharing. Eight employees out of 45 have no impact.

FINANCIAL CONSIDERATIONS

This is a report back item with financial information included in the answers above.

Attachments: EPMC Change to Employee Contribution (normal social security)
 EPMC Change to Employee Contribution (reduced social security)

San Juan Water District - EPMC Analysis w/8% Salary Offset

| Job Title | Hired | Monthly | Annual | PR Tax | PERS-ER | PERS-EE | WC | Life | Dis | Total | ER | EE | Total | Total | Cap | Total |
|------------------------------|--------------|----------------|---------------|---------------|----------------|----------------|-----------|-------------|------------|--------------|-----------|-----------|--------------|--------------|------------|--------------|
| Assistant General Manager | 2004 | \$12,737 | 152,838 | 8,838 | 34,073 | 0 | 947 | 537 | 1,902 | 199,135 | 553 | (1,029) | \$332 | \$221 | \$0 | \$553 |
| General Manager | 1996 | \$13,719 | 164,632 | 9,009 | 36,713 | 0 | 1,021 | 579 | 1,902 | 213,855 | 606 | (1,118) | \$545 | \$61 | \$0 | \$606 |
| Admin Asst/Board Secretary | 2009 | \$4,262 | 51,147 | 3,913 | 11,311 | 0 | 276 | 186 | 924 | 67,757 | (230) | (513) | (\$115) | (\$115) | \$0 | (\$230) |
| Accountant | 2006 | \$5,912 | 70,949 | 5,428 | 15,743 | 0 | 383 | 259 | 1,303 | 94,065 | (270) | (761) | (\$135) | (\$135) | \$0 | (\$270) |
| Finance/Admin Srvc Mgr | 2010 | \$11,073 | 132,879 | 8,548 | 29,605 | 0 | 717 | 468 | 1,902 | 174,120 | 471 | (878) | \$283 | \$188 | \$0 | \$471 |
| Accounting Technician III | 2005 | \$4,871 | 58,448 | 4,471 | 12,945 | 0 | 315 | 210 | 1,056 | 77,446 | (244) | (605) | (\$122) | (\$122) | \$0 | (\$244) |
| IT Administrator | 2007 | \$7,197 | 86,362 | 6,607 | 19,193 | 0 | 2,354 | 308 | 1,560 | 116,383 | (429) | (954) | (\$257) | (\$172) | \$0 | (\$429) |
| Purchasing Agent | 1997 | \$4,872 | 58,469 | 4,473 | 12,950 | 0 | 1,593 | 210 | 1,057 | 78,752 | (335) | (605) | (\$168) | (\$168) | \$0 | (\$336) |
| Water Treatment Operator II | 2009 | \$4,753 | 57,034 | 4,363 | 12,629 | 0 | 1,554 | 196 | 981 | 76,757 | (327) | (587) | (\$327) | \$0 | \$0 | (\$327) |
| Custodian | 1979 | \$3,137 | 37,648 | 2,880 | 8,290 | 0 | 1,026 | 132 | 680 | 50,656 | (266) | (344) | (\$186) | (\$80) | \$0 | (\$266) |
| Water Treatment Operator III | 2000 | \$5,688 | 68,250 | 5,221 | 15,139 | 0 | 1,860 | 242 | 1,232 | 91,945 | (374) | (728) | (\$374) | \$0 | \$0 | (\$374) |
| Water Treatment Operator III | 1992 | \$6,256 | 75,075 | 5,743 | 16,667 | 0 | 2,046 | 287 | 1,447 | 101,265 | (400) | (813) | (\$400) | \$0 | \$0 | (\$400) |
| Water Treatment Operator III | 2000 | \$5,600 | 67,197 | 5,141 | 14,904 | 0 | 1,831 | 245 | 1,214 | 90,532 | (361) | (714) | (\$361) | \$0 | \$0 | (\$361) |
| Maintenance Chief | 2005 | \$6,389 | 76,669 | 5,865 | 17,024 | 0 | 2,089 | 285 | 1,468 | 103,400 | (406) | (833) | (\$406) | \$0 | \$0 | (\$406) |
| WTP Manager | 1980 | \$8,745 | 104,936 | 8,028 | 23,351 | 0 | 2,860 | 367 | 1,876 | 141,417 | 38 | (782) | \$38 | \$0 | \$0 | \$38 |
| Maintenance Worker II | 1992 | \$5,210 | 62,525 | 4,783 | 13,858 | 0 | 1,704 | 224 | 1,129 | 84,223 | (349) | (656) | (\$349) | \$0 | \$0 | (\$349) |
| Chief Operator | 1998 | \$6,926 | 83,117 | 6,358 | 18,467 | 0 | 2,265 | 297 | 1,501 | 112,005 | (420) | (914) | (\$420) | \$0 | \$0 | (\$420) |
| Maintenance Worker I | 2006 | \$4,737 | 56,846 | 4,349 | 12,587 | 0 | 1,549 | 198 | 1,027 | 76,556 | (331) | (585) | (\$331) | \$0 | \$0 | (\$331) |
| Operations Manager | 2005 | \$10,491 | 125,894 | 8,447 | 28,042 | 0 | 3,431 | 438 | 1,902 | 168,153 | 243 | (825) | \$72 | \$169 | \$0 | \$241 |
