

SAN JUAN WATER DISTRICT

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

BOARD OF DIRECTORS

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

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Judy Johnson	Customer Service Manager
Tony Barela	Senior Engineer
Teri Hart	Board Secretary/Administrative Assistant
Joshua Horowitz	Counsel

OTHER ATTENDEES

Lianne Peterson	Rate Payer
Ken Roberts	Rate Payer
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.

President Costa commented that he attended the Fair Oaks Water District board meeting on December 12th and two items were discussed which warrant action by the SJWD Board; therefore, he is requesting that they be added to the agenda at this time.

President Costa moved to add two items to the agenda under Agenda Item III-2 and III-3 as follows:

- 2. Fair Oaks Water District Past Due Invoice***
- 3. Joint Board Meeting with Fair Oaks Water District and Orange Vale Water Company***

Director Peterson seconded the motion and it carried unanimously.

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 November 9, 2011

Director Peterson requested that item 1 be removed from the Consent Calendar for discussion.

Director Peterson referenced page 4, last paragraph, and requested that the discussion of the Board be included in the minutes since staff comments are included such as on page 6, last paragraph (Agenda Item IV-2.3). The Board Secretary pointed out a numbering error, which needs to be changed so that the second 2.1 is changed to 2.3. President Costa suggested that Agenda Item IV-2.3 be stricken from the minutes.

Director Walters moved to accept the minutes as amended. Director Peterson seconded the motion.

Mrs. Peterson commented that as a rate payer she reads the minutes and would like to be able to tell what the substance of the discussion of the Board was. President Costa commented that the minutes are instructions to the General Manager and staff for guidance on the actions of the Board. Mr. Horowitz commented that the minutes are a historical document and should contain some discussion as it pertains to policy in order to understand the Board directives. The Board discussed the different preferences for summarizing the Board discussion within the minutes. It was suggested that if a member of the Board wants something on record, then at that time they should indicate it so that the Board Secretary can document it in the minutes. The Board did not give specific direction on summarizing future meeting minutes.

Director Peterson would like the minutes revised to reflect the Board's discussion. President Costa informed Mrs. Peterson that she could provide

public comments but not interrupt the Board discussion (Vice President Tobin requested that this be reflected in the minutes).

Director Walters withdrew his motion and Director Peterson withdrew the second.

Director Walter moved to hold the matter of the minutes until the next meeting. Director Peterson seconded the motion and it carried unanimously.

ACTION AND INFORMATIONAL ITEMS

III. OLD BUSINESS

1. May 25 Letter from Paul Bartkiewicz

Ms. Lorance reported that Director Peterson requested discussion by the Board regarding the transition of legal counsel representation from Paul Bartkiewicz to Joshua Horowitz, since he was not in attendance at the May 25th Board meeting when this transition occurred.

Director Peterson explained his concern and mentioned that an appointment of Joshua Horowitz should be completed and not just transitioned to. It is his experience that a specific person is appointed as legal counsel to boards and not the firm as a whole.

President Costa commented that in addition to this, the Board needs to discuss if the firm or individual is being evaluated. Mr. Horowitz commented that the firm should be evaluated, as well as individuals, since more than one attorney performs work for the District.

The Board discussed the evaluation of legal counsel and did not give specific direction to staff. Ms. Lorance commented that Silvers HR sent out the evaluation as an evaluation of Mr. Horowitz only, but after discussing this will be asking for evaluation of the entire firm since more than one attorney performs work for the District. In addition, Silvers HR inquired if Ms. Lorance will be evaluating legal counsel since she deals with the firm and individual attorneys at an operational level. The Board discussed this and decided that Ms. Lorance will not participate in the evaluation of legal counsel.

2. Fair Oaks Water District Past Due Invoice

President Costa reported that he contacted the FOWD General Manager to discuss the outstanding invoice prior to attending the Fair Oaks Water District board meeting. The FOWD board approved to settle the invoice for up to 50% of the amount as suggested by President Costa. The Board discussed the pros and cons of a business decision to accept the 50% as payment in full.

Director Peterson moved to settle the approximate \$14,500 invoice by reducing the bill 50% in order to save administration costs if taken further. Director Walters seconded the motion and it carried with 4 Aye votes and 1 No vote (Miller).

Vice President Tobin inquired about what happens with the amount not paid by FOWD. Ms. Lorance explained that the amount would come out of reserves which are paid for by all agencies.

3. Joint Board Meeting with Fair Oaks Water District and Orange Vale Water Company

President Costa reported that it was discussed at the FOWD board meeting to have a joint board meeting to discuss the Fair Oaks 40-Inch Pipeline Rehabilitation Project. The SJWD Board discussed the objective of the meeting and is under the impression that this meeting is for information only and there will be no negotiating. In addition, legal counsel will not be in attendance at the meeting.

The agenda for the meeting has not been set. The Board discussed the potential agenda and agreed that the meeting is being set to have a joint understanding of the issues and facts related to the project. Mr. Gray, FOWD General Manager, commented that the meeting needs to be policy driven and general with the intention to give Board direction to staff. Mr. Marx, FOWD Board member, commented that a joint meeting might help with communication issues between the agencies.

Vice President Tobin moved to set a Joint Board Meeting for informational sharing with staff providing a presentation. Vice President Tobin withdrew her motion.

Director Peterson moved to schedule a Joint Board Meeting with Fair Oaks Water District and Orange Vale Water Company to discuss the FO-40 Pipeline Rehabilitation Project from a communication standpoint. President Costa seconded the motion and it carried unanimously.

The Board discussed the motion with clarification that there would be no mediation discussion, but instead an explanation of the project, cost allocation and the actions that the Board has taken to date along with time for questions and answers.

Mr. Gray commented that the FOWD board has given him direction to not pay the invoice with the understanding to prepare for possible legal action. Mr. Marx confirmed that it was general direction, not contained in a motion, to delay in paying the invoice until further discussion. Mr. Marx commented that the FOWD board has varying opinions and has had no motions regarding the project, other than setting a joint board meeting. Ms. Lorance requested

clarification that setting the meeting did not delay assessing the penalty and interest on the invoice and the Board concurred.

The Board discussed the agenda and suggested that the Legal Affairs Committee set the agenda for the Joint Board Meeting.

Vice President Tobin moved to have the Legal Affairs Committee set the agenda for the Joint Board Meeting. Director Walters seconded the motion and it carried unanimously.

Mr. Horowitz commented that legal counsel should not be in attendance at the joint board meeting and he suggested that the board presidents meet regarding the agenda.

IV. COMMITTEE REPORTS

1. Personnel Committee (11/15/11)

Director Walters requested to combine agenda items IV-1 and IV-4 into one report. He reported that the committee met on November 15, 2011, and December 6, 2011, and discussed the following:

- Health Benefit Review (W/R)
- Employee Step Increases (W/R)
- Finance & Administrative Services Position (W/R)
- General Manager and Legal Counsel Review (W/R)
- Staff Petition to Board and Board Response to Request for Information (W/R)
- Incentive Award Program (W/R)
- Other Personnel Matters (W/R)

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

Health Benefit Review (W/R)

Director Walters informed the Board that the committee discussed the actions already taken by the District, along with the upcoming initiatives and legislative actions related to health and retirement, and decided that the most prudent action at this time was to wait and evaluate the result of these external actions.

For information only; no action requested.

Employee Step Increases (W/R)

Director Walters reported that the committee discussed this item, and requested further clarification from Director Costa on the reconsideration and sense of the Board direction on this item. The committee will discuss this item at the next committee meeting.

For information only; no action requested.

Finance & Administrative Services Position (W/R)

Director Walters reported that this item will be discussed at the next committee meeting when Ms. Morris returns from temporary medical leave.

For information only; no action requested.

General Manager and Legal Counsel Review (W/R)

Director Walters informed the Board of the schedule for the General Manager and Legal Counsel Review process. Kim Silvers will meet with the Board members during the week of December 19th. A committee meeting will be set up the first week of January for review of the evaluations and recommendation to the Board for the January 11th meeting.

For information only; no action requested.

Staff Petition to Board and Board Response to Request for Information (W/R)

The Board recently received the final draft response to the staff petition. Due to the importance of the topic, the Board will review in detail and consider approval to send under the president's signature at the January Board Meeting.

For information only; no action requested.

Incentive Award Program (W/R)

Director Walters reported that the committee discussed the draft incentive award program policy statement. The committee recommended a couple minor revisions and discussed keeping the program exempt from special compensation within the CalPERS systems.

Director Walters moved to adopt the revisions to the Incentive Award Program Policy 3090. President Costa seconded the motion.

Director Peterson inquired about the attachment to the policy and Ms. Lorance explained that it was originally a reference document which the committee requested be incorporated into the policy manual.

Director Peterson mentioned that there were some changes in the new program regarding exclusion from CalPERS special compensation calculations, lump sum awards vs. percent awards, separate plan for exempt vs. non-exempt employees, and exclusion of the General Manager in the policy as the general manager's incentive award is referenced in her contract. The Board voiced concern that the intent is not clear in the policy that the General Manager's incentive award should also be excluded from

CalPERS special compensation. Director Peterson would like to provide the committee with some revisions to the policy statement.

Director Walters withdrew his motion and President Costa withdrew the second.

President Costa referred this back to the Personnel Committee for review and consideration of Director Peterson's revisions.

Mr. Roberts inquired if adoption of the policy instigates the program. Mr. Horowitz commented that adoption of the policy only sets the policy and the policy would still require the board to take action and budget for the program if it is to be implemented.

Other Personnel Matters

Next Meeting Date

The next committee meeting will be set to correspond with Ms. Morris' return.

2. Public Information Committee (11/17/11)

Ms. Lorance reported that the committee met on November 17, 2011 and discussed the following:

- WaterGram (R)
- Solar Live Link on Website Update (W/R)
- Regulations Information to Customers
- Other Public Information Matters (W/R)

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

Review WaterGram

Ms. Lorance reported that the committee reviewed the WaterGram and recommended minor revisions.

For information, no action requested.

Solar Live Link on Website Update

Ms. Lorance reported that there is a new Green Initiatives page on our website with the solar stats that will be updated monthly.

For information, no action requested.

Regulations Information to Customers

Ms. Lorance reported that the Board has expressed concern regarding the potential direct and indirect cost impacts to our customers associated with the increasing regulations the District is facing and numerous regulatory

compliance audits conducted on SJWD by several agencies including OSHA. The committee agreed that the District should provide as much information as possible in the WaterGram, on the website, and consider a separate wholesale mailer. Staff will work with Crocker and Crocker to develop material for review by the committee at future meetings.

For information, no action requested.

Other Public Information Matters

Ms. Lorance reported that a press release on the cost savings and increased treatment plant capacity due to the new treatment plant process was submitted to several publications, including the Business Journal.

Ms. Lorance mentioned that they are working on a Delta Plan Op/ED.

Ms. Lorance reported that the committee is looking into modifying the Water Stewardship flyer template created by RWA to send a SJWD message to our retail customers.

For information, no action requested.

Next Meeting Date

The next committee meeting date is January 18, 2011 at 9:30 am.

3. Legal Affairs Committee (12/5/11)

Director Walters reported that the committee met on December 5, 2011 and discussed the following:

- VALIC 457 Deferred Compensation Plan Document Update (W/R)
- SB 293 – Retention Cap on Public Works Projects (W/R)
- General Manager Authorization to Suspend Competitive Procurement Procedures During District Emergencies (W/R)
- Other Legal Affairs Matters (W/R)

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

VALIC 457 Deferred Compensation Plan Document Update (W/R)

Director Walters reported that the District needs to update a plan document with Valic. The plan is required to be updated based on new IRS requirements.

Vice President Tobin moved to adopt Resolution No. 11-20 Authorizing Adoption of Plan Restatement. Director Walters seconded the motion and it carried unanimously.

SB 293 – Retention Cap on Public Works Projects (W/R)

Mr. Durkin reported that State legislation has reduced the allowable retention on construction contracts from 10% to 5%, unless there is justification for a higher retention. In those cases, staff will provide a recommendation to the board to set a higher retention amount prior to bidding the project.

Director Peterson requested clarification on which public works projects that this bill affects, such as construction, professional services and procurement. Mr. Durkin informed the Board that the bill affects construction projects and Mr. Horowitz will be reviewing the District's bid documents to ensure that this legislative bill and any other legislative changes are reflected accordingly.

For information only; no action requested.

General Manager Authorization to Suspend Competitive Procurement Procedures During District Emergencies (W/R)

Director Walters informed the Board that the committee reviewed an updated resolution to authorize expenditures during an emergency. The committee discussed the resolution and suggested a few revisions be incorporated by legal counsel.

Director Walters moved to adopt Resolution No. 11-21. President Costa seconded the motion.

Mr. Horowitz commented that the resolution provided to the Board was not the updated version.

Director Peterson moved to refer the item to Legal Affairs Committee. Director Walters seconded the motion and it carried unanimously.

Other Legal Matters

Director Walters mentioned that the committee discussed the FOWD past due invoice which the Board discussed under Agenda Item III-2.

In addition, he reported that the committee discussed the penalties and interest to be charged to the FOWD FO-40 pipeline project invoice if it is not paid.

Director Walters reported that there is a SJWD retail customer who does not want SJWD to utilize an existing SJWD access and easement. Staff will continue to work on this issue, and provide updates to the Legal Affairs Committee.

For information only; no action requested.

Next Meeting Date

The next committee meeting is scheduled for Wednesday, January 4th at 9:00 a.m.

4. Personnel Committee (12/6/11)

Director Walters reported on this agenda item under agenda item IV-1.

5. Engineering Committee (12/6/11)

Mr. Durkin reported that the committee met on December 6, 2011 and discussed the following:

- Fair Oaks 40-Inch Pipeline ARC Crossing Project (W/R)
- Fair Oaks 40-Inch Pipeline Rehabilitation Project Schedule (W/R)
- Retail Service Area Redundant Piping for Reliability/ Emergency Response (R)
- Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project
- Other Engineering Matters (W/R)
- Next Meeting Date
- Public Comment (W/R)

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

Fair Oaks 40-Inch Pipeline ARC Crossing Project (W/R)

Mr. Durkin reported that the committee reviewed a proposal from Kennedy/Jenks Consultants (K/J) for Construction Management Services (CMS) for the Fair Oaks 40-Inch Pipeline ARC Crossing Project. K/J provided engineering design services for the project. The committee discussed the project and recommended that staff seek at least two additional proposals for the CMS considering the value of the work and potential concerns other project participants may have with a sole source contract for these services. Staff obtained additional proposals which will be discussed under the Finance Committee report.

For information only; no action requested.

Fair Oaks 40-Inch Pipeline Rehabilitation Project Schedule (W/R)

Mr. Durkin informed the Board that the design phase of the Fair Oaks 40-Inch Rehabilitation Project for the internal rehabilitation of the pipeline has fallen behind schedule. Mr. Durkin informed the Board that the cathodic protection of the exterior of the pipeline will still be completed this year. Along with the ARC crossing replacement, this ensures the two most critical portions of the project are completed this fiscal year.

The committee discussed the project and agreed with staff's recommendation to postpone the internal rehabilitation until the next fiscal year.

For information only; no action requested.

Retail Service Area Redundant Piping for Reliability/Emergency Response (R)

Mr. Durkin informed the Board that staff performed an analysis to identify potential capital improvements necessary to supply the lower gravity portion of the Retail system if the FO-40 Transmission Main were unavailable due to a planned or unplanned (emergency) outage.

Three separate distribution system improvement projects were identified with costs ranging from \$625,000 to \$2,070,000 depending on the desired level of redundancy in the gravity zone.

