

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

June 10, 2009 – 7:00 p.m.

BOARD OF DIRECTORS

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

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Mary Morris	Finance and Administrative Services Manager
Judy Gagnier	Customer Service Manager
Rick Hydrick	Operations Manager
George Machado	Field Services Manager
Rob Watson	Engineering Services Manager
Tony Barelo	Senior Engineer
Jason Mayorga	Distribution System Operator
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

Richard Colston	Customer
Nancy Damon	Customer
Ed Ennis	Customer
Sandy Harris	Customer
Dave Hodson	Customer
Madelaine Kiliany	Customer
Murray Lind	Customer
Joe Rapier	Customer
Bob Reed	The Reed Group

AGENDA ITEMS

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

I. CONSENT CALENDAR

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

1. 2009 Strategic Planning Session Summary

The 2009 Strategic Planning Session Summary was distributed. No comments or action taken.

2. Board of Director's Meeting Minutes

Approval of San Juan Water District's Board of Director's revised meeting minutes of May 13, 2009.

M/S/C to approve the revised May 13, 2009 Board of Director's Meeting Minutes. 4 Aye votes. (Director Tobin was absent for the vote)

II. PUBLIC HEARING/PRESENTATIONS

The Budget was duly posted and published with two written and no oral comments received prior to the public hearing.

Ms. Lorance stated that the 218 postcards were sent out to the retail service area notifying the customers of the public hearing on the proposed retail rate increase of up to 9%. Ms. Lorance announced that there were two comment letters received and summarized their content – one opposing and one supporting the rate increase.

President Walters opened the Public Hearing at 7:05 p.m.

1. Retail Capital Improvement Program – Keith Durkin

Keith Durkin presented the Retail Capital Improvement Program. No comments or action taken.

2. Fiscal Year 2009-2010 Retail Budget and Rates – Shauna Lorance

Shauna Lorance presented the Fiscal Year 2009-2010 Retail Budget and Rates in order to:

- Provide additional transparency in a more detailed format
- Answer questions and review expenditure to keep costs down
- Explain variances from the 2008-09 to the 2009-10 budget
- Provide discussion on some of the highest line items

Background

The Proposed Fiscal Year 2009-2010 Budgets for Retail Operations and Capital Improvement Program have been prepared with the budget worksheets that were attached to the Board packet. Major changes from prior year or factors that have been considered in preparation of this proposed budget are:

1. Water Supply costs have increased.
2. CalPERS Employer Contribution Rate has decreased approximately 12% due to the payoff of the side-fund. As an offset to this, the District will begin funding the CalPERS Rate Stabilization Fund in the amount of \$100,000.
3. Salary and benefit increases: cost of living adjustment (COLA) allowance \$0 (April Consumer Price Index (CPI) was released with a one year change of -.4%, so there is no recommended COLA); merit increase allowance \$25,400; and health insurance (medical/dental/life/disability) \$20,000; and payroll taxes \$8,000.
4. Capital outlay funding has increased for pay-as-you-go funding.

Important items to note:

- The proposed budgets for all activities are balanced.
- The Retail rate increase included in the budget is 9%, the proposed Retail Financial Plan recommended increase to cover increases in operations and maintenance, cost of water supply and the CIP, as well as Board designated Emergency CIP.

The Capital Improvement Program is in accordance with the plan that was approved through the Engineering Committee and the Board of Directors last year with updated cost estimates as necessary.

Current Status

The budget worksheets are attached for your review and reference. This item is scheduled for presentation and public hearing of the Proposed Fiscal Year 2009-2010 Budget for Retail Operations and Capital Improvement Program. The next steps are:

6/10/09	Presentation of Proposed FY 2009-2010 Retail Budget/Rates
6/10/09	Public Hearing on Retail Budget/Rates
6/24/09	Adoption of FY 2009-2010 Retail Budget/Rates

Budget Impact

With balanced budgets, the District will be able to accomplish its goals and objectives for the coming year. The District will continue to monitor information on Property Taxes and any potential Prop 1A borrowing and incorporate changes into the financial plan.