| Conservation Tech II | 1996 | \$4,810 | 57,720 | 4,416 | 12,782 | 0 | 358 | 207 | 1,043 | 76,526 | (245) | (596) | (\$37) | (\$209) | \$0 | (\$246) |
| Conservation Tech II | 1996 | \$4,810 | 57,720 | 4,416 | 12,782 | 0 | 358 | 207 | 1,043 | 76,526 | (245) | (596) | (\$37) | (\$209) | \$0 | (\$246) |
| Conservation Tech II | 2003 | \$4,810 | 57,720 | 4,416 | 12,782 | 0 | 358 | 207 | 1,043 | 76,526 | (245) | (596) | (\$37) | (\$209) | \$0 | (\$246) |
| Meter Technician | 2007 | \$3,926 | 47,112 | 3,604 | 10,408 | 0 | 1,284 | 167 | 851 | 63,426 | (297) | (463) | \$0 | (\$297) | \$0 | (\$297) |
| Water Resources Analyst | 2009 | \$7,431 | 89,170 | 6,821 | 19,822 | 0 | 481 | 318 | 1,610 | 118,222 | (301) | (990) | (\$271) | (\$30) | \$0 | (\$301) |
| Customer Service Manager | 1990 | \$8,745 | 104,936 | 8,028 | 23,351 | 0 | 566 | 370 | 1,883 | 139,134 | 209 | (782) | \$31 | \$177 | \$0 | \$208 |
| Accounting Technician III | 1999 | \$4,872 | 58,469 | 4,473 | 12,950 | 0 | 316 | 205 | 1,057 | 77,469 | (244) | (605) | \$0 | (\$244) | \$0 | (\$244) |
| Accounting Technician II | 2002 | \$4,154 | 49,842 | 3,813 | 11,019 | 0 | 269 | 193 | 960 | 66,096 | (233) | (497) | \$0 | (\$233) | \$0 | (\$233) |
| Engineering Tech III | 1987 | \$5,446 | 65,354 | 5,000 | 14,491 | 0 | 353 | 231 | 1,169 | 86,597 | (257) | (691) | \$0 | (\$208) | (\$49) | (\$257) |
| Construction Inspector II | 1986 | \$5,557 | 66,685 | 5,101 | 14,789 | 0 | 1,817 | 233 | 1,192 | 89,818 | (362) | (708) | \$0 | (\$293) | (\$69) | (\$362) |
| Engineering Services Manage | 2006 | \$9,487 | 113,838 | 8,272 | 25,343 | 0 | 706 | 397 | 1,902 | 150,459 | 378 | (734) | \$0 | \$284 | \$95 | \$379 |
| Senior Engineer | 2009 | \$8,745 | 104,936 | 8,028 | 23,351 | 0 | 650 | 370 | 1,883 | 139,218 | 203 | (782) | \$203 | \$0 | \$0 | \$203 |
| Distribution Operator II | 1988 | \$4,351 | 52,208 | 3,994 | 11,549 | 0 | 1,423 | 189 | 942 | 70,304 | (315) | (527) | (\$25) | (\$246) | (\$44) | (\$315) |
| Distribution Operator IV | 2003 | \$5,737 | 68,848 | 5,267 | 15,273 | 0 | 1,876 | 240 | 1,243 | 92,747 | (372) | (735) | (\$30) | (\$290) | (\$52) | (\$372) |
| Distribution Operator II | 2005 | \$4,741 | 56,888 | 4,352 | 12,596 | 0 | 1,550 | 198 | 1,027 | 76,612 | (331) | (585) | (\$26) | (\$258) | (\$46) | (\$330) |
| Distribution Operator IV | 2006 | \$5,737 | 68,848 | 5,267 | 15,273 | 0 | 1,876 | 240 | 1,243 | 92,747 | (372) | (735) | (\$30) | (\$290) | (\$52) | (\$372) |
| Field Services Manager | 1994 | \$8,745 | 104,936 | 8,028 | 23,351 | 0 | 2,860 | 370 | 1,883 | 141,427 | 45 | (782) | \$4 | \$35 | \$6 | \$45 |
| Utilities Coordinator | 1982 | \$5,769 | 69,222 | 5,296 | 15,357 | 0 | 1,887 | 249 | 1,250 | 93,260 | (371) | (740) | (\$67) | (\$253) | (\$52) | (\$372) |
| Distribution Lead Worker | 1992 | \$6,309 | 75,712 | 5,792 | 16,810 | 0 | 2,063 | 269 | 1,368 | 102,014 | (394) | (821) | (\$158) | (\$182) | (\$55) | (\$395) |
| Distribution Operator IV | 1999 | \$5,739 | 68,869 | 5,268 | 15,278 | 0 | 1,877 | 245 | 1,244 | 92,781 | (372) | (735) | (\$30) | (\$290) | (\$52) | (\$372) |
| Distribution Lead Worker | 1986 | \$6,309 | 75,712 | 5,792 | 16,810 | 0 | 2,063 | 269 | 1,368 | 102,014 | (394) | (821) | (\$32) | (\$308) | (\$55) | (\$395) |
| Distribution Operator IV | 1996 | \$5,737 | 68,848 | 5,267 | 15,273 | 0 | 1,876 | 245 | 1,243 | 92,752 | (372) | (735) | (\$30) | (\$290) | (\$52) | (\$372) |
| Distribution Lead Worker | 1998 | \$6,309 | 75,712 | 5,792 | 16,810 | 0 | 2,063 | 269 | 1,367 | 102,013 | (394) | (821) | (\$32) | (\$308) | (\$55) | (\$395) |
| Pump Station Technician | 2002 | \$5,737 | 68,848 | 5,267 | 15,273 | 0 | 1,876 | 245 | 1,243 | 92,752 | (372) | (735) | (\$186) | (\$185) | \$0 | (\$371) |