The committee discussed the analysis and instructed staff to report back at future committee meetings as the recommended project and budget requirements are refined.

For information only; no action requested.

Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project

Mr. Durkin informed the Board that Mountain Cascade, Inc., is finished with construction of the Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project. All work has been satisfactorily completed and all requirements of the contract have been met. Mr. Durkin informed the Board that the project came in under budget by a savings of \$918,200 wholesale and \$155,500 retail.

Director Peterson moved to accept the Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project as complete and authorize staff to file the Notice of Completion with Placer County. Director Walters seconded the motion and it carried unanimously.

Other Engineering Matters

Mr. Durkin informed the Board that the Engineering Committee discussed the same topic of the easement issue that the Legal Affairs Committee discussed.

Next Meeting Date

The next meeting date will be set as necessary.

6. Finance Committee (12/13/11)

Director Peterson reported that the committee met on December 13, 2011 and discussed the following:

- Review and Pay Bills (W/R)
- Fair Oaks 40-Inch Pipeline ARC Crossing Project (W/R)
- Other Finance Matters

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

Review and Pay Bills (W/R)

Director Peterson reported that the committee reviewed bills and claims in the amount of \$1,150,792.34 and found them to be in order.

Vice President Tobin moved to approve Resolution 11-22. Director Miller seconded the motion and it carried unanimously.

Fair Oaks 40-Inch Pipeline ARC Crossing Project (W/R)

Director Peterson informed the Board that the committee reviewed the proposals for the Construction Management Services (CMS) for the Fair Oaks 40-Inch Pipeline ARC Crossing Project.

The committee discussed and agreed with staff's recommendation to select the proposal from ICM Group, Inc. based on the qualifications of the staff assigned to the project. ICM Group's resident engineer's significant amount of experience will likely save the District money in the long run.

Director Peterson moved to award an agreement for construction management and inspection services for the ARC Crossing Replacement Project to ICM Group, Inc., for the amount of \$85,868 with a total authorized project budget of \$94,500. Vice President Tobin seconded the motion and it carried unanimously.

Other Finance Matters (W/R)

Director Peterson informed the Board that Rob Watson has been working on the SCADA software purchase. Mr. Durkin commended Mr. Watson during the committee meeting for negotiating the \$110,000 original proposal to \$67,000 for the purchase of the software. Purchase of the software will be on next month's claims.

For information only; no action requested.

V. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 2012 Board Officers

President Costa opened the nominations for President and Vice President for the San Juan Water District Board of Directors.

Director Miller moved to elect Pam Tobin as Board President. Director Peterson seconded the motion and it carried unanimously.

Director Tobin moved to elect Ken Miller as Board Vice President. Director Walters seconded the motion and it carried unanimously.

1.2 Annual Report

In the interest of time, Ms. Lorance inquired if the Board wanted her to present her 2011 Annual Report power point presentation or have the Board members review the written document at their convenience prior to her evaluation. The Board consensus was to read the report on their own time. The presentation will be attached to the original meeting minutes.

For information only; no action requested.

1.3 2012 Focus Workshop

Ms. Lorance informed the Board that she would like to set the date for the Annual Board workshop to focus on policies and issues that are expected to arise in 2012.

She recommended that the Board conduct a Board Focus Workshop that would consist of staff listing the issues/topics that are likely to be the focus of water issues in 2012, providing a brief overview of the issues, and the intended plan to address/complete the issue/action.

The Board discussed the topic and agreed that a meeting in February or March for two nights is warranted. In addition, they would like to have the lobbyist give a brief presentation regarding the legislative issues. Ms. Lorance will schedule the meeting as requested.

1.4 Report Back Items

There were no items discussed.

1.5 Miscellaneous District Issues and Correspondence

Ms. Lorance informed the Board that Ms. Silvers requested that she ask the Board if they want to review the Legal Counsel or if they want Legal Affairs Committee to perform the review. The Board discussed and would like to keep it with the Board for this year. The second question that Ms. Silvers has was whether the General Manager should provide an evaluation of Legal Counsel since she is in close contact with the firm and the Board discussed and decided that only the Board should evaluate Legal Counsel.

Ms. Lorance informed the Board that she received an ACWA Health Benefit Authority request to vote for the ACWA HBA Director open position.

Director Peterson moved to vote for Steven M. Ruetters for the ACWA HBA Director position. Director Walters seconded the motion and it carried unanimously.

Ms. Lorance mentioned that there were three awards for low loss ratio from the ACWA JPIA.

There is a Sea to Sierra Water Tour on March 1st, if interested please inform staff.

For information only; no action requested.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Report Back Items

2.1.3 Sacramento County Water Agency Vineyard WTP staffing levels

Mr. Durkin informed the Board that he talked to the plant manager and they have a 50 MGD plant; however, the Board of Supervisors only authorized a budget to run the plant part-time (5 days per week). For purposes of comparison, the SJWD WTP, a 120 MGD plant that operates 24 hours a day 365 days a year, employees 6 operators including the plant superintendent, and 3 maintenance staff, while the Sacramento plant employs 8 operators, and a shared staff of control system and maintenance employees, which equals about 10 full time employees. He informed the Board that in January SCWA will provide a tour for a few of our operators.

2.1 Miscellaneous District Issues and Correspondence

2.1.1 American River Watershed Basin Study – Request to Reclamation to partner with, and provide cost sharing for a basin study

Mr. Durkin reported that the District, along with the cities of Roseville and Folsom, is requesting funding through the Bureau of Reclamation's Basin Studies Program (a matching grant program). The Army Corp of Engineers is looking at the revised Water Management Plan for Folsom Lake, with flood control their primary objective, therefore, this study will help influence how they prepare the plan and the tools used to manage the resource. Along with 50% matching funding, the District could receive in-kind credit for the work performed by the technical team. It is estimated that the cost to the District will be approximately \$83,000, not including the in-kind service credit. A meeting with the area office is scheduled for December 15th to discuss the basin study.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

There were no items discussed.

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. President Costa noticed that Mr. Bezerra is billing for the water rights issues and requested that a copy of Mr. Bezerra's resume be brought to the next Legal Affairs Committee meeting.

5. DIRECTORS' REPORTS

5.1 SGA

Vice President Tobin informed the Board that the SGA met on December 8, 2011 and she provided an outline of the meeting. A copy of her written report will be attached to the meeting minutes.

5.2 RWA

No report.

5.3 Executive Committee

President Costa reported that the Executive Committee met on December 13th and all agencies were represented, except the city of Folsom. The minutes will be available at the next Board meeting. The next meeting is scheduled for January 24, 2012.

5.4 ACWA/JPIA

No report.

5.5 CVP Water Users Association

President Costa reported that they have had a few meetings and that the new budget was adopted.

5.6 LAFCO

President Costa reported that there is a new member from the Carmichael Water District now on the committee due to a member not being able to fulfill his duty to attend the meetings.

5.7 Other Reports and Comments

Director Walters commented that District's law firm should be sent a thank you note for not increasing their fees this year.

President Costa thanked the Board for allowing him to serve as chair of the meetings this year.

VI. UPCOMING EVENTS

1. 2012 ACWA DC Conference
February 28 - March 1, 2012
Washington, DC
2. 2012 ACWA Legislative Symposium
March 7, 2012
Sacramento, CA
3. 2012 Water Education Foundation – Executive Briefing
March 27-28, 2012
Sacramento, CA

VII. ADJOURN

The meeting was adjourned at 9:52 p.m.

PAMELA TOBIN, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary

**Personnel Committee Meeting
San Juan Water District
November 15, 2011
9:00 a.m.**

Committee Members: Bob Walters, Chair
Ken Miller, Director

District Staff: Shauna Lorance, General Manager
Keith Durkin, Assistant General Manager
Mary Morris, Finance & Administrative Services Manager

Members of the Public: Chris Von Collenberg, IT Administrator, SJWD
Tony Barela, Senior Engineer, SJWD

Topics: Staff Petition to Board and Board Response to Request for Information (W/R)
Health Benefit Review (W/R)
Incentive Award Program (W/R)
Employee Step Increases (W/R)
Other Personnel Matters

- Next Meeting Date

Public Comment

1. Staff Petition to Board and Board Response to Request for Information (W/R)

Ms. Lorance provided the committee with a draft response. The committee considered this item important and will discuss at the next meeting after adequate time to review. The committee will develop a final draft response then forward to the Board of Directors for their approval and signature by the Board President.

For information only; no action requested.

2. Health Benefit Review (W/R)

The committee discussed the actions already taken by the District, along with the upcoming initiatives and legislative actions related to health and retirement, and decided that the most prudent action at this time was to wait and evaluate the result of these external actions.

For information only; no action requested.

3. Incentive Award Program (W/R)

The committee received a draft incentive award program policy statement. The committee will review and discuss further at the next meeting.

For information only; no action requested.

4. Employee Step Increases (W/R)

The committee discussed this item, and requested further clarification from Director Costa on the reconsideration and sense of the Board direction on this item.

The committee requests further clarification on the understanding and intent of the Board related to the reconsideration request by Director Costa.

5. Other Personnel Matters

The committee discussed administration and finance personnel as requested by the Board of Directors at the last Board meeting. Staff will bring the additional information requested by the committee to the December 6 committee meeting.

5.1 Next Meeting Date

The next committee meeting is scheduled for December 6, 2011 at 8:30 a.m.

6. Public Comment

There was no public comment.

The meeting was adjourned at 11:00 a.m.

**Public Information Committee Meeting Minutes
San Juan Water District
November 17, 2011
9:30 a.m.**

Attendees: Ken Miller, Chair
Pam Tobin, Member
Keith Durkin, Assistant General Manager
Judy Johnson, Customer Service Manager
Nicole Quinonez, Crocker and Crocker

Topics: WaterGram (R)
Solar Live Link on Website Update (W/R)
Regulations Information to Customers (W/R)
Other Public Information Matters (W/R)

- Next Meeting Date

Public Comment (W/R)

1. Review WaterGram

The committee reviewed the WaterGram and recommended minor revisions.

For information, no action requested.

2. Solar Live Link on Website Update

The committee viewed the new Green Initiatives page on our website with the solar stats that will be updated monthly.

For information, no action requested.

3. Regulations Information to Customers

Mr. Durkin reminded the committee about the increasing regulations the District is facing and numerous regulatory compliance audits conducted on SJWD by several agencies including OSHA. Directors have expressed concerns with the potential direct and indirect cost impacts this may have on our customers. Mr. Durkin asked the committee how much information we should provide our customers on this issue. The committee agreed we should provide as much information as possible in the WaterGram, on our website, and consider a separate wholesale mailer. Staff will work with Crocker and Crocker to develop material for review by the committee at future meetings.

For information, no action requested.

4. Other Public Information Matters

- a) Ms. Quinonez distributed a draft press release on the cost savings and increased treatment plant capacity due to the new treatment plant process. She will make minor changes and release to the press.
- b) Ms. Quinonez distributed a draft Delta Plan Op/ED. The committee recommended it be signed by Shauna Lorance.
- c) Ms. Johnson asked the committee about tailoring the Water Stewardship flyer template created by RWA to send a SJWD message to our retail customers. The committee agreed this is a good information piece. Ms. Johnson and Ms. Quinonez will work on text changes to tailor the flyer to SJWD customers and obtain costs for issuing it as a separate mailer or as a bill insert.

For information, no action requested.

6.1 Next Meeting Date

The next committee meeting date is January 18, 2011 at 9:30 am.

For information only; no action requested.

5. Public Comment

There was no public comment.

The meeting adjourned at 10:50 am.

Legal Affairs Committee Meeting
December 5, 2011
9:00 a.m.

Committee Members: Bob Walters, Chair
Ted Costa, Director

District Staff: Shauna Lorange, General Manager
Keith Durkin, Assistant General Manager
Josh Horowitz, Legal Counsel

Members of the Public: Pam Tobin

Topics: VALIC 457 Deferred Compensation Plan Document Update (W/R)
SB 293 – Retention Cap on Public Works Projects (W/R)
General Manager Authorization to Suspend Competitive Procurement
Procedures During District Emergencies (W/R)
Other Legal Affairs Matters

- Next Meeting Date

Public Comment

1. VALIC 457 Deferred Compensation Plan Document Update (W/R)

Ms. Lorange reported the District has three 457 plans available to the employees. These are programs that are entirely funded by employees; the District does not contribute. One of the available plans is with Valic. The plan is required to be updated based on new IRS requirements.

The Legal Affairs Committee recommends consideration of a motion to adopt Resolution No. 11-20 Authorizing Adoption of Plan Restatement

2. SB 293 – Retention Cap on Public Works Projects (W/R)

Mr. Durkin informed the committee that State legislation has reduced the allowable retention on construction contracts from 10% to 5%, unless there is justification for a higher retention. Some of our projects, such as those at the WTP that are of higher complexity or have greater risk associated with working within an operating facility, would qualify for a higher retention amount to cover the District's exposure to potential contractor performance issues. In those cases, staff will provide a recommendation to the board to set a higher retention amount prior to bidding the project.

For information only; no action requested.

3. General Manager Authorization to Suspend Competitive Procurement Procedures During District Emergencies (W/R)

Ms. Lorange informed the committee that she remembers being told that the District had approved a resolution in the early 80s to authorize expenditures during an emergency. As this was over 30 years ago, staff recommends adopting an updated resolution. The committee discussed the resolution and suggested a few revisions be incorporated by legal counsel.

The Legal Affairs Committee recommends consideration of a motion to adopt Resolution No. 11-21

4. Other Legal Matters

Keith Durkin discussed a CTP invoice for approximately \$14,500 that has not been paid by FOWD. The invoice is for costs from 2005 associated with the CTP in accordance with the cost allocations included in the written CTP O&M agreement. Funds paid by FOWD for wholesale water supply were erroneously credited against the agreement, and the FOWD account has continuously be in arrears by the \$14,500. Staff brought this issue to the attention of FOWD staff approximately two years ago when we were addressing other FOWD payment issues and staff has tried to work with FOWD staff to resolve the payment of the outstanding invoice. The committee discussed the outstanding invoice. Ted Costa will provide comments to the FOWD Board of Directors at their December 12 Board meeting and request payment of the invoice. Keith Durkin will also have the invoice reissued and sent to FOWD.

At a previous meeting, the committee requested the date at which time penalties and interest will be charged to the FOWD FO-40 pipeline project invoice if it is not paid. Invoices that are delinquent as of 45 days after date of service of the invoice from San Juan, or 2 weeks after the next scheduled wholesale customer agency board meeting after receipt of the invoice from San Juan, whichever is later, will incur a 10% penalty and a 1% monthly interest rate. As the FOWD Board of Directors discussed the invoice at their November board meeting, the 45 day period is the later date. The 45-day period ends December 22, 2011.

As part of the repairs on the FO-40 inch pipeline, an access point is required every 400 feet. Unfortunately, the FO-40 pipeline is routed through the backyards of some of our customers. Where this occurs, there is an easement for SJWD to access the pipeline. Although a recorded easement allows SJWD to access the pipeline, there is a SJWD retail customer who does not want SJWD to utilize this access and easement, and has requested SJWD leave her alone. Unfortunately, this property is the only property in this location where access can be made from a residential street. If access is achieved from the neighboring property owners, it will require accessing from Madison Ave. and closing at least one traffic lane. This will increase permitting requirements and costs for the project. Staff will continue to work on this issue, and provide updates to the legal affairs committee.

For information only; no action requested.

5.1 Next Meeting Date

The next committee meeting is scheduled for Wednesday January 4th at 9:00 a.m.