Staff Recommendation

This item is being provided to the Board of Directors for review and discussion. No action is required at this time.

President Walters opened the floor for comments.

Mr. Lind, from Granite Bay, asked what the dollar amount is in the emergency CIP fund which was mentioned to be 5%.

Ms. Lorange explained the percentages and responded that approximately \$488,000 is in the fund.

Director Peterson asked about capital outlay expenditures shown in the operating budget and mentioned that there seems to be a number of duplications. Ms. Lorange responded that there were detailed line items that were sent out via email. Discussion ensued regarding CIP and specific line items. President Walters suggested that Ms. Lorange send out details based on the examples that Director Peterson will provide.

Director Peterson mentioned that the FY 2009-2010 budget was compared to the budget of FY 2008-2009 and not to the actuals as he had requested in the past. He requests that the FY 2009-2010 budget be compared to the FY 2009-2010 projected actuals. An example is the salary freeze, where the salaries were compared to the budget not the actuals, posing a large discrepancy. Ms. Lorange explained that there were four senior positions that were pending board action regarding retirement and second tier. She also mentioned that it was previously agreed to by the board at the last board meeting that this comparison was not going to be done this year due to staff workload.

Director Tobin mentioned that the actuals for 3 quarters and one quarter projected for the FY 2008-2009 have already been provided.

Director Tobin mentioned that some line items are located in various places in the budget such as construction.

President Walters asked if there was a motion for Director Peterson's request regarding comparing this year's budget to last year's actuals. Director Peterson said that he was not looking for a motion for his request and clarified that he will not vote for a budget absent that information.

Director Miller requested clarification on the salary freeze as mentioned in the presentation. Ms. Lorange informed the Board that the budget line item is the same amount as last year and to clarify it is not a freeze. In addition, he asked how many positions in the Retail Budget are vacant. Ms. Lorange informed the board that all vacant positions were recently filled.

Director Costa made comment regarding the 5 acres of land that overlooks the lake and that SJWD is investing \$30k in the solar project and only getting a return of \$13,000 per year and that he will not support it as there is much wiser use of the property. Ms. Lorange responded that the property does not overlook the lake and that the property has customers all around it. Ms. Lorange informed the board that this project would come before the board again as currently it is a budgeted item. In addition, she informed everyone in attendance that any budgeted item over

\$50,000 for consulting and over \$15,000 for construction comes back to the board for approval on an individual basis.

Director Miller requested more information on pay-as-you-go to clarify the percentage. Ms. Lorance responded that this year it would be a 2% rate increase. Mr. Durkin interjected that only a 7% increase is needed to fund CIP in the financial plan and 2% is for the emergency CIP fund.

Mr. Ennis, from Granite Bay, asked if the West Yost evaluation and recommended projects were started yet and was wondering if there was a schedule being followed. Mr. Durkin responded that the West Yost Master Plan was accepted by the Board in 2006 and the SJWD has been carrying forward the recommendations of that Master Plan since that time. The report has an implementation schedule included and SJWD has made some course corrections and reviews the plan (projection) every year to make sure that the recommendations are still applicable. Discussion continued regarding the plan. Mr. Ennis asked if the plan could be implemented in stages as to help alleviate the rate increase. Mr. Durkin informed him that the plan was being implemented in stages to help keep rates lower. Mr. Ennis requested a schedule (the schedule was mailed to Mr. Ennis on June 18, 2009).

Mr. Colston, from Orangevale, commented that he and his neighbors are not in support of the rate increase due to being on fixed incomes and that they cannot afford the increase. Ms. Lorance informed him that SJWD has reduced staff from 55 in 1988 to 43 currently and that we are AA rated since our debt ratio is so low.

Ms. Damon, from Granite Bay, wanted to know how she could be billed at the third tier since she is very conservative. Some discussion pursued and Ms. Lorance told her to leave her name and contact information, or call SJWD with it, and SJWD would schedule a site visit to check for leaks on her property.

Mr. Rapier, from Orangevale, commented that he requests SJWD look at long range plan so that rates do not go up 9%. He would like SJWD to see if there is anyway to prolong a project into a third or fourth year to minimize the rate increase.

