

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

September 13, 2017 – 6:00 p.m.

BOARD OF DIRECTORS

Ken Miller	President
Ted Costa	Director
Dan Rich	Director (arrived at 6:20 pm)
Pam Tobin	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance
Tony Barela	Operations Manager
George Machado	Field Services Manager
Greg Turner	Water Treatment Plant Superintendent
Rob Watson	Engineering Services Manager
Greg Zlotnick	Water Resources Specialist
Teri Grant	Board Secretary/Administrative Assistant
Joshua Horowitz	Legal Counsel

OTHER ATTENDEES

Ken Payne	Auburn Dam Council
Dave Underwood	FOWD
Neil Schild	SSWD
Dan York	SSWD
Leonard Bruckman	Self
Ken Cichocki	Self
Michael DeLaurentis	Self
Mitch Dion	Self
Marty Hanneman	Self
Scott Johnson	Self
Stacy McCoy	Self

AGENDA ITEMS

- I. Public Forum**
- II. Consent Calendar**
- III. Old Business**
- IV. Information Items**
- V. Directors' Reports**
- VI. Committee Meetings**
- VII. Upcoming Events**
- VIII. Closed Session**
- IX. Open Session**
- X. Adjourn**

President Miller called the meeting to order at 6:04 pm.

I. PUBLIC FORUM

Mr. Ken Payne with the Auburn Dam Council addressed the Board and reminded them that he conducted a brief presentation earlier this year regarding the District's potential help to fund a modeling study. He gave the Board a quick update on the status and requested that an agenda item be placed on the Board agenda in the future to discuss the possibility of placing an advisory vote on the November 2018 ballot regarding the willingness of voters to fund the Auburn Dam. He explained that prior to that discussion he will research the cost of placing an advisory vote on the ballot.

II. CONSENT CALENDAR

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

1. Minutes of the Board of Directors Workshop, August 22, 2017 (W & R)

Recommendation: Approve draft minutes

2. Minutes of the Board of Directors Meeting, August 23, 2017 (W & R)

Recommendation: Approve draft minutes

3. Payment of Bills and Claims (W & R)

Recommendation: Adopt Resolution No. 17-20

4. Treasurer's Report – Quarter Ending June 30, 2017 (W & R)

Recommendation: Receive and File

5. Contract Amendment with Sacramento Suburban Water District (W)

Recommendation: Authorize the General Manager to execute a second amendment to the diversion, treatment and conveyance of water contract with the Sacramento Suburban Water District

President Miller removed item 5 from the Consent Calendar for discussion.

Director Costa moved to approve Consent Calendar items 1-4. Director Tobin seconded the motion and it carried with 3 Aye Votes. (Director Rich absent)

Mr. Helliker informed the Board that this agreement has been discussed with Sacramento Suburban Water District for over a year and the language in the revised contract has been changed to define the correct methodology to calculate the rate to treat SSWD's water. He explained that the Finance Committee recommends approval of the revised agreement. Ms. Silva informed the Board that the contract was slightly revised since the committee met to incorporate non-substantial changes such as the title of the document.

Director Tobin moved to authorize the General Manager to execute an amended and restated agreement between San Juan Water District and Sacramento Suburban Water District concerning diversion, treatment and conveyance of water. Director Rich seconded the motion and it carried with 4 Aye Votes.

III. OLD BUSINESS

1. Strategic Planning Process (W & R)

Ms. Ellen Cross reviewed the draft Strategic Planning Workshop agenda. The Board was concerned that the agenda may not be completed in the four hour timeframe – Ms. Cross explained that an additional workshop could be scheduled if needed. Mr. Helliker informed the Board that the wholesale customer agencies and other key stakeholders will be invited to the workshop. She explained that the Board will develop high level goals and objectives for the District to accomplish in the next two to five years.

Ms. Cross informed the Board that they will be reviewing the mission, vision and core values of the District as well as the overarching priority goals and objectives. In addition, the Board will work on envisioning and measuring success for the District. Director Costa would like to discuss water and water transfers at the workshop, and increasing production at the water treatment plant.

Ms. Cross explained that once the strategic planning is complete then she will work with staff to provide a framework for review by the Board. She explained that once the Board accepts the framework then staff will work on an operational plan in order to accomplish the goals and objectives. She expects this to be complete in order for staff to incorporate into next year's budget process.

2. Compensation Policy (W & R)

Ms. Silva reminded the Board that they reviewed various compensation policies on August 22, 2017. At the direction of the Board, staff has combined the Salary Ranges, Compensation Studies, and Cost of Living Adjustment policies into one policy. A staff report will be attached to the meeting minutes.

Mr. Helliker commented that staff will be bringing policies to the Board for review on a regular basis which was started in 2016. Ms. Silva commented that the Compensation Policy will be removed from the Employee Manual and added to Board Policies. In response to Director Rich, Mr. Barela informed the Board that Mr. Helliker sent an email to all staff regarding the changes and there were no comments received.

Director Rich moved to approve the District Compensation Policy. Director Tobin seconded the motion and it carried with 4 Aye Votes.

3. Vice President Appointment (W & R)

Mr. Helliker informed the Board that this item was considered at the last Board meeting and additional information was provided in the staff report which was included in the Board packet. A copy of the staff report will be attached to the meeting minutes. Mr. Helliker explained the Board's practice of rotating the Vice President and President appointments.

Mr. Horowitz informed the Board that there is a statute in place that requires that the Board meet and select its required officers, who are President and Vice President, within 45 days after each general district election; however, it does not specifically address the question of what happens if the Board Vice President vacates his or her office due to death, resignation or disability. He explained that the statutory 45-day deadline after an election for selecting the Vice President is a clear expression of the Legislature's preference that San Juan and other community services district boards of directors have both a president and vice president and that those offices be promptly filled to ensure the efficient functioning of the Board. Legal Counsel recommends that the Board makes this selection as soon as possible.

President Miller commented that he felt it was a disservice to the District to not have in place a Vice President which would cover the President's position in case of his absence.

Director Rich moved to appoint himself (Dan Rich) as Vice President to the Board. President Miller seconded the motion and it failed with 2 Aye votes (Miller and Rich) and 2 No votes (Costa and Tobin).

4. SJWD Committees (W & R)

Mr. Helliker informed the Board that staff has discussed the committee charters with every committee except the Engineering Committee and the Legal Affairs Committee which have not met since this process has started. Mr. Helliker recommends disbanding the Legal Affairs Committee and that any legal issue associated with an agenda item that is addressed by one of the other committees be addressed by Legal Counsel during the consideration of that item in the relevant committee. In addition, he recommends that the two ad hoc committees be disbanded as their work is complete; however, he suggests that the Board consider establishing a new ad hoc committee to provide input on modifications to wholesale customer agency contracts, when it becomes necessary.

President Miller agreed that the two ad hoc committees – SJWD/FOWD 2x2 Ad Hoc and Retail Financial Plan and Rate Review Ad Hoc – should be disbanded. In response to Director Costa's question, Mr. David Underhill, FOWD Director, informed the Board that FOWD agrees that the ad hoc committee could be disbanded and reinstated later if needed.

Director Tobin commented that she agrees on disbanding the two ad hoc committees; however, she felt that the Legal Affairs Committee should not be disbanded. In response to Director Tobin's comment, Mr. Helliker explained that

she is the Board representative for the District on the ACWA Federal Affairs Committee and that the term used for staff should have been listed as an Alternate. In regards to the ACWA State Legislative Committee, Mr. Helliker will confirm if Director Walters was officially on the committee roster.

President Miller commented that the Board President appoints members to committees and to the external assignments as well. Mr. Helliker explained that the ACWA assignments are for a two year term and the next assignments will be discussed at the next Board meeting.

Director Rich moved to approve the committee charters and eliminate the three committees. President Miller seconded the motion and it failed with 2 Aye votes (Miller and Rich) and 2 No votes (Costa and Tobin).

President Miller informed the Board that he is disbanding the two ad hoc committees. He requested that the Board Secretary draft a thank you letter to the public members of the Retail Financial Plan and Rate Review Ad Hoc for their service.

President Miller directed the Legal Affairs Committee member (Director Costa) to temporarily fill the Chair position and the Alternate member (himself) to fill the member position.

5. Board Vacancy (W & R)

Mr. Helliker informed the Board that there are a total of 18 candidates for the vacant Board position, all of which meet the residency and voter qualifications. Staff is recommending two to three Special Board meetings to interview each candidate. In addition, staff is recommending that the candidates respond to the first four questions in writing prior to their interview in order to expedite the interview sessions and allow for other questions from the Board.

The Board discussed the process and agreed to schedule the interviews in 30-minute increments for all candidates over the course of three meetings to be held on September 19, 21, and 26, 2017. Staff will contact the candidates to set up the interview times. In addition, the Engineering Committee and Public Information Committee meetings scheduled during the week of September 18th will be postponed.

6. Board Recognition (W & R)

President Miller requested that the Board Secretary read the resolution in recognition of Director Bob Walters' service to the District. President Miller requested that Pam Tobin present the resolution to Cleatta Simpson at the memorial service for Director Walters.

Director Tobin moved to approve Resolution 17-21 in recognition of Director Bob Walters' Service to the District. Director Rich seconded the motion and it carried with 4 Aye Votes.

7. Wholesale Outreach (W)

Mr. Helliker informed the Board that the Public Information Committee reviewed the contract for Crocker & Crocker for FY 2017-18 and recommends increasing the scope of work to include wholesale outreach. The wholesale outreach will be an effort to expand outreach beyond the retail service area which will include collaboration with the wholesale customer agencies to identify and develop regional communication activities. Director Costa voiced concern regarding the District's budget and the increase in expenses presented by this request. In response to Director Rich's question, Mr. Helliker explained that the additional budget would not be spent if the wholesale customer agencies do not agree that the additional effort is needed.

Director Tobin moved to increase the Crocker & Crocker contract \$33,740 from \$97,610 (\$34,510 for wholesale and \$63,100 for retail) to \$131,350 (\$68,250 for wholesale and \$63,100 for retail) in order to include the Wholesale Outreach effort. President Miller seconded the motion and it carried with 3 Aye votes and 1 No vote (Costa).

IV. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 ACWA - Establishing Annual Water Professionals Appreciation Week

Mr. Helliker informed the Board that an ACWA Outreach Advisory was received which requested support regarding the Senate Concurrent Resolution 80. SCR 80 will designate an annual Water Professionals Appreciation Week during the month of October. In addition, staff recommendation that the Board sign a resolution at the next Board meeting.

Director Tobin moved to support Senate Concurrent Resolution (SCR) 80, which would designate an annual Water Professionals Appreciation Week during the month of October. President Miller seconded the motion and it carried with 4 Aye Votes.

1.2 Miscellaneous District Issues and Correspondence

Mr. Helliker informed the Board that there are two conservation bills pending – SB 606 and AB 1668. One bill has the drought planning, the agriculture planning, and the target setting language and the other has the state standards. The region is pushing for a two-year bill.

Mr. Helliker informed the Board that a number of parties filed suit on the CEQA litigation on WaterFix while others consolidated their lawsuits into one. Mr. Horowitz commented that DWR has filed a motion to consolidate all the lawsuits in Sacramento. Mr. Helliker commented that testimony on phase one of the State Board proceeding on the water rights was focused

on water supply impacts of WaterFix. The next phase will be the proceeding which focuses on the environmental impacts and arguments are due by November 30th.

Mr. Helliker informed the Board that the Bureau of Reclamation has not issued the record of decision on the EIS and they are not planning to until the State Board finishes their proceedings.

Mr. Helliker informed the Board that Greg Zlotnick and himself are attending meetings on cost allocations regarding WaterFix. The group that is meeting was able to get the Bureau of Reclamation to revise their document, which was originally written by Westlands, and change the document from a policy to a letter to the contractors.

2. DIRECTOR OF FINANCE'S REPORT

2.1 Miscellaneous District Issues and Correspondence

No report.

3. OPERATION MANAGER'S REPORT

3.1. Miscellaneous District Issues and Correspondence

No report.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters

No report.

V. DIRECTORS' REPORTS

1.1 SGA

No report.

1.2 RWA

Director Tobin reported that RWA Executive Committee met on August 16, 2017. She provided a written report which will be attached to the meeting minutes. She informed the Board that RWA approved the 2017 compensation study that Bryce Consulting performed, they provided a Legislative and Regulatory Update, a Strategic Plan Progress Update, a Grant Update, and a Water Efficiency Update.

1.3 ACWA

1.3.1 Local/Federal Government/Region 4 - Pam Tobin

Director Tobin reported that ACWA Regions 3 & 4 held the Joint Program at the Auburn country club regarding *California's Headwaters: A Look at How Watersheds are Connected*. She provided a staff report which will be attached to the meeting minutes.

1.3.2 JPIA

Director Tobin reported that JPIA is accepting applications from groundwater sustainability agencies for membership into the liability program.

1.3.3 Energy Committee - Ted Costa

No report.

1.4 CVP Water Users Association

No report.

1.5 Other Reports, Correspondence and Comments

Director Tobin informed the Board that the 3rd annual Celebrity Chili Cook-Off will be held on October 8th at Quarry Ponds. They are looking for celebrity chefs to enter their competition which "The Friends of the Granite Bay Library" will be hosting as a fundraiser.

VI. COMMITTEE MEETINGS

1. Public Information Committee (8/25/17)

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

2. Finance Committee (9/12/17)

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

VII. UPCOMING EVENTS

1. ACWA Regulatory Summit
October 17
Sacramento, CA
2. ACWA Fall Conference
November 28 - December 1
Anaheim, CA

President Miller called for Closed Session at 7:56 pm.

VIII. CLOSED SESSION

1. Public employee performance evaluation involving the General Manager; Government Code sections 54954.5(e) and 54957.

President Miller returned to Open Session at 8:38 pm.

IX. OPEN SESSION

There was no reported action during Closed Session.

X. ADJOURN

The meeting was adjourned at 8:39 p.m.

KENNETH MILLER, President
Board of Directors
San Juan Water District

ATTEST

TERI GRANT, Board Secretary

STAFF REPORT

To: Board of Directors
From: Donna Silva, Director of Finance
Date: September 13, 2017
Subject: Compensation Policy

RECOMMENDED ACTION

Approve the draft Compensation Policy by motion of the Board of Directors.

BACKGROUND

The District's current Employee Manual contain three polices that pertain to employee Compensation as follows:

- Policy 3080 – Salary Ranges
- Policy 3110 – Compensation Studies
- Policy 4100 – Cost of Living Adjustment (COLA)

In a Board workshop on August 22, 2017 the Board of Directors reviewed each of these policies and provided the following direction to staff:

- Simplify into one policy
- Replace the specific goal of having the top of the salary range be 10% above market average, with language stating that the Board will determine its desired market position with each compensation study, with the position being no less than market average.
- Add a requirement to add the CalPERS assumed increase in payroll to the annual compensation budget and to provide discretion and authorization to the General Manager to use that amount as the maximum budget for merit and COLA increases each year.

In addition to those requested changes, staff has removed redundant language and changed language in various sections to add clarity. A red-lined copy of the policy is attached for ease of comparison.

If approved, the policies referenced above will be removed from the existing Employee Manual and the new policy will be maintained as part of the body of Board Policies.

Attachments:

Proposed Compensation policy (clean version)
Proposed Compensation policy (red-line version)

SAN JUAN WATER DISTRICT
POLICIES

POLICY TYPE: Human Resources Policies
POLICY TITLE: EMPLOYEE COMPENSATION
POLICY NUMBER: 7400
DATE ADOPTED:
DATES AMENDED:

7400.00 Compensation Philosophy

It is the intention of the District to recruit and retain talented, results-driven employees to support the District's mission, values and goals. A compensation program is necessary to provide each employee with fair and equitable compensation for the skills the employee brings to the District and the position in which they serve. In order to provide each employee with fair and equitable compensation, the District has developed a systematic method to establish and maintain a compensation program by defining the process and clarifying the role and responsibility of the General Manager in that process. Pursuant to California Government Code section 61051(d) and 61060(f), the General Manager has the responsibility to determine the compensation of employees subject to approval by the Board as given during the annual budget process.

7400.01 Process

To ensure consistency in setting compensation, it is necessary to compare the District to other survey agencies in the appropriate labor market. In order to achieve that goal, the District will conduct a compensation survey with oversight and approval by the Personnel Committee at regular intervals (approximately every four years or sooner as deemed necessary or as directed by the Board). Following the methodology prescribed below, the standard process will consist of:

- Selection of a study lead (consultant, agency, staff member, etc.);
- Determination of classes to be surveyed (or all as required);
- Prepare survey criteria and contact survey agencies;
- Collect, analyze and determine comparability of survey data; and
- Present recommendations of study lead.
- Recommendations will be evaluated and implemented at the Board of Directors' discretion, taking to account the District's

standard methodology criteria as outlined in section 3110.02.

7400.02 Methodology

In order to maintain a fair and equitable compensation program, the District has established a standard methodology to be used in conducting compensation studies.

- Total compensation program includes: base salary; longevity and other specialized pay (such as, but not limited to auto allowance and incentives); District contribution towards health, dental, or vision insurance(s); and District payment of employee retirement or deferred compensation contribution. In addition, studies may include life insurance, short and long term disability, retirement formula, paid time off (holidays, vacation, sick and administrative leave) and training/educational programs. The total compensation program will be used when comparing the District's pay level to survey agencies as described below, which may include public and private sector when data is available. The intent of utilizing total compensation is to determine modifications other than salary which may be determined necessary.
- Survey agencies will include those providing similar services of similar size (number of employees, connections, population and budget) or otherwise deemed to be comparable within a radius identified based on position to the extent possible.
- Cost of living differences between surveyed agencies and the Sacramento Metropolitan Area will be evaluated to determine if significant wage differences require an adjustment to the data.
- Upon review of the survey results, the Board will determine the desirable labor market position of the top of the range. The target position will be at least equal to market average as calculated in the survey.

7400.03 Authority and Responsibility

The General Manager (or his/her designee) is responsible for preparing a compensation budget in accordance with this Policy, as well as all applicable District Policies, which will be included as part of the annual budget review process. The General Manager will have the authority to fix and alter employee compensation in accordance with the intent of this policy and within the budgetary guidelines approved by the Board of Directors.

The General Manager may change or alter the compensation budget during the year by either: 1) requesting the Board of Directors to authorize the General Manager to make such changes at budget adoption; or 2) submitting an amended compensation budget, explaining reasons and recommendations for the change, and receiving Board approval for the change.

The General Manager will have full operational authority to implement this policy up to the limits of the approved compensation budget, which includes:

- Determining staffing requirements, titles, positions, responsibilities and organization structure. All new positions require Board approval.
- Recommending pay/salary ranges and/or total compensation to the Board for approval
- Setting goals and conducting performance reviews.
- Establishing annual pay/salary adjustments, including annual merit increases and cost-of-living adjustments (COLA) in accordance with section 3080.02 of this policy.
- Implementing and managing Board approved incentive pay programs.
- Creating programs for position upgrades and special assignments.
- Providing pay/salary and benefit benchmarking information and studies for Board review.

The General Manager will ensure the equitable and uniform implementation of this policy including reporting to the Board at least annually, typically during the budget process.

The Board of Directors is responsible for reviewing the compensation budget as part of the District's annual budget and has the authority to consider, amend as needed, and approve that budget.

7410.00 Salary Ranges

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

7410.01 Step Increases

Each position at the District has a salary range. The low end of the range is designed to correspond to an apprentice level for the position. The high end of the range is designed to correspond to a journey level for the position. An employee progresses through the salary range based on their performance in the position.

When an employee is not at the top of their salary range, they are eligible for a step increase. The amount of the step increase is based on their performance the previous 12 months. Any step increase applied to an employee's salary increases the base salary amount for that employee.

Step increases are provided to eligible employees during the first full pay period in February. Those employees that are paid at the top of their salary range are not eligible for any salary step increases.

7410.02 Anti-Spiking Policy Related to Salaries

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

The intent of the Board of Directors is to reduce the possibility of increasing the retirement liability of the District, as well as forbid the policy of spiking salaries for the purpose of increasing retirement. The Board of Directors recognizes the benefits of allowing the General Manager the authority to award step increases based on actual work performance and merit. The Board further desires to keep employee salaries at pace with inflation.

The General Manager has the authority to determine the specific advancement within the salary range for each employee, and to determine and award an Annual Cost of Living Adjustment (generally based on the CPI West index) under the condition that the total increase for all employees does not exceed the total assumed increase used by CalPERS. The total assumed increase used by CalPERS will be included in the proposed compensation budget. Upon Board approval of the budget, the General Manager has the authority to award a combination of merit and COLA increases within the total amount of the compensation budget. The assumed step increase used by CalPERS is defined as the total assumed increase in payroll costs for the district. Should the total increase in payroll costs for recommended step increases exceed the estimated assumed merit increase used by CalPERS, the General Manager will obtain Board approval prior to implementation.

Any COLA awarded will be implemented during the first pay period of the new fiscal year.

SAN JUAN WATER DISTRICT
POLICIES

POLICY TYPE: General Human Resources Policies
POLICY TITLE: EMPLOYEE COMPENSATION
POLICY NUMBER: 35007400
DATE ADOPTED:
DATES AMENDED:

35007400.00 Compensation Philosophy

It is the intention of the District to recruit and retain talented, results-driven employees to support the District's mission, values and goals. A compensation program is necessary to provide each employee with fair and equitable compensation for the skills the employee brings to the District and the position in which they serve. In order to provide each employee with fair and equitable compensation, the District has developed a systematic method to establish and maintain a compensation program by defining the process and clarifying the role and responsibility of the General Manager in that process. Pursuant to California Government Code section 61051(d) and 61060(f), the General Manager has the responsibility to determine the compensation of employees subject to approval by the Board as given during the annual budget process.

31107400.01 Process

To ensure consistency in setting compensation, it is necessary to compare the District to other survey agencies in the appropriate labor market. In order to achieve that goal, the District will conduct a compensation survey with oversight and approval by the Personnel Committee at regular intervals (approximately every five-four years or sooner as deemed necessary or as directed by the Board). Following the methodology prescribed below, the standard process will consist of:

- Selection of a study lead (consultant, agency, staff member, etc.);
- Determination of classes to be surveyed (or all as required);
- Prepare survey criteria and contact survey agencies;
- Collect, analyze and determine comparability of survey data; and
- Present recommendations of study lead.
- Recommendations will be evaluated and implemented at the Board of Directors' discretion, taking to account the District's

standard methodology criteria as outlined in section 3110.02.

~~3110~~7400.02 Methodology

In order to maintain a fair and equitable compensation program, the District has established a standard methodology to be used in conducting compensation studies.

- Total compensation program includes: base salary; longevity and other specialized pay (such as, but not limited to auto allowance and incentives); District contribution towards health, dental, or vision insurance(s); and District payment of employee retirement or deferred compensation contribution. In addition, studies may include life insurance, short and long term disability, retirement formula, paid time off (holidays, vacation, sick and administrative leave) and training/educational programs. The total compensation program will be used when comparing the District's pay level to survey agencies as described below, which may include public and private sector when data is available. The intent of utilizing total compensation is to determine modifications other than salary which may be determined necessary.
- Survey agencies will include those providing similar services of similar size (number of employees, connections, population and budget) or otherwise deemed to be comparable within a radius identified based on position to the extent possible. ~~For example, staff level positions could have the intent to search within approximately a 35 mile radius, managers within an 80 mile radius, and for the assistant general manager the search will be statewide. If a sufficient number of similar survey agencies are not available within the survey radius, a balanced number of smaller and larger agencies will be included to minimize skewing the results.~~
- Cost of living differences between surveyed agencies and the Sacramento Metropolitan Area will be evaluated to determine if significant wage differences require an adjustment to the data.
- Upon review of the survey results, the Board will determine the desirable labor market position of the top of the range. The target position will be at least equal to market average as calculated in the survey.

~~3110~~7400.03 Authority and Responsibility

The General Manager (or his/her designee) is responsible for preparing a compensation budget in accordance with this Policy, as well as all applicable District Policies, which will be included as part of the annual budget review process. The General Manager will have the authority to fix and alter employee compensation in accordance with the intent of this policy and within the budgetary guidelines approved by the Board of Directors.

The General Manager may change or alter the compensation budget during the year by either: 1) requesting the Board of Directors to authorize the General Manager to make such changes at budget adoption; or 2) submitting an amended compensation budget, explaining reasons and recommendations for the change, and receiving Board approval for the change.

The General Manager will have full operational authority to implement this policy up to the limits of the approved compensation budget, which includes:

- Determining staffing requirements, titles, positions, responsibilities and organization structure. All new positions require Board approval.
- Recommending Establishing pay/salary ranges and/or total compensation to the Board for approval.
- Setting goals and conducting performance reviews.
- Establishing annual pay/salary adjustments, including annual merit increases and cost-of-living adjustments (COLA) in accordance with section 3080.02 of this policy.
- Creating Implementing and managing Board approved incentive pay programs.
- Creating programs for position upgrades and special assignments.
- Providing pay/salary and benefit benchmarking information and studies for Board review.
- ~~Creating dual or multiple grade positions as needed.~~

The General Manager will ensure the equitable and uniform implementation of this policy including reporting to the Board at least annually, typically during the budget process.

The Board of Directors is responsible for reviewing the compensation budget as part of the District's annual budget and has the authority to consider, amend as needed, and approve that budget.

~~3080~~7410.00 Salary Ranges

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

30807410.01 Step Increases

Each position at the District has a salary range. The low end of the range is designed to correspond to an apprentice level for the position. The high end of the range is designed to correspond to a journey level for the position. An employee progresses through the salary range based on their performance in the position.

When an employee is not at the top of their salary range, they are eligible for a step increase. The amount of the step increase is based on their performance the previous 12 months. Any step increase applied to an employee's salary increases the base salary amount for that employee.

Step increases are provided to eligible employees during the first full pay period in February. Those employees that are paid at the top of their salary range are not eligible for any salary step increases.

30807410.02 Anti-Spiking Policy Related to Salaries

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

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

The ~~Board has provided the~~ General Manager has the authority to determine the specific advancement within the salary range for each

employee, and to determine and award an Annual Cost of Living Adjustment (generally based on the CPI West index) under the condition that the total increase for all employees does not exceed the total assumed increase used by CalPERS for merit increases. The total assumed increase used by CalPERS will be included in the proposed compensation budget. Upon Board approval of the budget, the General Manager has the authority to award a combination of merit and COLA increases within the total amount of the compensation budget. The assumed step increase used by CalPERS is defined as the total assumed increase in payroll costs for the district. Should the total increase in payroll costs for recommended step increases exceed the estimated assumed merit increase used by CalPERS, the General Manager will obtain Board approval prior to implementation.

COST OF LIVING ADJUSTMENT (COLA)

~~It is the intent of the District to keep employee salaries at pace with inflation. The Cost of Living Adjustment (COLA) is reviewed on an annual basis by the Finance and Administrative Services Manager. The Consumer Price Index (CPI) for West Urban Size A is used as a guideline. Any recommendations are then submitted to the District's Board of Directors for review and consideration.~~

~~The COLA approved during the budgetary process is implemented during the first pay period of the new fiscal year.~~

Any COLA awarded will be implemented during the first pay period of the new fiscal year.

STAFF REPORT

To: Board of Directors
From: Paul Helliker, General Manager
Date: September 13, 2017
Subject: Appointment of a Vice President of the Board of Directors

RECOMMENDED ACTION

Appoint a Vice President of the Board of Directors.

BACKGROUND

With the passing of Director Bob Walters on August 5, the San Juan Water District lost its Vice President of the Board of Directors. Pursuant to the statutes that govern Community Services Districts (as described more fully below), the District is required to have a Vice President. The Board needs to move expeditiously to appoint a new Vice President.

The typical process used by the District has been a rotation of Board members through the Vice President and then the President positions. This is pursuant to guidance contained in Rule 1 of the Board Meeting Proceedings Policy, which is:

“The Board will normally follow a rotation for the election of President and Vice-President under which the Vice-President will normally be elected President at the conclusion of the President’s one-year term.”

As noted in the attached list of Presidents and Vice-Presidents, the District has had a consistent sequence of Vice-Presidents and Presidents, based on a five-year rotation cycle. The exception to this sequence was in 2015, the year following the 2014 election, in which Dan Rich replaced Dave Peterson, who would have been president in 2015. Director Rich was added to the rotation to follow the rotation of the four incumbent Board members. Director Rich is next in the current rotation after Director Walters, and to maintain the existing rotation, he would follow Director Walters as the Vice-President.

LEGAL REQUIREMENTS

Government Code section 61043 requires that the Board meet and select its required officers, who are a President and a Vice-President, within 45 days after each general district election (including any uncontested election). The Board President presides over meetings of the Board and the Vice-President serves in the President’s absence or inability to serve. While neither Section 61043 or any other statute in the Community Services District Law or in the local agency vacancy statutes, including Government Code section 1780, specifically addresses the question of what happens if the Board Vice-President vacates his or her office due to death, resignation or disability, the

statutory 45-day deadline after an election for selecting the Vice President is a clear expression of the Legislature's preference that San Juan and other community services district boards of directors have both a president and vice-president and that those offices be promptly filled to ensure the efficient functioning of the Board. As discussed at the August 23 meeting, the practical consequence of the Board not promptly selecting a Vice-President is that the Board would have no presiding officer if the President is absent. Legally, the Board most likely would violate its legal duty under Section 61043 to select a new Vice-President as promptly as possible after an incumbent Vice-President vacates his or her office. If such a violation occurred, any ratepayer within San Juan's retail or wholesale area could file a petition for writ of mandate to compel the Board to select a new Vice-President. Legal counsel therefore recommends that the Board makes this selection as soon as possible.

Attachments:

San Juan Water District Presidents and Vice Presidents

San Juan Water District President and Vice President History

Year	President	Vice President
2025	Pam Tobin	New Board Director
2024	Ted Costa	Pam Tobin
2023	Dan Rich	Ted Costa
2022	Ken Miller	Dan Rich
2021	New Board Director	Ken Miller
2020	Pam Tobin	New Board Director
2019	Ted Costa	Pam Tobin
2018	Dan Rich	Ted Costa
2017	Ken Miller	Bob Walters/Dan Rich
2016	Pam Tobin	Ken Miller
2015	Ted Costa	Pam Tobin
2014	Bob Walters	Dave Peterson
2013	Ken Miller	Bob Walters
2012	Pam Tobin	Ken Miller
2011	Ted Costa	Pam Tobin
2010	Dave Peterson	Ted Costa
2009	Bob Walters	Dave Peterson
2008	Ken Miller	Bob Walters
2007	Pam Tobin	Ken Miller
2006	Ted Costa	Pam Tobin
2005	Dave Peterson	Ted Costa

STAFF REPORT

To: Board of Directors
From: Paul Helliker, General Manager
Date: September 13, 2017
Subject: Selection of New Board Member

RECOMMENDED ACTION

Determine Process for Selecting New Board Member

BACKGROUND

During the August 9, 2017 Board meeting, the Board decided to appoint a new Board member and authorized staff to distribute the notice concerning the vacancy on the Board of Directors that was created by the passing of Director Walters on August 5. The deadline for candidates to submit letters of interest and resumes was set as September 8. The Board has until October 4 to select a new Board member, after which time the decision will become the responsibility of the Board of Supervisors of Sacramento County.

As of September 7, sixteen candidates have applied for the position. All have been determined to be eligible to serve as a Board member. Should the Board decide to interview all of these candidates, staff recommends that the interviews be conducted during two separate Board meetings, to avoid having either meeting continue for more than 4 hours. The September 27 regular Board meeting could be one of these meetings dedicated to interviews.

The Board may want to consider the format to use for the interviews. Two options would be either sequential individual interviews, or conducting the interviews simultaneously, in a "panel" format (in which each question would be asked of each candidate, prior to moving to the next question, which could then be posed to the candidates in a different order.) The interviews and the deliberations are required to be conducted during a Board meeting accessible to the public (i.e., not in closed session), so any member of the public, including any of the Board candidates, can attend all of the proceedings.

The Board may want to consider a ranking and selection process. As has been the process for selection of a General Manager, the Board may want to use a set selection of questions during the interviews, which could be shared with the candidates beforehand. Some potential questions are included as an attachment – the ones highlighted in yellow may be the set that the Board might want to consider using, at a minimum.

The Board could use a process that would consist of each Board member ranking the candidates from most preferred to least preferred, with a corresponding numerical ranking of 1 to 16. The rankings could then be summed for each candidate, with those having the lowest totals being the most preferred by all of the Board. The Board could then decide what additional deliberation or further interviews might be necessary to reach a decision.

Attachments:

Board Vacancy Applicant List
Potential interview questions

Board Vacancy Applicant List

Date Received	Received Via	Name	City
8/16/2017	Email	Chad Vander Veen	Folsom
8/20/2017	Email	Mitchell Dion	Folsom
8/22/2017	Email	Kevin Knauss	Granite Bay
8/22/2017	Email	Rick Wolfe	Granite Bay
8/22/2017	Email	Christopher Peacock	Granite Bay
8/22/2017	Dropped Off	Leonard Bruckman	Granite Bay
8/23/2017	Email	Leonard Simpson	Folsom
8/23/2017	Email	Marty Hanneman	Granite Bay
8/29/2017	Email	Suzanne Jones	Granite Bay
8/31/2017	Email	Sheri Adams	Orangevale
9/1/2017	Email	Edward J. Scheidegger	Fair Oaks
9/1/2017	Dropped Off	Richard Costigan	Granite Bay
9/4/2017	Email	David Samson	Orangevale
9/5/2017	Email	Scott Johnson	Granite Bay
9/7/2017	Mail	Ken Cichocki	Granite Bay
9/7/2017	Dropped Off	Michael DeLaurentis	Granite Bay

Board of Director Interview Questions

I) General /Introduction

- a. Do you expect to serve until 2018 and is it your intention to run for election?
- b. Tell us about yourself and your qualifications that would make you an effective Board member?
- c. Why are interested in serving on the Board?
- d. Describe your role as a Director?
- e. Are you willing to commit the time to carrying out your Director responsibilities?
 - Attend up to 24 Board meetings/year
 - Serve on various Board committees
 - Serve as an Officer of the Board
 - Serve on water-related associations; economic development or energy associations
 - Periodic out-of-town travel
- f. Do you have any possible conflicts of office or interest (this could include contractual relationships, or serving on another public agency)?

II) Experience and Qualification – more generally

- a. What is your experience with and/or knowledge of Special District governance?
- b. Describe any prior experience serving on a Board?
 - i. What was your greatest accomplishment?
 - ii. What was your greatest asset/talent on that Board?

- iii. What challenged you or frustrated you the most?
- iv. How would fellow Board members describe you and your contributions?
- v. May we call any of them?

III) Experience and Qualification –District-specific

- a. What is your understanding of the District's Mission?
- b. How would you contribute to the District in helping it achieving its Mission?

IV) Close

- a. Do you have any questions about the District or Board regarding service?
- b. If chosen, how early can you begin serving? Our next scheduled Board Meeting is _____.

AGENDA ITEM III-6

RESOLUTION NO. 17-20

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT IN RECOGNITION OF ROBERT WALTERS

WHEREAS, Bob Walters was first elected as a Director of the San Juan Water District Board of Directors on November 7, 2006;

WHEREAS, Director Walters was reelected to the Board in 2010 and 2014, resulting in 11 years of passionate and dedicated service to the San Juan Water District;

WHEREAS, Director Walters success as a counselor and expert in public affairs and politics provided a vital perspective to the deliberations and decisions of the San Juan Water District Board;

WHEREAS, Director Walters served as President of the San Juan Water District Board of Directors in 2009 and 2014;

WHEREAS, Director Walters served as Board Vice President in 2008, 2013 and 2017 ;

WHEREAS, Director Walters served as Chair of the San Juan Water District Legal Affairs Committee since 2008;

WHEREAS, Director Walters served on the Conservation Committee, Engineering Committee, Personnel Committee, and Water Supply & Reliability Committee over his years of service;

WHEREAS, the San Juan Water District thanks Director Walters for his leadership and active participation in regional and statewide organizations including the Regional Water Authority and the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA) in order to advance the District's interests; and

WHEREAS, the San Juan Water District seeks to recognize Director Walters for his contributions to the water community, San Juan staff and San Juan customers, and for his dedication and exceptional performance as Director of the San Juan Water District.

NOW, THEREFORE, BE IT RESOLVED that the San Juan Water District's Board of Directors and Staff hereby expresses their sincere gratitude and appreciation for the high level of service and professionalism Director Walters provided in the execution of his duties as Director of San Juan Water District.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 13th day of September 2017, by the following vote:

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

ATTEST

KENNETH H. MILLER
President, Board of Directors

TERI GRANT
Secretary, Board of Directors

**Public Information Committee Meeting Minutes
San Juan Water District
August 25, 2017
10:00 a.m.**

Committee Members: Pam Tobin (Chair)
Ken Miller, Member

District Staff & Consultants: Paul Helliker, General Manager
Lisa Brown, Customer Service Manager
Teri Grant, Board Secretary/Administrative Assistant
Lucy Eidam-Crocker, Crocker & Crocker

Topics: Proposed Editorial Calendar and Photo Shoot (R)
Wholesale Outreach (W)
Speakers' Bureau Update (W & R)
Other Public Information Matters
Public Comment

1. Proposed Editorial Calendar and Photo Shoot (R)

Ms. Brown provided the committee with the WaterGram Editorial Calendar. A copy will be attached to the meeting minutes. She explained that the schedule lists the featured articles and theme of the WaterGram and that any comments for revisions need to be received at least 2 months prior to the issuance date. Director Tobin would like an article on water transfers to be added at some point.