5. Public Comment

There was no public comment.

The meeting was adjourned at 10:15 a.m.

RESOLUTION 11-20

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
AUTHORIZING ADOPTION OF AMENDED AND RESTATED
IRC 457(b) DEFERRED COMPENSATION PLAN**

WHEREAS, San Juan Water District ("District") established the San Juan Water District Deferred Compensation Plan (the "Plan"), effective March 19, 1996 for the exclusive benefit of its employees and their beneficiaries; and

WHEREAS, by letter dated October 31, 2011 the District was notified by its third-party Plan administrator, VALIC, of the need to adopt an amended and restated Plan by December 31, 2011 in order to ensure that it complies with all recent changes in federal tax law and therefore remains a qualified deferred compensation plan under Internal Revenue Code section 457(b).

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

1. The Board finds that it is necessary to amend and restate the Plan to ensure its tax-deferred status and therefore the Board adopts the amended and restated Plan in the form attached to this Resolution.

2. The Board hereby authorizes the General Manager to execute the amended and restated Plan effective December 14, 2011.

3. The Board authorizes and directs the General Manager and staff to take all other actions necessary to implement this Resolution and to administer the Plan as necessary for the benefit of participating District employees and their beneficiaries.

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

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

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

Attest:

TERI HART
Secretary, Board of Directors

VALIC

The Variable Annuity Life Insurance Company
P.O. Box 15648
Amarillo, TX 79105

October 31, 2011

T8-200*****AUTO**MIXED AADC 770
SAN JUAN WATER DISTRICT
SHAUNA LORANCE, AGM
PLAN ADMINISTRATOR
PO BOX 2157
GRANITE BAY CA 95746-2157
GA#24520.PLN#01



May

Re: Updated 457(b) Specimen Document for Governmental Employers – Action Required

Dear Retirement Plan Administrator:

The purpose of this correspondence is to notify you of certain required changes to your governmental 457(b) plan in accordance with recent federal tax legislation including the Pension Protection Act of 2006 ("PPA"), the Heroes Earnings Assistance and Relief Tax Act of 2008 (the "HEART Act"), the Worker, Retiree and Employer Recovery Act of 2008 ("WRERA") and the Small Business Jobs Act of 2010 (the "Jobs Act").

In an effort to expedite delivery and provide easy access to our Plan Sponsors, an updated VALIC specimen section 457(b) Plan is now available via our website at www.valic.com, on the home page under the *News and Noteworthy* section.

What action must be taken by Plan Sponsors?

We would encourage you to review the specimen document with your legal counsel and/or tax advisor. Please note that if you choose not to adopt a VALIC specimen document, then you should consult an alternative document provider to obtain the needed updates and provide us a copy of your executed updated plan document for our files.

By what date is an updated document required?

Governmental 457(b) plans must generally be amended to comply with the PPA legislative changes described above by **not later than the last day of the 2011 plan year** (*i.e.*, December 31, 2011, for calendar year plans).

What are some of the changes required under these new laws?

- The HEART Act provides that an individual who is performing qualified military service for a period of more than 30 days is "treated as" having severed employment (for purposes of the statutory provision that generally prohibits distributions from a Section 457(b) plan prior to severance from employment or attainment of age 70½). **However, the IRS has clarified that plans are not required to allow participants performing military service to receive a distribution from the plan solely because they are on military leave.** The specimen document provides (in Section 2.22) that individuals on military leave are "deemed" to have severed employment for purposes of the withdrawal restrictions of Code Section 457(d)(1)(A). Section 6.13 of the specimen document provides that the plan sponsor may elect, in the Adoption Agreement, whether to allow such distributions. Section 6.13 also provides (as required by the HEART Act) that a participant who elects to take a distribution solely on account of such "deemed" severance cannot make pre-tax or Roth after-tax salary deferrals to the plan for a six-month period (measured from the date of the distribution).

- The Jobs Act allows (if the Employer elects in the Adoption Agreement) designated Roth contributions and in-plan Roth conversions.
- The PPA allows (if the Employer elects in the Adoption Agreement), an eligible retired public safety officer to elect to have up to \$3,000 from any plan distribution(s) paid directly to the provider of an accident or health insurance plan or a qualified long-term care insurance contract and any such amounts will be excluded from the participant's gross income.
- WRERA provided for a one year moratorium on required minimum distributions ("RMDs") from defined contribution plans for the 2009 plan year. Subsequent IRS guidance confirmed that the moratorium was elective, meaning Plan Sponsors could suspend RMDs, require participants to take RMDs, or allow individual participants to elect whether to take RMDs.

What should I do if I decide to utilize the updated VALIC document?

Should you choose to adopt the VALIC updated document, a copy of the executed Adoption Agreement and Resolution (if applicable) should be returned to the following address:

VALIC
Attn: Implementation, L11-40
2929 Allen Parkway
Houston, Texas 77019

We suggest that you retain a signed copy of the updated document (and Resolution if applicable) with your Plan records.

VALIC's priority is serving the needs of our highly valued clients. Should you have any questions about the specimen document or the deadline for adoption, please contact our Plan Sponsor Service Team at 1-888-478-7020.

Sincerely,



Carolyn Gutierrez
Vice President, Institutional Services



The Variable Annuity Life Insurance Company
P.O. Box 15648
Amarillo, TX 79105

VALIC Specimen Governmental Section 457(b) Plan Document Changes

The following summary highlights the material changes made to the VALIC specimen governmental 457(b) plan document:

Separate Adoption Agreement. The elections that were formerly in Article II (and several new elections) are now set forth in a separate Adoption Agreement. The specimen plan now includes both an Adoption Agreement and a Basic Plan Document.

Section 2.06, Compensation. This new definition replaces the former definition of Normal Compensation. For years beginning after 2008, "Compensation" also includes "differential wage payments" (as defined in Section 2.17).

Section 2.09, Designated Roth Contributions. This section defines Roth (after-tax) contributions, which the Employer may elect to permit for years after 2010 (see Item 3 of the Adoption Agreement).

Section 2.13, Employee. Under the HEART Act, for years beginning after 2008, the term "Employee" also includes an individual (on military leave) who is receiving "differential wage payments" (as defined in Section 2.17).

Section 2.14, Eligible Employee. This is an Employee who, based on the Employer's elections in the Adoption Agreement, is eligible to participate in the Plan.

Section 2.16, Employer Contribution. This is a new defined term for amounts (other than Employee Elective Deferral Contributions or Designated Roth Contributions) that the Employer elects to contribute to the Plan as additional Deferred Compensation (based on the Employer's elections in the Adoption Agreement).

Section 2.17, Includible Compensation. Under the HEART Act, for years beginning after 2008, Includible Compensation must include "differential wage payments" (payments by the Employer to Participants on active duty in the uniformed services.)

Section 2.18, Maximum Limitation. The Applicable Dollar Amount and the Age-Based Catch-Up amounts were updated to reflect the 2011 limits (\$16,500 and \$5,500, respectively).

Section 2.22, Severance from Employment. Under the HEART Act, for years after 2008, for purposes of the withdrawal restrictions under Section 457(b) (which normally prohibit distributions before severance from employment or attainment of age 70½), an individual is "treated" as having a severance from employment during any period the individual is performing service in the uniformed services.

Sections 4.08 and 4.09, Deferrals of Sick, Vacation and Back Pay and Deferrals of Amounts Paid after Severance from Employment. *Before* a Severance from Employment, Participants may elect to defer accumulated sick, accumulated vacation, and back pay if an agreement providing for the deferral is entered into before the beginning of the month in which the amounts would otherwise be paid or made available and the Participant is an Employee on the date the amounts would otherwise be paid or made available. *After* a Severance from Employment, deferrals may be made for former Employees for certain types of Compensation. Payments for accrued bona fide sick, vacation or other leave may be deferred if such amounts are paid by the later 2½ months after severance, or the end of the year in which the agreement to defer these amounts is entered into before the beginning of the month in which the amounts are paid, and the Employee would have been able to use the leave if employment had continued. Deferrals may also be made for former Employees for Compensation paid to permanently and totally disabled Participants, and for Compensation related to qualified military service

Section 4.10, Designated Roth Contributions. This section describes how (if the Employer elects in the Adoption Agreement) Participants may designate that some or all of their elective contributions to the Plan be treated as after-tax Roth contributions. It also describes how such amounts must be separately accounted for, and how distributions may be made from this separate account.



The Variable Annuity Life Insurance Company
P.O. Box 15648
Amarillo, TX 79105

VALIC Specimen Section 457(b) Plan Document Changes (Continued)

Section 6.05, 2009 Required Minimum Distributions (“RMDs”). This section was added to reflect the optional waiver of the minimum distribution requirements (under Code Section 401(a)(9)) for the 2009 calendar year. The Employer must elect (in the Adoption Agreement) how the Plan handled required minimum distributions for 2009, and what distributions were eligible for direct rollover.

Section 6.08, Unforeseeable Emergency Withdrawals. The Employee may elect (in Item 6 of the Adoption Agreement) whether to allow unforeseeable emergency withdrawals under the Plan, and if so, whether to allow such distributions based on a severe financial hardship of the Participant's primary Beneficiary.

Section 6.12, In-Plan Roth Conversions. The Employer may elect (in Item 10 of the Adoption Agreement) to allow in-plan conversion of pre-tax amounts to taxable Roth contributions. However, such conversions are limited to amounts (such as rollover contributions) that are distributable under the terms of Code Section 457(b) and the terms of the Plan and the Employer must also elect to allow designated Roth contributions (see Item 3 of the Adoption Agreement).

Section 6.13, Distributions to Individuals Performing Service in the Uniformed Services. The Employer may elect (in item 9 of the Adoption Agreement) to allow distributions by individuals on military leave, but participants who elect such distributions (if allowed) will be subject to a 6 month suspension of pre-tax and Roth after tax deferrals.

Section 6.14, Eligible Retired Public Safety Officer Distribution Deduction Election. Unless the Employer elects otherwise (in Item 11 of the Adoption Agreement), a Participant who qualifies as an eligible retired public safety officer may elect to have up to \$3,000 of an otherwise taxable distribution withheld and paid directly to the provider of an accident or health insurance plan or qualified long-term care insurance contract and exclude any amount paid from gross income.

Section 8.03, Non-spousal Beneficiary Rollovers. Under the Pension Protection Act of 2006, plans had the option to allow a non-spouse beneficiary to make a direct rollover to an “inherited” IRA (for distributions after 2006). Under later legislation, this provision became mandatory (for distributions after December 31, 2009). The Employer may elect (in Item 12 of the Adoption Agreement) to allow such rollovers by non-spouse Beneficiaries as of a date earlier than January 1, 2010 (but not earlier than January 1, 2007).

Article XIV, Participating Employers. This article sets forth the conditions under which the plan may be adopted by more than one employer. Each Participating Employer must execute a separate Participation Agreement (the last two pages of the Adoption Agreement).

RESOLUTION NO. 11-21

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT DELEGATING EMERGENCY RESPONSE AUTHORITY TO STAFF

WHEREAS, California Public Contract Code sections 20682.5 and 22050 authorize the San Juan Water District Board of Directors, by a four-fifths vote, to delegate to the General Manager the authority to contract for equipment, services and supplies necessary to repair or replace a public facility in response to an emergency without complying with competitive bidding requirements; and

WHEREAS, the Board finds that it is in the best interests of the District to delegate to the General Manager or in his or her absence the Assistant General Manager (or if the Assistant General Manager is unavailable, the Operations Manager), the authority to take immediate action to ensure the health and safety of District customers by commencing the repair or replacement of District facilities damaged or destroyed in an emergency situation without prior Board approval and without compliance with public bidding requirements.

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

1. Pursuant to Public Contract Code section 22050(b), the Board hereby delegates to the General Manager, or other authorized Manager), the authority to repair and replace public facilities and to take any other directly related immediate action in response to an emergency (as defined by applicable law and District regulations), including procuring necessary equipment, services and supplies, without giving public notice for bids to let contracts during the period of the declared emergency.

2. In exercising any authority delegated under this resolution, the Board authorizes the General Manager, or other authorized Manager), to spend a maximum of \$500,000 without additional authorization of the Board, provided that the General Manager or other authorized manager shall comply with all of the requirements of Public Contract Code section 22050 and any other applicable state statutes or District ordinances, resolutions, regulations or policies.

3. The General Manager, or in his or her absence the Assistant General Manager (or if the Assistant General Manager is unavailable, the Operations Manager), shall call an emergency meeting of the Board of Directors not later than seven days after the initial emergency action, or at the Board's next regularly scheduled meeting if that meeting will occur not later than 14 days after the initial action, and report to the Board the reasons justifying why the emergency did not permit a delay in responding to the emergency and did not permit the use of applicable competitive bidding or solicitation requirements, and why the action taken was necessary to respond to the emergency. At

the initial meeting, the Board may take any additional actions or provide additional direction to the General Manager and staff for addressing the emergency.

4. At least at every regularly scheduled meeting thereafter until the emergency action is terminated, the Board shall determine, by a four-fifths vote, that there is a need to continue the action unless the General Manager or other authorized manager, prior to the next Board meeting, has determined that the emergency has terminated or that all actions necessary to address the emergency have been completed.

5. If not earlier terminated by the General Manager or other authorized manager, the Board shall terminate the emergency action at the earliest possible date that conditions warrant so that any remaining actions necessary to address the emergency may be completed by use of competitive bidding or procurement.

6. To the extent that the terms or provisions of this Resolution may be inconsistent or conflict with the terms or conditions of any prior District ordinance, resolution, rule or regulation governing the same subject matter hereof, then such inconsistent and conflicting provisions of prior ordinances, resolutions, rules or regulations are hereby repealed and superseded.

7. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on December 14, 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

**Personnel Committee Meeting
San Juan Water District
December 6, 2011
9:00 a.m.**

Committee Members: Bob Walters, Chair
Ken Miller, Director

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

Members of the Public: Tony Barela, Senior Engineer, SJWD

Topics: General Manager and Legal Counsel Review (W/R)
Staff Petition to Board and Board Response to Request for Information (W/R)
Finance & Administrative Services Position (W/R)
Incentive Award Program (W/R)
Other Personnel Matters

- Next Meeting Date

Public Comment

1. General Manager and Legal Counsel Review (W/R)

Ms. Lorance provided the committee with a schedule of the General Manager and Legal Counsel Review process. A copy will be attached to the meeting minutes. In addition, she mentioned that Kim Silvers emailed the Board members with information regarding meeting with them during the week of December 19th.

For information only; no action requested.

2. Staff Petition to Board and Board Response to Request for Information (W/R)

The committee provided some revisions to the draft response letter. When revisions are completed, the final draft response will be forwarded to the Board of Directors for their approval and signature by the Board President.

The Personnel Committee recommends review of the final draft response letter for approval and signature by the Board President.

3. Finance & Administrative Services Position (W/R)

Ms. Lorance informed the committee that Ms. Morris will be out of the office temporarily on medical leave for at least two weeks. The committee briefly discussed the requested position and would like to wait until Ms. Morris returns in order to discuss the position in more detail. The next committee meeting will be set to correspond with Ms. Morris' return.

For information only; no action requested.

4. Incentive Award Program (W/R)

The committee discussed the draft incentive award program policy statement. The committee recommended a couple minor revisions and discussed keeping the program exempt from special compensation within the CalPERS systems. A copy of the revised policy will be attached to the meeting minutes.

The Personnel Committee recommends revisions to the Incentive Award Program Policy 3090.