**M/S/C to close Public Hearing. 5 Aye votes.
President Walters closed the Public Hearing at 8:45 p.m.**

III. COMMITTEE REPORTS

1. Finance Committee (06/09/09)

1.1 Review and Pay Bills

Bills and claims in the amount of \$1,847,829.45 were reviewed by the committee and found to be in order. In accordance with recommended practices, the committee specifically reviews any credit card charges and reimbursements for the General Manager, Assistant General Manager and

Finance & Administrative Services Manager. Other randomly selected bills were reviewed by the committee. All were found to be in order.

M/S/C to approve Resolution 09-14. 5 Aye votes.

Ms. Morris requested to add another invoice by motion to pay for the postage and mailing of the Consumer Confidence Report, the invoice was just received in the amount of \$12,884.80, and needs to be paid on June 11, 2009. Ms. Lorance informed the board that this report is mandated by state law and requires SJWD to send out this report in June.

M/S/C to amend Resolution 09-14 to include the payment of \$12,884.80. 5 Aye votes.

1.2 Fiscal Year 2009-2010 Non-Operating, Capital Improvement Program, and Wholesale Operations Budgets, Rates and Fees

The committee held the following discussions:

- 1.2.1 The wholesale budget provided to the Board had retail and wholesale components interwoven, so it was impossible to check on FOWD's concerns about the wholesale subsidizing the retail service area.
The presentation at the May 27 Board meeting provided further breakdown between the retail and wholesale non-operating budgets.
- 1.2.2 In the CIP, the Admin Building repairs and improvements were allocated nearly 100% to wholesale. Director Peterson said the Admin Building is used by both wholesale and retail, so staff should revisit the allocation.
Staff will allocate all building costs based on staff usage by wholesale and retail services.
- 1.2.3 Throughout the budget, comparison is shown between proposed 2009-10 budget and 2008-9 budget, rather than between the 2009-10 budget and 2008-9 projected actual expenditures. New budgets should be compared to actual expenditures, because they reflect the actual cost of doing business.
This is the first year for the inclusion of projected costs in the annual budget. The numbers in the projected budget is developed by calculation by the accounting software, and it is not perfect. Next year, the process will be more sophisticated.
Staff has utilized the projected costs in developing the budgets.
- 1.2.4 In the staff report, labor cost increases were summarized to be about \$144,000, yet in the budget tables, the labor cost increase compared to projected actual 2008-9 expenditures was \$988,081, as a result of four positions being vacant for a large portion of the year. This represents a 21.7% increase from the amount spent last year, but a decrease from the budgeted labor costs from last year. Also, the \$62,500 merit increase identified in the staff report is over 2 times the actual 2008-9 merit increase (approximately \$27,000 combined retail/wholesale merit increase). The projected increases in labor costs need to be discussed further, including both staffing levels and salary/benefit increases.

The committee discussed the fact that the actual merit increase last year was lower than budget amount because the General Manager did not utilize the entire budgeted amount for staff increases.

- 1.2.5 Debt Service transfers in on the wholesale worksheet could not be matched up with the numbers on the Debt Service worksheet
A subtotal was added to the Debt Service pages so the numbers could more easily be compared.
- 1.2.6 The assumptions for projected revenue from retail and wholesale connections should be revisited.
The assumptions were revisited and revised in the presentation on May 27.
- 1.2.7 The numbers in the "WS Increase" sheet cannot be tied back to any other sheet. Need to clarify.
These numbers are provided for full disclosure on the impact of the increases on an annual basis, as the wholesale rate increase does not go into effect until January 2010, so an entire year of increase spans the two fiscal years 2009-2010 and 2010-2011. Therefore, these numbers can not be tied directly back to any specific budget numbers in the 2009-2010 budget.

Director Costa stated that the committee reviewed the six concerns of the board members regarding the budget, and apologized to Director Peterson for the committee overlooking his request regarding comparing the current budget to last year's actuals.