San Juan Water District - EPMC Analysis w/8% Salary Offset

| Job Title | Hired | Monthly | Annual | PR Tax | PERS-ER | PERS-EE | WC | Life | Dis | Total | ER | EE | Total | Total | Cap | Total |
|---------------------------|-------|---------|-----------|---------|---------|---------|--------|--------|--------|-----------|---------|----------|---------|---------|--------|---------|
| Distribution Operator III | 1992 | \$5,216 | 62,587 | 4,788 | 13,872 | 0 | 1,706 | 224 | 1,131 | 84,308 | (348) | (657) | (\$28) | (\$272) | (\$49) | (\$349) |
| Distribution Operator III | 2008 | \$4,588 | 55,058 | 4,212 | 12,187 | 0 | 1,500 | 200 | 995 | 74,151 | (323) | (562) | (\$26) | (\$252) | (\$45) | (\$323) |
| | | | 3,436,711 | 253,231 | 763,073 | 0 | 63,837 | 12,225 | 59,246 | 4,588,323 | (9,156) | (32,276) | (3,525) | (5,013) | (626) | (9,164) |

| Annual Salary | Payroll Taxes | PERS-ER | PERS-EE | WC | Life | Dis | ER | EE | Wholesale | Retail | Capital Labor |
|---------------|---------------|---------|-----------|---------|-------|---------|---------|----------|-----------|---------|---------------|
| (274,937) | (15,990) | 290,765 | 0 | (4,555) | (976) | (3,463) | (9,156) | | (3,525) | (5,013) | (626) |
| 274,937 | (15,990) | | (291,222) | | | | | (32,276) | | | |

Salary increase = strictly 8%

FICA/Medi applicable to EE and ER

Federal/State PIC N/A w/resolution

WC increases due to salary increase

PERS ER decreases greater than 8% due to EPMC elimination (8% on top of)