5. Other Personnel Matters

5.1 Next Meeting Date

The next committee meeting will be set to correspond with Ms. Morris' return.

6. Public Comment

There was no public comment.

The meeting was adjourned at 9:58 a.m.

STAFF REPORT

To: Personnel Committee
From: Shauna Lorance, General Manager
Date: December 5, 2011
Subject: General Manager and Legal Counsel Evaluation

RECOMMENDED ACTION

This is an update on the current status. At this time there is no action requested.

BACKGROUND

The Board of Directors elected to utilize the same evaluation forms and process as last year for the next evaluation of the General Manager and Legal Counsel. Kim Silvers was retained to assist the Board again this year.

The schedule for completion of the process by January 11, 2011 is provided in the following table.

Step	Major Task	Primary Responsible	Targeted completion date	Status
1	Contact Personnel Committee to gain approval on evaluation criteria and self evaluation content/format. Obtain 2011 GM goals set by BOD to be evaluated during this process. 2010 evaluation format will be used for the initial template, and may be amended as requested by BOD or Personnel Committee.	Consultant	11/18/2011	Completed
2	Review and approve evaluation criteria/format. Determine any specific self evaluation information needed from GM and GC	BOD or Personnel Committee	11/30/2011	Completed
3	Send self-evaluation format or specific information requested to GM and GC.	Consultant	12/2/2011	
4	Edit and finalize evaluation criteria. Send final input criteria to BOD in advance of one-on-one meetings.	Consultant	12/5/2011	
5	Prepare self evaluation input and send to Consultant	GM and GC	12/16/2011	
6	Meet with GM and GC to review self evaluations, if requested	Consultant	12/20/2011	

7	Meet with each BOD member for input on GM and GC performance	Consultant	12/23/2011	
8	Summarize evaluation input from individual BOD member mtgs. Send draft evaluations to each BOD member for review/edits	Consultant	1/5/2012	
9	Meet with Personnel Committee to discuss evaluation presentation and any GM bonus recommendation for full BOD approval.	Consultant	1/6/2012	
10	Finalize and deliver evaluations for BOD to present to GM and GC	Consultant	1/9/2012	
11	Forward GM and GC evaluations to recipients for pre-review at least 24 hours prior to BOD meeting	Consultant	1/10/2012	
12	Present final evaluations to GM and GC in BOD mtg. GM bonus, if any, to be determined and announced	BOD	1/11/2012	
13	2012 GM initiatives/deliverables to be determined	BOD	TBD	

SAN JUAN WATER DISTRICT
EMPLOYEE MANUAL

POLICY TYPE : Payroll Practices and Hours of Work
POLICY TITLE : Incentive Award Program
POLICY NUMBER : 3090
DATE ADOPTED : May 12, 2002
DATES AMENDED : February 14, 2007, _____ 2011

3090.00 INCENTIVE AWARD PROGRAM POLICY AND INTENT

As a tool to improve efficiency and effectiveness, the District has implemented a performance incentive award program. This program is available only to those employees whose performance is consistently exceptional, or whose one-time idea or action results in a significant improvement in the effectiveness or safety of District services, a cost-effective change in the use of District resources or perform work above and beyond that expected or called for as set forth in the criteria as listed in Attachment A to this policy.

This program is only available when funds are budgeted for incentive awards. It is the desire of the Board to ensure that incentive awards are not perceived as having the potential to spike retirement benefits. As such, it is the intent of the Board to exclude all incentive awards from being considered special compensation under the District's pension plan contract with CalPERS. In keeping with this policy, the Board intends incentive awards to be considered a one-time recognition of an act of exceptional merit or single year's exceptional performance.

Consistent with CalPERS' regulations regarding when incentive awards will not be deemed special compensation, nothing in this policy is intended to or creates a guarantee that any specific employee or group of employees will be entitled to an incentive award in a specific year or for any number of years. It also is the Board's intent that any incentive awards made are not intended to be connected to or consistent with prior awards.

By not including incentive awards as special compensation for purposes of CalPERS' calculation of retirement benefits, the Board expressly intends to avoid creating an unfunded liability that might otherwise occur if incentive awards were deemed to be special compensation.

3090.01 PROGRAM PURPOSE

The purpose of this program is to further the District's ability to attract and retain the services of the most experienced, motivated and capable group of employees and to

provide incentives for their effective service and superior performance. Through recruitment and retention of a superior workforce, the District can better advance the interests of its customers, staff and the broader regional community.

3090.02 ELIGIBLE PARTICIPANTS

The program consists of separate plans provided to the following groups of employees:

- a. Exempt employees of the District.
- b. Non-exempt employees of the District.

Note: The general manager operates under a contract and is considered separately from this policy.

3090.03 AWARD FORMAT AND ALLOCATION

The award format for the plan for each group of employees is as follows:

- a. Exempt employees – the incentive award will be based on a lump sum for exempt employees (\$0-\$10,000). The General Manager will determine whether individual exempt employees should receive an incentive award.
- b. Non-exempt employees – the incentive award will be based on a lump sum for non-exempt employees (\$0-\$10,000). The General Manager will determine whether individual non-exempt members should receive an incentive award, based on recommendation of employee's immediate supervisor and division manager.

Awards will be based on an appropriation, if any, made in a Board-approved budget, with separate budget totals for each employee plan. Nothing in this policy guarantees that the Board will approve an appropriation for incentive awards for all or specific employee groups in any budget cycle or that the Board or General Manager is required to expend any portion of the budgeted totals for any employee plan.

3090.04 PROCESS FOR DETERMINING AWARD

Incentive awards are entirely discretionary and will be based on an employee's efforts resulting in either: (1) a consistent pattern of outstanding job performance (i.e., a single exceptional achievement is not required); or (2) a special achievement of significant importance to the District that significantly contributes to improved customer service, cost-savings, safety improvements or other changes that contribute to improved District services and operations (in such cases, an employee's overall performance rating is of secondary importance).

Incentive awards for a consistent pattern of exceptional job performance will be determined based on objective evaluation criteria developed for the program by the General Manager, in consultation with the Board. The criteria are included as Attachment A to this policy.

An incentive award for an extraordinary one-time achievement will be determined by the General Manager on a case by case basis based on the objective value of the achievement to the District.

An analysis of the benefits received from awarding incentive compensation is somewhat subjective. Arguably, a competitive compensation plan, including incentive award, along with a positive work environment, will attract and retain the most skilled and motivated employees. It is difficult to assess if these employees would be less motivated or incentivized to work beyond expectations absent an incentive award program. However, based on the performance of the District's employees and the reputation of the District for "getting things done" it appears reasonable to assume the existing incentive award/compensation plan achieves positive results.

Incentive pay is awarded to an employee based on many considerations, some examples of which may be finding a more efficient, cost effective method of performing a task, taking on a work assignment outside a job description, or taking on additional work or overtime shifts for an extended period to cover someone's illness or departure. Savings for some efforts are difficult to quantify, however, there are some accomplishments that are very significant and generate identifiable initial and ongoing savings. Examples of past acts or developments (note: due to budgetary constraints, not all of these resulted in incentive awards):

Accomplishment	Initial Cost Savings	Annual or Ongoing Savings
ARC-South Standby Generator	\$50,000	
Kokila Piping Improvements	25,000	
Bacon Zone Optimization <ul style="list-style-type: none"> Avoided consultant costs Energy (pumping) savings Avoided pump station upgrade 	100,000 574,000	\$35,000
WTP Raw Water Pipeline Project <ul style="list-style-type: none"> Declined grant funding for construction through Corps Negotiated and leveraged funds to purchase hydraulic improvements material/equipment 	800,000	
IT Improvements <ul style="list-style-type: none"> Server virtualization Hardware improvements Avoided personnel costs (vacant IT tech position) 	110,000	65,000
WTP staffing <ul style="list-style-type: none"> Used existing staff to cover long-term employee illness 		

Accounting and Admin staffing <ul style="list-style-type: none"> Used existing staff to cover 4-month vacancy in manager's position 		
Risk Management/Regulatory Compliance/Safety Avoided costs from vacant position		110,000
Emergency Response Planning <ul style="list-style-type: none"> Avoided consultant costs w/ in-house prep of RMP/PSM/PHA 	40,000	
Solar Project <ul style="list-style-type: none"> Avoided consultant costs Project implementation savings 		
Urban Water Management Plan <ul style="list-style-type: none"> Avoided consultant costs w/ in-house prep of report 	35,000	
FO-40 Engineering Report <ul style="list-style-type: none"> Avoided consultant costs w/ in-house prep of report 	15,000	
WTP Chemical Changes <ul style="list-style-type: none"> Avoided consultant costs Annual chemical savings Annual pumping (electrical) savings Improved WTP performance and gains in production capacity Avoided summer temporary employee Avoided summer overtime Reduced sludge disposal costs Potential avoided improvement project 	50,000 ???	35,000 22,000 15,000 5,000 5,000
Total		

3090.05 PAYMENT OF AWARD

Performance incentives, when awarded, shall be paid in one installment at the end of the performance evaluation period from the sums appropriated in an approved District budget.

**Guidelines for Evaluating Eligibility of San Juan Water District Employees
for Incentive Awards under Employee Manual Policy No. 3090**

The criteria included in these guidelines are for use by SJWD management to evaluate performance related to incentive awards. These criteria are for use to identify a consistent pattern of outstanding job performance. These are not intended to be an exhaustive catalogue of all possible criteria that might be used by SJWD management to determine eligibility for an incentive award. Every criterion will not be applicable to all jobs. Only those criteria applicable to an individual employee's job description will be evaluated.

A special achievement of significant importance to the District will be evaluated on a case by case basis and does not require exceeding expectations on these criteria.

Budgeting Skills: *This element involves project planning and the ability to estimate the associated project needs and costs; executing plans and activities within the budget appropriation; following budget procedures and meeting budget deadlines.*

Examples of **NA** are: Not applicable or no opportunity to observe.

Examples of **Does Not Meet Expectations** are: Program goals are not well-defined and are confusing; makes a lot of errors in budgeting by being consistently under or over estimating budgets; monitors budget infrequently; expenditures usually go beyond budgeted amounts; makes no effort to control spending; expends funds for unauthorized items.

Examples of **Meets Expectations** are: Participates in budget process as assigned; has an effective system for monitoring expenses; reports any anticipated budgetary problems to the appropriate source; budget adjustments and deviations are well documented and justifiable. .

Examples of **Exceeds Expectations** are: Skilled at identifying areas of the budget which can be cut if necessary; keeps ongoing, up-to-date files for use in projecting future budget needs; is a good reference person for budget problems.

Cooperation and Participation: *This element involves the amount and quality of cooperation offered to other employees; contribution toward a productive, friendly atmosphere in the work area; adherence to policies of the District and department; participation in teamwork situations.*

Examples of **NA** are: Not applicable or no opportunity to observe.

Examples of **Does Not Meet Expectations** are: People avoid him/her when they need to get a job done; cannot be counted upon to assist in emergencies; disregards departmental procedures and policies a lot of the time.

Examples of **Meets Expectations**: Assists others when asked, but does not often volunteer; criticism of others is job-related; participates and contributes to discussions of department meetings; treats his/her supervisors and coworkers with respect.

Examples of **Exceeds Expectations** are: Has a positive attitude in even the most trying situations; cooperates and participates in new projects, even if his/her workload increases; makes an effort to reconcile any disagreements with others; carries more than his/her share of the collective workload; volunteers to help others achieve objectives while maintaining his/her own objectives.

Creativity: *The element involves originality of ideas; being curious about questioning the "obvious"; inventiveness and imagination in solving problems or developing new procedures; generating new and unusual ideas; stimulating and encouraging others to develop new ideas; resourcefulness.*

Examples of **NA** are: Not applicable or no opportunity to observe.

Examples of **Does Not Meet Expectations** are: Avoids any experimentation in projects or processes; tends to be conventional and conforming, doesn't want to "rock the boat"; continues to do things the way they were done "twenty years ago"; discourages diversity of opinion; finds fault with techniques or procedures, but does nothing about them.

Examples of **Meets Expectations** are: Finds ways to make unpopular tasks more interesting; stimulates others by encouraging creativity; when given a problem, usually likes to figure out the answer him/herself; usually listens to what initially sound like crazy ideas.

Examples of **Exceeds Expectations**: Ideas frequently lead to break-through; frequently introduces new ideas that are successfully implemented; can use unconventional, non-conforming means to solve problems; skilled at identifying simple solutions to unique problems.

Decision Making: *This element involves application of logic and decision-making principles; selection of a decision from among the options; effects of decisions; sharing the decision with others as appropriate; following through with decisions.*

Examples of **NA** are: Not applicable or no opportunity to observe.

Examples of **Does Not Meet Expectations**: Confuses people by consistently reversing decisions; avoids decisions and waits for someone else to make them; his/her staff seeks other sources when a decision needs to be made.

Examples of **Meets Expectations**: Acts on simple problems quickly and decisively; follows through to be sure that his/her decisions are implemented; takes responsibility for the outcome of all his/her decisions; decisions are timely and he/she does not procrastinate; decisions are usually workable.

Examples of **Exceeds Expectations**: Makes correct decisions even under constant and intense pressure; encourages participation by those who will be impacted by a decision; decisions are logical and usually have everyone's support; consistently makes decisions which are clear-cut and supported by facts.

Delegating Authority: *This element involves assigning responsibility to others and “stepping away from” the assignment, while still maintaining control; using delegation as a means of time management; use of judgment as to which staff person can handle what level of delegation; ability to “share the limelight”.*

Examples of **NA** are: Not applicable or no opportunity to observe.

Examples of **Does Not Meet Expectations** are: Gets involved in the details of a delegated project and over-supervises; staff cannot work on a delegated project without his/her frequent involvement; delegates only when under pressure to get a job done; delegates without adequate assessment of employee's abilities; fails to delegate even the simplest of tasks; does not train or support staff sufficiently to allow successful performance of delegated work; delegates, but takes credit for any accomplishments; delegates but blames employees for any unsuccessful outcome.

Examples of **Meets Expectations** are: Maintains control over delegated work by monitoring; clearly explains expected results of delegated work; sets target dates and checks up on progress of delegated work; provides necessary information to person to whom work has been delegated; accepts responsibility for negative results of delegated work.

Examples of **Exceeds Expectations** are: Uses delegation as a means of employee development for his/her staff; chooses tasks for delegation which will maximize employee's abilities; knows when to delegate and when to do the job him/herself; recognizes the strengths and weaknesses of employees and delegates accordingly.

Employee Development: *This element involves striving for high performance by taking or initiating growth training; setting realistic objectives for*

oneself and/or employees; providing guidance and counseling; conducting effective performance evaluation; assisting employees with career planning.

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: His/her staff seldom qualify for promotional vacancies; gives employees feedback only through annual performance evaluations; evaluations do not result in any improvement of employee's weak points; refuses to allow employees to participate in employee development unless required to do so; complains openly about the incompetent people on his/her staff.

Examples of **Meets Expectations**: Submits regular performance evaluations as required; employee evaluations are a joint project with each employee; employee development plans are completed and implemented annually; points out negative as well as positive performance in employee evaluations; stays current within field of work; reviews and verifies needs and changes to knowledge and skills requirements; meets job requirements for certifications and/or licenses.

Examples of **Exceeds Expectations** are: Spends extra time training new employees; encourages career advancement even if he/she loses a good employee to another department or organization; evaluated employees on an on-going basis, not just at specific times; strives to improve job knowledge directly and indirectly related to job; makes effort to prepare for advancement.