1.3 Fiscal Year 2009-2010 Retail Budget and Rates

Director Costa stated that the committee reviewed the Retail Budget and that the presentation reviewed earlier in the meeting covered this topic.

1.4 Cost Allocations for Grounds

Director Costa stated that this was discussed as part of the budget and is for information purposes.

1.5 PERS Assumptions Policy

This item will be held for discussion at the August 2009 committee meeting.

1.6 Pay-As-You-Go Accounting

The committee discussed developing a policy stating the specifics on pay-as-you-go funds and suggested reviewing policies of other agencies. Topic was held over and will be discussed at next meeting. Some discussion regarding the naming of this topic pursued.

1.7 Timing of COLAs

Director Costa stated that COLAs are not available yet and will be discussed at the July committee meeting.

1.8 Other Finance Matters

There were no other financial matters to discuss.

Director Peterson commented on not receiving the Finance Committee information prior to the Board meeting in order to review the information. He feels that there is a problem with the sequencing order of when the Board packet gets mailed and when the Finance Committee meets. He would like to see the committee meetings scheduled at a time where their deliberations can be factored into the Board deliberations. In addition, he would like to see any concerns or issues addressed prior to the Board packet being distributed.

IV. INFORMATION AND ACTION ITEMS

1. General Manager's Report

1.1 Delta Governance

Discussion of ACWA Delta Governance principles and California Legislature working group on Delta Governance

Ms. Lorance reviewed the document and email that was given to the Board. She mentioned there are some key elements like fish passage (possible fish ladder on Folsom Dam or trucking the fish into the lake) and the water temperature concerns.

Background

Delta governance is a central issue in the recent Strategic Plan of the Delta Vision Blue Ribbon Task Force created by Governor Schwarzenegger pursuant to Executive Order S-17-06. Moreover, resolving issues related to Delta governance is required as part of any plan to finance and implement a comprehensive program to restore water supply reliability and protect and restore the environment in California. Delta governance, as defined here, refers to the institutional structure and processes through which decisions made by state and federal agencies that affect the Sacramento-San Joaquin River Delta are developed, implemented, and coordinated.

Current Status

There have been four "straw man" governance proposals in the legislature:

1. Senator Wolk – Delta Stewardship Model (ACWA supported)
2. Senator Simitian – California Delta Ecosystem and Water Council (environmental groups supported)
3. Senator Cogdill – Delta Governance Principles
4. Senator Pavley – Interim Water Council or Commission

In order to develop a response to the various proposals, ACWA developed a draft set of Delta Principles for Board adoption at their last Board of Directors meeting.

ACWA Adopted Delta Principles

1. ACWA supports the creation of an umbrella planning entity (referred to below as a "Council") to assist in continued implementation of a comprehensive program to achieve the coequal goals of ecosystem health and the reliability of water supplies conveyed through and used

in the Delta, in the context of a healthy, sustainable, and diverse Delta economy that reflects the “Delta as a place.”

2. Governance solutions should assure implementation of a comprehensive program that includes conveyance solutions, additional groundwater and surface storage, substantial investments in conservation and other local resource programs, and environmental restoration activities that address all significant stressors.
3. Governance solutions should be consistent with other ACWA policies, most notably the principles adopted by the Board with respect to Delta conveyance and environmental and economic sustainability.
4. A governance solution should facilitate and in no way delay the implementation of a comprehensive program to resolve economic and environmental problems related to the Delta.
5. The Council should be charged with developing and approving a comprehensive plan for the Delta that coordinates and incorporates the Delta-related parts of plans of other agencies, including the water operations agencies, fishery agencies, the Delta Protection Commission, a Delta Conservancy, the Delta counties, and others.
6. The primary responsibility for developing and implementing actions within the comprehensive program should remain with existing state and federal agencies acting under their statutory authorities. The Council should be a coordinating body rather than authoritarian water “Czar.”
7. The Council should periodically review the actions of the implementing agencies and recommend changes when necessary to assure consistency with the overall Plan. To the extent that the Council seeks to change the plans and actions of the implementing agencies, those changes should occur in an expedited manner and should not undermine the achievement of water quality and water supply reliability objectives as part of the coequal goals of Delta Vision.
8. The geographic and jurisdictional focus of the Council should be the legal Delta. The Council’s consistency review authority should be limited to projects in the legal Delta and to projects outside the Delta implemented by a signatory to the Bay Delta Conservation Plan (BDCP) to implement the BDCP.
9. ACWA supports consideration of a plan to create a separate California Water Utility to operate the State Water Project (SWP) and eventually, if approved by Congress, the Central Valley Project (CVP). This should be accomplished in a manner that fully maintains all the contractual obligations of the Department of Water Resources (DWR) to those entities with which DWR now has existing contracts. Such a utility should be solely an operating entity designed to provide cost-effective utility services and to operate at all times within the boundaries of its environmental permits. Separate the SWP functions from the planning and policy functions at DWR.
10. ACWA opposes additional layers of operational authority over the SWP and CVP that increase uncertainty or undermine water supply reliability