Life/Dis will increase for EEs not maxed out

San Juan Water District - EPMC Analysis w/8% Salary Offset

| Job Title | Hired | Monthly | Annual | PR Tax | PERS-ER | PERS-EE | WC | Life | Dis | Total | ER | EE | Total | Total | Cap | Total |
|------------------------------|--------------|----------------|---------------|---------------|----------------|----------------|-----------|-------------|------------|--------------|-----------|-----------|--------------|--------------|------------|--------------|
| Assistant General Manager | 2004 | \$12,737 | 152,838 | 6,702 | 34,073 | 0 | 947 | 537 | 1,902 | 196,999 | 553 | (1,029) | \$332 | \$221 | \$0 | \$553 |
| General Manager | 1996 | \$13,719 | 164,632 | 6,873 | 36,713 | 0 | 1,021 | 579 | 1,902 | 211,719 | 606 | (1,118) | \$545 | \$61 | \$0 | \$606 |
| Admin Asst/Board Secretary | 2009 | \$4,262 | 51,147 | 2,890 | 11,311 | 0 | 276 | 186 | 924 | 66,734 | (149) | (432) | (\$74) | (\$74) | \$0 | (\$148) |
| Accountant | 2006 | \$5,912 | 70,949 | 4,009 | 15,743 | 0 | 383 | 259 | 1,303 | 92,646 | (157) | (648) | (\$78) | (\$78) | \$0 | (\$156) |
| Finance/Admin Srvc Mgr | 2010 | \$11,073 | 132,879 | 6,412 | 29,605 | 0 | 717 | 468 | 1,902 | 171,984 | 471 | (878) | \$283 | \$188 | \$0 | \$471 |
| Accounting Technician III | 2005 | \$4,871 | 58,448 | 3,302 | 12,945 | 0 | 315 | 210 | 1,056 | 76,277 | (151) | (511) | (\$75) | (\$75) | \$0 | (\$150) |
| IT Administrator | 2007 | \$7,197 | 86,362 | 4,879 | 19,193 | 0 | 2,354 | 308 | 1,560 | 114,656 | (291) | (816) | (\$174) | (\$116) | \$0 | (\$290) |
| Purchasing Agent | 1997 | \$4,872 | 58,469 | 3,303 | 12,950 | 0 | 1,593 | 210 | 1,057 | 77,583 | (242) | (512) | (\$121) | (\$121) | \$0 | (\$242) |
| Water Treatment Operator II | 2009 | \$4,753 | 57,034 | 3,222 | 12,629 | 0 | 1,554 | 196 | 981 | 75,616 | (236) | (496) | (\$236) | \$0 | \$0 | (\$236) |
| Custodian | 1979 | \$3,137 | 37,648 | 2,127 | 8,290 | 0 | 1,026 | 132 | 680 | 49,903 | (205) | (284) | (\$144) | (\$62) | \$0 | (\$206) |
| Water Treatment Operator III | 2000 | \$5,688 | 68,250 | 3,856 | 15,139 | 0 | 1,860 | 242 | 1,232 | 90,580 | (264) | (618) | (\$264) | \$0 | \$0 | (\$264) |
| Water Treatment Operator III | 1992 | \$6,256 | 75,075 | 4,242 | 16,667 | 0 | 2,046 | 287 | 1,447 | 99,764 | (280) | (693) | (\$280) | \$0 | \$0 | (\$280) |
| Water Treatment Operator III | 2000 | \$5,600 | 67,197 | 3,797 | 14,904 | 0 | 1,831 | 245 | 1,214 | 89,188 | (253) | (607) | (\$253) | \$0 | \$0 | (\$253) |
| Maintenance Chief | 2005 | \$6,389 | 76,669 | 4,332 | 17,024 | 0 | 2,089 | 285 | 1,468 | 101,867 | (283) | (710) | (\$283) | \$0 | \$0 | (\$283) |
| WTP Manager | 1980 | \$8,745 | 104,936 | 5,929 | 23,351 | 0 | 2,860 | 367 | 1,876 | 139,319 | 75 | (745) | \$75 | \$0 | \$0 | \$75 |
| Maintenance Worker II | 1992 | \$5,210 | 62,525 | 3,533 | 13,858 | 0 | 1,704 | 224 | 1,129 | 82,972 | (249) | (556) | (\$249) | \$0 | \$0 | (\$249) |
| Chief Operator | 1998 | \$6,926 | 83,117 | 4,696 | 18,467 | 0 | 2,265 | 297 | 1,501 | 110,343 | (287) | (781) | (\$287) | \$0 | \$0 | (\$287) |
| Maintenance Worker I | 2006 | \$4,737 | 56,846 | 3,212 | 12,587 | 0 | 1,549 | 198 | 1,027 | 75,419 | (240) | (494) | (\$240) | \$0 | \$0 | (\$240) |
| Operations Manager | 2005 | \$10,491 | 125,894 | 6,311 | 28,042 | 0 | 3,431 | 438 | 1,902 | 166,017 | 243 | (825) | \$72 | \$169 | \$0 | \$241 |
| Conservation Tech II | 1996 | \$4,810 | 57,720 | 3,261 | 12,782 | 0 | 358 | 207 | 1,043 | 75,371 | (153) | (503) | (\$23) | (\$130) | \$0 | (\$153) |
| Conservation Tech II | 1996 | \$4,810 | 57,720 | 3,261 | 12,782 | 0 | 358 | 207 | 1,043 | 75,371 | (153) | (503) | (\$23) | (\$130) | \$0 | (\$153) |
| Conservation Tech II | 2003 | \$4,810 | 57,720 | 3,261 | 12,782 | 0 | 358 | 207 | 1,043 | 75,371 | (153) | (503) | (\$23) | (\$130) | \$0 | (\$153) |
| Meter Technician | 2007 | \$3,926 | 47,112 | 2,662 | 10,408 | 0 | 1,284 | 167 | 851 | 62,484 | (222) | (388) | \$0 | (\$222) | \$0 | (\$222) |
| Water Resources Analyst | 2009 | \$7,431 | 89,170 | 5,038 | 19,822 | 0 | 481 | 318 | 1,610 | 116,439 | (159) | (847) | (\$143) | (\$16) | \$0 | (\$159) |
| Customer Service Manager | 1990 | \$8,745 | 104,936 | 5,929 | 23,351 | 0 | 566 | 370 | 1,883 | 137,035 | 246 | (745) | \$37 | \$209 | \$0 | \$246 |
| Accounting Technician III | 1999 | \$4,872 | 58,469 | 3,303 | 12,950 | 0 | 316 | 205 | 1,057 | 76,300 | (151) | (512) | \$0 | (\$151) | \$0 | (\$151) |
| Accounting Technician II | 2002 | \$4,154 | 49,842 | 2,816 | 11,019 | 0 | 269 | 193 | 960 | 65,099 | (154) | (417) | \$0 | (\$154) | \$0 | (\$154) |
| Engineering Tech III | 1987 | \$5,446 | 65,354 | 3,692 | 14,491 | 0 | 353 | 231 | 1,169 | 85,290 | (152) | (587) | \$0 | (\$123) | (\$29) | (\$152) |
| Construction Inspector II | 1986 | \$5,557 | 66,685 | 3,768 | 14,789 | 0 | 1,817 | 233 | 1,192 | 88,484 | (255) | (601) | \$0 | (\$207) | (\$49) | (\$256) |
| Engineering Services Manage | 2006 | \$9,487 | 113,838 | 6,136 | 25,343 | 0 | 706 | 397 | 1,902 | 148,323 | 378 | (734) | \$0 | \$284 | \$95 | \$379 |
| Senior Engineer | 2009 | \$8,745 | 104,936 | 5,929 | 23,351 | 0 | 650 | 370 | 1,883 | 137,119 | 240 | (745) | \$240 | \$0 | \$0 | \$240 |
| Distribution Operator II | 1988 | \$4,351 | 52,208 | 2,950 | 11,549 | 0 | 1,423 | 189 | 942 | 69,260 | (231) | (443) | (\$19) | (\$180) | (\$32) | (\$231) |
| Distribution Operator IV | 2003 | \$5,737 | 68,848 | 3,890 | 15,273 | 0 | 1,876 | 240 | 1,243 | 91,370 | (261) | (625) | (\$21) | (\$204) | (\$37) | (\$262) |
| Distribution Operator II | 2005 | \$4,741 | 56,888 | 3,214 | 12,596 | 0 | 1,550 | 198 | 1,027 | 75,474 | (240) | (494) | (\$19) | (\$187) | (\$34) | (\$240) |
| Distribution Operator IV | 2006 | \$5,737 | 68,848 | 3,890 | 15,273 | 0 | 1,876 | 240 | 1,243 | 91,370 | (261) | (625) | (\$21) | (\$204) | (\$37) | (\$262) |
| Field Services Manager | 1994 | \$8,745 | 104,936 | 5,929 | 23,351 | 0 | 2,860 | 370 | 1,883 | 139,329 | 82 | (745) | \$7 | \$64 | \$12 | \$83 |
| Utilities Coordinator | 1982 | \$5,769 | 69,222 | 3,911 | 15,357 | 0 | 1,887 | 249 | 1,250 | 91,876 | (261) | (629) | (\$47) | (\$177) | (\$36) | (\$260) |
| Distribution Lead Worker | 1992 | \$6,309 | 75,712 | 4,278 | 16,810 | 0 | 2,063 | 269 | 1,368 | 100,500 | (273) | (700) | (\$110) | (\$126) | (\$38) | (\$274) |
| Distribution Operator IV | 1999 | \$5,739 | 68,869 | 3,891 | 15,278 | 0 | 1,877 | 245 | 1,244 | 91,404 | (261) | (625) | (\$21) | (\$204) | (\$37) | (\$262) |
| Distribution Lead Worker | 1986 | \$6,309 | 75,712 | 4,278 | 16,810 | 0 | 2,063 | 269 | 1,368 | 100,500 | (273) | (700) | (\$22) | (\$213) | (\$38) | (\$273) |
| Distribution Operator IV | 1996 | \$5,737 | 68,848 | 3,890 | 15,273 | 0 | 1,876 | 245 | 1,243 | 91,375 | (261) | (625) | (\$21) | (\$204) | (\$37) | (\$262) |
| Distribution Lead Worker | 1998 | \$6,309 | 75,712 | 4,278 | 16,810 | 0 | 2,063 | 269 | 1,367 | 100,499 | (273) | (700) | (\$22) | (\$213) | (\$38) | (\$273) |
| Pump Station Technician | 2002 | \$5,737 | 68,848 | 3,890 | 15,273 | 0 | 1,876 | 245 | 1,243 | 91,375 | (261) | (625) | (\$131) | (\$130) | \$0 | (\$261) |