Flexibility and Adaptability: *This element involves the amount of acceptance or resistance to changing practices, policies, procedures, practices and people; adjusting and responding to changing conditions; reactions to personal pressure and stress put on the department and staff.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Will not work overtime for any reason; feedback to new ideas is usually given only in terms of what's wrong with them; resists any change in procedures; changes his/her mind a lot and confuses people.

Examples of **Meets Expectations** are: Remains open and objective on most issues; willing to consider alternative ways to do things; questions changes, but accepts it; allows time for change within the work unit to take place; implements changes initiated by supervisor willingly.

Examples of **Exceeds Expectations** are: Can turn a crisis into a beneficial situation; able to shift priorities when necessary to meet changing needs; usually turns disagreements into positive experiences; enthusiastically tackles new projects; adjusts to new situations with little or no effort.

Initiative: *This element involves a willingness to attack problems, challenge the status quo; assertiveness and self motivation; amount of personal responsibility taken for completion of work; commitment to goals when extra effort is required; quality of extra effort and results produced; work progress without complete supervisory direction.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Requirements** are: Does only what he/she is directed to do and nothing more; usually leaves routine or unpopular tasks for others to do; stops working on projects when frustrated and makes no effort to explore alternatives; requires almost total guidance to get anything done; neglects work that he/she is not interested in.

Examples of **Meets Expectations** are: Seldom suggests new ideas, but tries them out when initiated by others; does assignments to the best of his/her ability; requires only occasional pushing to take on new responsibilities; completes job even without specific guidelines and instructions; makes recommendations to improve or enhance assigned tasks and, if authorized to proceed, executes changes.

Examples of **Exceeds Expectations** are: Willing to tackle any job or problem that comes up; makes extra effort to meet goals despite barriers; take on new projects outside his/her specialized area; is a self-starter who carries through jobs on own initiative; evaluates several alternatives to solve a particular problem.

Leadership: *This element involves the amount and types of influence upon staff or supervisors; amount of influence upon work standards, styles and priorities; availability and accessibility to staff; setting and enforcing standards for quantity and quality of work; degree of honesty, trustworthiness and consistency.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Discourages independent judgment on the part of his/her staff; makes policy decisions and does not follow through on enforcement; leadership is challenged by his/her staff through increased grievances; has decisions challenged by staff members most of the time; his or her staff continually fails to meet work standards; wastes work time; work ethics do not set a good example for staff; distorts truth to cover up mistakes; allows gross exceptions to the District rules and regulations; claims credit for ideas and efforts of others.

Examples of **Meets Expectations:** Does not accept below-standard work; follows and enforces District policies and procedures; can be trusted with

confidential information; communicates regularly with coworkers and staff; applies same standards to him/herself as to others; is available and accessible to his/her staff and coworkers.

Examples of **Exceeds Expectations**: Is recognized as a leader throughout the organization; sets and enforces high, yet attainable work standards; seeks out opportunities to take leadership roles; manages performance to ensure high quality of work, giving timely positive feedback and constructive criticism; generates enthusiasm in the work unit.

Meeting Deadlines and Commitments: *The element involves the number of deadlines met and commitments kept; planning and scheduling of work to get expected results within allocated time; advance anticipation of problems in meeting deadlines; dependability in meeting deadlines and keeping commitments.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Can only handle one project at a time if he/she is to meet deadlines; usually blames "unforeseen" problems as the reason for not meeting deadlines; meet his/her own deadlines, but his/her staff members do not; he/she is usually allowed more time than others to complete work; misses deadlines which have an adverse effect on other departments; consistently does not meet deadlines.

Examples of **Meets Expectations** are: Arrives at work on time; can be relied upon to meet deadlines most of the time; informs supervisor when deadlines will not be met; sometimes asks for more time to complete projects with valid justification; when he/she makes a commitment, it usually is met; schedules work to get results within allocated time and usually succeeds; requests clarification of expected deadlines.

Examples of **Exceeds Expectations** are: Completes accurate, thorough reports and projects on schedule in virtually all instances; is often called upon to assist in meeting emergency deadlines.

Oral Communication: *This element involves clear expression of thoughts and ideas; ability to listen and share information; understanding replies or directions from others.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations**: Give lengthy involved answers to simple questions; reacts impatiently when communication is not understood by others; contradicts him/herself when speaking; talks "big" but rarely follows through; has no credibility; confuses people and complicates projects with unclear directions.

Examples of **Meets Expectations** are: With advance notice and preparation time, can make a clear oral presentation; listens before responding; presentations contain major aspects of subject material; does not interrupt when others are speaking; asks questions when unclear about assignments or projects.

Examples of **Exceeds Expectations** are: Verbal presentations receive frequent praise; poised and at ease when speaking to a group; volunteers to give oral presentations; skilled at getting others to participate in meetings; facilitates at staff meetings to keep discussion on the subject.

Organizing and Coordination: *This element involves prioritization and organization of work loads to complete a job; coordination of own plans with those of others; development of systems to improve work methods.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: People are unclear about their roles in his/her projects; loses sight of objectives and gets wound up in the process; asks too little or too much of coworkers; does not coordinate his/her plans with those of others.

Examples of **Meets Expectations** are: Develops plans and schedules that are usually adhered to; routing matters are efficiently handled; action plans are clearly known by everyone involved; sets realistic deadlines for him/herself and others.

Examples of **Exceeds Expectations** are: Is frequently asked to organize and coordinate special projects; can handle a variety of on-going projects successfully; quickly organizes confused and difficult situations; gets things back to normal.

Planning: *This element involves designing and implementing short and long range plans; taking control over activities to stay within the plan; developing plans that are workable and realistic.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Plans are often incomplete; usually makes a big job out of a simple operation; handles events as they arise with no planning ahead; changes plans in mid-stream and does not advise anyone of the changes; does no planning and has to be told what to do and when; misses key elements in planning, with adverse affects; delays action until last minute, disrupting work flow and causing overtime; few projects are completed on time due to poor planning.

Examples of **Meets Expectations** are: Coordinates activities to insure that plans are completed; estimated times for completion of projects are generally correct; carries his/her share of implementation and commitment to plans; insures that all members of the work unit are involved and understand the plans; retains flexibility in his/her plans; work assignments are consistent with plans.

Examples of **Exceeds Expectations** are: Major savings or improvements result from his/her plans; prepares alternatives plans in anticipation of possible problems; can deviate from original plans and still get the desired results; effectively plans for both short and long range plans; gets called upon to plan and organize in pressure situations; thoroughness of plans is demonstrated by smoothness of operation.

Public Contact and Service Skills: *This element involves the image one projects of the district; the amount of assistance given to outside persons and groups; honesty, tact and courtesy extended to the public; awareness of and sensitivity to community needs and attitudes.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Makes derogatory comments about the public to other staff members; insists that everyone wishing to see him/her make an appointment; does not seek information about community needs; uses foul, abrasive language when dealing with the public; inconsistent in enforcing District policies when dealing with the public; frequently argues with members of the public.

Examples of **Meets Expectations:** Does not show favor to any one individual or group over another; treats all members of the public with respect; answers questions from the public to the best of his/her ability or directs person to the appropriated staff member; responds to requests from the public as quickly as possible; meets the needs of the community as related to the District's mission.

Examples of **Exceeds Expectations:** Enhances the reputation of the District; receives unsolicited letters of thanks and/or communication; functions well within a diverse group of community organizations.

Quality and Quantity of Work: *This element involves the amount and quality of work completed; controlling or reducing unit costs; cost effectiveness; maintaining service levels; dealing with barriers to work accomplishments; accuracy; reliability of systems for which responsible; attention to details; effect of quality standards upon work unit.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Service levels are below acceptable standards; programs are too costly relative to productivity; uses above average amount of overtime to complete assignment; frequently sacrifices quality for quantity; work is frequently incomplete; makes no attempt to improve quality of work; poor quality of work has costly effects; production is frequently poor both in quality and quantity.

Examples of **Meets Expectations** are: Usually gets the job done in minimum time and costs with good quality results; is attentive to work detail; productivity is consistent with budget targets; where applicable, equipment records and charts are up to date; is results-orientated in approach to his/her work assignment.

Examples of **Exceeds Expectations** are: Take on extra projects to improve production; achieves high quality standards set for self; does not compromise quality or quantity; usually exceeds production goals.

Safety/Loss Control: *This element involves the commitment to and enforcement of the District's Safety/Loss Control Program; use of judgment in applying policies and procedures to specific situations; advising others of policies and procedures.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Accident reports are usually incomplete and require further investigation; has poor personal safety records as evidenced by the number of accidents and injuries; must be reminded frequently by supervisor to adhere to safety standards; by-passes safety precautions to get a job done within a deadline; does not report unsafe conditions even though he/she is aware of them; does not fill out accident reports.

Examples of **Meets Expectations** are: Consults the appropriate person when unsure about safety factors; does not ignore safety practices; follows up to see that safety violations are corrected; abides by safety policies and procedures; corrects hazards in work areas before being told to do so; maintains facilities and equipment to the level required by law.

Examples of **Exceeds Expectations** are: Has not had any accidents personally or with his/her work unit because of good safety practices; seeks ways to improve safety conditions and adjusts procedures accordingly.

Supervising: *This element involves organizing and coordinating people and resources to get a job done; setting standards and enforcing them for quantity and quality of work; influencing work pace.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Doesn't use available resources to get a job done; staff members frequently question his/her actions; staff members are unclear about their responsibilities; unwilling to accept responsibility for actions of staff members; staff members are disorganized and without direction; staff members circumvent him/her and go to his/her supervisor.

Examples of **Meets Expectations** are: Accepts full responsibility for the performance level of person supervised; keeps staff informed of new policies, procedures, rules and regulations; schedules and holds regular staff meetings; sets and enforces job standards.

Examples of **Exceeds Expectations** are: Can be counted on for leadership and support in high stress or emergency situations; motivates others to perform above standard; is available and accessible to employees; set high example of expected performance level; organizes people and resources to get maximum quality and quantity of work; supervises with a minimum of direct control.

Written Communications: *This element involves composition of reports, letters, memos, proposals and other documents; and the use of principles of writing such as clarity, accuracy and logic.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Central issues of reports get lost in the verbiage; reports are too brief to understand the issue; reports must be read several times for clear understanding; tends to avoid written communication whenever possible; information in reports is not accurate.

Examples of **Meets Expectations** are: Content of reports has been discussed with supervisor before reports are written; gathers necessary information before writing reports; written material contains appropriate references to supporting documents and data when necessary; reports are both factual and understandable; written material is neat in appearance.

Examples of **Exceeds Expectations** are: Written work is almost always clear, concise, factually accurate, convincing, and appropriate to the audience; some of the best reports come from him/her; assist others in writing reports.

Integrity: *This element involves adherence to a code of morals/ethics; values; soundness of ideas; degree of honesty and consistency.*

Examples of **NA** are: Not applicable or no opportunity to observe

Examples of **Does Not Meet Expectations** are: Needs to be reminded from time to time of rules and regulations; often claims credit for ideas and or efforts of others; coworkers complain about the questionable nature of his/her activities; often does not tell the truth.

Examples of **Meets Expectations** are: Puts in a full days work; in making budget requests, asks for what he/she really needs and does not "pad" the budget; does not ask for preferential treatment from anyone; applies the same standards to him/herself as applied to others; reports only the facts, without embellishment; when handling a "grey" area, seeks help from others.

Examples of **Exceeds Expectations** are: Maintains high standards of honesty and overall integrity; reputation for honesty extends to critics; can be trusted with confidential information.

**Engineering Committee Meeting Minutes
San Juan Water District
December 6, 2011
4:30 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

Topics: Fair Oaks 40-Inch Pipeline ARC Crossing Project (W/R)
Fair Oaks 40-Inch Pipeline Rehabilitation Project Schedule (W/R)
Retail Service Area Redundant Piping for Reliability/ Emergency
Response (R)
Treated Water Pipeline and Cooperative Transmission Bypass Pipeline
Project (W/R)
Other Engineering Matters (W/R)

- Next Meeting Date

Public Comment (W/R)

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

The committee reviewed a proposal from Kennedy/Jenks Consultants (K/J) for Construction Management Services (CMS) for the Fair Oaks 40-Inch Pipeline ARC Crossing Project. K/J provided engineering design services for the project. Staff was pleased with their performance on that portion of the project and requested their CMS proposal to have them continue with the next project phase. The committee discussed the project and recommended that staff seek at least two additional proposals for the CMS considering the value of the work and potential concerns other project participants may have with a sole source contract for these services.

Staff will contact consulting firms immediately in an effort to have additional proposals available for review at the Finance Committee meeting on December 13th. If additional proposals cannot be obtained in that short of time, then the engineering committee will review them at the next meeting for action by the Board at the January 11th meeting.

Staff informed the committee that the construction contractor has already provided several submittals to the District for review, and the contractor's schedule shows he will mobilize to the site on January 4th. The committee suggested that K/J provide certain engineering services for construction as a change order to their design contract, within the General Manager's authorization limit, recognizing it is desirable and prudent to have some involvement by the design engineer during construction. The engineering services will be limited to specific submittal reviews, response to

requests for information or clarifications, periodic site visits, and other office engineering tasks.

For information only; no action requested.

2. Fair Oaks 40-Inch Pipeline Rehabilitation Project Schedule (W/R)

Mr. Durkin informed the committee that the design phase of the Fair Oaks 40-Inch Rehabilitation Project for the internal rehabilitation of the pipeline has fallen behind schedule. To mitigate a potential construction schedule impact, and in consideration of Fair Oaks Water District's cash flow concerns for the project, staff is recommending that this portion of the project be postponed until the next fiscal year. Mr. Durkin informed the committee that the cathodic protection of the exterior of the pipeline will still be completed this year. Along with the ARC crossing replacement, this ensures the two most critical portions of the project are completed this year.

The committee discussed the project and agreed with staff's recommendation.

For information only; no action requested.

3. Retail Service Area Redundant Piping for Reliability/ Emergency Response (R)

Mr. Durkin informed the committee that staff performed an analysis to identify potential capital improvements necessary to supply the lower gravity portion of the Retail system if the FO-40 Transmission Main were unavailable due to a planned or unplanned (emergency) outage. A copy of the draft analysis will be attached to the meeting minutes. Three separate distribution system improvement projects were identified with costs ranging from \$625,000 to \$2,070,000 depending on the desired level of redundancy in the gravity zone.

The initial staff recommendation is to proceed with "Project A", with the exception that the American River Canyon Drive to Madison pipeline that is constructed should be a 12-inch diameter pipe to provide improved capacity and redundancy, and to facilitate further reliability improvements to the lower gravity zone (LGZ) in the future if desired. Estimated cost for Project A with a 12-inch pipeline would be approximately \$760,000. This initial project could provide average day demands to the LGZ. Phased future improvements could increase the level of service to provide maximum day demands, residential fire protection, and peak demands.

The committee discussed the analysis and instructed staff to report back at future committee meetings as the recommended project and budget requirements are refined.

For information only; no action requested.

4. Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project

Mr. Durkin informed the committee that Mountain Cascade, Inc., is finished with construction of the Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project. All work has been satisfactorily completed and all requirements of

the contract have been met. Mr. Durkin informed the committee that the project came in under budget by a savings of \$918,200 wholesale and \$155,500 retail. A copy of the budget summary will be attached to the meeting minutes.

The Engineering Committee recommends consideration of a motion to accept the Treated Water Pipeline and Cooperative Transmission Bypass Pipeline Project as complete and authorize staff to file the Notice of Completion with Placer County.