compared to operations anticipated under ESA and State Board water rights permits.

11. To the maximum extent practicable, finances to implement the Delta Vision should arise from contractual arrangements such as the BDCP. If successful, BDCP will include a multibillion dollar finance plan supported by SWP and CVP contractors that should be considered a foundational element of any finance plan to fully implement Delta Vision. ACWA opposes general fee authority for any administrative entity, including the Council. ACWA is willing to consider targeted fees that are consistent with the beneficiaries pay principle as interpreted by those paying the fees.
12. ACWA supports in concept the enhancement of the functions of the Delta Protection Commission, continued reliance on an Independent Science Board, and establishment of a Delta Conservancy as summarized by the report of the SB 12 work group on a conservancy and finances.
13. ACWA strongly supports the immediate creation of a state-federal coordinating group under the leadership of the Governor and President.
14. Water rights issues associated with plan implementation and Council activities must be addressed through the existing water rights system. Protection of area of origin water rights is prerequisite. To improve the ability of the State Water Resources Control Board (SWRCB) to define and enforce water rights, ACWA supports in concept the utilization of an independent expert who reports to the SWRCB and can enforce compliance of SWP and CVP operations in the Delta with all permit requirements on a real-time basis. ACWA also supports considering the development of an independent division of administrative law judges within the SWRCB.

Staff Recommendation

For information, no action requested.

1.2 Legislative Update

Update on current status of Legislation

Ms. Lorance informed the Board that SB681 did not pass. AB49 has been significantly changed to no longer reference the DWR Implementation Plan, incorporated most of the comments SJWD recommended and reduced the required water conservation percentage to 20% on a statewide basis. Revisions to AB49 will be out on June 12, 2009. This topic was presented for information, no action requested.

1.3 Water Forum Conservation Element

Adoption of Water Forum Conservation Element

Ms. Lorance stated that the final version of the Water Forum Conservation Element was mailed out. The Board discussed the conservation element.

Background

In April 2000 representatives of over 40 business, environmental, public and water interests in the Sacramento region signed a Memorandum of Understanding to implement the *Water Forum Agreement (WFA)*. The stakeholders agreed to a series of actions, or elements, including water conservation, to achieve the *Agreement's* two co-equal objectives:

- Provide a reliable and safe water supply for the region's economic health and planned development to the year 2030; and
- Preserve the fishery, wildlife, recreational, and aesthetic values of the lower American River.

The Water Conservation Element of the *Agreement* is essential to meeting both of the co-equal objectives of the Water Forum. It helps meet the region's water supply needs, and minimizes the need for increased groundwater pumping and increased use of surface water, including diversions from the American River.

Each water supplier in the region committed to implementing a comprehensive water conservation plan consisting of a series of individually negotiated Best Management Practices (BMPs). Water conservation plans were designed with a three-year "ramp up" to full implementation. Several of the BMPs had a calculated number of "interventions" or actions (based on the number of customers) to be completed annually. Agencies agreed to be implementing the full number of interventions by Year 4 (2004) with Years 1 to 3 used to prepare staff, budget and program design.