Ms. Eidam-Crocker mentioned that her scope of work includes taking more staff photos for San Juan Retail and this will occur in early September. In addition, a new Board photo will be taken once the new Board member is appointed.

Director Miller suggested that the District's phone number be placed on the field trucks and Mr. Helliker will look into that.

Ms. Brown provided the committee with a copy of the final WaterGram for September/October. The committee reviewed the handout and suggested that the Board Vacancy information be removed since customers will receive the WaterGram after the deadline to submit applications. Ms. Brown informed the committee that the committee will start to review the WaterGram's content at future meetings.

2. Wholesale Outreach (W)

Mr. Helliker provided the committee with Crocker & Crocker's proposal for Wholesale Outreach. A copy of the proposal will be attached to the meeting minutes. He explained that the proposal includes Crocker & Crocker interviewing the wholesale customer agencies (WCAs), developing a plan based on the outcome of the Board's Strategic Plan, and providing outreach materials. The committee discussed the wholesale outreach plan and the collaborative effort that will be needed with the

WCAs. Ms. Eidam-Crocker will report back to the committee regarding the interviews with the WCAs before developing a plan. Director Miller suggested that the District provide the WCAs with articles on various items such as the drinking water regulations for schools which could be shared on the WCA websites. Mr. Helliker suggested that the water quality information be updated monthly on the District's website and that the WCAs are provided a link with this information.

The Public Information Committee recommends consideration of a motion to increase the Crocker & Crocker contract \$33,740 from \$97,610 (\$34,510 for wholesale and \$63,100 for retail) to \$131,350 (\$68,250 for wholesale and \$63,100 for retail) in order to include the Wholesale Outreach effort.

3. Speakers' Bureau Update (W & R)

Mr. Helliker provided the committee with a Speakers' Bureau flyer which will be used to promote the District's Speakers' Bureau. Ms. Grant informed the committee that she has updated the list that Crocker & Crocker provided and is working to include homeowner association information. Director Miller suggested that an introductory video be created which could be used in junction with the speaker's presentation. Mr. Helliker will put a scope of work together and get a cost estimate. Ms. Eidam-Crocker suggested that information be provided to the organizations for their websites and newsletters

4. Other Public Information Matters

Director Tobin suggested that a customer appreciation day be scheduled. The committee discussed the idea and would like to wait until next Spring or Fall to hold it. Ms. Brown suggested that the event be scheduled after the Speakers' Bureau is well underway in order to solicit more attendance.

5. Public Comment

There was no public comment.

The meeting adjourned at 11:04 am.

**San Juan Water District
WaterGram Editorial Calendar & Proposed Photos
FY 2017-18**

Month/Format	Theme	Featured Article/Staff	Other Content
Sep/Oct Full	CIP update	Pipeline Relining Project /Tony (operations manager) Bob Walters announcement	<ul style="list-style-type: none"> Website update Meter box clearance Fall tips Workshop announcements
Nov/Dec 1/3	Construction alert	New photo: Field service staff working on a pipeline Article: Pipeline relining project construction reminder and schedule	<ul style="list-style-type: none"> DYK? Short article about the USBR spillway (who manages lake/supply; purpose of spillway; when to use) Three tips to winterize your home
Jan/Feb Full	Policy/regional planning update	New photo: General Manager Article: Update on regional water supply reliability efforts/snapshot of retail CIPs underway and planned	<ul style="list-style-type: none"> DYK? Short article about conjunctive use Value of your water (cost comparison) Winter water efficiency tips
Mar/Apr 1/3	Spring savings, tips & Mulch Mayhem	New photo: Field staff performing a customer landscape irrigation review Article: Contact us for a landscape irrigation review; here's how we can help	<ul style="list-style-type: none"> Spring checklist to prepare your irrigation and yard for spring Mark your calendar: Mulch Mayhem
May/June Full	Water supply, quality and efficiency	New photo: Water treatment plant supervisor Article: All about your water; update on CIPs to ensure reliable, high-quality water supplies; watch for the annual CCR	<ul style="list-style-type: none"> New photos: Rose or other staff member in the WEL Garden Summer water efficiency tips Other: TBD
Jul/Aug 1/3	Throwback: Retro WaterGram	Photo: Use imagery and design included in the 150 Years of Water book Article: The History of San Juan Water District	<ul style="list-style-type: none"> The early years/where we are today Milestones: year in review



San Juan Water District
Wholesale Public Outreach
Draft Proposed Scope of Work – August 21, 2017

Crocker & Crocker recently met with San Juan Water District’s Public Information Committee to review its FY 2017/18 scope of work. The scope included tasks to support public outreach for retail and wholesale. While the committee members approved the scope, they directed Crocker & Crocker to prepare a scope of work for more comprehensive public outreach in the wholesale service area. San Juan management also requested the additional scope to support the communications strategy within its strategic plan that is now underway.

The following proposed scope of work includes a strategic approach to:

- Engage wholesale customers in a collaborative manner during the planning process and throughout program implementation
- Support the defined goals, objectives and priorities in San Juan’s strategic plan (now underway)
- Reach customers in the wholesale service area with information about San Juan wholesale projects, topics and/or other news that relates to them

The approved 2017/18 tasks follow the scope to show what has already been approved for this year’s activities.

Scope of Work
Wholesale Public Outreach Plan

Crocker & Crocker will develop a public outreach plan to guide San Juan’s communications within the wholesale service area. As San Juan works to complete its overarching strategic plan, Crocker & Crocker will conduct stakeholder interviews with wholesale customer general managers to uncover insights for use in developing the communications strategy.

The interviews will help San Juan learn about existing communications methods, databases and opportunities to collaborate on public outreach. The interviews will also uncover input and suggestions about topics to communicate, desired messaging, methods of sharing information, etc.

Following the interviews, Crocker & Crocker will conduct a comprehensive review of San Juan’s strategic plan to develop additional outreach recommendations. Working in partnership with San Juan management and the PI committee, Crocker & Crocker will develop a strategic public outreach plan for use in the wholesale service area.

This task includes the following deliverables:

- Questionnaire
- Stakeholder interviews with each retail agency general manager
- Summary report with findings and recommendations
- Strategic plan review with recommendations

- Wholesale public outreach plan that guides outreach around wholesale topics such as capital improvement projects, water supply reliability studies/projects, water legislation and advocacy work. The plan will include:
 - goals
 - target audiences
 - strategies
 - objectives
 - high-level messaging
 - public outreach tasks timeline

Electronic Communications

Crocker & Crocker will create a stakeholder database for specific use to the service area outside San Juan retail. The database will include retail agencies, stakeholders such as the county supervisors/staff, city council members/staff, state elected officials/staff, chamber of commerce management/staff, business associations, neighborhood and homeowner associations leadership as well as customers.

Create annual topic calendar, develop content and distribute regular e-blasts to the wholesale database. Crocker & Crocker will work with San Juan Water District management and the Committee to develop the content, visuals, subject lines and effectively written e-blast copy for each issue according to best practices.

Includes the following deliverables:

- Initial database research and development
- Annual topic calendar
- Eight e-blasts (writing, design, programming, review)
- Analytics report/recommendations for 2018/19

Outreach Materials (TBD through stakeholder interviews and planning with San Juan)

Create and provide each retail agency with outreach content/materials for their use in communicating with their customers about activities being conducted by San Juan Water District that affect their agency. Crocker & Crocker will work with San Juan Water District management and the PI committee to identify and determine strategic priorities and information to share. Topics may include wholesale capital improvement project updates, event announcements, legislative updates, etc.

Outreach materials may include the following assets for each agency's use, as appropriate, for their communications platforms. This task assumes activities will occur on a quarterly basis.

- Newsletter articles
- Website articles
- Social media posts

Budget Estimate

2017 Rates:		\$185	\$185	\$150	\$130	\$105	\$120			
Tasks	Total Hours	President	Creative Director	Project Director	Art Director	Programmer	Project Manager	Total Fees	Direct Costs	Project TOTAL
Public outreach plan/stakeholder interviews	54.00	24		20			10	\$ 8,640	\$ -	\$ 8,640
Electronic Communications	104.00	16		24			64	\$ 14,240	\$ 1,380	\$ 15,620
Outreach Materials (assumes quarterly activity)	56.00	12		20			24	\$ 8,100	\$ 1,380	\$ 9,480
GRAND TOTAL	214.00	52.00	0.00	64.00	0.00	0.00	98.00	\$ 30,980	\$ 2,760	\$ 33,740

Approved 2017/18 Tasks

The approved tasks from the 2017/18 scope of work are outlined below for reference.

Website

Develop and edit new wholesale-focused copy for the home page and sub-pages with timely calls to action, updates, events and/or other news. Provide design and design edits for wholesale-focused headers, graphics and/or charts.

- Assumes up to six content updates

Events

Conduct outreach to support wholesale events through the development and distribution of e-blasts, social media content and local media calendar posts.

- Assumes up to six events per year

Consumer Confidence Report

Work with San Juan staff and the CCR consultant to finalize design, printing, production and delivery of the annual report. This task also includes proofing and editing plus delivery coordination and distribution reporting for compliance.

Media Relations

Conduct media relations to reach customers with wholesale news. This task includes writing, editing and distribution of up to three news releases with media follow-up, interview coordination and media coverage reporting about activities that are specifically about wholesale activities.

Wholesale Mailer (Outreach Materials)

Develop and coordinate distribution of one direct-mail piece to update customers in the wholesale service area about capital improvement projects and other important initiatives.

**Finance Committee Meeting Minutes
San Juan Water District
September 12, 2017
4:00 p.m.**

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

District Staff: Paul Helliker, General Manager
Donna Silva, Director of Finance
Tony Barela, Operations Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager
Teri Grant, Board Secretary/Administrative Assistant

Topics: Review and Pay Bills (W & R)
Treasurer's Report – Quarter Ending June 30, 2017 (W & R)
Wholesale Water Sales Year to Date (W)
Contract Amendment with Sacramento Suburban Water District (W)
Old Shop Building Update (W & R)
Other Finance Matters
Public Comment

1. Review and Pay Bills (W & R)

The committee reviewed the presented bills and claims. The reviewed bills and claims were found to be in order. In response to Director Costa's question, Mr. Helliker informed the committee that staff is doing a cellular phone analysis to determine the best approach for cellular service for the District.

Staff update: the total amount of bills and claims provided for approval for August payables is \$877,615.60.

The Finance Committee recommends adoption of Resolution 17-20 via the Board Consent Calendar

2. Treasurer's Report – Quarter Ending June 30, 2017 (W & R)

Ms. Silva informed the committee that the Treasurer's Report includes the cash and investment balances for the quarter ending June 30, 2017. A copy of the report will be attached to the meeting minutes.

3. Wholesale Water Sales Year to Date (W)

Ms. Silva provided the committee with handouts of the wholesale water sales to date. A copy of the handouts will be attached to the meeting minutes. She commented that the chart and table were updated to include August activity. In addition, she explained that the charts indicate that the wholesale deliveries are 8% below the budgeted amount and revenues from water deliveries are 5% below the budgeted amount. She informed the committee that she will be monitoring this activity and that there is no action required at this time.

The committee discussed the decrease in deliveries and specifically the Fair Oaks Water District (FOWD) reduction in water deliveries, which was 33.7% below the budgeted amount. Mr. Helliker informed the committee that he will be reviewing an analysis completed by FOWD in June and will provide an update at the Board meeting Wednesday. Director Costa suggested that the District look into creating an Assessment District. The committee would like the Board to discuss FOWD's water delivery reductions and the District's options regarding their actions.

In response to Director Costa's comment regarding the possible savings from the renegotiated PCWA contract, Mr. Helliker explained that the Board decided that the amount of the payment towards the CalPERS unfunded liability will be determined at the end of the fiscal year; therefore, the reduction in water deliveries to FOWD and the savings from the PCWA contract will help determine the amount that will be paid towards that liability.

Ms. Silva informed the committee that she will provide the quarterly report in October which will give a better picture of expenses and revenues. In addition, she showed them another graph which shows the cumulative amounts and, at the committee's request, will start including this graph in the monthly report as well.

4. Contract Amendment with Sacramento Suburban Water District (W)

Ms. Silva informed the committee that staff has been working on renegotiating the water delivery contract with Sacramento Suburban Water District (SSWD). A staff report was provided in the Board packet and will be attached to the meeting minutes. She explained that the rates that the most recent Wholesale Financial Plan included a calculation of the SSWD treatment rate but that the contract language was nebulous and needed to be revised to better clarify the methodology of rate calculation. SSWD requested that the revised cost be applied retroactive to January 1, 2017.

In response to Director Costa's comment, Mr. Helliker explained that the contract with SSWD is different from the wholesale customer agency contracts since it is for treatment and delivery of SSWD's PCWA contract water. Ms. Silva informed the committee that SSWD hired another attorney to review the contract and the District's legal counsel has also reviewed the contract.

The Finance Committee recommends authorizing the General Manager to execute a second amendment to the diversion, treatment and conveyance of water contract with the Sacramento Suburban Water District via the Board Consent Calendar

5. Old Shop Building Update (W & R)

Mr. Barela provided the committee with a staff report which will be attached to the meeting minutes. Mr. Helliker explained that this topic will be discussed with the Engineering Committee to determine and recommend the best approach regarding the Old Shop Building, including how it should be scheduled in the CIP.

In response to Director Costa's question, Mr. Watson explained that staff analyzed the options in depth by number of estimated hours, materials needed, and all costs. Mr. Barela explained that he contacted steel building manufacturers to get accurate costs as well. Mr. Barela explained that Option #1 is a complete tear-down of the building and will require

constructing new pipeline for a fire suppression system which is required for the square footage of the building; Option #2 is also a complete tear-down of the building but replaced with a smaller building with no internal walls, and will not require a fire suppression system; and Option #3 is just a rehabilitation of the building and will require replacement after 5-7 years.

The committee discussed the options and, once the Engineering Committee recommends the option, the Finance Committee would like staff to provide the source of funding and the impact to the budget.

6. Other Finance Matters (W & R)

In response to Director Costa's question, Ms. Silva informed him that she will be setting up the meeting with the auditor.

7. Public Comment

There were no public comments.

The meeting was adjourned at 4:57 p.m.

San Juan Water District

**RESOLUTION 17-20
PAYMENT OF BILLS AND CLAIMS**

WHEREAS, the Finance Committee of the Board of Directors has reviewed the bills and claims in the amount of \$877,615.60; and

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

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

1. The bills and claims attached hereto totaling \$877,615.60 are hereby approved.
2. That the depositary be and the same is hereby authorized to pay said bills and claims in the total sum of \$877,615.60 of the General Fund Account.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 13th day of September 2017, by the following vote:

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

KENNETH MILLER
President, Board of Directors
San Juan Water District

TERI GRANT
Secretary, Board of Directors

September 2017 Finance Committee Payment Register

Employees **Board of Directors**

Paid in Advance:

<u>Check Date:</u>	<u>Vendor Name - Description:</u>	<u>Type:</u>	<u>Payment No.:</u>	<u>Amount:</u>
08/31/2017	Payroll-August			540,620.52
8/14/2017	Wageworks, Inc.- Employee Flexible Spending Accounts	EFT	405043	290.00
8/31/2017	Association of California Water Agencies-Dental, Vision,EAP Premium	EFT	405050	7,370.57
8/28/2017	AFLAC-Voluntary Plan Premium	Check	51645	970.54
8/28/2017	Wageworks, Inc.- Employee Flexible Spending Accounts	EFT	405049	290.00
9/8/2017	Wageworks, Inc.- Employee Flexible Spending Accounts	EFT	405052	290.00
Total Paid in Advance				549,831.63

Open Payable's:

** See Attached Open Payable Report

Total Open Payables				287,397.07
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Pending Payables:

<u>Invoice No.:</u>	<u>Vendor Name - Description:</u>	<u>Invoice Amount:</u>	<u>Vendor Total:</u>
CALCARDAUGUST	US Bank - August Cal CARD Statements	11,981.29	11,981.29
47829	Blastco-Retention Release	17,811.40	17,811.40
1912	The Eidam Corporation-Retail Public Outreach Services	4,257.90	4,257.90
1738	Inferrera Construction Management Group, Inc-Construction Services	2,730.00	2,730.00
61268	Youngdahl-Construction & Testing Services	1,762.00	1,762.00
2074	Rangel-Janitorial Services 8/1-8/18/17	1,731.00	1,731.00
08664602897 09-01-17	MCI-Long Distance Charges	103.31	103.31
0007645294-5	PG&E- Cost Ownership Fee	10.00	10.00
Total Pending Payables			40,386.90

TOTAL PAID AND PAYABLE				877,615.60
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San Juan Water District, CA

Open Payable Report

As Of 09/30/2017

Summarized by Payable Account

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Payable Account: 999-20200 - Accounts Payable							
Vendor: 01041 410880	Afman, Todd R Various Items	08/03/2017	721.38	0.00	0.00	52.30	773.68
					Payable Count: (1)		773.68
Vendor: 03406 7083686-CV_SJWD	Alpha Analytical Laboratories Inc. Cam 17 Analysis	08/25/2017	475.00	0.00	0.00	0.00	475.00
					Payable Count: (1)		475.00
Vendor: 03564 Ref 8044 Santa Juanita	Alpha Omega Services Refund 8044 Santa Juanita	08/18/2017	1,694.08	0.00	0.00	0.00	1,694.08
					Payable Count: (1)		1,694.08
Vendor: 01073 6085 6088 6124	Amarjeet Singh Garcha MeterBox landscaping Services MeterBox landscaping Services Landscape Maintenance Aug	08/11/2017 08/15/2017 08/30/2017	360.00 240.00 1,500.00	0.00 0.00 0.00	0.00 0.00 0.00	0.00 0.00 0.00	360.00 240.00 1,500.00
					Payable Count: (3)		2,100.00
Vendor: 01026 130184 130464	American River Ace Hardware, Inc. Tarp,Plug, Crayon Lumber Red/Yellow & Fasteners Shop-Fasteners, Spray Engr, & Angle Steel	08/04/2017 08/30/2017	15.93 40.42	0.00 0.00	0.00 0.00	0.00 0.00	15.93 40.42
					Payable Count: (2)		56.35
Vendor: 01027 INV004245 2017 NWRA Members	Association of California Water Agencies Legal Services-Hetch Hetchy Amicus Brief 2017 NWRA Membership-09/15/2017-12/15/2017	07/01/2017 09/15/2017	1,000.00 1,000.00	0.00 0.00	0.00 0.00	0.00 0.00	1,000.00 1,000.00
					Payable Count: (2)		2,000.00
Vendor: 01138 991798660X08192017	AT&T Mobility II LLC 916 865-7660 GPS Wireless Srvc 07/12/17- 08/11/17	08/19/2017	62.01	0.00	0.00	0.00	62.01
					Payable Count: (1)		62.01
Vendor: 03558 REF 9842 Wesbourne V	Baba, Gary Refund 9842 Wesbourne Way	08/09/2017	92.28	0.00	0.00	0.00	92.28
					Payable Count: (1)		92.28
Vendor: 01182 8617 July 2017	Bartkiewicz, Kronick & Shanahan Legal Services Jul	07/31/2017	23,882.03	0.00	0.00	0.00	23,882.03
					Payable Count: (1)		23,882.03
Vendor: 01219 139220 139265	Borges & Mahoney Co Chlorine Sys-Sensor & Auto Test Unit Chlorine System Maintenance	08/04/2017 08/22/2017	719.20 4,209.54	0.00 0.00	34.99 0.00	52.14 297.22	806.33 4,506.76
					Payable Count: (2)		5,313.09
Vendor: 03556 REF 9650 Snowberry	Burke, Nicole Refund 9650 Snowberry Way	08/09/2017	86.58	0.00	0.00	0.00	86.58
					Payable Count: (1)		86.58
Vendor: 01267 SKBO-5640819152 FY1	CaIPERS OPEB OPEB 16/17 Contribution	08/10/2017	64,893.71	0.00	0.00	0.00	64,893.71
					Payable Count: (1)		64,893.71
Vendor: 01310 464725	Capital Rubber Co., Ltd E#172-Couplers,Hose & Installation Fee	08/25/2017	119.58	0.00	0.00	9.87	129.45
					Payable Count: (1)		129.45
Vendor: 03530 10400152-00 10400277-00	Certex USA, Inc. Wire Rope Sling Chain Slings with Clevis Hooks	08/07/2017 08/07/2017	40.80 1,579.20	0.00 0.00	0.00 0.00	3.27 126.33	44.07 1,705.53
					Payable Count: (2)		1,749.60
Vendor: 03345 Exp Reimb 08-2017	Cessna, Chris CWEA-Electrical/Instrumentation Grade 2 Cert	08/29/2017	90.00	0.00	0.00	0.00	90.00
					Payable Count: (1)		90.00
Vendor: 03221 92157316 92157317 92159088 92168444 92169417	Chemtrade Chemicals Corporation Clarion A402P Clarion A402P Clarion A402P Clarion A402P Clarion A402P	07/20/2017 07/31/2017 07/31/2017 08/17/2017 08/17/2017	3,829.19 3,819.74 3,744.10 3,655.86 3,802.41	0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00	277.61 276.93 271.45 265.05 275.67	4,106.80 4,096.67 4,015.55 3,920.91 4,078.08
					Payable Count: (5)		20,218.01

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Vendor: 01372 000024205-000172418	City of Folsom Meter Service Aug	08/30/2017	33.60	0.00	0.00	0.00	33.60	
							Payable Count: (1)	33.60
Vendor: 01373 AR65671	City of Roseville Legislative Advocacy Services Ferguson Gr F17-18	09/01/2017	3,068.96	0.00	0.00	0.00	3,068.96	
							Payable Count: (1)	3,068.96
Vendor: 01378 20398586 20462620 20462609 20494237	Clark Pest Control of Stockton Hinkle- Bait Box Maintenance Los Lagos, Bacon & Kokila-Weed Control Service Hinkle-Weed Control Service Hinkle- Bait Box Service	06/05/2017 08/22/2017 08/25/2017 08/29/2017	150.00 1,825.00 688.00 150.00	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	150.00 1,825.00 688.00 150.00	
							Payable Count: (4)	2,813.00
Vendor: 02613 Exp Reimb 08-2017	Clark, Tom Exp Reimb 08-2017-Levi's 505 5 pair	08/28/2017	214.45	0.00	0.00	0.00	214.45	
							Payable Count: (1)	214.45
Vendor: 03551 I-97826	Container Alliance Company 45' Storage Container	08/29/2017	2,185.00	0.00	650.00	158.41	2,993.41	
							Payable Count: (1)	2,993.41
Vendor: 01423 90354808 90354809	County of Sacramento Various County Rds-Constrctn Mngmnt & Inspections Oak Ave-Construction Management & Inspections	07/31/2017 07/31/2017	65.50 786.00	0.00 0.00	0.00 0.00	0.00 0.00	65.50 786.00	
							Payable Count: (2)	851.50
Vendor: 01433 25539	Crusader Fence Co., Inc. Buildings-Main Gate Call Out	08/17/2017	350.00	0.00	0.00	0.00	350.00	
							Payable Count: (1)	350.00
Vendor: 03557 REF 7630 Memory Ln	Durst, Karen Refund 7630 Memory Lane	08/09/2017	65.04	0.00	0.00	0.00	65.04	
							Payable Count: (1)	65.04
Vendor: 01532 306689	E&M Electric & Machinery, Inc. WonderWare Online InSight Sub1 yr&1 Addl User	08/22/2017	2,410.00	0.00	0.00	0.00	2,410.00	
							Payable Count: (1)	2,410.00
Vendor: 01569 79469	Employee Relations, Inc. Pre Employment Screening - 1 New Hire	07/31/2017	189.35	0.00	0.00	0.00	189.35	
							Payable Count: (1)	189.35
Vendor: 01574 6001899035	Endress + Huaser, Inc. Baldwin-Grounding Discs for Mag Meter	07/31/2017	518.54	0.00	77.34	37.59	633.47	
							Payable Count: (1)	633.47
Vendor: 01589 L0337808 L0337811 L0336387 L0337817 L0338787 L0340093 L0339704 L0341262 L0341730 L0342430 L0341192 L0341804 L0342895 L0342671	Eurofins Eaton Analytical, Inc Various Addressess 07/18 Various Addressess 07/25 Oak Ave- Reg Compliance Sampling 07/28 Various Addressess 08/01 Coliform Sampling 08/01 Various Addressess 08/08 UV254 Testing Reg Compliance Sampling 8/4&8/8 Various Addressess 08/15 Coliform Sampling 08/15 Coliform Sampling 08/15 Main Ave-Reg Compliance Sampling 08/21 Various Addressess-08/22 Various Addressess 08/29 Main Ave- Reg Compliance Sampling 08/29	07/18/2017 07/25/2017 07/29/2017 08/01/2017 08/01/2017 08/08/2017 08/09/2017 08/15/2017 08/15/2017 08/17/2017 08/21/2017 08/22/2017 08/29/2017 08/30/2017	195.00 195.00 136.00 195.00 29.00 195.00 345.00 195.00 29.00 80.00 12.00 195.00 195.00 24.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	195.00 195.00 136.00 195.00 29.00 195.00 345.00 195.00 29.00 80.00 12.00 195.00 195.00 24.00	
							Payable Count: (14)	2,020.00
Vendor: 01604 CAELD23621 CAELD23662	Fastenal Company Baldwin-Pipe Baldwin-Pipe	08/03/2017 08/07/2017	96.96 66.20	0.00 0.00	0.00 0.00	7.03 4.80	103.99 71.00	
							Payable Count: (2)	174.99
Vendor: 03173 Boot Reimb 08-2017	Foley, Jacqueline Boot Reimbursement 08-2017	08/04/2017	175.44	0.00	0.00	0.00	175.44	
							Payable Count: (1)	175.44
Vendor: 01634 FOTS806980 FOCS808058	Folsom Lake Ford, Inc. V#36-Recall #17E06 Inspections&Elec Sys Repair V#33-Lube,Oil, Filter,Wash/Wax & Inspections	08/14/2017 08/22/2017	88.32 211.76	0.00 0.00	0.00 0.00	0.00 0.00	88.32 211.76	
							Payable Count: (2)	300.08
Vendor: 01635	Folsom Lock & Key							
							Payable Count: (1)	118.19

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43435	Mobile Unit, Desk Lock & 2 Keys-A. Larsen Desk	08/03/2017	114.00	0.00	0.00	4.19	118.19
Vendor: 03089	Fulton, Jonathan						Payable Count: (1) 195.83
Exp Reimb 08-2017	Exp Reimb 08-2017-D3 Renewal & Postage	08/11/2017	195.83	0.00	0.00	0.00	195.83
Vendor: 01659	Gary Webb Trucking						Payable Count: (3) 2,784.00
458798	Solids Removal-Sludge Out 142yds 07/05-07/19/17	07/19/2017	1,384.50	0.00	0.00	0.00	1,384.50
788940	Solids Disposal-Sludge Out136yds 08/04-08/29/17	08/29/2017	1,326.00	0.00	0.00	0.00	1,326.00
788942	Spoils Out Services 08/17-08/29/2017	08/29/2017	73.50	0.00	0.00	0.00	73.50
Vendor: 01068	Glenn C. Walker						Payable Count: (1) 993.00
17899	Patrol Services-Aug	08/20/2017	993.00	0.00	0.00	0.00	993.00
Vendor: 03237	GM Construction & Developers, Inc						Payable Count: (2) 5,028.66
4635	124 &125 Crow Canyon Dr-Construction Services	08/07/2017	4,776.66	0.00	0.00	0.00	4,776.66
4635 RET	124 &125 Crow Canyon Dr-Retention Cnstructn Svcs	08/07/2017	252.00	0.00	0.00	0.00	252.00
Vendor: 01681	Golden State Flow Measurements, Inc.						Payable Count: (3) 18,678.13
I-054921	Inventory Replenishment	08/04/2017	16,732.14	0.00	0.00	1,213.08	17,945.22
I-055031	Pocket Reader Repair-J.Mayorga	08/17/2017	179.14	0.00	9.89	12.99	202.02
I-055075	Inventory Replenishment	08/23/2017	495.00	0.00	0.00	35.89	530.89
Vendor: 03091	Granite Bay Ace Hardware						Payable Count: (19) 703.50
19811	Miscellaneous Items	06/16/2017	81.00	0.00	0.00	0.00	81.00
19842	Lab Turbidimeter Proj Parts	06/22/2017	50.90	0.00	0.00	0.00	50.90
19974	Sink Brush, Nozzle & Grip	07/17/2017	28.91	0.00	0.00	0.00	28.91
20049	Shop-Spray Paint	07/31/2017	18.31	0.00	0.00	0.00	18.31
20095	Various Items	08/08/2017	28.13	0.00	0.00	0.00	28.13
20103	Irrigation Improvement-Valve Cover Assembly	08/09/2017	9.64	0.00	0.00	0.00	9.64
20105	WEL Garden-Supplies	08/10/2017	32.79	0.00	0.00	0.00	32.79
20125	Shop- Supplies	08/14/2017	76.77	0.00	0.00	0.00	76.77
20134	Various Items	08/16/2017	41.28	0.00	0.00	0.00	41.28
20135	V#5-Hole Saw 3" Ice Hard	08/16/2017	20.26	0.00	0.00	0.00	20.26
20136	Baldwin-Concrete 60 lbs	08/16/2017	7.70	0.00	0.00	0.00	7.70
20137	Baldwin- Concrete 60 lbs	08/16/2017	3.85	0.00	0.00	0.00	3.85
20138	V#35 & V#36-Items for Cordless Sets	08/16/2017	115.08	0.00	0.00	0.00	115.08
20144	Cutoff Wheel	08/17/2017	15.40	0.00	0.00	0.00	15.40
20148	E#178-Handle for Compressor	08/18/2017	5.78	0.00	0.00	0.00	5.78
20166	Rain Gage & Oil Dri 50#	08/22/2017	42.43	0.00	0.00	0.00	42.43
20199	Solids Process-Braided Tubing	08/30/2017	48.07	0.00	0.00	0.00	48.07
20200	Swamp Cooler-Hose	08/30/2017	48.25	0.00	0.00	0.00	48.25
20208	Shop-Respirator	08/31/2017	28.95	0.00	0.00	0.00	28.95
Vendor: 01706	Graymont Western US Inc.						Payable Count: (1) 6,232.76
301265 RI	Quicklime 26.41 Tons	08/17/2017	6,232.76	0.00	0.00	0.00	6,232.76
Vendor: 01721	Hach Company						Payable Count: (3) 13,501.32
10562830	Lab Supplies	07/27/2017	738.84	0.00	0.00	49.73	788.57
10577488	Filter Basin-6 SC200 Controllers	08/07/2017	11,442.00	0.00	228.84	829.55	12,500.39
10583526	DPD Free Chlorine Powder Pillows 10ml #100	08/10/2017	169.20	0.00	30.89	12.27	212.36
Vendor: 01733	Harris Industrial Gases						Payable Count: (2) 245.63
01721947	Industrial Gases-50 lb Co2	08/07/2017	50.95	0.00	0.00	3.69	54.64
01722074	Tools, Gas, & Metal	08/09/2017	177.25	0.00	0.00	13.74	190.99
Vendor: 03235	HD Supply Construction Supply LTD						Payable Count: (1) 133.22
50006681984	Baldwin-Rebar Cutter& Hammer Drill Bits	08/09/2017	123.07	0.00	0.00	10.15	133.22
Vendor: 01778	IDEXX Distribution, Inc						Payable Count: (1) 66.16
3019809313	Pipettes 5 ml, #25	08/08/2017	56.70	0.00	5.35	4.11	66.16
Vendor: 01790	Industrial Safety Supply Corp of California						Payable Count: (1) 493.36
1050717	Fall to Rest Lanyards	08/17/2017	460.00	0.00	0.00	33.36	493.36

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Vendor: 03555 14335	Instrument Technology Corporation E#182 vLoc-9800 Locator to replace E#114	08/24/2017	4,988.00	0.00	0.00	361.63	5,349.63	
							Payable Count: (1)	5,349.63
Vendor: 01857 18391	Jifco, Inc. Baldwin-Pipe	08/07/2017	1,170.00	0.00	0.00	84.83	1,254.83	
							Payable Count: (1)	1,254.83
Vendor: 01819 08092017	Joel Richard Eichman CPA Services Jul - Lobbying Disclosure Rpts	07/31/2017	257.04	0.00	0.00	0.00	257.04	
							Payable Count: (1)	257.04
Vendor: 01890 3915	Johnson Petroleum Construction, Inc. Fuel Pump-Service & Rotor Vain Kit	08/17/2017	292.41	0.00	0.00	0.00	292.41	
							Payable Count: (1)	292.41
Vendor: 01917 115018	Kennedy/Jenks Consultants, Inc. Floc Sed Basin - Construction Services Support Jul	07/28/2017	1,312.00	0.00	0.00	0.00	1,312.00	
							Payable Count: (1)	1,312.00
Vendor: 03559 REF 8140 Woodland Gr	Larsen, Marty Refund 8140 Woodland Grove Pl	08/11/2017	84.02	0.00	0.00	0.00	84.02	
							Payable Count: (1)	84.02
Vendor: 01959 63300133457	Les Schwab Tire Centers of California Inc GEM-Two Tires	08/23/2017	181.74	0.00	0.00	13.82	195.56	
							Payable Count: (1)	195.56
Vendor: 03560 REF 6047 Keats Circle	Lorain, Dan OR Monica Refund 6047 Keats Circle	08/11/2017	80.08	0.00	0.00	0.00	80.08	
							Payable Count: (1)	80.08
Vendor: 01736 N6696088	MailFinance Inc Quarterly Lease-Neopost 09/15/17-12/14/17	08/14/2017	458.37	0.00	0.00	30.86	489.23	
							Payable Count: (1)	489.23
Vendor: 02367 339375 05-13-17	McClatchy Newspapers, Inc. Public Notice-Asphalt Patch Paving Bid Invite	05/13/2017	519.78	0.00	0.00	0.00	519.78	
							Payable Count: (1)	519.78
Vendor: 03565 Ref 6565 Lou Pl	McGovern, William OR Margaret Refund 6565 Lou Pl	08/11/2017	108.62	0.00	0.00	0.00	108.62	
							Payable Count: (1)	108.62
Vendor: 02027 42202013	Mcmaster-Carr Supply Company Bacon Pump Station-Toggle Clamps	08/01/2017	78.68	0.00	6.82	5.70	91.20	
42705439	Threaded Hole Plugs & Connectors	08/04/2017	120.16	0.00	7.26	8.72	136.14	
43621583	Baldwin Pipe-Miscellaneous Hardware	08/10/2017	160.55	0.00	7.77	11.65	179.97	
43946138	Pipe Threader	08/16/2017	263.84	0.00	6.84	19.13	289.81	
43969803	Miscellaneous Hardware	08/16/2017	132.86	0.00	7.28	9.64	149.78	
							Payable Count: (5)	846.90
Vendor: 03566 Ref 5916 Deary Way	Meinzer, Jeffrey Refund 5916 Deary Way	08/11/2017	98.48	0.00	0.00	0.00	98.48	
							Payable Count: (1)	98.48
Vendor: 01472 118923	Mel Dawson, Inc. Unleaded Gas and Diesel Aug Delivery	08/18/2017	4,670.48	0.00	0.00	0.00	4,670.48	
							Payable Count: (1)	4,670.48
Vendor: 03300 14720	Meyers Fozi, LLP Employment Law Jul Legal Services	07/31/2017	275.00	0.00	0.00	0.00	275.00	
							Payable Count: (1)	275.00
Vendor: 02022 19353	Morgan, Daren P. Business Cards-C. Sinnock	08/03/2017	85.00	0.00	16.47	6.16	107.63	
19359	Business Cards-G. Machado	08/08/2017	85.00	0.00	16.49	6.16	107.65	
							Payable Count: (2)	215.28
Vendor: 03467 10781	MTCA 101 Inc V#35-Rack	08/24/2017	475.00	0.00	0.00	9.62	484.62	
							Payable Count: (1)	484.62
Vendor: 02094 87030071-0002	Neff Rental LLC Baldwin Piping-Saw Cut Off & Diamond Blade Rental	07/27/2017	262.13	0.00	0.00	16.56	278.69	
							Payable Count: (1)	278.69
Vendor: 01038 28545	Nimmo, Sandra G Fuel Pump-Vapor Recovery Testing	08/04/2017	1,070.00	0.00	0.00	0.00	1,070.00	
							Payable Count: (1)	1,070.00
Vendor: 02121 38513067	Northern Tool & Equipment Co. Inc. Socket Organizer	08/28/2017	39.97	0.00	4.91	0.00	44.88	
							Payable Count: (1)	44.88
Vendor: 02131	Office Depot, Inc.							
							Payable Count: (13)	2,599.60

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947605174001	Admin & Field Services	07/28/2017	128.98	0.00	0.00	5.59	134.57
949318967001	Admin & Field Services	08/02/2017	243.64	0.00	0.00	10.80	254.44
949803689001	WTP & Finance	08/03/2017	112.79	0.00	0.00	8.18	120.97
950102026001	Field Services	08/04/2017	302.43	0.00	0.00	21.92	324.35
951711903001	WTP & Finance	08/09/2017	159.19	0.00	0.00	11.54	170.73
932482066003	WTP	08/10/2017	67.96	0.00	0.00	4.93	72.89
951975667001	Admin & Customer Service	08/10/2017	126.15	0.00	0.00	9.14	135.29
951975903001	Admin	08/10/2017	1.40	0.00	0.00	0.10	1.50
952484536001	Field Servcies	08/11/2017	94.16	0.00	0.00	6.83	100.99
952616660001	Admin	08/11/2017	53.47	0.00	0.00	2.94	56.41
953464021001	WTP, Admin & Field Services	08/15/2017	1,026.37	0.00	0.00	67.25	1,093.62
953968042001	WTP, Admin & Finance	08/16/2017	73.03	0.00	0.00	5.29	78.32
954880218001	WTP	08/18/2017	55.52	0.00	0.00	0.00	55.52
Vendor: 03567	Osborn, Susan						Payable Count: (1) 648.48
Ref 8223 Joe Rodgers F	Refund 8223 Joe Rodgers Rd	08/15/2017	648.48	0.00	0.00	0.00	648.48
Vendor: 02150	Pace Supply Corp						Payable Count: (11) 14,148.02
063773406	PRS-Various Supplies	03/30/2017	1,309.00	0.00	18.35	94.90	1,422.25
064010485	Baldwin-Gasket Rings & Bolt Set	08/02/2017	108.00	0.00	0.00	7.83	115.83
064010485-1	Baldwin -Bolt Kits	08/03/2017	182.00	0.00	0.00	13.20	195.20
064018888	Baldwin Pipe-Meter Parts	08/03/2017	66.00	0.00	0.00	4.79	70.79
064018865	Inventory Replenishment	08/04/2017	3,126.10	0.00	0.00	226.64	3,352.74
064018865-1	Inventory Replenishment	08/08/2017	1,777.00	0.00	0.00	128.83	1,905.83
064040803	Inventory Replenishment	08/15/2017	1,406.00	0.00	0.00	101.94	1,507.94
064046843	Baldwin-Gaskets & DI Flg X Flg Spool	08/17/2017	402.00	0.00	0.00	29.15	431.15
064046622	Inventory Replenishment	08/18/2017	1,340.40	0.00	0.00	97.18	1,437.58
064018865-2	Inventory Replenishment	08/21/2017	551.00	0.00	0.00	39.95	590.95
064018865-3	Inventory Replenishment	08/24/2017	2,907.00	0.00	0.00	210.76	3,117.76
Vendor: 03188	Pacific Material Handling Systems						Payable Count: (2) 995.38
683933	E#18-Forklift Service & Repair	08/07/2017	1,280.58	0.00	0.00	14.80	1,295.38
685192 CM	E#18-Forklift Repair Credit	08/20/2017	-300.00	0.00	0.00	0.00	-300.00
Vendor: 02163	Pape' Machinery, Inc.						Payable Count: (1) 603.69
1150370	E#9-Hose Replacement & Inspections	11/30/2016	599.50	0.00	0.00	4.19	603.69
Vendor: 02146	PG&E						Payable Count: (1) 3,672.94
0824701340-08-23-17	Electric and Gas Services Aug	08/23/2017	3,672.94	0.00	0.00	0.00	3,672.94
Vendor: 03572	Phillips, Nicholas						Payable Count: (1) 184.99
Boot Reimb 08-2017	Boot Reimbursement 08-2017	08/23/2017	184.99	0.00	0.00	0.00	184.99
Vendor: 02205	Placer County Air Pollution Control District						Payable Count: (1) 1,143.04
20847	Emergency Generator Permits 10/01/17 - 09/30/18	08/21/2017	1,143.04	0.00	0.00	0.00	1,143.04
Vendor: 03150	Professional Id Cards Inc						Payable Count: (1) 11.95
11103	ID Badge-N. Phillips	08/21/2017	6.45	0.00	5.50	0.00	11.95
Vendor: 02281	Ray A Morgan Company Inc						Payable Count: (1) 56.68
1714678	Canon/IR C5540-Cntrct Base Chrg 09/21/17-12/20/17	08/16/2017	55.35	0.00	0.00	1.33	56.68
Vendor: 02283	Recology Auburn Placer						Payable Count: (1) 640.70
55688949	Garbage Disposal Services Aug	08/31/2017	640.70	0.00	0.00	0.00	640.70
Vendor: 02223	Rexel Inc (Platt - Rancho Cordova)						Payable Count: (5) 987.84
N640133	Baldwin-3/4" 3 Piece Unilock	08/02/2017	116.93	0.00	0.00	9.65	126.58
N649435	Buildings-Lighting U-LED Lamps	08/04/2017	341.25	0.00	0.00	28.15	369.40
N679500	Conduit Mouse	08/04/2017	41.66	0.00	0.00	3.02	44.68
Y004714	Fluke Proving Unit	08/04/2017	149.99	0.00	0.00	12.37	162.36
N740622	Baldwin-SS Electrical Box Single Pull Can	08/15/2017	263.11	0.00	0.00	21.71	284.82
Vendor: 02293	RFI Enterprises, Inc						Payable Count: (1) 48.40
562123	Burg Monitoring Sept	08/04/2017	48.40	0.00	0.00	0.00	48.40

Open Payable Report

As Of 09/30/2017

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Vendor: 02302	Riebes Auto Parts, LLC						Payable Count: (4) 99.16
596907	Vehicles-Bumper Cleaner	07/01/2017	9.99	0.00	0.00	0.77	10.76
623023	V#3-Knob	08/02/2017	9.69	0.00	0.00	0.75	10.44
632289	Shop-Wire for Welder Tap/Die Kit	08/30/2017	58.98	0.00	0.00	4.57	63.55
632513	V#35 Pipe Rack-Clamps,Tech Termina,Wire Conduit	08/30/2017	13.37	0.00	0.00	1.04	14.41
Vendor: 02308	River City Staffing, Inc.						Payable Count: (1) 912.80
01210724	Temp Week Ending 08/25-D.Myles	08/29/2017	912.80	0.00	0.00	0.00	912.80
Vendor: 02328	Rocklin Windustrial Co						Payable Count: (4) 1,232.12
208749 00	Baldwin Pipe-Gasket	08/02/2017	10.79	0.00	0.00	0.78	11.57
208891 00	Chlorine Sys-Vacuum C/2 Valves-ASA HI	08/09/2017	367.20	0.00	0.00	26.62	393.82
208891 01	Chlorine Sys-Vacuum C/2 Valves-ASA HI	08/10/2017	734.40	0.00	0.00	53.24	787.64
209076 00	Baldwin Pipe-Plugs for Pipe Manifold	08/18/2017	36.45	0.00	0.00	2.64	39.09
Vendor: 03568	Ronneberg, Marcy						Payable Count: (1) 151.76
Ref 7152 Cedar Oaks D	Refund 7152 Cedar Oaks Dr	08/15/2017	151.76	0.00	0.00	0.00	151.76
Vendor: 03524	S & S Commerical Fishing Equipment, Inc.						Payable Count: (1) 3,941.44
120229	BW/EQ Sys-Backwash Rail Wheels	08/10/2017	3,675.00	0.00	0.00	266.44	3,941.44
Vendor: 03385	S.J. Electro Systems, Inc						Payable Count: (1) 6,770.00
CD99280531	SCADA Modification for BPS Alarms	08/08/2017	6,770.00	0.00	0.00	0.00	6,770.00
Vendor: 02357	Sacramento Municipal Utility District (SMUD)						Payable Count: (1) 30,190.54
7000018889 08-31-17	Consolidated Electric Services Aug	08/31/2017	30,190.54	0.00	0.00	0.00	30,190.54
Vendor: 02395	SAFETY KLEEN SYSTEMS INC.						Payable Count: (1) 788.69
74203750	Parts Washer Fluid Disposal	08/08/2017	735.38	0.00	0.00	53.31	788.69
Vendor: 02446	Sierra Chemical Co						Payable Count: (1) 6.00
SLC 10014605 Ref	Deposit Refund -Vendor Error	03/20/2017	6.00	0.00	0.00	0.00	6.00
Vendor: 03561	Sierra Pest Control						Payable Count: (1) 55.00
Ref Carolina/Shadow O	Refund Carolina/Shadow Oaks	08/07/2017	55.00	0.00	0.00	0.00	55.00
Vendor: 03220	Solenis LLP						Payable Count: (2) 3,745.17
131186970	Nonionic Polymer 3150 LBS	07/13/2017	3,055.50	0.00	0.00	221.52	3,277.02
131194725	Nonionic Polymer 450 LBS	08/01/2017	436.50	0.00	0.00	31.65	468.15
Vendor: 03309	Sorum, Mark						Payable Count: (1) 300.00
9897	Shop South-Raise Limbs Around Can & Clean Debris	09/01/2017	300.00	0.00	0.00	0.00	300.00
Vendor: 02334	Strohmaier, Rose						Payable Count: (1) 8.39
Mileage Reimb 08-201	Mileage Reimbursement- 08-2017	08/31/2017	8.39	0.00	0.00	0.00	8.39
Vendor: 01411	SureWest Telephone						Payable Count: (1) 1,608.70
916-791-0135/0 08/25	Phone Services 08/25/17 - 09/24/17	08/25/2017	1,608.70	0.00	0.00	0.00	1,608.70
Vendor: 02564	Telstar Instruments						Payable Count: (1) 1,634.50
91015	Chlorine Sys-Labor Emergency	07/31/2017	1,634.50	0.00	0.00	0.00	1,634.50
Vendor: 02580	The Eidam Corporation						Payable Count: (1) 180.00
1911	Wholesale Public Outreach FY 2017-2018-July	07/31/2017	180.00	0.00	0.00	0.00	180.00
Vendor: 02463	The New AnswerNet						Payable Count: (1) 285.00
054-66796	Answering Services Aug	08/31/2017	285.00	0.00	0.00	0.00	285.00
Vendor: 02162	Tobin, Pamela						Payable Count: (2) 96.35
Mileage & Parking 07-2	Mileage&Prkng07-2017-CapitolHearingRubioBillsB1668	07/31/2017	41.31	0.00	0.00	0.00	41.31
Exp Reimb 08-2017	Exp Reimb 08-2017-Lunch w/M. Hanneman & T.Costa	08/31/2017	55.04	0.00	0.00	0.00	55.04
Vendor: 02638	Tyler Technologies, Inc.						Payable Count: (2) 276.00
025-197887	Signature-Replace Shauna Lorange w/Keith Durkin	07/01/2017	138.00	0.00	0.00	0.00	138.00
025-198151	Signature-Replace Keith Durkin w/ Paul Helliker	07/01/2017	138.00	0.00	0.00	0.00	138.00

Open Payable Report

As Of 09/30/2017

Payable Number	Description	Post Date	Payable Amount	Discount Amount	Shipping Amount	Tax Amount	Net Amount
Vendor: 02651	United Parcel Service Inc						
00003E2E70327	Weekley Srvc Charge&Shipping-08/07-08/12/2017	08/12/2017	140.41	0.00	0.00	0.00	140.41
00003E2E70337	Weekley Srvc Charges-08/13-08/19/17	08/19/2017	25.80	0.00	0.00	0.00	25.80
						Payable Count: (2)	166.21
Vendor: 02690	Verizon Wireless						
9791905347	Wireless Services Aug	08/31/2017	792.39	0.00	0.00	0.00	792.39
						Payable Count: (1)	792.39
Vendor: 02700	Viking Shred LLC						
5089941	Shredding Services Aug	08/24/2017	50.00	0.00	0.00	0.00	50.00
						Payable Count: (1)	50.00
Vendor: 01687	W. W. Grainger, Inc.						
9514359109	Reflective Tape & Safety Items	07/31/2017	316.29	0.00	0.00	22.92	339.21
9514359117	V#36-Tradesman's Vise	07/31/2017	678.75	0.00	0.00	49.21	727.96
						Payable Count: (2)	1,067.17
Vendor: 03569	Wesalainen, Denise						
Ref 7460 Itchy Acres R	Refund 7460 Itchy Acres Rd	08/16/2017	127.68	0.00	0.00	0.00	127.68
						Payable Count: (1)	127.68
Vendor: 03570	Young, Nancy Lynn						
Ref 9487 Crocker Rd	Refund 9487 Crocker Rd	08/16/2017	159.84	0.00	0.00	0.00	159.84
						Payable Count: (1)	159.84
			Payable Account 999-20200			Payable Count: (200)	Total: 287,397.07

Payable Account Summary

Account	Count	Amount
999-20200 - Accounts Payable	200	287,397.07
Report Total:	200	287,397.07

Payable Fund Summary

Fund	Count	Amount
999 - INTERCOMPANY	200	287,397.07
Report Total:	200	287,397.07

STAFF REPORT

To: Board of Directors
From: Donna Silva, Director of Finance
Date: September 13, 2017
Subject: Treasurer's Report – Quarter Ending June 30, 2017

RECOMMENDED ACTION

This report is for information only and will be filed with the meeting minutes.

BACKGROUND

The purpose of the treasurer's report is to update the Board and the public on the status of the District's cash balances and investments, and highlight material changes from one period to another. The scope of this report covers the fourth quarter of fiscal year 2016-2017, ending June 30, 2017.

The District's investment objectives are established by the Board approved Investment Policy. The Investment Policy is guided and constrained by the California Government Code. The Board periodically reviews and adjusts the Investment Policy to ensure ongoing compliance with the government code and to maximize investment flexibility as permitted. The current Investment Policy has the following objectives for the portfolio:

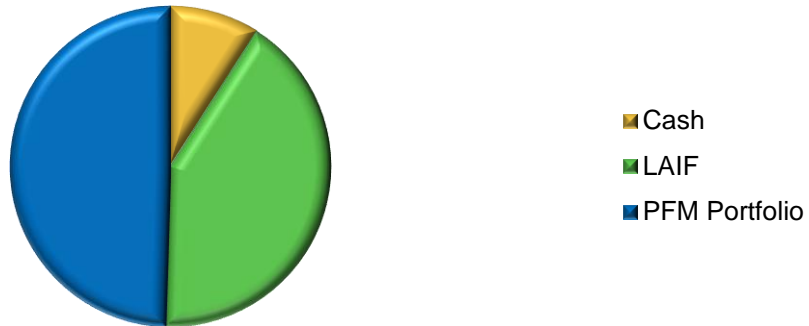
1. Safety
2. Liquidity
3. Yield

Attached is the quarterly Treasurer's Report for the three months ended June 30, 2017.

At March 31, 2017, the end of the previous quarter, the value of the District's total portfolio was \$22.6 million. Since that time, the value of the District's portfolio decreased by \$4.5 million for an ending balance of \$18.1 million as of June 30, 2017. *The significant decrease was expected, due to the payment to CalPERS of \$4,112,000 towards the unfunded pension liability.* Primarily as a result of the pension payment, cash and short-term investments decreased by \$4,365,175 million. Medium term investments decreased by \$1.42 million while long-term investments increased by \$1,337,920. The funds are currently held as follows:

Cash at Banking Institutions	\$ 1,633,123
Local Agency Investment Fund (LAIF)	7,521,572
PFM Managed Investment Portfolio	<u>8,979,654</u>
	<u>\$ 18,134,349</u>

Distribution of Investments San Juan Water District

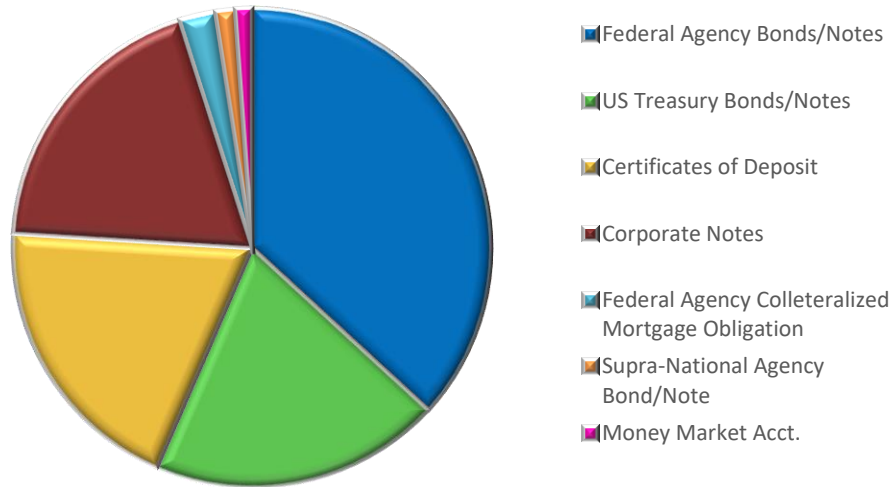


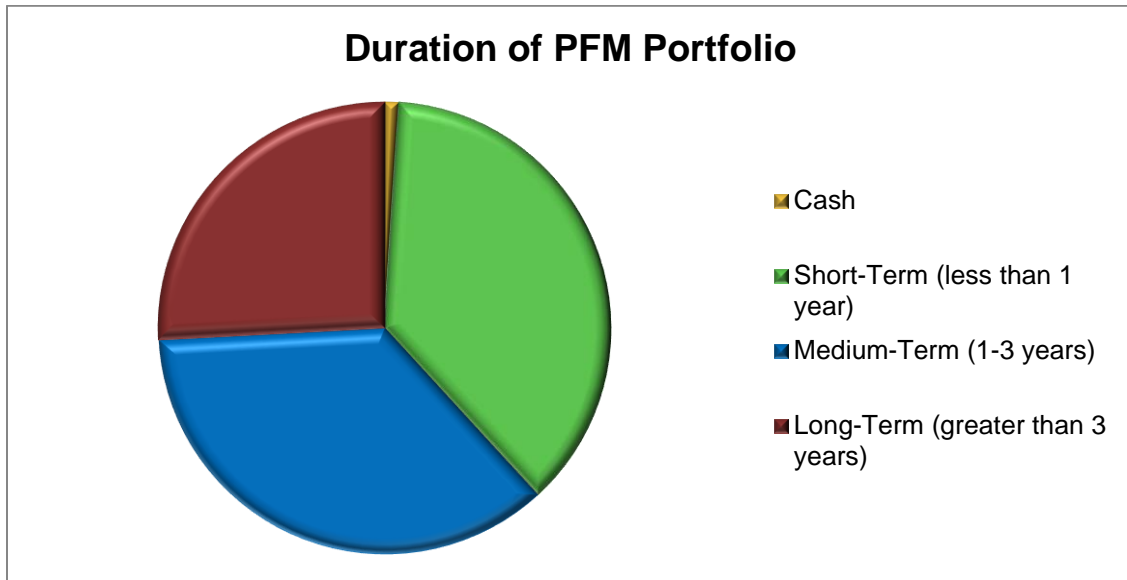
The overall portfolio is diversified with 49.5% invested in marketable securities (PFM Portfolio), 41.5% invested in short-term investments that are considered liquid (LAIF) and 9% on deposit with US Bank. Staff, in conjunction with your financial advisors, periodically review the mix of liquid and long-term investments and adjusts the portfolio according to the market conditions and the District’s short term cash needs. The portfolio appears slightly heavy in LAIF. Staff will be evaluating if a transfer out to the managed portfolio. However, given the cash flow needs from the 2017-18 budget a large transfer is not likely.

All securities held are in conformance with those permitted by the District’s Investment Policy. There are sufficient funds to meet the District’s expenditure requirements for the next six months.

The mix and duration of investments are displayed in the following charts:

Mix of Investments - PFM Portfolio





While interest rates have risen, they are still at remarkably low levels. During the first quarter of 2017 the Federal Open Market committee (FOMC) raised the federal funds target range by .25%, causing an increase in yields predominately in the short term category. As a result, the District moved more investments into the Short-term category to capture those increased yields. Since we are in an environment of rising interest rates the District is trying to slowly decrease its lower yielding long term investments and replace them with investments at a higher interest rate.

The portfolio is performing well and continues to outperform the benchmark (Bank of America Merrill Lynch "BAML" 0-5 year Treasury Index) on a current and historical basis.

Total Returns – period ending June 30, 2017

	Duration (years)	Quarter Ending 03/31/2017	Past Year	Since Inception
San Juan Water District	1.86	.47%	.21%	1.38%
BAML 0-5 Year Treasury Index	2.16	.34%	-.30%	1.02%

**San Juan Water District
Treasurer's Report
June 30, 2017**

	Yield %	Par Value	Cost	Current Market Value	Maturity Date
CASH & DEMAND DEPOSITS - US Bank:	na	\$ 1,633,122.93	\$ 1,633,122.93	\$ 1,633,122.93	na
LOCAL AGENCY INVESTMENT FUND (LAIF)	0.978%	\$ 7,521,572.07		\$ 7,521,572.07	na
PFM MONEY MARKET ACCOUNT	na	\$ 97,383.00	\$ 97,383.00	\$ 97,383.00	na
LONG-TERM INVESTMENTS (PFM Investment Portfolio):					
<i>U.S. Treasury Bonds/Notes:</i>					
US Treasury Notes	1.24%	\$ 45,000.00	\$ 45,024.61	\$ 44,724.02	1/31/2020
US Treasury Notes	1.50%	195,000.00	198,389.65	196,820.52	6/30/2020
US Treasury Notes	1.16%	325,000.00	330,382.81	325,571.35	6/30/2020
US Treasury Notes	1.23%	140,000.00	142,324.22	140,164.08	7/31/2020
US Treasury Notes	1.42%	310,000.00	327,316.41	319,723.77	8/15/2020
US Treasury Notes	1.15%	250,000.00	259,101.56	252,793.00	2/28/2021
US Treasury Notes	0.98%	160,000.00	162,950.00	157,956.32	4/30/2021
US Treasury Notes	1.85%	225,000.00	220,526.37	222,126.08	4/30/2021
US Treasury Notes	1.78%	105,000.00	107,231.25	106,997.42	7/31/2021
<i>Supra-National Agency Bond/Note</i>					
Inter-American Development Bank	1.10%	125,000.00	124,625.00	123,670.00	5/13/2019
<i>Federal Agency Collateralized Mortgage Obligation</i>					
FHLMC Series KP03 A2	1.10%	146,071.35	147,528.56	146,135.83	7/1/2019
Fannie Mae Series 2015-M13 ASQ2	1.08%	71,739.36	72,457.75	71,724.28	9/1/2019
<i>Federal Agency Bonds/Notes:</i>					
FNMA Notes (Ex-Callable)	1.05%	1,000,000.00	1,000,000.00	999,163.00	2/27/2018
FHLB Notes	1.25%	135,000.00	134,994.60	134,725.41	1/16/2019
Federal Home Loan Bank Agency Notes	1.40%	250,000.00	249,885.00	249,732.50	5/28/2019
FNMA Notes	1.69%	470,000.00	471,193.80	473,086.02	6/20/2019
FNMA Benchmark Notes	0.93%	260,000.00	259,563.20	256,874.28	8/2/2019
FHLB Global Note	0.94%	240,000.00	239,539.20	237,066.48	8/5/2019
FNMA Notes	1.05%	200,000.00	199,688.00	198,046.00	8/28/2109
FHLB Notes	1.38%	190,000.00	189,956.30	189,415.94	11/15/2019
FNMA Notes	1.52%	100,000.00	99,936.00	99,737.90	2/28/2020
FNMA Benchmark Notes	1.16%	110,000.00	110,467.50	108,058.61	5/6/2021
FNMA Notes	1.32%	60,000.00	59,794.74	58,652.58	8/17/2021
FNMA Notes	1.38%	100,000.00	99,388.00	97,754.30	8/17/2021
FNMA Notes	1.33%	210,000.00	209,149.50	205,284.03	8/17/2021
<i>Corporate Notes:</i>					
Wells Fargo & Company Global Notes	1.52%	1,000,000.00	999,000.00	999,679.00	1/16/2018
Bank of New York Mellon Corp (Callable)	1.60%	175,000.00	174,984.25	175,091.88	5/22/2018
CISCO Systems Inc Corp Note	1.66%	185,000.00	184,968.55	185,367.23	6/15/2018
Toyota Motor Credit Corp	1.58%	100,000.00	99,915.00	100,174.40	7/13/2018
Apple Inc Bonds	1.92%	130,000.00	129,936.30	130,326.56	2/7/2020
American Honda Finance Corp Notes	1.84%	130,000.00	129,112.10	127,365.29	9/9/2021
<i>Certificate of Deposit:</i>					
Skandinaviska Enskilda Banken NY CD	1.48%	215,000.00	215,000.00	214,906.48	11/16/2017
HSBC Bank USA NA Floating Cert Depos	0.97%	215,000.00	215,000.00	215,463.97	11/17/2017
Canadian Imperial Bank NY YCD	1.78%	250,000.00	249,805.00	251,047.25	11/30/2018
Nordea Bank Finland NY CD	1.74%	250,000.00	250,000.00	251,047.25	11/30/2018
Svenska Handelsbanken NY FLT Cert Depos	1.91%	215,000.00	215,000.00	214,416.06	8/24/2017
Bank of Montreal Chicago Cert Depos	1.90%	215,000.00	215,000.00	216,249.80	11/6/2017
Bank of Nova Scotia Houston LT CD	1.91%	215,000.00	215,000.00	214,873.37	4/5/2017
Sumitomo Mitsui Bank NY CD	2.05%	170,000.00	170,000.00	170,258.40	5/3/2019
TOTAL LONG TERM INVESTMENTS		\$ 8,887,810.71	\$ 8,924,135.23	\$ 8,882,270.66	
TOTAL CASH & INVESTMENTS AT 6/30/2017		\$18,139,888.71	\$10,654,641.16	\$18,134,348.66	

2017/18 Actual Deliveries and Revenue - By Wholesale Customer Agency

July - August 2017								
	Budgeted Deliveries	Budgeted Revenue	Actual Deliveries	Actual Revenue	Delivery Variance		Revenue Variance	
San Juan Retail	4,373.81	540,665	3,753.41	\$ 490,326	(620.40)	-14.2%	\$ (50,339)	-9.3%
Citrus Heights Water District	3,225.96	\$ 452,133	3,145.64	\$ 445,615	(80.32)	-2.5%	\$ (6,517)	-1.4%
Fair Oaks Water District	2,696.44	\$ 361,426	1,786.79	\$ 287,617	(909.65)	-33.7%	\$ (73,809)	-20.4%
Orange Vale Water Co.	1,296.25	\$ 170,886	1,193.26	\$ 162,529	(102.99)	-7.9%	\$ (8,357)	-4.9%
City of Folsom	319.44	\$ 44,863	337.40	\$ 46,321	17.96	5.6%	\$ 1,458	3.2%
Granite Bay Golf Course	152.91	\$ 6,017	144.70	\$ 5,694	(8.21)	-5.4%	\$ (323)	-5.4%
Sac Suburban Water District	2,800.00	\$ 498,680	3,272.62	\$ 529,903	472.62	16.9%	\$ 31,223	6.3%
TOTAL	14,864.81	\$ 2,074,670	13,633.82	\$ 1,968,005	(1,230.99)	-8.3%	\$ (106,665)	-5.1%

Budgeted Deliveries	14,864.81
Actual Deliveries	13,633.82
Difference	(1,230.99)
	-8.3%

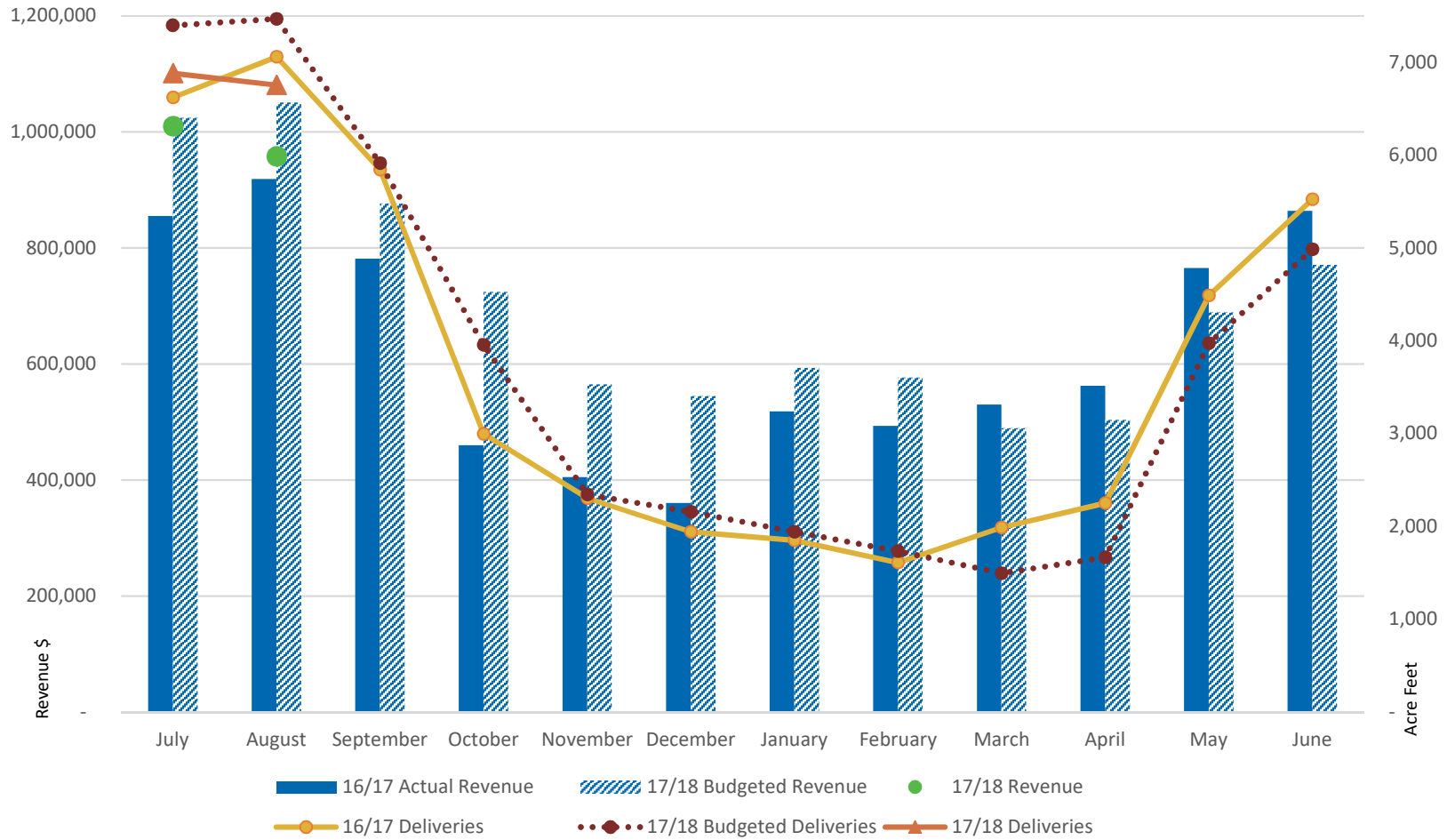
Budgeted Water Sale Revenue	\$ 2,074,670
Actual Water Sale Revenue	\$ 1,968,005
Difference	\$ (106,665)
	-5.1%

Conclusion:

All customers except The City of Folsom and SSWD took less water than budgeted over July and August 2017 for a total negative variance of 1,231 acre feet or 8.3%. The negative variance is due primarily to Fair Oaks and our Retail Service Area.

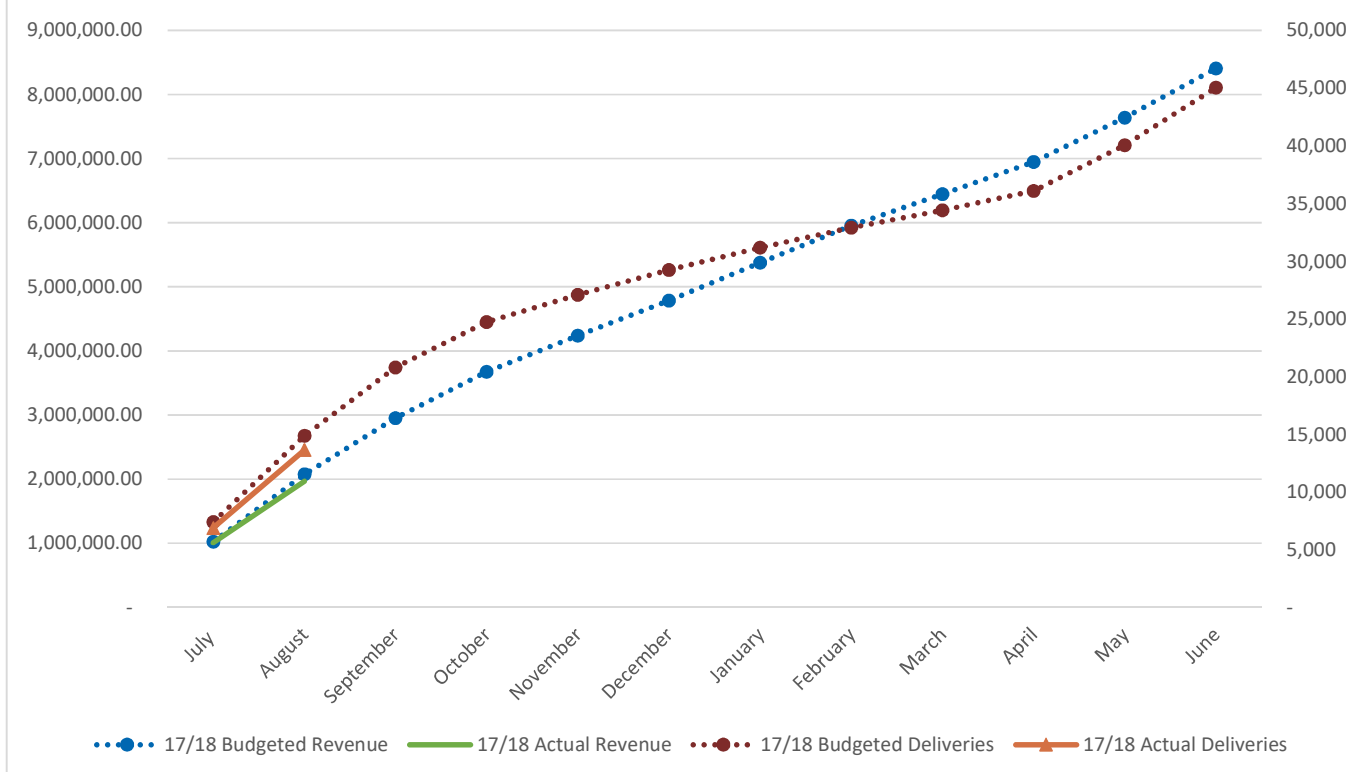
Due to the change in the rate structure, the 8.3% decline in deliveries produces revenues that are just 5.1% lower than the budget for the period.

Comparison of Fiscal Year 2016/2017 Actual to 2017/2018 Projections of Deliveries and Revenue



	Deliveries		Revenues	
FY 17-18 Budget	45,030		\$ 8,406,242	
FY 16/17	44,482		\$ 7,512,532	
Difference	549	1.2%	\$ 893,709	12%

Cumulative Wholesale Water Deliveries & Revenue



STAFF REPORT

To: Board of Directors

From: Donna Silva, Finance Director

Date: September 13, 2017

Subject: Second Amendment to Agreement between San Juan Water District and Northridge Water District Concerning Diversion, Treatment and Conveyance of Water (Agreement)

RECOMMENDED ACTION

Approve the negotiated contract amendment with Northridge Water District (Sacramento Suburban Water District, as amended) and authorize the General Manager to execute the amendment. See Exhibit 1 for Second Amendment, Exhibit 2 for the redline version and Exhibit 3 for the original contract.

BACKGROUND

Northridge Water District (NWD) and San Juan Water District (SJWD) entered into an agreement for the "Diversion, Treatment and Conveyance of Water" in 1993 (see Exhibit 3). Language in the contract concerning SJWD's charges for plant capacity and water treatment to NWD were vague and, in practical terms, indistinguishable, with the exception of the cost of water, from how SJWD charges its wholesale customers who have first rights and firm capacity entitlements on SJWD's water supply and plant capacity. Sacramento Suburban Water District (District), as the successor to NWD, and SJWD staff agreed that the contract language regarding costs as enumerated in the contract, see Exhibit 3, part 4, "Payment for Use of Surplus Capacity," needed amending.

District staff and SSWD staff agreed on the principles to amend the treatment and conveyance charges section of the Agreement between the two Districts earlier this year. Since SSWD and SJWD utilize the same law firm, SSWD hired separate counsel to draft the proposed amendment (Mr. Adam Brown, Esq. of Hill, Rivkins, Brown & Associates) at their own cost.

The current agreement contains vague language for the manner in which SJWD will calculate the rate to treat and convey water to SSWD. Specifically the existing states:

4. Payment for Use of Surplus Capacity or Surplus Water. *San Juan's charge to Northridge for use of Surplus Capacity in San Juan's Facilities to deliver Surplus Water or Northridge Water shall be at the same average wholesale water rate it charges to San Juan's Member districts, plus a charge to cover the pro rata cost of treating water to be delivered to Northridge to the extent treatments costs are not included in the wholesale water rate. The charge for using Surplus Capacity to divert, treat, and deliver Northridge Water shall not include the cost-of-water components of San Juan's wholesale water rate, but*

may include the cost to San Juan to obtain Surplus Water specifically for the purpose of making it available for delivery to Northridge.

While the language says that the charge to SSWD will be the same average wholesale water rate it charges to San Juan's Member Districts, it was never included in the Wholesale Financial Plan and Rate Schedules. The last known rate for SSWD was \$59.02 per acre foot, in 2013. In 2016 SSWD began having SJWD treat water again. Since the District did not have a current rate, nor was a rate included in a recent Financial Plan, the Finance Department calculated a new rate of \$135.34 using the language from the contract as a guide.

During the most recent Wholesale Financial Plan process, it was decided to include the SSWD treatment rate, so that the rate could be calculated in conformance with our interpretation of the agreement. The result of the Financial Plan was a rate for 2017 of \$178.10, which San Juan has been charging SSWD since January 1, 2017.

SSWD participated in the rate setting process and had the process reviewed by HDR, an independent consulting firm. The conclusion was that the wholesale financial plan did not provide HDR with enough detail to make an assertion on the accuracy of the rate, because the Wholesale Financial Plan did not include San Juan's detailed line item budget, to support the cost assertions in the plan. Staff from both agencies decided that the best course forward was for SSWD to pay the newly adopted rate from the Wholesale Financial Plan and negotiate an amendment to the agreement that would specify the exact manner in which the rate should be calculated.

Along with a few other minor changes to the contract, the proposed amendment includes the following new language for rate calculation:

Effective January 1, 2017, utilizing the current structure of SJWD's Wholesale Financial Plan and Water Rate Study, SSWD 's per acre foot cost of water shall be the total average cost of service for the Wholesale entity, less the burdened Cost of Supply, with the sum divided by the estimated annual water use of the wholesale customer entities.

To illustrate by example, referring to Table 111-2 on page 26 SJWD 's January 5, 2017 Wholesale Financial Plan and Water Rate Study (a copy of which is attached hereto as Exhibit A and incorporated by reference herein), the Total Wholesale Cost is \$8,842,000, while the burdened Cost of Supply is \$2,370,500. Taking the net of these amounts of \$6,471,500 and dividing by the estimated annual water use of the wholesale customers of 39,967, SSWD's treat and wheel cost per acre foot for calendar year 2017 would be \$161.92.

Rates for calendar years 2018-2021 will escalate in the same manner as described in the current Wholesale Financial Plan. If the current Wholesale Financial Plan is amended or superseded, the rate for calendar years 2018-2021 will be amended as well. Specifically they will be as follows:

<u>Current Rate Schedule</u>	<u>Proposed Rate Schedule</u>
2017: \$178.10	\$161.92
2018: \$194.13	\$176.49
2019: \$211.60	\$192.37
2020: \$230.64	\$209.68
2021: \$242.17	\$220.16

Rates for subsequent calendar years will follow the methodology described above and will be included and calculated within subsequent Wholesale Financial Plans. If a financial plan and rate schedule are not completed by the expiration of the current approved rate schedule, the then current rate shall remain in effect until such time as a new Wholesale Financial Plan and Rate Schedule is approved by the Board of Directors of San Juan.

If the rate is adjusted retroactively, San Juan will owe SSWD a credit of \$80,917.79 for water treated from January 2017 through June 2017. Additionally, San Juan will experience lower revenue in the current fiscal year than projected, in the amount of approximately \$123,400. The total reduction in revenues for both fiscal years would be approximately \$204,300.

The Financial Plan does not anticipate revenue from SSWD for calendar years 2017 forward. Therefore the specific impacts of this change would be to fiscal year 2016-17 revenues, which were already greater than anticipated, and to fiscal year 2017-18 revenues projected in the budget, , but which were not projected in the Financial Plan.

The last time SSWD had the District treat a significant amount of water was in 2011. We began treating their water again in February 2016. Since that time, it has generated additional revenues in excess of \$2.3 million for the wholesale division of the District.

ATTACHMENTS:

Exhibit 1 – Proposed Second Amendment

Exhibit 2 – Redline version of Proposed Second Amendment

Exhibit 3 – Current contract

**AMENDED AND RESTATED AGREEMENT BETWEEN
SAN JUAN WATER DISTRICT
AND SACRAMENTO SUBURBAN WATER DISTRICT
CONCERNING DIVERSION, TREATMENT
AND CONVEYANCE OF WATER**

This Amended and Restated “Agreement Between San Juan Water District and Sacramento Suburban Water District Concerning Diversion, Treatment and Conveyance of Water” (the “Agreement”) is entered into by and between San Juan Water District, a public entity (“San Juan”) and Sacramento Suburban Water District (“SSWD”), a public entity, as successor in interest to Northridge Water District, a public entity (“Northridge”) (together, the “Parties”) and fully amends, restates, and supersedes in full the Agreement entered into by San Juan and Northridge as of the 23rd day of November, 1993, and amended on October 12, 1994.

RECITALS

1. San Juan owns and operates facilities for (a) diversion of water from Folsom Reservoir, (b) treatment of water to meet health and safety standards for potable use, and (c) conveyance and delivery of treated water to its customers ("San Juan's Facilities"). San Juan's customers include (a) its retail water service customers in Placer and Sacramento Counties, and (b) its wholesale water service customers, namely, city of Folsom, Citrus Heights Water District, Fair Oaks Water District and Orange Vale Water Company (hereinafter collectively referred to as "San Juan's Member Districts").

2. San Juan has water rights and entitlements under its own pre-1914 water rights, and has water supply contracts with the U.S. Bureau of Reclamation and Placer County Water Agency. San Juan also purchases water from other sources from time to time, and expects to continue to do so in the future. For the purpose of this Agreement, "San Juan's Water Rights" shall mean San Juan's water rights and entitlements as they may exist from time to time, irrespective of the source.

3. SSWD is the successor entity to Northridge Water District following the consolidation of Northridge Water District and Arcade Water District on February 1, 2002, and SSWD has succeeded to all the rights and obligations of Northridge Water District under the Agreement. SSWD provides potable water service to customers within its service area primarily from groundwater sources, but desires to have a supplemental surface water supply diverted, treated and conveyed through San Juan's Facilities. In the past, San Juan has diverted, treated and conveyed surface water from Folsom Reservoir to SSWD using San Juan's Facilities. SSWD may obtain water rights and entitlements in the future to divert water from Folsom Reservoir ("SSWD Water").

4. San Juan has constructed a project to enhance reliability and increase the capacity of its water conveyance facilities from its treatment plant to Filbert Avenue ("San Juan's Pipeline") to meet future demands. SSWD, as successor in interest to Northridge, has paid San Juan \$4.7 million to expand the capacity of San Juan's Pipeline by 59 million gallons per day for

SSWD's exclusive use for conveying water for SSWD ("SSWD's Capacity"). SSWD has also constructed a pipeline with Citrus Heights Water District for their joint use connecting with San Juan's Pipeline at Filbert Avenue and terminating at C Bar C Park, and has constructed new water conveyance facilities connected to the SSWD-Citrus Heights pipeline at C Bar C Park to deliver water to SSWD's service area. The pipelines referred to in the preceding sentence are hereinafter referred to as "SSWD's Pipeline."

5. San Juan is willing to work cooperatively with SSWD to use SSWD's Capacity and surplus capacity in San Juan's Facilities to divert, treat and convey for SSWD's use within its service area (a) surplus water from Folsom Reservoir under San Juan's water Rights, and (b) surface water from Folsom Reservoir that SSWD may become entitled to divert from time to time in the future. For all purposes in this Agreement, "SSWD's Service Area" shall include the service area of SSWD as well as the service area of Rio Linda Water District and California American Water Company's ("CalAm) Lincoln Oaks and Antelope service area, so that SSWD shall be authorized under this Agreement to use Surplus capacity and to deliver Surplus Water for use in the service areas of both SSWD, CalAm and Rio Linda, or other surrounding areas within the Place of Use of the particular water source involved.

6. This Agreement as amended supersedes in its entirety the Agreement between San Juan and Northridge entered into as of November 23, 1993, and as amended on October 12, 1994.

In consideration of the mutual covenants contained herein, the parties agree as follows:

1. **Recitals Incorporated.** The foregoing recitals are incorporated by reference.
2. **Right of SSWD to Use San Juan's Facilities.** The parties acknowledge that the first priority for use of San Juan's Facilities is and shall be for San Juan to provide water service to San Juan's Member Districts, except that SSWD shall have exclusive right to use SSWD's Capacity, as described in paragraph 4 above. "Surplus Capacity" shall mean capacity in San Juan's Facilities not needed to serve the needs of San Juan's Member Districts. "Surplus Water" shall mean water available under San Juan's Water Rights not needed to serve the needs of San Juan's Member Districts. Before San Juan makes Surplus Capacity available for use by anyone outside San Juan's Member Districts, SSWD shall have the first priority to use Surplus capacity for delivery of Surplus Water or SSWD Water for use within SSWD's Service Area. The General Manager of San Juan, with concurrence of San Juan's Board of Directors, shall have sole authority to determine the availability of Surplus Capacity from time to time, and his or her decision shall be final so long as it is not arbitrary and capricious.
3. **Right of SSWD to Use San Juan's Surplus Water.** The parties acknowledge that the first priority for use of San Juan's Water Rights is and shall be for San Juan to provide water service to San Juan's Member Districts. Before San Juan makes Surplus Water available for use by anyone outside San Juan's Member Districts, SSWD shall have the right to first priority to use Surplus Water for use within SSWD's Service Area. The General Manager of San Juan, with concurrence of San Juan's Board of Directors, shall have sole authority to determine

the availability of Surplus Water from time to time, and his or her decision shall be final so long as it is not arbitrary and capricious.

4. **Payment for Use of Surplus Capacity or Surplus Water.** This Agreement is an arrangement for a combination sale of San Juan surplus water and the treatment and delivery of SSWD water that it is or has become entitled to, the treatment and delivery serving as an interruptible “Treat and Wheel” arrangement. Recognizing that SSWD has provided a \$4.7 million payment to San Juan to expand the capacity of San Juan’s Pipeline by 59 million gallons per day for SSWD’s exclusive use in delivering water to SSWD, the per acre-foot charge to SSWD for treatment and delivery of SSWD water shall be calculated as follows:

Effective January 1, 2017, utilizing the current structure of SJWD's Wholesale Financial Plan and Water Rate Study, SSWD 's per acre foot cost of water shall be the total average cost of service for the Wholesale entity, less the burdened Cost of Supply, with the sum divided by the estimated annual water use of the wholesale customer entities.

To illustrate by example, referring to Table 111-2 on page 26 of SJWD 's January 5, 2017 Wholesale Financial Plan and Water Rate Study (a copy of which is attached hereto as Exhibit A and incorporated by reference herein), the Total Wholesale Cost is \$8,842,000, while the burdened Cost of Supply is \$2,370,500. Taking the net of these amounts of \$6,471,500 and dividing by the estimated annual water use of the wholesale customers of 39, 967, SSWD 's treat and wheel cost per acre foot for calendar year 2017 would be \$161.92.

Rates for calendar years 2018-2021 will escalate in the same manner as described in the current Wholesale Financial Plan. If the current Wholesale Financial Plan is amended or superseded, the rate for calendar years 2018-2021 will be amended as well. Specifically they will be as follows:

2018: \$176.49

2019: \$192.37

2020: \$209.68

2021: \$220.16

Rates for subsequent calendar years will follow the methodology described above and will be included and calculated within subsequent Wholesale Financial Plans. If a financial plan and rate schedule are not completed by the expiration of the current approved rate schedule the then current rate shall remain in effect until such time as a new Wholesale Financial Plan and Rate Schedule is approved by the Board of Directors of San Juan.

5. **Scheduling of Deliveries to SSWD.** The General Manager of San Juan shall keep SSWD informed on a regular basis of the availability of Surplus Capacity and surplus Water from San Juan. The General Managers of San Juan and SSWD shall consult with each other on a regular basis to arrange for and schedule use of Surplus Capacity in San Juan's Facilities to deliver either Surplus Water or SSWD Water to SSWD. The point of delivery to SSWD shall be at the SSWD Pipeline at C Bar C Park. SSWD shall be responsible for measuring water

delivered by San Juan under this Agreement at the point of delivery with metering equipment approved by San Juan.

7. **Expansion of Place of Use for PCWA Water.** Water under San Juan's contract with Placer County Water Agency could be available for use within SSWD's service area if the place of use of the water rights referred to in the contract were changed to include SSWD's Service Area. San Juan and SSWD agree that such a change in place of use was desirable, and have cooperated at SSWD's expense to obtain such a change in place of use.

8. **Conjunctive Use of SSWD Groundwater and San Juan Surface Water.** As a result of this Agreement, SSWD has implemented a program of conjunctive use of groundwater and surface water (including groundwater recharge) to better provide a reliable, high-quality water supply to its customers. San Juan and SSWD agree in concept that it would also be desirable for San Juan to be able to utilize groundwater pumped from SSWD's wells, by exchange or otherwise, to facilitate conjunctive use of groundwater and surface water by San Juan, to better serve its customers. San Juan and SSWD shall continue to work cooperatively to implement such a conjunctive use program.

9. **General Provisions.**

A. **Integration.** This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this contract among the parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

B. **Construction and Interpretation.** It is agreed and acknowledged by the parties that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

C. **Waiver.** The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

D. **General Indemnity.** Each party agrees to protect, defend, indemnify, and hold harmless the other party, its officers, agents, servants, employees and consultants from and against any and all losses, claims, liens, demands and causes of action of every kind and character, without limitation by enumeration, occurring or in any wise incident to, connected with, or arising directly or indirectly out of the performance or nonperformance by the indemnifying party hereunder.

E. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

F. **Successors and Assigns.** This Agreement shall bind and inure to the benefit of the respective heirs, devisees, personal representatives, successors and assigns of the parties.

G. **Amendment.** This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties.

H. **Supporting Resolutions.** Each party represents that it has legal authority to enter into this Agreement and to perform its obligations hereunder, and shall submit to the other party concurrent with execution of this Agreement a duly authorized resolution or other document evidencing the authority and authorizing the person executing this Agreement to do so.

I. **Additional Documents and Actions.** Each party agrees to make, execute, and deliver any and all documents and take other actions reasonably required to implement this Agreement.

[Signatures follow on next page]

The foregoing is hereby agreed to by the parties.

September ____, 2017

SACRAMENTO SUBURBAN WATER DISTRICT

By: _____
President, Board of Directors

Attest:

By: _____
Secretary

September ____, 2017

SAN JUAN WATER DISTRICT

By: _____
General Manager

Attest:

By: _____
Secretary

SECOND AMENDMENT TO AGREEMENT BETWEEN
SAN JUAN WATER DISTRICT
AND NORTHRIDGE WATER DISTRICT
CONCERNING DIVERSION, TREATMENT
AND CONVEYANCE OF WATER
(AS AMENDED)

This Second Amendment to the “Agreement Between San Juan Water District and Northridge Water District Concerning Diversion, Treatment and Conveyance of Water” (the “Agreement”) is entered into by and between San Juan Water District, a public entity (“San Juan”) and Sacramento Suburban Water District (“SSWD”), a public entity, as successor in interest to Northridge Water District, a public entity (“Northridge”) (together, the “Parties”) and amends the Agreement entered into by the Parties as of the 23rd day of November, 1993, and amended on October 12, 1994. This Agreement, entered into as of the 23rd day of November, 1993, by and between San Juan Water District, a public entity (“San Juan”), and Northridge Water District, a public entity (“Northridge”), in the County of Sacramento, California, is amended as of October 12, 1994.

RECITALS

1. San Juan owns and operates facilities for (a) diversion of water from Folsom Reservoir, (b) treatment of water to meet health and safety standards for potable use, and (c) conveyance and delivery of treated water to its customers ("San Juan's Facilities"). San Juan's customers include (a) its retail water service customers in Placer and Sacramento Counties, and (b) its wholesale water service customers, namely, city of Folsom, Citrus Heights ~~Irrigation Water~~ District, Fair Oaks Water District and Orange Vale Water Company (hereinafter collectively referred to as "San Juan's Member Districts").

2. San Juan has water rights and entitlements under its own pre-1914 water rights, and has water supply contracts with the U.S. Bureau of Reclamation and Placer County Water Agency. San Juan also purchases water from other sources from time to time, and expects to continue to so in the future. For the purpose of this Agreement, "San Juan's Water Rights" shall mean San Juan's water rights and entitlements as they may exist from time to time, irrespective of the source.

3. SSWD is the successor entity to Northridge Water District following the consolidation of Northridge Water District and Arcade Water District, and SSWD has succeeded to all the rights and obligations of Northridge Water District under the -Agreement. ~~Northridge~~SSWD provides potable water service to customers within its service area primarily from groundwater sources, but desires to have a supplemental surface water supply diverted, treated and conveyed through San Juan's Facilities. In the past, San Juan has diverted, treated and conveyed surface water from Folsom Reservoir to ~~Northridge~~SSWD using San Juan's Facilities. ~~Northridge~~SSWD may obtain water rights and entitlements in the future to divert water from Folsom Reservoir ("~~Northridge~~SSWD Water").

4. San Juan ~~is undertaking a~~ has constructed a project to enhance reliability and increase the capacity of its water conveyance facilities from its treatment plant to Filbert Avenue ("San Juan's Pipeline") to meet future demands. NorthridgeSSWD, as successor in interest to Northridge, has ~~agreed to pay~~ paid San Juan \$4.7 million to expand the capacity of San Juan's Pipeline by 59 million gallons per day for NorthridgeSSWD's exclusive use for conveying water for NorthridgeSSWD ("NorthridgeSSWD's Capacity"). ~~NorthridgeSSWD is also undertaking a project (a) to construct~~ has also constructed a pipeline with Citrus Heights Irrigation-Water District ~~a pipeline~~ for their joint use connecting with San Juan's Pipeline at Filbert Avenue and terminating at C Bar C Park, and ~~(b) to construct~~ has constructed new water conveyance facilities ~~to be~~ connected to the NorthridgeSSWD-Citrus Heights pipeline at C Bar C Park to deliver water to NorthridgeSSWD's service area. The pipelines referred to in the preceding sentence are hereinafter referred to as "NorthridgeSSWD's Pipeline."

~~5. On November 8, 1993, San Juan and Northridge~~ Northridge ~~formed the San Juan Suburban Water District Financing Corporation to assist in financing San Juan's Pipeline and NorthridgeSSWD's Pipeline.~~

6. San Juan is willing to work cooperatively with NorthridgeSSWD to use NorthridgeSSWD's Capacity and surplus capacity in San Juan's Facilities to divert, treat and convey for NorthridgeSSWD's use within its service area (a) surplus water from Folsom Reservoir under San Juan's water Rights, and (b) surface water from Folsom Reservoir that NorthridgeSSWD may become entitled to divert from time to time in the future. For all purposes in this Agreement, "NorthridgeSSWD's Service Area" shall include the service area of NorthridgeSSWD as well as the service area of Rio Linda Water District and California American Water Company's (CalAM) Lincoln Oaks and Antelope service area, so that NorthridgeSSWD shall be authorized under this Agreement to use Surplus capacity and to deliver Surplus Water for use in the service areas of both NorthridgeSSWD, CalAM and Rio Linda, or other surrounding areas within the Place of Use of the particular water source involved.

7. This Agreement as amended supersedes in its entirety the Agreement between San Juan and Northridge entered into as of November 23, 1993, and as amended on October 12, 1994. In consideration of the mutual covenants contained herein, the parties agree as follows:

1. **Recitals Incorporated.** The foregoing recitals are incorporated by reference.
2. **Right of NorthridgeSSWD to Use San Juan's Facilities.** The parties acknowledge that the first priority for use of San Juan's Facilities is and shall be for San Juan to provide water service to San Juan's Member Districts, except that NorthridgeSSWD shall have exclusive right to use NorthridgeSSWD's Capacity, as described in paragraph 4 above. "Surplus Capacity" shall mean capacity in San Juan's Facilities not needed to serve the needs of San Juan's Member Districts. "Surplus Water" shall mean water available under San Juan's Water Rights not needed to serve the needs of San Juan's Member Districts. Before San Juan makes Surplus Capacity available for use by anyone outside San Juan's Member Districts, NorthridgeSSWD shall have the first priority to use Surplus capacity for delivery of Surplus Water or NorthridgeSSWD Water for use within NorthridgeSSWD's Service Area. The General Manager

of San Juan, with concurrence of San Juan's Board of Directors, shall have sole authority to determine the availability of Surplus Capacity from time to time, and his or her decision shall be final so long as it is not arbitrary and capricious.

3. **Right of NorthridgeSSWD to Use San Juan's Surplus Water.** The parties acknowledge that the first priority for use of San Juan's Water Rights is and shall be for San Juan to provide water service to San Juan's Member Districts. Before San Juan makes Surplus Water available for use by anyone outside San Juan's Member Districts, NorthridgeSSWD shall have the right to first priority to use Surplus Water for use within NorthridgeSSWD's Service Area. The General Manager of San Juan, with concurrence of San Juan's Board of Directors, shall have sole authority to determine the availability of Surplus Water from time to time, and his or her decision shall be final so long as it is not arbitrary and capricious.

4. **Payment for Use of Surplus Capacity or Surplus Water.** ~~San Juan's charge to Northridge for use of Surplus Capacity in San Juan's Facilities to deliver Surplus Water or Northridge Water shall be at the same average wholesale water rate it charges to San Juan's Member Districts, plus a charge to cover the pro rata cost of treating water to be delivered to Northridge to the extent treatment costs are not included in the wholesale water rate. The charge for using Surplus Capacity to divert, treat and deliver Northridge Water shall not include the cost of water component of San Juan's wholesale water rate, but may include the cost to San Juan to obtain Surplus Water specifically for the purpose of making it available for delivery to Northridge. This Agreement is an arrangement for a combination sale of San Juan surplus water and the treatment and delivery of SSWD water that it is or has become entitled to, the treatment and delivery serving as an interruptible "Treat and Wheel" arrangement. Recognizing that SSWD has provided a \$4.7 million payment to San Juan to expand the capacity of San Juan's Cooperative Transmission Pipeline by 59 million gallons per day for SSWD's exclusive use in delivering water to SSWD, the per acre-foot charge to SSWD for treatment and delivery of SSWD water shall be calculated as follows:~~

Effective January 1, 2017, utilizing the current structure of SJWD's Wholesale Financial Plan and Water Rate Study, SSWD's per acre foot cost of water shall be the total average cost of service for the Wholesale entity, less the burdened Cost of Supply, with the sum divided by the estimated annual water use of the wholesale customer entities.

To illustrate by example, referring to Table 111-2 on page 26 ~~ii-om-of~~ SJWD's January 5, 2017 Wholesale Financial Plan and Water Rate Study (a copy of which is attached hereto as Exhibit A and incorporated by reference herein), the Total Wholesale Cost is \$8,842,000, while the burdened Cost of Supply is \$2,370,500. Taking the net of these amounts of \$6,471,500 and dividing by the estimated annual water use of the wholesale customers of 39, 967, SSWD's treat and wheel cost per acre foot for calendar year 2017 would be \$161.92. ☐

Rates for calendar years 2018-2021 will escalate in the same manner as described in the current Wholesale Financial Plan. If the current Wholesale Financial Plan is amended or superseded, the rate for calendar years 2018-2021 will be amended as well. Specifically they will be as follows:

2018: \$176.49

2019: \$192.37

2020: \$209.68

2021: \$220.16

Rates for subsequent calendar years will follow the methodology described above and will be included and calculated within subsequent Wholesale Financial Plans. If a financial plan and rate schedule are not completed by the expiration of the current approved rate schedule end of any calendar year, the then current rate shall remain in effect until such time as a new Wholesale Financial Plan and Rate Structure Schedule is approved by the Board of Directors of San Juan.

5. **Scheduling of Deliveries to NorthridgeSSWD.** The General Manager of San Juan shall keep NorthridgeSSWD informed on a regular basis of the availability of Surplus Capacity and surplus Water from San Juan. The General Managers of San Juan and NorthridgeSSWD shall consult with each other on a regular basis to arrange for and schedule use of Surplus Capacity in San Juan's Facilities to deliver either Surplus Water or NorthridgeSSWD Water to NorthridgeSSWD. The point of delivery to NorthridgeSSWD shall be at the NorthridgeSSWD Pipeline at C Bar C Park. NorthridgeSSWD shall be responsible for measuring water delivered by San Juan under this Agreement at the point of delivery with metering equipment approved by San Juan.

~~6. **Potential Annexation of Northridge to San Juan.** San Juan and Northridge approve in concept the future annexation of Northridge to San Juan for the purpose of Northridge becoming a Member District of San Juan, on terms and conditions approved by San Juan and Northridge. San Juan and Northridge shall work cooperatively toward completing such an annexation at Northridge's expense when requested by Northridge.~~

7. **Expansion of Place of Use for PCWA Water.** Water under San Juan's contract with Placer County Water Agency could be available for use within NorthridgeSSWD's service area if the place of use of the water rights referred to in the contract were changed to include NorthridgeSSWD's Service Area. San Juan and NorthridgeSSWD agree ~~in concept~~ that such a change in place of use ~~would be~~ was desirable, and ~~have agree to~~ cooperated at NorthridgeSSWD's expense ~~into~~ obtain~~ing~~ such a change in place of use.

8. **Conjunctive Use of NorthridgeSSWD Groundwater and San Juan Surface Water.** As a result of this Agreement, NorthridgeSSWD ~~will be able to implement~~ ~~has~~ ~~implemented~~ a program of conjunctive use of groundwater and surface water (including groundwater recharge) to better provide a reliable, high-quality water supply to its customers. San Juan and NorthridgeSSWD agree in concept that it would also be desirable for San Juan to be able to utilize groundwater pumped from NorthridgeSSWD's wells, by exchange or otherwise, to facilitate conjunctive use of groundwater and surface water by San Juan, to better serve its

customers. San Juan and ~~NorthridgeSSWD~~ agree shall continue to work cooperatively to implement such a conjunctive use program.

9. **General Provisions.**

A. **Integration.** This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this contract among the parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

B. **Construction and Interpretation.** It is agreed and acknowledged by the parties that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.

C. **Waiver.** The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

D. **General Indemnity.** Each party agrees to protect, defend, indemnify, and hold harmless the other party, its officers, agents, servants, employees and consultants from and against any and all losses, claims, liens, demands and causes of action of every kind and character, without limitation by enumeration, occurring or in any wise incident to, connected with, or arising directly or indirectly out of the performance or nonperformance by the indemnifying party hereunder.

E. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

F. **Successors and Assigns.** This Agreement shall bind and inure to the benefit of the respective heirs, devisees, personal representatives, successors and assigns of the parties.

G. **Amendment.** This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties.

H. **Supporting Resolutions.** Each party represents that it has legal authority to enter into this Agreement and to perform its obligations hereunder, and shall submit to the other party concurrent with execution of this Agreement a duly authorized resolution or other document evidencing the authority and authorizing the person executing this Agreement to do so.

I. **Additional Documents and Actions.** Each party agrees to make, execute, and deliver any and all documents and take other actions reasonably required to implement this Agreement.

The foregoing is hereby agreed to by the parties.

~~August-September~~____, 2017

SACRAMENTO
SUBURBANNORTHRIDGE WATER
DISTRICT

By: _____
President, Board of Directors

Attest:

By: _____
Secretary

~~August-September~~____, 2017

SAN JUAN WATER DISTRICT

By: _____
~~President, Board of Directors~~General
Manager

Attest:

By: _____
Secretary

**AGREEMENT BETWEEN
SAN JUAN WATER DISTRICT
AND NORTHRIDGE WATER DISTRICT
CONCERNING DIVERSION, TREATMENT
AND CONVEYANCE OF WATER
(AS AMENDED)**

This Agreement, entered into as of the 23rd day of November, 1993, by and between San Juan Water District, a public entity ("San Juan"), and Northridge Water District, a public entity ("Northridge"), in the County of Sacramento, California, is amended as of October 12, 1994.

RECITALS

1. San Juan owns and operates facilities for (a) diversion of water from Folsom Reservoir, (b) treatment of water to meet health and safety standards for potable use, and (c) conveyance and delivery of treated water to its customers ("San Juan's Facilities"). San Juan's customers include (a) its retail water service customers in Placer and Sacramento Counties, and (b) its wholesale water service customers, namely, City of Folsom, Citrus Heights Irrigation District, Fair Oaks Water District and Orange Vale Water Company (hereinafter collectively referred to as "San Juan's Member Districts").

2. San Juan has water rights and entitlements under its own pre-1914 water rights, and has water supply contracts with the U.S. Bureau of Reclamation and Placer County Water Agency. San Juan also purchases water from other sources from time to time, and expects to continue to so in the future. For the purpose of this Agreement, "San Juan's Water Rights" shall mean San Juan's water rights and entitlements as they may exist from time to time, irrespective of the source.

3. Northridge provides potable water service to customers within its service area primarily from groundwater sources, but desires to have a supplemental surface water supply

diverted, treated and conveyed through San Juan's Facilities. In the past, San Juan has diverted, treated and conveyed surface water from Folsom Reservoir to Northridge using San Juan's Facilities. Northridge may obtain water rights and entitlements in the future to divert water from Folsom Reservoir ("Northridge Water").

4. San Juan is undertaking a project to enhance reliability and increase the capacity of its water conveyance facilities from its treatment plant to Filbert Avenue ("San Juan's Pipeline") to meet future demands. Northridge has agreed to pay San Juan \$4.7 million to expand the capacity of San Juan's Pipeline by 59 million gallons per day for Northridge's exclusive use for conveying water for Northridge ("Northridge's Capacity"). Northridge is also undertaking a project (a) to construct with Citrus Heights Irrigation District a pipeline for their joint use connecting with San Juan's Pipeline at Filbert Avenue and terminating at C Bar C Park, and (b) to construct new water conveyance facilities to be connected to the Northridge-Citrus Heights pipeline at C Bar C Park to deliver water to Northridge's service area. The pipelines referred to in the preceding sentence are hereinafter referred to as "Northridge's Pipeline."

5. On November 8, 1993, San Juan and Northridge formed the San Juan Suburban Water District Financing Corporation to assist in financing San Juan's Pipeline and Northridge's Pipeline.

6. San Juan is willing to work cooperatively with Northridge to use Northridge's Capacity and surplus capacity in San Juan's Facilities to divert, treat and convey for Northridge's use within its service area (a) surplus water from Folsom Reservoir under San Juan's Water Rights, and (b) surface water from Folsom Reservoir that Northridge may become entitled to divert from time to time in the future. For all purposes in this Agreement, "Northridge's Service Area" shall include the service area of Northridge as well as the service area of Rio Linda Water District, so that Northridge shall be authorized under this Agreement to use

Surplus Capacity and to deliver Surplus Water for use in the service areas of both Northridge and Rio Linda.

7. This Agreement as amended supersedes in its entirety the Agreement between San Juan and Northridge entered into as of November 23, 1993.

In consideration of the mutual covenants contained herein, the parties agree as follows:

1. **Recitals Incorporated.** The foregoing recitals are incorporated by reference.

2. **Right of Northridge to Use San Juan's Facilities.** The parties acknowledge that the first priority for use of San Juan's Facilities is and shall be for San Juan to provide water service to San Juan's Member Districts, except that Northridge shall have exclusive right to use Northridge's Capacity. "Surplus Capacity" shall mean capacity in San Juan's Facilities not needed to serve the needs of San Juan's Member Districts. "Surplus Water" shall mean water available under San Juan's Water Rights not needed to serve the needs of San Juan's Member Districts. Before San Juan makes Surplus Capacity available for use by anyone outside San Juan's Member Districts, Northridge shall have the first priority to use Surplus Capacity for delivery of Surplus Water or Northridge Water for use within Northridge's Service Area. The General Manager of San Juan, with concurrence of San Juan's Board of Directors, shall have sole authority to determine the availability of Surplus Capacity from time to time, and his or her decision shall be final so long as it is not arbitrary and capricious.

3. **Right of Northridge to Use San Juan's Surplus Water.** The parties acknowledge that the first priority for use of San Juan's Water Rights is and shall be for San Juan to provide water service to San Juan's Member Districts. Before San Juan makes Surplus Water available for use by anyone outside San Juan's Member

Districts, Northridge shall have the right to first priority to use Surplus Water for use within Northridge's Service Area. The General Manager of San Juan, with concurrence of San Juan's Board of Directors, shall have sole authority to determine the availability of Surplus Water from time to time, and his or her decision shall be final so long as it is not arbitrary and capricious.

4. **Payment for Use of Surplus Capacity or Surplus Water.** San Juan's charge to Northridge for use of Surplus Capacity in San Juan's Facilities to deliver Surplus Water or Northridge Water shall be at the same average wholesale water rate it charges to San Juan's Member Districts, plus a charge to cover the pro rata cost of treating water to be delivered to Northridge to the extent treatment costs are not included in the wholesale water rate. The charge for using Surplus Capacity to divert, treat and deliver Northridge Water shall not include the cost-of-water component of San Juan's wholesale water rate, but may include the cost to San Juan to obtain Surplus Water specifically for the purpose of making it available for delivery to Northridge.

5. **Scheduling of Deliveries to Northridge.** The General Manager of San Juan shall keep Northridge informed on a regular basis of the availability of Surplus Capacity and Surplus Water from San Juan. The General Managers of San Juan and Northridge shall consult with each other on a regular basis to arrange for and schedule use of Surplus Capacity in San Juan's Facilities to deliver either Surplus Water or Northridge Water to Northridge. The point of delivery to Northridge shall be at the Northridge Pipeline at C Bar C Park. Northridge shall be responsible for measuring water delivered by San Juan under this Agreement at the point of delivery with metering equipment approved by San Juan.

6. **Potential Annexation of Northridge to San Juan.** San Juan and Northridge approve in concept the future annexation of Northridge to San Juan for the purpose of Northridge becoming a Member District of San Juan, on terms and conditions approved by San Juan and Northridge. San Juan and Northridge shall work cooperatively toward completing such an annexation at Northridge's expense when requested by Northridge.

7. **Expansion of Place of Use for PCWA Water.** Water under San Juan's contract with Placer County Water Agency could be available for use within Northridge's service area if the place of use of the water rights referred to in the contract were changed to include Northridge's Service Area. San Juan and Northridge agree in concept that such a change in place of use would be desirable, and agree to cooperate at Northridge's expense in obtaining such a change in place of use.

8. **Conjunctive Use of Northridge Groundwater and San Juan Surface Water.** As a result of this Agreement, Northridge will be able to implement a program of conjunctive use of groundwater and surface water (including groundwater recharge) to better provide a reliable, high-quality water supply to its customers. San Juan and Northridge agree in concept that it would also be desirable for San Juan to be able to utilize groundwater pumped from Northridge's wells, by exchange or otherwise, to facilitate conjunctive use of groundwater and surface water by San Juan, to better serve its customers. San Juan and Northridge agree to work cooperatively to implement such a conjunctive use program.

9. **General Provisions.**

A. **Integration.** This Agreement constitutes the sole, final, complete, exclusive and integrated expression and statement of the terms of this contract among the parties concerning the subject matter addressed herein, and supersedes all prior negotiations, representations or agreements, either oral or

written, that may be related to the subject matter of this Agreement, except those other documents that are expressly referenced in this Agreement.

B. Construction and Interpretation. It is agreed and acknowledged by the parties that this Agreement has been arrived at through negotiation, and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to resolved against the drafting party shall not apply in construing or interpreting this Agreement.

C. Waiver. The waiver at any time by any party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

D. General Indemnity. Each party agrees to protect, defend, indemnify, and hold harmless the other party, its officers, agents, servants, employees and consultants from and against any and all losses, claims, liens, demands and causes of action of every kind and character, without limitation by enumeration, occurring or in any wise incident to, connected with, or arising directly or indirectly out of the performance or nonperformance by the indemnifying party hereunder.

E. Severability. The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

F. Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective heirs, devisees, personal representatives, successors and assigns of the parties.

G. Amendment. This Agreement may be modified or amended only by a subsequent written agreement approved and executed by both parties.

H. Supporting Resolutions. Each party represents that it has legal authority to enter into this Agreement and to perform its obligations hereunder, and shall submit to the other party concurrent with execution of this Agreement a duly authorized resolution or other document evidencing the authority and authorizing the person executing this Agreement to do so.

I. Additional Documents and Actions. Each party agrees to make, execute, and deliver any and all documents and take other actions reasonably required to implement this Agreement.

The foregoing is hereby agreed to by the parties.

October 10, 1994

NORTHRIDGE WATER DISTRICT

By: 
President, Board of Directors

Attest:

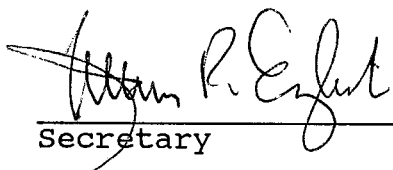
By: 
Secretary

October 12, 1994

SAN JUAN WATER DISTRICT

By: 
President, Board of Directors

Attest:

By: 
Secretary

STAFF REPORT

From: Tony Barela, Operations Manager

Date: September 12, 2017

Subject: Old Shop Building Project Options

BACKGROUND

The existing storage building (old shop) is approximately 100-ft by 40-ft in dimension, was built in the late 1950's, and is located on the south-west portion of the SJWD Corporation Site. This building currently suffers from significant leakage through the roof, issues with the doors, surrounding surface grading and drainage issues, pest infestation, and structural problems. These problems need to be rectified if the building is to continue to be used. Currently, Staff has or is in the process of removing all materials from the building until the rehabilitation project is complete or the structure is replaced.

Per the Board of Directors request, Staff has identified the following project options for consideration.

PROJECT OPTIONS

Option 1: Full Replacement (No Interior Improvements)

Est. Cost: \$490,000

Est. Facility Life: 60+ Years

- Demo Existing Facility
- New 100' x 40' Metal Building
 - o 70' Walled Structure
 - o 30' Exterior Covered Storage
- Electrical, Lighting, Ventilation System
- Fire Suppression System & 8" Pipeline to Building

Option 2: Truncated Building (No Interior Improvements)

Est. Cost: \$294,000

Est. Facility Life: 60+ Years

- Demo Existing Facility
- New 70' x 40' Metal Building
 - o 45' Walled Structure
 - o 25' Exterior Covered Storage
- Electrical, Lighting, Ventilation System
- Fire Suppression System or 8" Pipeline to Building NOT INCLUDED

Option 3: Structural Rehabilitation

Est. Cost: \$90,000

Est. Facility Life: 5 to 7-Years

- Repair to Truss System
- Seal Roof Leaks and Repair Panels
- Replace Man Door and Rollup Door
- Drainage Improvements