5. Other Engineering Matters

Mr. Durkin informed the committee that staff has encountered an issue with a property owner regarding the easement on the Fair Oaks 40 Pipeline Rehabilitation Project. The property owner is denying the District access to the property in order for workers to access the pipeline. Staff will continue to work with the property owner on this issue and provide updates to the committee.

5.1 Next Meeting Date

The next committee meeting was scheduled for January 3, 2012 at 4:00 pm.

For information only; no action requested.

6. Public Comment

There were no further comments.

For information only; no action requested.

The meeting was adjourned at 5:50 p.m.



Technical Memorandum

To: Keith Durkin
From: Rob Watson
Date: December 6, 2011
Subject: Retail Lower Gravity Area Redundant Piping for Reliability and Emergency Response – Preliminary Feasibility Study

DRAFT – 12/5/11

1.0 - EXECUTIVE SUMMARY

The purpose of the modeling completed for this analysis was to identify potential capital improvements necessary to supply the Retail system with the FO-40 Transmission Main unavailable due to a planned or unplanned (emergency) outage. The results of the modeling support the following conclusions:

1. With the FO-40 T-main out of service, SJWD-R's LGZ area can be supplied from the ARC-S and northerly Gravity Zone areas by the construction of some relatively straightforward distribution system improvements.
2. Depending on the level of improvements, ADD, MDD and FF supply can be provided to the LGZ without the FO-40 in service.
3. With the FO-40 T-main remaining in service to provide ADD and MDD, a portion of the SJWD-R distribution improvements identified in this analysis could be installed to provide a 1,500-gpm fire flow supply to the LGZ area.

Distribution system improvements required to meet the varying levels of service are described as follows:

- Project A - Average Day Demand (ADD) can be provided to the Lower Gravity Zone (LGZ, represented by the portion of the service area south of the ARC Canyon Crossing) by opening an existing zone isolation valve and installing a PRS at that location (PRS-1), and installing a single new 8-inch pipeline (P-1) along the southern portion of American River Canyon Drive and along Madison Ave to connect the ARC-S zone to the LGZ. This improvement does not supply Max Day Demand, and does not support fire flow needs. Total cost for this project is estimated at approximately \$625,000.
- Project B - Max Day Demand (MDD) can be provided by upsizing P-1 to 12-inch and lengthening P-1 to connect further west on Madison into larger existing distribution mains, and replacing existing piping with larger diameter piping (increase from 8-in to 12-in) at three bottleneck locations along American River Canyon Drive within the ARC-

S Zone (P-2, P-3, and P-4). Approximately 500-gpm above MDD can be provided to help meet peak hour or fire flow demands. Total cost for this project is estimated at approximately \$1,425,000.

- Project C – Max Day Demand Plus Fire Demand (MDD +FF) can be provided by completing Project B and adding two to three OVWC/SJWD-R emergency capacity interconnections (PRS-3, and PRS-4 and/or PRS-5). Besides providing a minimum residential fire supply of 1,500-gpm, these added interconnection improvements would also provide sufficient supply to meet Peak Hour Demand (PHD) conditions (MDD+FF is the controlling condition). Cost for this project is estimated at approximately \$2,070,000.

With the FO-40 in service to supply ARC-S BPS and the other portions of the SJWD-R Gravity Zone, 1,500 gpm of capacity to supply residential fire flow can be provided to the LGZ by constructing pipeline P-1B (12-inch pipeline from ARC Drive to Madison) and PRS-1 (ARC Dr & Boulder PRS and open the 10-inch ARC-S/Gravity Zone boundary). The cost of this project is estimated at \$910,000.

2.0 - DEFINITIONS

ADD	Average Day Demand
ARC-S Zone	SJWD's American River Canyon South pressure zone.
FF	Fire Flow Demand
FO-40	Fair Oaks 40" Transmission Main
FOWD	Fair Oaks Water District
GPM (gpm)	Gallons Per Minute (flow)
Gravity Zone	SJWD's Gravity pressure zone, and in particular the portion of the zone south of Oak Avenue, which includes the LGZ area.
LGZ	Lower Gravity Zone; the area south-west of Orangevale Avenue normally supplied by the FO-40 through the ARC Crossing.
MDD	Max Day Demand
OVWC	Orange Vale Water Company
PHD	Peak Hour Demand
PSI (psi)	Pounds Per Square Inch (pressure)
RSA	SJWD's Retail Service Area, and in particular for this modeling includes the ARC-S Zone and the Gravity Zone.
SJWD-R	San Juan Water District – Retail System
SJWD-RSA	San Juan Water District – Retail Service Area
SJWD-W	San Juan Water District – Wholesale System
T-main	Transmission Main

3.0 - MODELING DESCRIPTION AND OBJECTIVES

The purpose of this modeling effort is to analyze what improvements would be necessary to the retail distribution system to provide a redundant supply to the LGZ in the event that the FO-40 T-main was not available due to a planned outage or emergency event. The primary objective is

to determine what capital and operational improvements would be needed to provide escalating levels of service (ADD, MDD, MDD+FF, and PHD) to the LGZ with the FO-40 off, while continuing to provide adequate pressures and flows within the remaining Gravity Zone, ARC-N Zone, and the ARC-S Zone. A secondary objective is to determine what degree of emergency/safety fire supply could be provided under the various scenarios.

4.0 - MODEL ASSUMPTIONS

The following baseline assumptions were incorporated into the modeling effort:

- The FO-40 Transmission main was closed (deleted) from the model. No supply would be provided to FOWD, OVWC, or SJWD-R from the FO-40 T-main under all of the scenarios modeled.
- The interconnections to/from OVWC and SJWD-R Gravity Zone south of Oak Avenue were closed (deleted) from the model. These included the Central Ave and Greenback Lane interconnections.
- The interconnections to/from FOWD and SJWD-R Gravity Zone south of Oak Avenue were closed (deleted) from the model. These included the FO-40 connection (Whsl Site #6) and the Twin Lakes connection (Whsl Site #7).
- The ARC-S Booster Pump Station suction line that is normally supplied from the FO-40 is instead connected to the RSA Gravity Zone distribution piping coming down Santa Juanita Avenue near the intersection of Central and Placer Mine. This connection allows for minimal suction supply in some scenarios to operate one of the pumps at this station to supply the ARC-S zone.
- Distribution system pressure within all portions of the ARC-S zone and the LGZ should be maintained at a minimum of 35-psi under ADD and MDD conditions (per the Retail Master Plan).
- The installation of a new PRS between ARC-N and ARC-S zones, to be constructed at the intersection of American River Canyon Drive and Oak Avenue, is already planned as a 2012 CIP and therefore is not included in this analysis. It is considered constructed.
- Fire Flow capacity will be considered in the modeling effort.

5.0 - OVERVIEW OF IMPROVEMENT PROJECTS

To supply the LGZ at the various levels, the following capital improvement projects were identified during the modeling:

P-1 – Consists of installation of approximately 1,450-LF of new pipeline beginning at the intersection of American River Drive and Slate Creek Lane (tie-in to existing 8-in dual-feed looped pipelines), and ending at the west side of 9600 Madison (tie to an existing 8-inch single feed pipeline). This pipeline improvement would need to be an 8-inch minimum diameter to support the ADD scenario.

P-1B – Consists of an upsize of the 8-inch P-1 project to be a 12-inch minimum diameter as needed to support MDD and MDD+FF scenarios. P-1B also requires an extension of the

Madison leg of the project an additional 400-LF to connect to larger diameter piping further west on Madison Avenue. This makes the total pipeline length for the P-1B project about 1,850-LF.

P-2 – Consists of installation of approximately 560-LF of new 12-inch pipeline beginning at the intersection of American River Drive and Oak Avenue (tie-in to existing 12-in dual-feed looped pipelines), and ending at the north driveway entrance of the Canyon Terrace Apartments (tie-in to existing 8-in and 10-in dual feed looped pipelines).

P-3 – Consists of installation of approximately 280-LF of new 12-inch pipeline beginning at the intersection of American River Drive and Oak Canyon Way (tie-in to existing 8-in tri-feed looped pipelines) and ending at the intersection of American River Drive and Canyon Rim Drive (tie-in to existing 8-in tri-feed looped pipelines).

P-4 – Consists of installation of approximately 310-LF of new 12-inch pipeline beginning at the intersection of American River Drive and Crow Canyon Drive (tie-in to existing 8-in tri-feed looped pipelines) and ending at the intersection of American River Drive and Grey Canyon Circle (tie-in to existing 8-in dual-feed looped pipelines).

P-5 – Consists of installation of approximately 550-LF of 10-inch pipeline to interconnect SJWD-R and OVWC near the Schools Financial building and the Les Shwab tire store, beginning at the existing 8-in OVWC main at 6600 Main Avenue and ending at the existing 10-in SJWD main near the center of the parcel at 6465 Madison Avenue.

PRS-1 – Consists of installation of a new Pressure Reducing Valve Station (PRS) on the existing 10-inch distribution main located at the intersection of American River Canyon Drive and Boulder Canyon Road. This location is where there is an existing isolation valve between the ARC-S zone and the LGZ. This PRS would be designed to control flow from ARC-S zone to the LGZ and sustain upstream (ARC-S zone) pressure. Sizing of this station to accommodate 8-inch or 10-inch pipelines (P-1 or P-1B) and their corresponding flow capacities would be dependent on the selected scenario (ultimate design capacity).

PRS-2 – Consists of installation of a new Pressure Reducing Valve Station (PRS) on the existing 10-inch distribution main located on west side of Gold Creek Circle (between addresses 110 and 112). This location is where there is an existing isolation valve between the ARC-S zone and the LGZ. This PRS would be designed to control flow from the ARC-S zone to the LGZ and sustain upstream (ARC-S zone) pressure. Sizing of this station to accommodate 8-inch or 10-inch pipelines and their corresponding flow capacities would be dependent on the selected scenario (ultimate design capacity).

PRS-3 – Consists of installation of a new Pressure Reducing Valve Station (PRS) with the installation of the P-5 interconnection piping between OVWC and SJWD-R at points between Main Avenue and Madison Avenue. This PRS could be configured to provide bi-directional supply.

PRS-4 – Consists of the installation of a new Pressure Reducing Valve Station (PRS) between OVWC and SJWD-R at Central Avenue. This PRS could be configured to provide bi-directional supply.

PRS-5 – Consists of the installation of a new Pressure Reducing Valve Station (PRS) between OVWC and SJWD-R at Greenback-North. This PRS could be configured to provide bi-directional supply.

The various improvement projects identified above are shown graphically on the attached figure.

6.0 - SCENARIO 1 – AVERAGE DAY DEMAND (ADD) SUPPLY

Additional modeling assumptions, beyond those outlined in Section 4.0 above, as necessary to accommodate Average Day Demand supply only to the LGZ include:

- Construct P-1 - Installation of a new 8-inch (minimum) 1,450-LF pipeline to connect the ARC-S Zone to the LGZ.
- Construct PRS-1 – Installation of an ARC-S to LGZ PRS at the intersection of the ARC Drive and Boulder Canyon Road. This PRS would consist of a 10” flow and pressure sustaining control valve configuration to ensure that the ARC-S Zone remains with adequate minimum pressure when supplying the LGZ.
- Open the existing 10” Zone Isolation Valve at ARC-Dr/Boulder-Canyon-Rd– This ARC-S to Gravity Zone interconnection valve is normally operationally closed and needs to be opened to facilitate flow from ARC-S and through the new P-1 pipeline to LGZ.

The modeling for this scenario indicates that the installation of a new 8-in (minimum) pipeline (P-1) between ARC-S and the LGZ following an alignment along American River Canyon Drive and Madison Avenue, in combination with a new PRS at the ARC-S tie-in location (PRS-1), would provide sufficient minimal supply to meet Average Day Demand conditions in the LGZ. This new pipeline would not provide MDD or support FF conditions.

7.0 – SCENARIO 2 – MAX DAY DEMAND (MDD) SUPPLY

Additional modeling assumptions, beyond those outlined in Section 4.0 above, as necessary to support MDD conditions, include:

- Construct the improvements listed in Scenario 1 (P-1, PRS-1, and open the 10” ARC-Dr/Boulder-Canyon-Rd isolation valve). However, under this scenario the P-1 pipeline would need to be a 12-in minimum diameter and connect further west on Madison; in other words construct pipeline P-1B.
- Construct P-2 - Installation of a new 12-inch (minimum) pipeline, replacing the existing 8-in pipeline, to better connect the ARC-North Zone to the ARC-South Zone.
- Construct P-3 – Installation of a new 12-inch (minimum) pipeline, replacing the existing 8-in pipeline, to eliminate a hydraulic bottleneck within the ARC-South Zone.
- Construct P-4 – Installation of a new 12-inch (minimum) pipeline, replacing the existing 8-in pipeline, to eliminate a hydraulic bottleneck within the ARC-South Zone.

- Construct PRS-2 – Installation of an ARC-S to LGZ PRS at the west side of Gold Creek Circle. This PRS would consist of a 10” flow and pressure sustaining control valve configuration to bolster pressure and flow conveyance capacity to the LGZ and concurrently ensure that the ARC-S Zone remains with adequate minimum pressure when supplying the LGZ.
- Open the 10” Zone Isolation Valve at Gold Creek Circle – This ARC-S to Gravity Zone interconnection valve is normally operationally closed and needs to be opened to facilitate added flow from ARC-S and through the new P-1 pipeline to LGZ.

The modeling for this scenario indicates that the installation of a new 12-in (minimum) pipeline (P-1) between ARC-S and the LGZ following an alignment along American River Canyon Drive and Madison Avenue, in combination with PRS-1, and the addition of a new PRS-2, and pipelines P-2, P-3, and P-4, would provide sufficient supply to meet Maximum Day Demand conditions in the LGZ. This project would also provide about 500-gpm in addition to MDD to help meet fire flow or peak demands.

8.0 – SCENARIO 3 – MAX DAY DEMAND PLUS FIRE (MDD + FF) SUPPLY

Additional modeling assumptions, beyond those outlined in Section 4.0 above, include:

- Construct the improvements listed in Scenario 2.
- Add an intertie connection with OVWC at Main Avenue, from OVWC’s distribution network south of Greenback, and to serve the commercial area between Greenback Lane and Madison Avenue. This intertie would require a PRS to be installed (PRS-3) to ensure that OVWC pressures are maintained while allowing for lower pressures when supply is needed to SJWD-R to supply a safety/emergency fire demand condition.
- Install PRS-4 at the SJWD-R interconnection with OVWC at Central Avenue. This interconnection piping is already constructed, but manually opened and closed. With the PRS improvement this interconnection could be automated and controlled to open during a safety/emergency fire demand condition. Flow control could be configured to operate in either direction (to or from OVWC) to provide benefit to both purveyors.
- Install PRS-5 at the SJWD-R/OVWC interconnection at Greenback Avenue (SJWD-W’s Greenback North Meter Site). With a PRS this interconnection could be automated and controlled to open during a safety/emergency fire demand condition. Flow control could be configured to operate in either direction (to or from OVWC) to provide benefit to both purveyors.

The modeling for this scenario indicates that the installation of each of the improvements provides a step increase in available supply for meeting fire demand conditions. As previously mentioned, the improvements in Scenario 2 would supply only about 500-gpm toward MDD+FF demand conditions. By adding the Central Ave, Main Avenue and Greenback Lane interconnections with OVWC it would be feasible to provide MDD and a 1,500-gpm FF supply.

9.0 – OBSERVATIONS AND CONCLUSIONS

The following observations and conclusions were identified during the modeling effort.

- With some reasonable distribution piping improvements it is feasible to provide a replacement supply connection to support the ADD or MDD demands of the LGZ.
- Fire flow capacity to the Lincoln Palisades School (centered in the LGZ), and to the commercial areas along Madison Avenue, Greenback Lane, and Main Avenue, will be reduced from that which is currently available from the FO-40 T-main simply due to the excessive supply capacity available from a 40-inch pipeline when compared to smaller diameter distribution network pipelines.
- The volume of fire flow capacity available is dependent on the degree of capital improvements and constructing emergency supply interconnections with OVWC.
- Initial modeling indicates that the pressures within the ARC-North, ARC-South, and Upper Gravity zones will not be detrimentally impacted by the proposed connection of the LGZ provided the interconnection flow and pressure is controlled. Additional modeling should be completed to refine the potential service pressure impacts on the ARC-North and ARC-South zones as the level of service to the LGZ is increased.

10.0 - PROJECT COST ESTIMATES

Planning level estimated construction costs for the three projects are provided in the table below. The estimated costs are conceptual level planning estimates prepared without plans and specifications, and therefore without actual quantity take-offs. The basis of the estimates is from prior bid results, standard estimating guidelines, quotes from suppliers, and engineering judgment.

The estimates include a contingency allowance to provide for “undefined items” to cover project costs that will exist but have not yet been identified and estimated in this conceptual level process. Cost estimate assumptions include:

- A County requirement for re-paving to involve an 8-ft wide re-pave.
- Pipeline draining and flushing will be done under SJWD’s NPDES permit.
- Assumes SWPPP would be for a Linear Underground Project (LUP), and will follow the requirements of the State's General Permit (Order No. 2009-0009-DWQ, NPDES No. CAS000002, effective July 1, 2010).
- SCADA control and monitoring is not provided.

A present worth and cost-benefit analysis was not performed as part of this preliminary effort.

Table 1 – Project A Cost Estimate (ADD Supply)

Line No.	Descriptions	Quan.	Unit	Unit Price	Total
1	Mobilization & Demobilization	2.5	%		\$10,595
2	Bonds and Insurance	2.0	%		\$8,476
3	Construction Facilities, Fencing & Staging	0.5	%		\$2,119
4	CPM Sched., Submittals, O&M, Pay Requests, As-builts	1.0	%		\$4,238
5	Permitting & Regulatory (Encroachment)	0.3	%		\$1,271

6	Traffic Control & Safety	0.5	%		\$2,119
7	Worker Protection & Shoring	0.3	%		\$1,271
8	SWPPP Implementation	2.0	%		\$8,476
9	P-1 (8-in Pipeline, ARC to LGZ Orangevale Ave/Madison)	1450	L.F.	\$120	\$174,000
10	Tie-in to Existing Water System	2	L.S.	\$1,100	\$2,200
11	Testing and Disinfection	1	L.S.	\$800	\$800
12	Pavement Replacement & Re-stripe	1450	L.F.	\$84	\$121,800
13	PRS-1 (10-in, at ARC Dr at Boulder Canyon Rd)	1	L.S.	\$125,000	\$125,000
14	SubTotal Construction				\$453,890
15	Contingency (percentage)		%	15	\$68,083
16	TOTAL EST. CONSTRUCTION				\$521,973
17	Non-Contractor Items:				
18	Materials Testing	0.2	%		\$1,044
19	Construction Management & Inspection	6.0	%		\$31,318
20	Survey	1.0	%		\$5,220
21	Design	8.0	%		\$41,758
22	SWPPP (Plan Prep, SMARTS, Mgm't & Oversight)	2.0	%		\$10,439
23	General Conditions and Bidding	0.5	%		\$2,610
24	SJWD Direct (Administration and Field Support)	2.0	%		\$10,439
25	TOTAL PROJECT ESTIMATED COST				\$624,802

Table 2 – Project B Cost Estimate (MDD Supply)

Line No.	Descriptions	Quan.	Unit	Unit Price	Total
1	Mobilization & Demobilization	2.5	%		\$23,935
2	Bonds and Insurance	2.0	%		\$19,148
3	Construction Facilities, Fencing & Staging	0.5	%		\$4,787
4	CPM Sched., Submittals, O&M, Pay Requests, As-builts	1.0	%		\$9,574
5	Permitting & Regulatory (Encroachment)	0.3	%		\$2,872
6	Traffic Control & Safety	0.5	%		\$4,787
7	Worker Protection & Shoring	0.3	%		\$2,872
8	SWPPP Implementation	2.0	%		\$19,148
9	P-1B (12-in Pipeline, ARC to LGZ Orangevale Ave/Madison)	1850	L.F.	\$180	\$333,000
10	P-2 (ARC Dr.; Oak to Canyon Terrace Apts)	560	L.F.	\$180	\$100,800
11	P-3 (ARC Dr.; Oak Canyon Dr. to Canyon Rim Dr.)	280	L.F.	\$180	\$50,400
12	P-4 (ARC Dr.;Crow Canyon to Grey Canyon)	310	L.F.	\$180	\$55,800
13	Tie-in to Existing Water System	8	L.S.	\$1,100	\$8,800
14	Testing and Disinfection	4	L.S.	\$800	\$3,200
15	Pavement Replacement & Re-stripe	1850	L.F.	\$84	\$155,400

16	PRS-1 (10-in, at ARC Dr at Boulder Canyon Rd)	1	L.S.	\$125,000	\$125,000
17	PRS-2 (10-in, at Gold Creek Circle)	1	L.S.	\$125,000	\$125,000
18	SubTotal Construction				\$1,025,375
19	Contingency (percentage)		%	15	\$153,806
20	TOTAL EST. CONSTRUCTION				\$1,179,182
21	Non-Contractor Items:				
22	Materials Testing	0.2	%		\$2,358
23	Construction Management & Inspection	6.0	%		\$70,751
24	Survey	1.0	%		\$11,792
25	Design	9.0	%		\$106,126
26	SWPPP (Plan Prep, SMARTS, Mgm't & Oversight)	2.0	%		\$23,584
27	General Conditions and Bidding	0.5	%		\$5,896
28	SJWD Direct (Administration and Field Support)	2.0	%		\$23,584
29	TOTAL PROJECT ESTIMATED COST				\$1,423,272

Table 3 – Project C Cost Estimate (PHD and MDD+FF Supply)

Line No.	Descriptions	Quan.	Unit	Unit Price	Total
1	Mobilization & Demobilization	2.5	%		\$34,473
2	Bonds and Insurance	2.0	%		\$27,578
3	Construction Facilities, Fencing & Staging	0.5	%		\$6,895
4	CPM Sched., Submittals, O&M, Pay Requests, As-builts	1.0	%		\$13,789
5	Permitting & Regulatory (Encroachment)	0.3	%		\$4,137
6	Traffic Control & Safety	0.5	%		\$6,895
7	Worker Protection & Shoring	0.3	%		\$4,137
8	SWPPP Implementation	2.0	%		\$27,578
9	P-1B (12-in Pipeline, ARC to LGZ Orangevale Ave/Madison)	1850	L.F.	\$180	\$333,000
10	P-2 (ARC Dr.; Oak to Canyon Terrace Apts)	560	L.F.	\$180	\$100,800
11	P-3 (ARC Dr.; Oak Canyon Dr. to Canyon Rim Dr.)	280	L.F.	\$180	\$50,400
12	P-4 (ARC Dr.;Crow Canyon to Grey Canyon)	310	L.F.	\$180	\$55,800
13	P-5 (10-in OVWC/SJWD-R Intertie Piping)	310	L.F.	\$150	\$46,500
14	Tie-in to Existing Water System	8	L.S.	\$1,100	\$8,800
15	Testing and Disinfection	4	L.S.	\$800	\$3,200
16	Pavement Replacement & Re-stripe	1850	L.F.	\$84	\$155,400
17	PRS-1 (10-in, at ARC Dr at Boulder Canyon Rd)	1	L.S.	\$125,000	\$125,000
18	PRS-2 (10-in, at Gold Creek Circle)	1	L.S.	\$125,000	\$125,000

19	PRS-3 (10-in, OVWC/SJWD-R at Main Ave)	1	L.S.	\$125,000	\$125,000
20	PRS-4 (8-in, OVWC/SJWD-R at Central Ave.)	1	L.S.	\$120,000	\$120,000
21	PRS-5 (12-in, OVWC/SJWD-R at Greenback-North)	1	L.S.	\$130,000	\$130,000
22	SubTotal Construction				\$1,476,802
23	Contingency (percentage)		%	15	\$221,520
24	TOTAL EST. CONSTRUCTION				\$1,698,322
25	Non-Contractor Items:				
26	Materials Testing	0.2	%		\$3,397
27	Construction Management & Inspection	6.0	%		\$101,899
28	Survey	1.0	%		\$16,983
29	Design	10.0	%		\$169,832
30	SWPPP (Plan Prep, SMARTS, Mgm't & Oversight)	2.0	%		\$33,966
31	General Conditions and Bidding	0.5	%		\$8,492
32	SJWD Direct (Administration and Field Support)	2.0	%		\$33,966
33	TOTAL PROJECT ESTIMATED COST				\$2,066,858

11.0 – RECOMMENDATION

Staff recommendation is to proceed with Project A, with the exception that the American River Canyon Drive to Madison pipeline that is constructed should be a 12-inch diameter (P-1B) to provide improved capacity and redundancy, and to facilitate further reliability improvements to the LGZ in the future if desired. This minor pipeline diameter increase is warranted based on the significant capacity benefit achieved when compared to the incremental minor cost increase. Estimated cost for Project A with a 12-inch pipeline would be approximately \$760,000 (as compared to about \$625,000).

Additionally, SJWD-R should move forward with discussions and further feasibility study for one or more of the three potential automated emergency interconnection options with OVWC at Central Avenue, Greenback-North, and at Main Avenue. These interties will provide enhanced reliability and redundant capacity for relatively low cost, and could benefit both OVWC and SJWD-R.

AGENDA ITEM IV-6

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

Committee Members: Ted Costa, President (Chair)
Dave Peterson, Director

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

Topics: Review and Pay Bills (W/R)
Fair Oaks 40-Inch Pipeline ARC Crossing Project (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.

The Committee discussed updating the accounting code on the Crocker & Crocker payables from LucyCo to Crocker & Crocker. In addition, the committee discussed the annual sponsorship to ACWA and would like to discuss when next requested.

Staff update: the total amount of bills and claims provided for approval for November payables is \$1,150,792.34.

The Finance Committee recommends approval of Resolution 11-22.

2. Fair Oaks 40-Inch Pipeline ARC Crossing Project (W/R)

Mr. Durkin informed the committee that a proposal for the Construction Management Services (CMS) for the Fair Oaks 40-Inch Pipeline ARC Crossing Project was reviewed at the Engineering Committee last week. The Engineering Committee discussed the project and recommended that staff seek at least two additional proposals for the CMS considering the value of the work and potential concerns other project participants may have with a sole source contract for these services. Therefore, staff obtained three proposals for the CMS.

Mr. Durkin explained that SJWD staff reviewed and ranked each of the proposals using a criteria matrix to evaluate technical and experience qualifications. References provided by each of the firms were contacted as part of the evaluation

process. Proposals were ranked on the basis of project understanding, work plan, experience and qualifications, and other specific criteria.

The committee discussed and agreed with staff's recommendation to select the proposal from ICM Group, Inc. based on the qualifications of the staff assigned to the project. ICM Group's resident engineer's significant amount of experience will likely save the District money in the long run.

The Finance Committee recommends a motion by the Board of Directors to award an agreement for construction management and inspection services for the ARC Crossing Replacement Project to ICM Group, Inc. for the amount of \$85,868 with a total authorized project budget of \$94,500.

Mr. Durkin informed the committee that the CMS proposals only covered inspection and on-site construction management tasks for the project. Kennedy/Jenks Consultants will provide consulting services related to the design work they completed for the project, including submittal reviews, responding to clarification requests, and other office engineering tasks. The total budget for these tasks is approximately \$40,000. SJWD staff will directly contract for, and manage other work necessary for construction such as welding inspection and material testing (approximately \$10,000) and geotechnical inspection of the micro-pile work (approximately \$4,000).

3. Other Finance Matters (W/R)

Mr. Durkin informed the committee that the Rob Watson has been working on the SCADA software purchase. Mr. Durkin commended Mr. Watson for negotiating the \$110,000 original proposal to \$67,000 for the purchase of the software. Purchase of the software will be on next month's claims.

President Costa reported that he attended the Fair Oaks Water District Board meeting with Mr. Durkin last night. President Costa called the FOWD General Manager prior to the meeting to inform them that he would be bringing up the issue of the unpaid invoice totaling close to \$15,000. At the meeting, the FOWD Board approved to pay "up to half" of the old invoice. President Costa will add this to the agenda at the December 14th Board meeting for discussion, since this just came to light after the agenda was already posted.

President Costa mentioned that there was discussion of setting a joint Board meeting to discuss the Fair Oaks 40 Pipeline Rehabilitation Project, especially the cost allocations. The committee discussed and will suggest adding this item to the December 14th Board agenda also.

For information only; no action requested.

4. Public Comment

There was no public comment.

The meeting was adjourned at 5:07 p.m.

SAN JUAN WATER DISTRICT 2011 ANNUAL REPORT



**SHAUNA LORANCE
GENERAL MANAGER**

Mission Statement



Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs- every day, year in and year out.

As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness.

We further commit to communicate what we are doing, and why we are doing it.