San Juan Water District - EPMC Analysis w/8% Salary Offset

| Job Title | Hired | Monthly | Annual | PR Tax | PERS-ER | PERS-EE | WC | Life | Dis | Total | ER | EE | Total | Total | Cap | Total |
|---------------------------|-------|---------|-----------|---------|---------|---------|--------|--------|--------|-----------|---------|----------|---------|---------|--------|---------|
| Distribution Operator III | 1992 | \$5,216 | 62,587 | 3,536 | 13,872 | 0 | 1,706 | 224 | 1,131 | 83,056 | (248) | (557) | (\$20) | (\$194) | (\$35) | (\$249) |
| Distribution Operator III | 2008 | \$4,588 | 55,058 | 3,111 | 12,187 | 0 | 1,500 | 200 | 995 | 73,050 | (235) | (474) | (\$19) | (\$183) | (\$33) | (\$235) |
| | | | 3,436,711 | 187,619 | 763,073 | 0 | 63,837 | 12,225 | 59,246 | 4,522,710 | (5,284) | (28,403) | (1,872) | (3,012) | (403) | (5,287) |

| Annual Salary | Payroll Taxes | PERS-ER | PERS-EE | WC | Life | Dis | ER | EE | Wholesale | Retail | Capital Labor |
|---------------|---------------|---------|-----------|---------|-------|---------|---------|----------|-----------|---------|---------------|
| (274,937) | (12,118) | 290,765 | 0 | (4,555) | (976) | (3,463) | (5,284) | | (1,872) | (3,012) | (403) |
| 274,937 | (12,118) | | (291,222) | | | | | (28,403) | | | |

Salary increase = strictly 8%

FICA/Medi applicable to EE and ER

Federal/State PIC N/A w/resolution

WC increases due to salary increase

PERS ER decreases greater than 8% due to EPMC elimination (8% on top of)

Life/Dis will increase for EEs not maxed out



Bartkiewicz, Kronick & Shanahan
A Professional Corporation

MEMORANDUM

TO: SAN JUAN WATER DISTRICT BOARD OF DIRECTORS

FROM: RYAN BEZERRA

DATE: SEPTEMBER 7, 2011

RE: UPDATE ON CVP AND DELTA MATTERS

We have been monitoring, and participating in, matters related to the Central Valley Project (CVP) and the Sacramento-San Joaquin Delta for the District, as well as for several other water agencies that our firm represents. These matters could have substantial impacts on the District by, among other things: (1) reducing the amount of surface water that the District can use; and (2) increasing the District's costs by requiring the District to pay fees to one or more state agencies in order to support state programs to restore the Delta's environmental resources. Since 2000, populations of fish that reside in, and migrate through, the Delta have declined significantly, causing federal and state resource agencies to apply new regulatory requirements in the Delta and to propose new requirements that would apply upstream of the Delta. The Delta's problems also caused the Legislature to enact a package of comprehensive water legislation in 2009. That legislation included Senate Bill 7, which requires the District to reduce its per capita water use 20% by 2020.

In the last month, the most significant development concerning the Delta was a decision by federal District Court Judge Oliver Wanger concerning Delta outflows. While the decision specifically concerned the Delta-outflow standards to be applied as limits on Delta exports this fall, it has broader significance because it rejected, in large part, the scientific bases that federal agencies have used to assert that increased Delta outflows – and therefore reduced diversions and increased releases from reservoir storage – are necessary to improve conditions for Delta smelt. This decision therefore may affect the broader discussion about whether changes to water rights, water contracts and reservoir operations are necessary to improve conditions for Delta fish.

1. Judge Wanger's Fall X2 Decision

Judge Wanger, who sits in Fresno, partially granted a motion by the Delta exporters like Westlands Water District and the Department of Water Resources to enjoin the Bureau of Reclamation's and U.S. Fish and Wildlife Service's (USFWS) implementation of the fall X2 requirement from the 2008 Delta smelt biological opinion (2008 BO).

The X2 standard essentially reflects the line between salt and fresh water in the Delta. USFWS and environmental groups have asserted that, when X2 is closer to the Golden Gate Bridge (i.e., X2 is “lower”), conditions for Delta smelt are better because there is more habitat in which Delta smelt can feed and grow. They assert that Delta smelt populations crashed in the early 2000’s largely because X2 moved further upstream during that period as a result of water project operations. This theory underlies much of the pressure for increasing Delta streamflow requirements. The State Water Resources Control Board (State Board) explicitly relied on USFWS’s X2 work in its 2010 Delta flow criteria report. That report asserted that 75% of the natural runoff of the Delta watershed – including the American River – should flow out of the Delta in order to provide ideal conditions for Delta fish.

The gist of Judge Wanger’s recent decision is that, while the science does indicate that Delta smelt populations tend to move as X2 moves, there is no substantial science that shows a relationship between the position of X2 in the fall and the size of the Delta smelt population. He also criticized the federal agencies for essentially refusing to prepare a lifecycle model for Delta smelt that would tend to indicate what factors impact Delta smelt at various lifestages. In addition, Judge Wanger described evidence that shows that there are Delta smelt populations that have not been considered in the trawl data that forms the basis for estimates of the total population. Apparently, new scientific evidence indicates that there are some Delta smelt populations in the Cache Slough complex, which is located at the southern end of the Yolo Bypass, upstream of the areas where agencies generally sample for Delta smelt. In light of all of this, as well as the fact that implementing the 2008 BO’s fall X2 standard of 74 km from the Golden Gate Bridge would reduce State Water Project supplies by about 300,000 acre-feet, Judge Wanger enjoined the federal agencies from implementing a fall X2 requirement lower than 79 km this year.

The primary importance of Judge Wanger’s decision for upstream agencies like the District is that it criticizes the scientific information on which USFWS relied in asserting that there is a significant relationship between a lower X2 -- i.e., more Delta outflows -- and larger Delta smelt populations. Judge Wanger essentially said that, at this point, there is no reliable science to support that point and that the trend in the science indicates that no such relationship exists. For example, Judge Wanger stated:

The scientific evidence in support of imposing any Fall X2 action is manifestly equivocal. There is essentially no biological evidence to support the necessity of the specific 74 km requirement set to be triggered in this “wet” water year. The agencies still “don’t get it.” They continue to believe that their “right to be mistaken” excuses precise and competent scientific analysis for actions they know will wreak havoc on California’s water supply.

2. Delta Stewardship Council and Delta Plan

As previous updates have discussed, the 2009 water legislation requires the Delta Council to adopt a Delta Plan by January 1, 2012 and the Council's drafts of that plan have suggested that the Council intends to: (A) try to regulate water agencies' activities outside of the Delta to the maximum extent it can under that legislation; (B) encourage the State Board to adopt new Delta flow standards that could impact upstream diversions; and (C) develop, and propose that the state adopt, fees on water diversions, among other activities, to fund Delta-related state programs.

On August 2, 2011, the Delta Council's staff released its fifth draft of the Delta Plan. When the staff released that draft, it stated that the Council planned to circulate its draft environmental impact report (EIR) for the draft Delta Plan on September 1. At the Council's August 26 meeting, however, the Council's Executive Director Joe Grindstaff announced that the draft EIR would not be circulated on September 1 and that he did not have a specific target date for its circulation. Because the draft EIR must have a 45-day public review period and, after the completion of that period, the Council must give the state Office of Administrative Law time to review the draft Delta Plan, it appears that the Council will be pressed for time later this year in attempting to meet the 2009 legislation's requirement that the Council adopt the Delta Plan by January 1, 2012.

As discussed in previous updates, the District's General Manager, the Regional Water Authority (RWA) and our firm have been working with an ACWA-led coalition to try to turn the Delta Plan from the regulatory approach that the current draft plan reflects to an approach that concentrates more on coordinating the activities of state agencies involved with the Delta. We continue to work through the ACWA-led coalition. In addition, RWA probably will seek to organize coordinated comments for the region on the Delta Plan EIR.

3. RWA Outreach Efforts

Related to these legal matters, RWA has been developing an outreach program to circulate and amplify the region's position on Delta matters. RWA has completed work on its outreach materials. You may have received them from RWA. If you are interested in participating in RWA's outreach efforts, the District's General Manager and RWA can assist you with that.

SGA ~ Aug 11th, 2011

1. Water Accounting Framework Implementation Update

In June 2010, the SGA Board adopted Phase III of the Water Accounting Framework. It is intended to establish policies and procedures to encourage and support conjunctive use operations within the SGA area. Among other issues, the Framework establishes goals for reductions in average annual groundwater extraction in the central portion of the basin that will help ensure sustainable groundwater resources. While implementation of the Framework is voluntary and does not take full effect until 2012, staff agreed to report back to the board with 2010 water use data as an indicator of how agencies are progressing to achieving these goals.

2. Groundwater Management Program Update

SGA applied to be the monitoring entity with the State of CA with information for the monitoring report gathered on Oct 15th and April 15th.

Compliance with SB6 Considerations are:

- Long term commitments
- Assume responsibility for current State monitored wells and we need to have full understanding of these wells
- Prohibited from using public supply well data
- Submit detailed information for each well in the network

DWR and Sacramento County have water monitoring maps on their “Water Data Library” web site.

3. Groundwater Legislation Update

AB 359 (Huffman) is very similar to a bill SGA supported last year, AB 2304. The bill, commencing in Jan 1, 2013 would require a map identifying the recharge areas for the groundwater basin to be included in a groundwater management plan for purposes of the state funding requirements. The bill would require the local agency to provide the map of the recharge areas to local planning agencies, the dept. and other interested persons.

SGA’s ground water management plan currently includes information on recharge area. The SGA board supported AB 2304 last year, recognizing that it reflects a sound principle of groundwater management.

Opponents of the bill cite security concerns for public water supplies.

4. Legislation/Regulatory Update

The Delta Stewardship Council continues to develop its Delta Plan. The fifth staff draft was released Aug 2nd. That draft will be the basis of the administrative draft EIR, which will be released later in Aug. While the 5th draft reduces somewhat the regulatory focus of the plan, it still relies heavily on increased flows as the solution for the Delta. This approach could impact our region’s water supplies, and may be at odds with the coequal goals of the Delta legislation, to improve water supply reliability and restore the Delta ecosystem. Staff also has been working with the administration and a coalition of upstream agencies to ensure that our region is well represented in the ongoing Bay-Delta Conservation process.

5. Regional Contamination Issues Committee Update

The RCIC met on July 28th. It received updates on progress with McClellan and Aerojet remediation efforts as well as an update on the SGA assessment of the threats to the long-term sustainability of groundwater underlying the SGA area. SGA staff requested that water purveyors have an opportunity to participate in an upcoming Groundwater Summit to discuss the effectiveness of remediation activities associated with Aerojet, U.S. EPA staff committed to working to provide some level of participation.

6. Integrated Regional Water Management Plan Update

RWA Staff held an IRWMP update stakeholder forum on June 21st with 39 stakeholders in attendance. Stakeholders provided input on the vision, goals, and objectives of the plan. Staff will convene a meeting of the IRWM Advisory Committee to consult on finalizing the vision and goals and moving forward on the plan update. The IRWMP update is being supported from DWR Planning Grant and a Reclamation System Optimization Grant.