The WFA called for 5-year updates to water conservation plans for addressing new or revised BMPs as a future "changed condition" discussion.

Water Forum signatories began the process of updating water their conservation plans in 2004. The Water Conservation Negotiation Team was convened for the negotiations. It included members of the Water Forum business, water, environmental and public caucuses. The Water Forum received a grant from the U.S. Bureau of Reclamation to partially fund the update process and co-chairs from the water and environmental caucuses were named to ensure strong cross-caucus representation. This team began to meet periodically to begin to identify issues, educate themselves and consider options for updating water conservation plans.

Current Status

A revised Conservation Element has been negotiated and has been accepted in concept by all of the Water Forum Caucuses. Each individual agency or entity is now bringing the revised Conservation Element back to their governing boards for approval and adoption. The San Juan Water

District approved the revised element in concept at a previous Board of Directors meeting. The revisions include the following elements:

- Water Forum signatories purveyors will replace current water conservation plans with the “California Urban Water Conservation Council Memorandum of Understanding Regarding Urban Water Conservation in California,” (Council MOU) including its Best Management Practices (BMPs), schedules, targets, procedures and requirements.
- If Water Forum signatories choose to follow the Council’s BMP track, they will implement all cost-effective BMPs. If a BMP is not locally cost effective, the purveyor may choose to defer implementation of that BMP and instead, invest an equivalent level of funding into another water conservation activity.
- Water Forum signatories agree to changes and modifications to Council processes and BMPs as they evolve over time, including the 2008 revisions and subsequent revisions. Water Forum signatories further agree that signatory purveyors without land use authority can not be required to implement programs or processes that they do not have legal authority to implement (i.e. landscape requirements).
- Water Forum signatories are encouraged to become members of the Council in order to be actively engaged in discussions regarding revisions to the MOU and the BMPs, and to take advantage of the Council’s resources and expertise.
- Water Forum signatories recognize that the Council has existing procedures in place to enable members to request exemptions from BMPs. Water Forum signatories agree that this process does not result in a clear decision and does not ensure full compliance of BMPs. To address this shortcoming, the Water Forum will use its own procedure for considering BMP modifications; known as deferrals.

A copy of the revised Water Conservation Element was attached to the staff report.

Staff Recommendations

Staff recommends adoption of a motion approving the revised Water Forum Conservation Element.

M/S/C to approve the revised Water Forum Conservation Element. 4 Aye vote, 1 No vote (Director Walters).

1.4 Report Back Items

No report.

1.5 Miscellaneous District Issues and Correspondence

Ms. Lorance reported that the Fitch Ratings report came back and gave the District an ‘AA’ rating. The report stated, “The ‘AA’ rating reflects the district’s role as both a retail and wholesale water supplier to approximately

265,000 people, strong financial performance with good debt service coverage levels and strong liquidity position, low debt, manageable five-year capital plan and adequate water supply. The key rating driver is the district's ability to sustain good debt service coverage levels of at least 2.0 times (x) and continued strong liquidity levels."

2. Assistant General Manager's Report

2.1 Raw Water Bypass Pipeline Project

Report on Environmental Document

Mr. Durkin reported on the Raw Water Bypass Pipeline Project. He stated that SJWD worked with a consultant (CDM, Inc.) to prepare an Initial Study and Mitigated Negative Declaration (MND) to comply with CEQA. The document was put out for a 30-day public review period, very few comments were received. On the basis of the Initial Study findings and MND, the District staff has determined that all of the environmental effects for the project can be mitigated to a level of less than significant by implementation of mitigation measures identified in the Initial Study and MND. The environmental impacts were very insignificant but there are some potential construction impacts, such as dust control, noise control and storm water discharge, that need to be addressed.

M/S/C to approve Resolution No. 09-15 approving the Mitigated Negative Declaration and adopting the Mitigation Monitoring and Reporting Program for the Project. 5 Aye votes.