OVERVIEW



- **SJWD:**
 - fought off proposed legislative bills on many fronts
 - worked on multiple fronts to maintain the reliability of our customers' water supply
 - Continued education about fees increasing fixed costs while customers decreasing water use
 - ✦ State agencies
 - ✦ Environmental benefits
 - ✦ Delta improvements
 - ✦ General charge

OVERVIEW



- District is in strong financial condition
- expenses have been scrutinized and reduced or eliminated where possible
- Board able to hold rates constant with no wholesale or retail rate increase included for 2012.
- Processes have been evaluated -better way to complete the task? Is the task even needed?
- 40% staff able to retire in next 3 yrs – succession planning

OVERVIEW



- Emergency and safety planning overhauled
- Successfully passed inspections
- Water quality meets all requirements
- Excellent customer service
- 2011 successful year

FINANCIAL



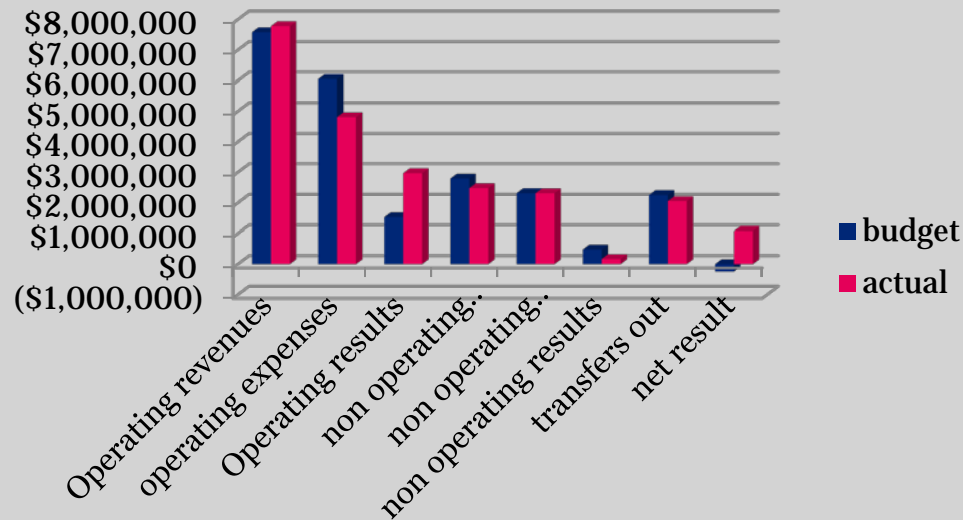
- **Manage conservatively – AA+ financial rating**
- **Analyze expenses so every one provides value**
- **Implemented 5 yr financial plan- increases below recommendation**
- **New budget process for 2011/2012**
- **“What would you do if your own money?”**

WHOLESALE



- Revenues higher, expenses lower
- SSWD and no pilot water transfer
- Able to transfer almost \$1.3 million into capital projects

Wholesale Budget to Actual

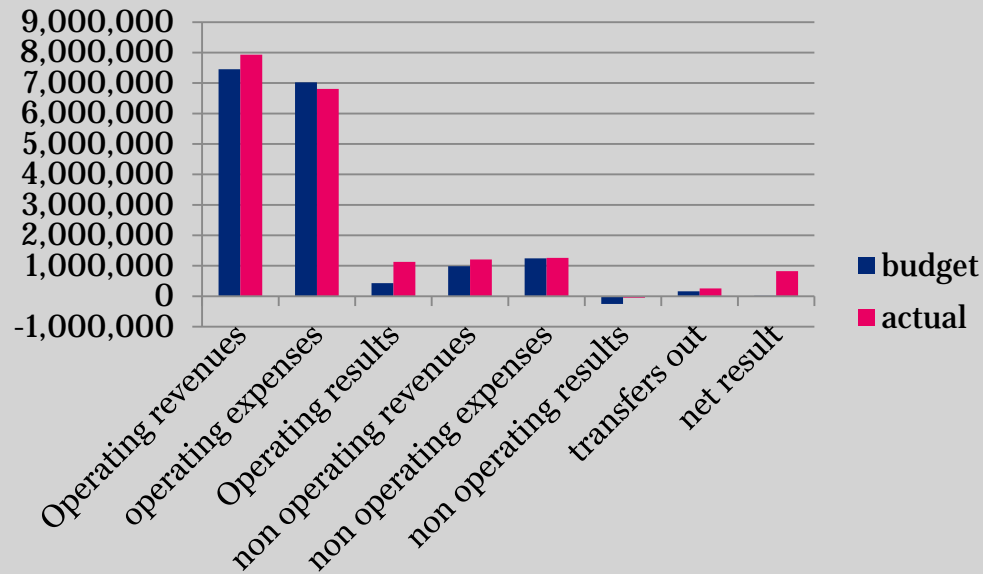


RETAIL



- Revenues higher, expenses slightly lower
- Transferred \$700,000 into capital projects

Retail Budget to Actual



MANAGEMENT/HUMAN RESOURCES



- **Efficiency and value**
- **Continue minimal staff and high efficiency**
- **Excellent customer service**
 - Take time and effort to make interactions easy
 - Customers hired us to protect water rights and make their life easier – this is not forgotten
- **Sharing staff – wholesale and retail**
 - Efficient use of staff
 - Minimal overlap for helping other departments
 - Even with workload, staff upbeat and willing to help others

SAFETY



- **Safety is a culture**
- **\$89,000 refund check from JPIA**
- **Fire department, JPIA and Cal OSHA inspection**

WHOLESALE OPERATIONS



- **Water Quality**
 - WTP built in 1980
 - CCR again provided data that meeting and exceeding reqmts
 - Excellent water at excellent value
- **Wholesale CIP newsletter**
 - Sent to all customers in wholesale service area
 - CIP projects
 - Positive comments

WHOLESALE OPERATIONS



Exceptional Activities

- **WTP chemical improvements**
 - \$250,000+ annual savings
 - Avoidance of future expansion costs
- **Conservation**
 - SJWD responsible for USBR reports from wholesale customer agencies
 - SJWD, in cooperation with others, revised CUWCC Board
 - Irrigation fair

RETAIL OPERATIONS



- Direct link with retail customers
- Focus on making it easier for customers resulted in multitude of positive customer comments
- Authorization for decision making at all levels-based on ethics and right thing to do
- Customers appreciate immediate resolution to concern or question
- Water quality – most important responsibility

RETAIL OPERATIONS



Exceptional activities

- Customer Service – payment card industry data security standards
- Customer Shut-off Notices-transitioned to Fed Ex for customer service notice
 - Taken more serious
 - Fewer requests for late fee write off

CAPITAL IMPROVEMENT PROGRAM



Wholesale

Project	Budget Amount	Status
FO-40 pipeline design	\$1,000,000	Complete
FO-40 rehab	\$4,300,000	Ongoing; ARC construction in 2012
Treated water and CTP bypass project	\$6,400,000	Complete
SCADA Project	\$1,100,000	Construction underway, complete this spring
Filter leak Repair	\$237,000	Complete
Solar Power Project	\$5,800,000	Complete
WTP CTP valve actuators	\$150,000	Ongoing
Alum Secondary containment	\$284,000	Ongoing, completion summer 2012
Hinkle reservoir monitoring wells	\$50,000	Postponed while evaluating effectiveness of filter and reservoir leaks
Total Budgeted:	\$19,321,000	

CAPITAL IMPROVEMENT PROGRAM



Retail

Project	Budget Amount	Status
24-inch GBPS pipeline on site	\$331,000	Complete
SCADA	\$100,000	Ongoing, completion spring 2012
AFR 24" Transmission Pipeline- Middle Phase	\$400,000	Complete
AFR 24" Transmission Pipeline- North Phase	\$800,000	On hold by Placer County at this time
Combined service and main replacements	\$1,783,000	Out to bid in 2012 as a package
Bacon PS hydrant installation	\$20,000	complete
Touch Read Meter Conversion	\$55,000	Ongoing
Pressure reducing stations-Oak Ave & ARC Dr	\$180,000	Construction scheduled early 2012
Pressure reducing stations Eureka/AFR lower GBPS	\$225,000	On hold by Placer County (to be included with AFR North Phase)
Pump station UGB	\$1,328,000	On hold until north phase AFR complete
Pump station LGB @ Hinkle	\$2,872,000	On hold until north phase AFR complete
Total Budgeted:	\$8,034,000	

EXTERNAL ACTIVITIES



- **CVP Shortage Policy**
- **Wholesale Water Supply Contracts**
- **Sacramento Metro Chamber**
- **State Lobbying**
- **RWA Public Information**
- **Federal Lobbying**
- **Water Forum**
- **Delta Activities**
- **ACWA – Ag Urban and Board**
- **Folsom Lake Pump Station**

2011 PRIORITY ACTIONS



- **Complete Capital Projects**
- **Conservation**
 - 20X2020
 - Legislative advocacy
- **Sacramento Delta**
 - Federal and state lobbying
 - Coalitions

2011 PRIORITY ACTIONS



- **Public Information**

- Direct style in water gram
- Eblasts
- Regional public information
- Speaker in community-cost more to use less water
- Wholesale mailer
- Attendance at wholesale board meetings
- GM meetings

- **Water Forum**

2011 PRIORITY ACTIONS



- **Water Supply Reliability**
 - Emergency intake at Folsom Reservoir
 - water supply reliability at Folsom Reservoir
 - ✦ Delta
 - ✦ Regional PI
 - ✦ State legislation
 - ✦ Joint BO
 - groundwater supply through adequate groundwater management and contamination control
- **USBR CVP Shortage Policy**

ANTICIPATED 2012 CHALLENGES



- another water centric legislative year
- Biological opinions
- FO40 pipeline
- Water Fees and costs associated with BOs
- Educating customers on external factors effecting water costs and water reliability
- Succession planning
- Management skills to manage younger workforce

Now on to 2012!!!

**MEMORANDUM**

TO: SAN JUAN WATER DISTRICT BOARD OF DIRECTORS

FROM: RYAN BEZERRA

DATE: DECEMBER 7, 2011

RE: UPDATE ON CVP, DELTA AND WATER-RIGHT 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 addition, we monitor developments at the State Water Resources Control Board (State Board) that may affect the District's water rights.

In the last month, the most significant developments were: (1) informal announcements by the State Board's staff that the State Board plans to begin, in the spring of 2012, its regulatory process to adopt new Delta streamflow requirements; and (2) the Delta Stewardship Council's (Delta Council) release of its draft environmental impact report (EIR) for public comment.

1. State Board Delta Streamflow Update

The regulatory tool by which the State Board regulates streamflows into, and out of, the Delta is its Bay-Delta Water Quality Control Plan. The State Board then regulates which water users have how much responsibility for contributing streamflows to meet that Plan's objectives – either through reduced diversions or releases from reservoir storage – through amendments to water-right permits and approval of agreements among water users that contain allocations of responsibility. The State Board last adopted significant new Delta streamflow requirements through amendments to its Bay-Delta Water Quality Control Plan, and related water-right orders, in 1999 and 2000. As noted

above, and as discussed in previous updates, the Delta's fish populations have declined significantly since 2000.

While many of the Delta-related regulatory processes that previous legal updates have discussed could impact the District's water supplies and finances, the State Board's update of its Bay-Delta Water Quality Control Plan and related water-right orders could have the most direct and significant impacts on the District. The State Board could implement new streamflow requirements by imposing related mandates on the Bureau of Reclamation's operation of Folsom Reservoir or, potentially, by attempting to impose conditions on the District's pre-1914 water rights.

For some time, the State Board has been working on new terms for the portion of its Bay-Delta Water Quality Control Plan that concerns inflows to the Delta from the San Joaquin River system. The State Board's proposed approach is to require that a certain percentage of the San Joaquin system's unimpaired runoff flow out of the San Joaquin River into the Delta. This probably would mean that water projects in that watershed could not store as much water during the main winter and spring runoff season as they currently do. It is not clear how the State Board plans to allocate responsibility for meeting any new streamflow objectives among water users in the San Joaquin system. The State Board, however, has stated that it plans to finish its regulatory process for the San Joaquin system in mid-2012.

With the State Board nearing completion of its San Joaquin proceeding, it appears that the State Board will start a similar process for the Sacramento River and Delta outflows in early 2012.¹ Specifically, on November 30, the State Board's senior water-right attorney Andrew Sawyer told the ACWA Legal Affairs Committee that the State Board will begin its process to update the Bay-Delta Water Quality Control Plan's Sacramento River inflow and Delta outflow objectives in early 2012. Mr. Sawyer stated that the State Board is reallocating staff from other parts of its Division of Water Rights to its Bay-Delta Unit in order to complete both the adoption of those new objectives, and measures to implement them, by the June 2, 2014 date currently proposed by the Delta Council's draft Delta Plan.

If the State Board were to pursue the same approach reflected in its proposed San Joaquin River streamflow objectives and base its possible Sacramento River/Delta objective on the concept that designated percentages of unimpaired runoff should through and out of the Delta, then there could be significant impacts to the District's water supplies, storage levels in Folsom Reservoir and water temperatures in the lower American River (which support the River's salmon and steelhead). In addition, because the Water Forum's 2006 Flow Management Standard depends on storage releases from Folsom Reservoir to accomplish both its streamflow and water temperature standards, there could be significant impacts on the Water Forum's goals if the State Board were to implement an approach similar to its approach on the San Joaquin River.

¹The State Board generally will address Delta inflows from the Sacramento River and Delta outflows simultaneously because the Sacramento River watershed, including the American River, is the source of the vast majority of streamflow in the Delta.

We plan to coordinate with other law firms that represent agencies in the region and in the Sacramento Valley, as well as with the Regional Water Authority and the Northern California Water Association, in addressing the State Board's planned proceeding.

2. Delta Stewardship Council and Delta Plan

On November 4, 2011, the Delta Council released its draft EIR for the Delta Plan. That draft EIR is approximately 2,200 pages long, but contains no quantitative analysis of the environmental impacts that implementation of the draft Delta Plan's policies and recommendations would have. Most importantly, the draft EIR characterizes the draft Delta Plan's primary ecosystem tool as the acceleration of the implementation of a "more natural flow regime" in the Delta through its proposal that the State Board adopt new Delta streamflow objectives by June 2, 2014. Neither the draft EIR nor the draft Delta Plan itself, however, defines what a "more natural flow regime" would be or how its implementation would change the way the state's water systems currently operate.

The draft EIR acknowledges that implementation of a "more natural flow regime" would reduce the amount of "Delta water" available for municipal, agricultural, and industrial use. The draft EIR, however, does not state whether its term "Delta water" means only water exported from the Delta to southern California and the San Joaquin Valley, or also includes water in the Delta's tributaries that would flow through the Delta in a state of nature. The draft EIR assumes that the impact on water supplies would be less than significant because water users would implement various types of other water projects to make up lost supplies. The draft EIR does not analyze what impacts implementation of a "more natural flow regime" would have on salmon and steelhead in the Delta's tributaries by reducing the amount of cold water stored in reservoirs on those tributaries that can be released in the summer and fall.

As we have throughout the development of the Delta Plan, along with the District's General Manager, we are coordinating with RWA and NCWA in preparing comments on the draft EIR. Those comments are due on February 2, 2012.

SGA Election of Officer: Chair – Jim Pfiefer, City of Sacramento/Vice Chair – Andy Soule, Cal Am

Audit Report 2011 done by Evelyn Cook, Cook CPA was accepted and approved.

ACWA Groundwater Update: The Assn. of Ca. Water Agencies produced a policy report entitled Sustainability from the Ground Up: A Framework for Ground Water Management in California in April 2011. A subcommittee of the ACWA Groundwater Committee was formed to guide implementation of the framework. ACWA staff will discuss the status of framework implementation and other groundwater issues.

SB263 wants transparency of the water log data available to anyone who requests it. ACWA Groundwater Committee can recommend their position on the topic but the State Leg. Committee has the deciding power. Last year there was a disconnect between ACWA and the State Leg Committee. ACWA groundwater committee took a strong hold against the position. 2012 ACWA Leg. Sub-committee has formed a rapid response team to work on any legislative bill that comes from the State Leg Committee.

Government Affairs Update: The Delta Stewardship Council is now targeting Feb 2nd, 2012 as the end of the public comment period on the draft EIR for the Delta Plan. RWA staff is coordinating with member agencies and others to develop comments.

Mr Wooding is serving on the Finance workgroup for the Bay-Delta Conservation Plan. The first two meetings of the group, led by Jerry Meral, were held on Oct 27th and Nov 22nd. There was a wide ranging discussion on a number of topics, including defining “public benefits”, financing options, the responsibilities of the export contractors, and whether around-Delta conveyance should be referred to as a conservation measure. Cindy Paulson, Exec. Dir. Of California Urban Water Agencies, presented a financing white paper they developed. ([www.cuwa.org/pubs/PI White Paper 10%final.pdf](http://www.cuwa.org/pubs/PI%20White%20Paper%2010%20final.pdf)) The close relationship of the state agencies and the export contractors in developing the BDCP has been getting media and congressional scrutiny. Reclamation and Natural Resources Agency sought public comment on the memorandum of agreement for the BDCP and have since indicated that a more transparent process will be developed. Staff is developing a legislative and regulatory agenda for 2012, hoping to get unanimous RWA support for general practices.

Water Forum Update: The Water Forum held the first two of what may be a series of cross-caucus discussions centered primarily on implementation of the lower American River flow standard. Participants from the four caucuses attended, and all have recommitted to the coequal objectives, A delegation representing the caucuses will meet with State Water Resources Control Board staff to understand how their Delta Flow setting process may impact the flow standard. The third cross caucus meeting is scheduled for December 15th.