RWA ~ Sept 8th, 2011

1. Regional Water Plan Awarded \$16 Million in Funding Implementation Grant Will Advance Suite of High-Priority Local Projects

Regional efforts to improve water supply, water quality, and the environment in the Sacramento region are getting a boost with news that the Regional Water Authority (RWA) will receive \$16 million in new grant funding for a suite of local projects.

The American River Basin Integrated Regional Water Management Plan will receive an implementation grant from the California Department of Water Resources under Proposition 84 of 2006. Locally, the grant will help fund 15 projects that will enhance public water supply, recycled water supply, water efficiency, flood protection, and watershed habitat.

This grant is great news to our region and our local water ratepayers. With this funding, local water resource managers will be able to move ahead with real improvements to our water supply and enhancements to the environment. This shows once again the value of collaborating and developing regional solutions.

The American River basin plan, developed and administered by RWA, is aimed at increasing water resources reliability, protecting and improving water quality, enhancing local flood control and protecting the region's watersheds through coordinated regional action. An update to the plan, funded in part by state and federal grant funds, is currently under development.

2. RWA Executive Committee Vacancy

A vacancy was created on the 2001 RWA Executive Committee when Martin Hanneman of the City of Sacramento, resigned. Debra Sedwick of Del Paso Manor Water District was elected to the Executive Committee. Mr. Hanneman was also Vice Chair so that position has now been filled by Pam Tobin of San Juan Water District who was elected at the last RWA board meeting.

3. Evaluation of RWA/SGA Executive Director

A committee made up of the chairs of RWA and SGA, the vice-chair of SGA, and an additional representative from the RWA Executive Committee conducted an evaluation of the executive director's performance for the period from June 1, 2010 through May31, 2011. The committee sought input from all RWA and SGA board members for its evaluation. Votes were split 8/6 for increasing the Executive Directors salary 1% and a one time \$3000.00 bonus/pay for performance.

4. ACWA JPIA Office Relocated

ACWA JPIA has relocated their office space to Roseville. RWA has been on a month to month lease while they have been in transition. Staff has been negotiating a new lease agreement, which provides for improvements to the existing office to accommodate the new staff member. The lease would also provide for refurbishing the board room and full time access to that space. The monthly lease payments would remain at the current rate, which was negotiated in 2004.

The new rate is estimated at approximately 77 cents per square foot. The lease agreement has been reviewed and approved by legal counsel and ACWA JPIA and adopted by the RWA board.

5. American River Basin Integrated Regional Water Management Plan Update

RWA staff and consultants are working on a comprehensive update to the American River Basin Integrated Regional Water Management Plan (IRWMP) with a planned adoption date of January 2013. When the IRWMP initially launched in April 2004, it was known as the Regional Water Master Plan and Operational System Project (Project). The Project was set up as part of a cost-share agreement with the U.S. Army Corps of Engineers (USACE) utilizing a \$1.95 million allotment from Water Resources Development Act (WRDA) from 1999. Much of the WRDA funding was never appropriated, and the Project began using other sources to match local funds (e.g., Prop 50 planning grant, USBR SOR grant, Prop 84 planning grant). On April 25, 2011, USACE notified RWA that the cost-share agreement has been officially concluded. The total federal share over the span of the program was \$698,086.77, which matched with a local contribution of \$232,695.59 for a total project expenditure of \$930,782.36. The conclusion of the USACE cost share created a need for fundamental changes to the existing Project Agreement. Staff recognized that this was a good opportunity to consider transitioning the program from a subscription-based project to a core RWA function. The issue of the IRWMP being a core RWA function has been raised several times in the past, with one of the biggest concerns being the source of funds to be raised to continue the project.

Staff met with the Project Committee on July 13, 2011 to discuss options for moving the Project forward through either an amendment to the existing agreement or through an entirely new agreement. The committee recommended that an amendment to the existing agreement be developed that would include the following elements:

1. Acknowledge that the agreement no longer has the USACE cost share as a source of funds.
2. The agreement would end the project on June 30, 2013.
3. The Project fund balance¹
4. Any funds collected to manage cash flow for the Project between July 1, 2011 and June 30, 2013 would be returned to Project participants. would be designated to RWA solely for the purpose of activities related to the update and implementation of the IRWMP.

The designation of Project funds presents a significant opportunity to move this from alone of the biggest concerns expressed in the past (i.e., would there be a need for a significant dues increase to fund the IRWMP?).

At the July 27, 2011 Executive Committee (EC) meeting, staff presented a recommendation to amend the Project Agreement for the Regional Water Master Plan and Operational System Program to end the project on June 30, 2013 and assign remaining funds to a designation to be managed by RWA for the purposes of funding future activities related to updating or implementing the IRWMP. The EC requested that staff prepare a draft of the amendment and bring the item back for further discussion and action on August 17, 2011. A draft of the proposed amendment is attached. At the August 17th meeting, the EC approved the Project

Agreement Amendment, to move the remaining funds to a designation to be managed by RWA for future IRWMP purposes, and directed staff to bring a Full Board action for the IRWMP to become an RWA core project at its September 8, 2011 meeting.

6. The Delta Stewardship Council

The Delta Stewardship Council has released the fifth staff draft of the Delta Plan. The draft will be the basis for the EIR to be released later this year. The release of the administrative draft EIR will be followed by a 45-day comment period. The Delta Stewardship Council will hold a series of workshops to discuss elements of the plan in September, as well as their regular council meeting. Recommendations and policies in the draft plan cause concern over water supply and economic impacts to our region. Development of the Bay-Delta Conservation Plan (BDCP) is continuing. A schedule for working group meetings was recently released (attached); however the members of all of the working groups have not been identified. RWA staff is participating with other upstream water users in periodic meetings with Dr. Meral, the lead for Natural Resources Agency on BDCP development.

7. Other Post Employment Benefits (OPEB) Prefunding Program Using the California Employers' Retiree Benefit Trust

In fiscal year ending June 30, 2009, RWA contracted with the California Employers' Retiree Benefit Trust ("CERBT") to invest pre-funded asset contributions for Other Post-Employment Benefits (OPEB) payable to retirees. As part of the determination of future invested asset values, Governmental Accounting Standards Board allowed a maximum discount rate of return of 7.75%. The CERBT has been using this maximum discount rate of return.

Due to the market volatility experienced in investments as well as anticipated inflation, CalPERS explored various asset allocation strategies to provide alternative discount rate options for the CERBT. CalPERS settled on three asset allocation strategies in May 2011. An asset allocation strategy is a planned investment strategy designed to earn a long-term expected rate of return at a given level of risk. "Long-term" means time periods commensurate with the lifespan of the employer's OPEB plan (e.g., periods of 50 years or longer).

At its August 17, 2011 meeting, the executive committee directed staff to have BRS analyze each of the strategies using June 30, 2011 investment results and using "expected" investment results in its actuarial analysis to provide the most comprehensive information for guiding the decision. Staff had discussions with the CERBT staff about the different strategies, and CERBT provided a presentation they have used in communicating with agencies about the changes. CERBT staff offered to attend a future Executive Committee or board meeting.

8. Government Affairs Update

RWA Government Affairs Committee continues to meet by conference call every other Tuesday at 10:00 a.m., and in person the last meeting of each month. The next meeting will be September 27th at Sacramento Suburban Water District. At the direction of the Executive Committee the Government Affairs Committee discussed alternatives to the "unanimous

consent” provisions of the RWA joint powers agreement at its August 30, 2011 meeting. The committee directed staff and legal counsel to further develop the alternatives discussed.

Carmichael Water District directed a consultant to develop possible legislative proposals to respond to ACWA’s call for proposals. The Government Affairs Committee was supportive of a proposal to streamline one year transfers of water among agencies within a region. A work team is revising the proposal prior to the September 9th ACWA deadline.

The California legislature will close the 2011 session on September 9th. Several of the bills that we tracked over the course of the year failed to pass and will be two-year bills. Of note, the SRCSD-sponsored AB 134 (Dickinson) passed the legislature and is on the governor’s desk. Late amendments on SB 834 (Wolk) make the bill much more acceptable to water users within the Sacramento River watershed.

9. Water Efficiency Program Update

RWA and other CUWCC members from the region caucused to develop a regional position related to the CUWCC’s consideration of regional representation. The most current CUWCC committee proposal would split the state into three regions -- southern, coastal, and inland -- and assign seats based on the number of CUWCC signatories and the populations served by CUWCC members in each region. The current breakout would provide for one board seat in the inland region, with the opportunity to increase that if CUWCC participation increases or population grows. The CUWCC membership will vote on the proposal in September. The 2011 Blue Thumb campaign will end in October with a follow up regional telephone survey and an additional Community-Based Social Marketing (CBSM) program designed to help neighbors create beautiful, water efficiency landscapes. Called “Blue Thumb Neighbors”, program goals include:

- Foster a positive attitude about River-Friendly Landscaping (measured by pre- and post-program questionnaires and interviews)
- Motivate participants to undertake at least two key River-Friendly behaviors (measured by pre- and post-program questionnaires and interviews)
- Create lasting behavior change (measured by meter readings and interviews)

The additional funding from Sacramento County’s EPA grant, allowed for two Blue Thumb Neighbors programs, one in Sacramento County and one in the City of Sacramento. Fifty-six Sacramento County residents pledged to participate in the Rosemont neighborhood program, with 36 of those attending all three Blue Thumb workshops. Recruitment for City of Sacramento participants begins with door to door recruitment on September 9th.

10. Public Affairs Program Update

Mr. Woodling has been working with SACOG, NCWA, Mountain Counties Water Resources Association, and others to develop the concept and principles for a coalition to support the region’s interests in a Delta solution and other water issues. A background paper and principles is attached. A brief presentation on the potential impacts of the Delta solution on our region has been developed. Over the course of the next several months we will seek to brief city

councils, county boards of supervisors, local chambers of commerce, and other groups on the Delta and potential impacts to our region. Adoption of the principles would reflect each organization's commitment to collaborate and coordinate within the region on the issue. Mr. Woodling would like the board of directors of each RWA member agency to be briefed on the Delta issues and adopt the principles. City of Sacramento adopted the principles by resolution on August 23, 2011. RWA's consultants have developed an op-ed piece on the Delta Plan that can be modified for each local news media outlet in the region. We will be coordinating with RWA members to secure placement of this article in local newspapers. So that all RWA board members can more effectively represent RWA, we have prepared brief message points and a pocket card to answer the question, "Who is RWA?"

11. Water Forum Update

Water Forum staff and consultants have completed work to correct and refine the CALSIM modeling to identify water supply impacts of the lower American River flow standard. The results will be presented at the September meeting of the water caucus, which will be held September 14th at Carmichael Water District from 11:30 a.m. – 1:00 p.m.

12. RWA Outreach

Mr. Woodling and staff met with the general manager of Elk Grove Water District regarding possible RWA membership. Mr. Woodling is provided an update on RWA activities and Delta issues to the PCWA Board on August 18, 2011. Mr. Woodling briefed the Sacramento Suburban Water District board on Delta issues on August 15, 2011, and gave a Delta presentation to the Rancho Cordova Rotary on August 16, 2011. Mr. Woodling was invited to participate on the planning committee for the 2012 California Water Policy Conference, sponsored by Public Officials for Water and Environmental Reform (POWER).