2.2 Water Treatment Plant Raw Water Pipeline Project

Verbal update on project status

Mr. Durkin reported that this project is essentially complete. However, there is some additional work requested by SJWD that needs to be completed and a change order was initiated. The punch list will be completed and it is expected that a Notice of Completion will be brought before the Board at the next meeting. This topic was presented for information, no action requested.

2.3 Report Back Items

No report.

2.4 Miscellaneous District Issues and Correspondence

No report.

3. Finance and Administrative Services Manager's Report

3.1 Fiscal Year 2009-2010 Budget

Consider adoption of Fiscal Year 2009-2010 Non-Operating, Capital Improvement Program, and Wholesale Operations Budgets, Rates and Fees

Background

At the May 13, 2009 Board of Directors' Meeting, the Proposed Fiscal Year 2009-2010 Budgets for Non-Operating Activities, Wholesale Operations and Capital Improvement Program were presented and discussed. At the May

27, 2009 Board of Directors' Meeting, these Proposed Fiscal Year 2009-2010 Budgets were presented in more detail and discussed.

Current Status

The budget worksheets were attached to the Board packet for your review and reference. This item is scheduled for adoption of the Fiscal Year 2009-2010 Budget for Non-Operating Activities, Wholesale Operations and Capital Improvement Program. The next steps in the budget are:

6/10/09	Adoption of FY 2009-2010 Non-Operating, Capital, Wholesale Budget/Rates
6/10/09	Presentation of Proposed FY 2009-2010 Retail Budget/Rates
6/10/09	Public Hearing on Retail Budget/Rates
6/24/09	Adoption of FY 2009-2010 Retail Budget/Rates

Budget Impact

With balanced budgets, the District will be able to accomplish its goals and objectives for the coming year. The District will continue to monitor information on Property Taxes and any potential Prop 1A borrowing and incorporate changes into the financial plan.

Staff Recommendation

This item is being provided to the Board of Directors for consideration of adoption of the FY 2009-2010 Non-Operating and Capital Budgets and Wholesale Budget/Rates.

Ms. Morris reported that this topic was held over from the last meeting and she is seeking approval for adoption of Resolution No. 09-10.

Director Tobin motioned to consider approval of Resolution No. 09-10 approving FY 2009-2010 Non-Operating, Capital Improvement Program and Wholesale Budgets, Rates and Fees. There was no second. President Walters tabled this motion until the next regular meeting of the Board of Directors.

3.2 Report Back Items

No report.

3.3 Miscellaneous District Issues and Correspondence

3.2.1 CalPERS eNews – CalPERS Investments Gain Ground and Facts at a Glance: Investments

Ms. Morris informed the Board that the CalPERS investment portfolio rose by more than \$20 billion over a three month period, from a March total of \$160 billion to a May figure of \$184.6 billion.

3.2.2 CalPERS Agenda Item – Impact of Economic Environment on Employer Rates and Possible Smoothing Modifications

Ms. Morris referred the Board to the CalPERS handout which she believes has not passed the board at CalPERS.

4. Directors' Reports

4.1 SGA

No Report.

4.2 RWA

No Report.

4.3 Executive Committee

No Report.

4.4 ACWA/JPIA

No Report.

4.5 ACWA Region IV

No Report.

4.6 CVP Water Users Association

No Report.

4.7 LAFCo

No Report.

4.8 Other Reports

No Report.

5. Legal Counsel's Report

5.1 Legal matters

No Report.

V. PUBLIC FORUM

No comment.

President Walters called for Closed Session

VI. CLOSED SESSION

Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(b); significant exposure to litigation involving construction contract claims of Division 5-15, Inc.

President Walters adjourned the Closed Session

President Walters called for Open Session

VII. OPEN SESSION

1. No report from Closed Session

VIII. UPCOMING EVENTS

Urban Water Institute Annual Conference
August 20-21, 2009
San Diego, CA

ACWA Continuing Legal Education Workshop
September 17-18, 2009
Costa Mesa, CA

AWWA California Nevada Fall Conference
October 5-8, 2009
Las Vegas, Nevada

Water Education Foundation Northern California Water Tour
October 7-9, 2009

IX. ADJOURN

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

DAVE PETERSON, Vice President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary