

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

August 12, 2009 – 7:00 p.m.

BOARD OF DIRECTORS

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

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Judy Gagnier	Customer Service Manager
Rick Hydrick	Operations Manager
George Machado	Field Services Manager
Tony Barela	Senior Engineer
Teri Hart	Administrative Assistant/Board Secretary
Paul Bartkiewicz	Counsel

OTHER ATTENDEES

Mark Salmon	R.W. Beck
Pat King	Customer
Sandy Harris	Customer
Cleatta Simpson	Customer

AGENDA ITEMS

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

President Walters called the meeting to order at 7:00 pm

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. BOARD OF DIRECTOR'S MEETING MINUTES

Approval of San Juan Water District's Board of Director's meeting minutes as follows:

1. Minutes of the Board of Directors Meeting June 9, 2009
2. Minutes of the Board of Directors Meeting June 16, 2009
3. Minutes of the Board of Directors Meeting June 24, 2009
4. Minutes of the Board of Directors Meeting July 8, 2009

M/S to approve the June 9, 2009; June 16, 2009; June 24, 2009; and July 8, 2009 Board of Director's Meeting Minutes. Discussion revealed there were some minor changes that needed to be made. Motion is tabled until the September 9, 2009 meeting.

II. COMMITTEE REPORTS

1. PUBLIC INFORMATION COMMITTEE (7/28/09)

1.1. Review Water Gram

Director Costa reported that the committee reviewed Draft 3 of the September/October Water Gram and made a few revisions.

Director Miller voiced concern at the committee meeting that there needs to be an explanation that the Governor's goal for a 20-percent reduction in water use by 2020 and related legislation may result in a rate increase by the District even though customer's water consumption will be reduced by 20-percent. Mr. Durkin suggested adding a paragraph to explain this issue to our customers.

Director Costa suggested that as a matter of protocol, Judy lead the discussion for the Water Gram and any suggestions for changes should be done before the committee meets.

The committee reviewed the remaining articles for the September/October Water Gram and recommended a few revisions.

For information, no action requested.

1.2. Other Public Information Matters

Director Costa mentioned that he believes there may be a diversion of water on Arcade Creek or a reduction in flow related to the reduced water production we are seeing at the water treatment plant. Director Costa believes this may be an issue that comes before the Board as a complaint from customers along the creek. Mr. Durkin stated that District staff will investigate the situation to the extent possible to see if we can determine what is reducing the flow in the creek. After the committee meeting, it was discovered that the creek does not flow from SJWD and no action was needed.

Director Miller asked about the status of the Bypass Pipeline Project and the Auburn-Folsom Road project. Mr. Durkin informed him that the District

received bids for the Bypass Pipeline Project on July 23rd and they will be brought to the Finance Committee for review and approval at the next meeting. Mr. Durkin also reported that he believed Placer County has the Auburn-Folsom Road project out for bid or very close to going out to bid.

2. FINANCE COMMITTEE (08/11/09)

2.1. Review and Pay Bills

Bills and claims in the amount of \$1,258,713.38 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 09-19. 3 Aye votes.

2.2. ACWA “Save Our Water” Public Education Program

Ms. Lorance informed the board that the ACWA is requesting support in the amount of \$7,000 for the “Save Our Water” public education program. The program is a water conservation public information media forum similar to “Flex Your Power.” Ms. Lorance requested that \$7,000 be transferred into the operation budget from the funds going to the reserve fund to support this media campaign.

Director Walters inquired whether this was an in-kind donation or cash donation. Ms. Lorance responded that this was a cash donation.

M/S/C to approve transfer of \$7,000 from funds designated for reserves into the operation budget in the FY 2009-2010 budget. 3 Aye votes.

2.3. Reserve Fund Accounting

At the July 7, 2009 Finance Committee Meeting, the committee requested a detailed report of reserves funds.

Staff has prepared the preliminary report for Fiscal Year Ending June 30, 2009.

Mr. Durkin presented Reserve Fund Accounting spreadsheets which show the breakdown of six wholesale reserve funds totaling \$31.5 million and seven retail reserve funds totaling \$19 million. After review of the spreadsheets, the committee requested additional information. The committee requested each fund be listed, the background on how/why the fund was created, what the fund is to be used for, the fund balance at the start of the fiscal year, transfers into/out of the fund, and the current balance. The list of funds should include funds such as Hinkle and Kokila cover replacement reserve funds, but does not need to include operations funds

such as the vehicle reserve fund. Staff will revise the presented format for further discussion at the September finance committee meeting.

Director Walters suggested that the reserve funds are tagged as protected or not with restrictions on use.

For information only, no action is required.

2.4. Federal Lobbying Cost Share Agreement

The District and the cities of Folsom and Roseville all take water from Folsom Reservoir through Central Valley Project water contracts through the same intake in Folsom Dam. As a result, all three agencies have similar lobbying focus on the federal level. Since 2004, the three agencies have shared the costs associated with federal lobbying through a joint agreement with the Ferguson Group.

The existing agreement in place through June 2009 has expired, and it is time to renew the agreement. The maximum commitment in District funds would be \$85,200 over three years, or \$28,400 per year for each of three years.

The cost is included in the existing budget, so there will not be any impact to the budget. Staff recommends approving the agreement with the cities of Folsom and Roseville for federal lobbying.

The committee discussed the level of lobbying and the related costs. The amount of lobbying, and the specific lobbying firm, define the cost of the contract.

M/S/C to enter into agreement with Cities of Folsom and Roseville for continued cost share for federal lobbying efforts. 3 Aye votes.

2.5. Office Remodel – Furniture

At the July 8, 2009 Board of Directors' Meeting, the Board approved a contract for the office remodel. As part of this project, office furniture is required and was budgeted in the amount of \$20,000 for four offices. Staff solicited proposals including designs from four firms and ranked the proposals received on cost, design/function, requirements and quality. The total cost for all furniture for the remodel is under \$15,000. The General Manager has authorized the purchase of the furniture.

For information only, no action is required.

2.6. Bypass Pipeline Project

Mr. Durkin informed the committee that there were fourteen bids received for the Bypass Pipeline Project as shown on the attached summary sheet. The

lowest bid was received from Syblon Reid Construction located in Folsom, California for the amount of \$5,845,000. Mr. Durkin informed the committee that Syblon Reid's bid, bid bond, qualifications, and other bid forms were reviewed and found to be in order. Staff requests approval to award the bid to Syblon Reid Construction, the lowest responsive, responsible bidder. With an allowance for contingencies, the total construction budget would be \$6,429,500.

M/S/C to award the construction contract for the Bypass Pipeline Project to Syblon Reid Construction, Inc. for the amount of \$5,845,000 with an authorized construction budget of \$6,429,500. 3 Aye votes.

2.7. Bypass Pipeline Project Construction Management

Mr. Durkin informed the committee that Kennedy/Jenks Consultants, the firm that successfully designed the bypass pipeline, included part time construction management in their initial proposal to the District for engineering services. With the multiple projects in 2009/2010, the engineering committee supported staff recommendation to utilize Kennedy/Jenks Consultants on a full time basis for this project to free up staff time for other projects.

The costs associated with this project, along with these consultant fees are shared with the City of Roseville, with SJWD responsible for 55% of the costs and Roseville responsible for 45% of the costs. At the District's request, Kennedy/Jenks submitted a proposal for full-time construction management and inspection support for a cost of \$463,663. With an allowance for contingencies, the total consultant budget would be \$510,000.

M/S/C to approve the agreement with Kennedy/Jenks Consultants for Construction Management Services for the Bypass Pipeline Project in the amount of \$463,663 with an authorized budget of \$510,000. 3 Aye votes.

2.8. PERS Merit Increase Assumption Policy

The Board of Directors has spent a significant amount of time and energy reviewing the existing CalPERS retirement program and is committed to maintaining a fully funded retirement program within the CalPERS system. The Board is also committed to understanding the full financial impact of any merit increases, or other benefit, provided to employees.

The Board of Directors would like to limit the authorization of the General Manager to award merit increases to increases that remain within the CalPERS overall assumptions.

The Board of Directors directed staff to develop a draft policy that authorizes the General Manager to award merit increases as long as the overall increases are within the overall CalPERS assumptions. The CalPERS

assumptions are used on an annual basis to develop the actuarial valuation for the District CalPERS payroll rates. Staff revised the existing Policy 3080, Salary Ranges, to include a policy on merit increases within the CalPERS assumptions.

Chairman Costa requested that staff ensure that SJWD does not exceed the CalPERS assumptions. Ms. Lorange stated that in her history as General Manager, SJWD has not exceeded the CalPERS assumptions. She stated that when reviewing merit increases each year, she reviews the total salary times the merit increase then takes the total for all employees and compares that to the CalPERS assumptions.

Ms. Lorange will make a minor change to the revised Policy 3080 and the Finance Committee will discuss further at the September meeting.

For information only, no action is required.

2.9. Emergency Water Supply Facilities Reserve Fund for Retail Service Area

In 2007, the Board of Directors designated 2% of a 9% rate increase for a reserve fund. In 2008, the Board added another 2% to the retail rate increase to augment the amount being designated for reserves. The Board requested staff develop a reserve policy for the Emergency Water Supply Facilities Reserve Fund for the retail service area.

Staff has revised the existing Policy 3000, District Banking and Other Financial Matters, to include a policy for the Emergency Water Supply Facilities Reserve Fund. A draft redlined version of the Policy is attached for discussion at the Finance Committee meeting.

The Policy itself does not have any direct budget impact, as it formalizes existing actions. The funding of the Emergency Water Supply Facilities Reserve Fund is in the current budget, and will allow paying cash for future projects associated with retail emergency water supply facilities.

The committee recommends adoption of revised Policy 3000, District Banking and Other Financial Matters. As this issue is not time sensitive, and the two board members who are not in attendance are interested in this issue, this item was tabled until the September Board meeting.

2.10. Other Finance Matters

No other finance matters were discussed.

III. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1. Legislative Update

Ms. Lorance discussed the pre-print legislative bills and the PCWA letter. PCWA is opposing all bills that have mandatory reductions in water usage, as they own their reservoirs and should not be required to reduce their water usage. In addition, they are opposing all fees. Ms. Lorance will review the bills in detail and discuss them with legal counsel.

Mr. Bartkiewicz discussed the Little Hoover Commission public hearing, which was held on June 25, 2009. He explained that the hearing addressed the state of California's current management of the State Water Project ("SWP"), the U.S. Bureau of Reclamation's (the "Bureau") management of the Central Valley Project ("CVP") and future actions to maintain an effective water management system. The following key items were discussed at the hearing:

- A. Water Management In California
 - 1. The State Water Project Requires a New Governance Structure
 - 2. The SWP Should Take Over the CVP
 - 3. A New Conveyance System Is Required to Minimize Impacts to the Delta
- B. Guest Speaker Testimony
 - 1. Arizona Groundwater Management
 - 2. CAP's Independent Governance Structure
 - 3. Utah Division of Water Resources and Prior Appropriation

These items were summarized in the board packet handout.

Mr. Bartkiewicz informed the board that DWR is recommending that the SWP be removed from the DWR and managed through a JPA or another form of governance. USBR staff also suggested that joint management of the SWP and CVP could be beneficial.

It is believed that various entities are looking at ways to move water allocations and water rights to where they are needed, without protection of existing water rights and area of origin protections.

No action requested, for information

1.2. American River Flow Standard

As one of multiple signatories, the District signed the Sacramento Water Forum (WF) in 2000. One of the elements of the WF was the commitment to support an improved pattern of fishery flow releases (American River Flow Standard - FS) from Folsom Reservoir. The District has been an active supporter, attending multiple meetings with WF and USBR staff, travelling to

Washington DC to advocate the FS, and talking with our local representatives.

The issues and actions associated with the Sacramento Delta have the potential to impact the adoption of the existing FS, and the potential to modify the information necessary in the environmental analysis of how well the FS protects the fisheries. The Water Caucus of the WF met to identify how to address the “moving target” of the environmental baseline, and the potential impact of the National Marine Fisheries Service recent Biological Opinion on the operating criteria and plan for the USBR facilities in the Delta. The Caucus came up with the following concerns/recommendations for the WF continued process in implementing the FS:

1. It is important to nail down the details of the NMFS BO, with the participation of USBR and NMFS, during the initial phase of identifying the criteria for environmental work.
2. There is a need to “check-in” with the Caucuses after identifying the details of the BO and the criteria
3. The Notice of Project (NOP) for the environmental work should not be filed until after the initial work in 1 and 2 above is complete.

There is not anticipated to be any impact to the budget.

Ms. Lorance informed the board that although the USBR is implementing the FS, this is not a legal requirement. There is concern that implementation of the FS as required in the Biological Opinion could negatively impact water supply reliability from Folsom Reservoir.

No action requested, for information

1.3. Fluoridation Discussion

Ms. Lorance reported that the feasibility study funded by Sacramento First Five was complete, and Ms. Lorance attended a First Five meeting to discuss the report. First Five representatives would like to have discussions with the board members regarding any potential concerns with the fluoridation project. Ms. Lorance said there may be a proposal submitted from First Five to SJWD. There were discussions regarding the cost of the project and the board members stated First Five needs to pay for all capital and operational costs for the entire length of the project. Ms. Lorance stated that with the current economic situation, the board has been focusing on limiting activities to those that are specifically within the scope of the SJWD Mission Statement, and fluoridation is not necessary to deliver high quality water to our customers.

1.4. Water Treatment Plant

The San Juan Water District Peterson Water Treatment Plant (WTP) treats water for the wholesale agencies, which include San Juan Water District

retail service area, Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, and the city of Folsom north of the American River, in addition to Sacramento Suburban Water District (SSWD) when requested and capacity in the WTP is available.

In the past, the summertime flows through the WTP have generally been between 90 and 100 million gallons per day (mgd) for the wholesale agencies without considering the water treated for SSWD. The highest flows, around the third week of July or when temperatures are over 100 degrees for a few days, have historically been around 100 to 110 mgd on a daily basis.

This summer, the WTP has been running around 70 to 80 mgd for the wholesale service area. The maximum daily demand for the wholesale service area to date has been 83 mgd. Production for the period from January to June 2009 was approximately 20% less than January to June 2008. The City of Roseville is also seeing a decrease in water production of 13% between June 2008 and June 2009.

It is presumed that the decrease in water usage is a result of the conservation messages from the District in the early part of this year, the focus of water issues in the media (drought in the rest of the state), and perhaps the economy causing those on metered rates to reduce their water usage.

The District will include a note on the water usage report to the USBR that the decrease in water usage is due to the conservation efforts of our customers. This note will be to document the reason for the reduced usage so that we have a better chance of having this usage included in future water shortage calculations.

As the District's wholesale and retail water rates have been set up so that fixed costs are covered in the fixed portion of the water rates and variable costs are included in the volumetric portion of the rates, this should not have a significant effect on our budget.

No action requested, for information

Ms. Lorange informed the board that the WTP operators have been working extra shifts and carrying a heavy load since one employee has been out on medical leave. She recommended that the board recognize and commend these efforts. The board unanimously agreed that staff should extend a commendation to the WTP operators.

1.5. CSDA Board of Director Election

Ms. Lorance presented the ballot for the CSDA Board of Directors.

M/S/C to place the SJWD vote for Pamela Tobin for the 2009 CSDA Region 2, Seat A position. 3 Aye votes.

1.6. Report Back Items

No report back items.

1.7. Miscellaneous District Issues and Correspondence

NWRA Conference

Ms. Lorance reported that she attended the National Water Resources Association (NWRA) conference at the end of July. NWRA was created as an advocate to bring irrigation and reclamation to the arid west. After the building of the USBR projects, the organization shifted to water resources and supply of municipal and irrigation water in the West. The leadership and staff of the Association were actively involved in the promulgation of rules and regulations implementing the Reclamation Reform Act of 1982, efforts to reauthorize the Clean Water Act, Endangered Species Act and Safe Drinking Water Act, as well as a myriad of legislation and regulations impacting water quality and quantity.

The states represented in NWRA are Arizona, California, Colorado, Idaho, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Texas, Utah, and Washington.

The organization has a strong need to refocus its mission and approach to maintain a force in the national water community. Currently, NWRA focuses more on past issues, than working to develop solutions to future problems and issues, such as climate change's effect on water resources, especially the USBR facilities.

The recent conference was better than past conferences in providing information, and the NWRA Board of Directors are discussing potential changes in the direction for the organization.

Ms. Lorance was requested to run for the Board of Directors at NWRA in 2010. Unless the organization revises their direction and focus, she does not intend to become any more involved in the organization other than attendance at occasional conferences. The benefit to the conferences for SJWD is the accessibility to high level USBR and department of the interior staff.

Budget impact for continued attendance at conferences is around \$2,000 per year. Membership is paid for through ACWA.

For information, no action requested.

ACWA Committees

Ms. Lorance reported that ACWA will be filling committee positions and requested the board to review the information provided in the board packet. Committee nominations will be discussed at the next meeting.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1. Auburn-Folsom Road South Phase Water Transmission Pipeline

Mr. Durkin reported that the District entered into a project cooperation agreement with Placer County to construct a new 24-inch water transmission main in conjunction with the County's Auburn-Folsom Road Widening South Phase Project. The County is the lead agency on the project. Construction on the South Phase is now complete. Staff has verified that all work on the District's water transmission main project, constructed as part of the road widening work, has been completed satisfactorily and in accordance with the Contract documents.

Staff recommends a motion accepting the Auburn-Folsom Road Widening South Phase - Water Transmission Main Project as complete and authorizing staff to provide a letter to Placer County stating the District accepts the project as complete.

M/S/C to accept project as complete and authorizing staff to provide a letter to Placer County Public Works stating such. 3 Aye votes.

2.2. Wholesale Metering Improvements Project

Mr. Durkin reported that C&D Contractors, Inc. is finished with construction of the Wholesale Metering Improvements Project. All work has been successfully completed and all requirements of the contract have been met.

Staff recommends a motion accepting the Wholesale Metering Improvements Project as complete and authorizing staff to file the Notice of Completion with Sacramento and Placer Counties.

M/S/C to accept the Wholesale Metering Improvements Project as complete and authorizing staff to file the Notice of Completion with Sacramento and Placer Counties. 3 Aye votes.

2.3. Chlorination System Improvements Project

Mr. Durkin reported that Division 5-15, Inc. is essentially finished with construction of the Water Treatment Plant Chlorination System Improvements Project. The only work remaining is completion of the 7-day commissioning period which is currently underway, addressing a couple of minor punch list items, and providing as-built drawings and final project documentation. Staff anticipates that the commissioning period will be

satisfactorily completed in the next few days and that all project work will be complete within the next two weeks.

Therefore, staff recommends a motion to allow the General Manager to accept the Chlorination System Improvements Project as complete and authorize staff to file the Notice of Completion with Placer County once the 7-day commissioning period and other remaining work is complete .

M/S/C to allow the General Manager to accept the Chlorination System Improvements Project as complete and authorize staff to file the Notice of Completion with Placer County upon satisfactory completion of the 7-day commissioning period and remaining punch list work. 3 Aye votes.

2.4. Water Treatment Plant Raw Water Pipeline Project

Mr. Durkin reported that Preston Pipeline, Inc. is nearly finished with construction of the Water Treatment Plant Raw Water Pipeline Project and the District has taken beneficial use of the facilities. However, there is still some punch list work and a final contract change order that need to be addressed.

Staff recommends tabling this item until the next meeting.

2.5. Fair Oaks 40 Water Transmission Main

Mr. Durkin reported that the District owns, operates, and maintains the “Fair Oaks 40” pipeline, an approximately 11,000-foot long, 40-inch diameter pipeline located within the southern portion of the District’s service area. The District delivers water through this pipeline to Fair Oaks Water District, Orange Vale Water Company, and a portion of the District’s retail service area. The pipeline, constructed in 1955, is in need of repair, rehabilitation, or replacement.

The District delayed moving forward with implementing a rehabilitation project due to several critical issues that came up during initial planning efforts in 2006. The issues included concerns that several assumptions and criteria that were developed in a 1998 Preliminary Design Report needed to be updated; that the available demand information from existing meter reports on the FO-40 was incorrect and insufficient; and that the District did not have a hydraulic model or other tools to evaluate the current capacity and configuration requirements for the FO-40 taking into consideration delivery capabilities of the Cooperative Transmission Pipeline and groundwater wells that could be used to meet peak demands.

Construction of the Wholesale Transmission System Metering Improvements Project is now complete and we are beginning to compile reliable flow data on the FO-40. An integrated hydraulic model of the District’s wholesale

service area has also been completed and it is available for evaluation purposes of the FO-40.

Staff has developed a draft request for proposals (RFP) for a planning study, preliminary engineering, and final design of the Fair Oaks 40 Pipeline Rehabilitation Project. The RFP has been provided to the Fair Oaks Water District and Orange Vale Water Company for review and comment. We anticipate that staff from FOWD and OVWC will be involved in the project on both technical and policy matters because of the cost implications for both agencies. The RFP was issued today and SJDW is working closely with FOWD and OVWC. Staff will bring a recommendation to award an agreement for professional services to the Board in October.

No action requested, for information

2.6. Report Back Items

There were no report back items.

2.7. Miscellaneous District Issues and Correspondence

There were no other items.

3. FINANCE AND ADMINISTRATIVE SERVICES MANAGER'S REPORT

3.1. Report Back Items

There were no report back items.

3.2. Miscellaneous District Issues and Correspondence

There were no other items.

4. DIRECTORS' REPORTS

4.1. SGA

Director Tobin reported that she attended the SGA meeting on June 11th, 2009.

ACWA Ground Water Committee Policy Update: In Sept 2008 Tim Quinn, ACWA Exec Director challenged the ACWA Ground Water Committee to develop the "ACWA Groundwater Blueprint". The committee has met several times to develop a set of groundwater principles that were adopted by the ACWA Board on Jan 2009. The committee is in preparations with a document to establish a strategic framework for sustainable groundwater management in CA. SGA staff has been participating. Danielle Blacet, regulatory advocate, ACWA says that California can expect a shift to groundwater and ACWA is trying to address all of the issues involved with the State wanting to take over groundwater management, drilling, etc. ACWA unanimously agreed to the new set of principals to get out in front before the State decides to regulate it. ACWA fortunately seems to have

some influence with State policymakers. ACWA is focusing on conjunctive use and a need for adequate surface water supply.

Water Accounting Framework: In June 2007 the SGA board adopted Phase II for the Water Accounting Framework and directed staff to develop a Model Groundwater Banking Program Element. The program encourages agencies to implement conjunctive use while ensuring sustainability of the underlying groundwater basin. Staff is now working with WRIME, to estimate potential losses associated with performing banking and exchange operation.

Legislation: SB 122 would establish a statewide groundwater monitoring program within the DWR. Under this bill, local groundwater interests could voluntarily agree to monitor groundwater supplies and report their data to the dept. If the dept determines that there is no local entity willing or capable of performing the monitoring the dept. may do so. The dept. would be authorized to assess a fee on well owners within the area to recover the dept's monitoring costs. The bill would require the dept to report groundwater condition every 5 yrs with the first report by Jan 2012. This would essentially be an update of Bulletin 118. The bill is similar to SB 178 (Steinberg) from the last legislative session, and follow SB 1640 (Kuehl) and SB 820 (Kuehl) from prior years. All the bills passed the legislature, but were vetoed by the Governor. AB 49 which is the conservation bill from DWR has been modified significantly to minimize the detriments, thanks to the meeting with John Woodling and comments made by staff.

4.2. RWA

Director Tobin reported that she attended the RWA meeting on July 9th, 2009.

Executive Committee Meeting: It was requested and passed that all executive committee meeting minutes be sent to all members/directors.

The Exec Directors Review of performance was approved. Approved other post employment benefits (OPEB) policy and prefunding plan. Approved the RWA budget policy

Regional Water Authority Strategic Plan: RWA has been in the process of developing a Strategic Plan to guide the organization over the next two to five years. The committee met on 4 occasions and the outcome of these efforts includes a vision, values, goals, and objectives for RWA.

Legislation: John Woodling gave a presentation to legislators. SB 261 passed out of the assembly and SB 49 passed out of the senate but there is a need to reconcile the bills. SB 49 is a "top-down" legislative regulation for 20% by 2020 and SB 261 works on conjunctive use, recycled water, and conservation. RWA met with Kip from Mr. Steinberg's office and they are trying to schedule meetings for further discussion on these bills.

Metro Chamber is continuing to talk to everyone involved to educate everyone on both bills and about the effects they will have on the region.

There was a special caucus on Tuesday, July 14th with a biological opinion on salmon and steelhead with regards to flow standards. Those results will be forthcoming at the next RWA meeting

With regards to grant funding, RWA has not received notice to start projects, so funding is still in a holding pattern.

Recycled Water in the Region: There was a lengthy presentation and discussion about the status and future of recycled water in the region. Rancho Marietta has been recycling water since 1980 for a total of 2650 af annually and 21% of that water is used to irrigate the golf courses. Other speakers included Frank from Lincoln, Derrick Whitehead from Roseville, Vickie Caulfield from EID and SRCSD's & Sac County, Jose Rodriguez and Stan Dean.

4.3. Executive Committee

Director Costa reported that the committee met on July 28, 2009 and referred to the committee meeting minutes which are outlined below.

Legislative Update

Mr. Durkin provided an update on SB 261 and AB 49. He informed the committee that both bills went to policy committees and that SB 261 did not make it out of the Assembly; whereas, AB 49 did make it out of the Senate but basically as a shell. AB 49 will need many revisions to encompass parts of each bill. Ryan Bezerra with Bartkiewicz, Kronick & Shanahan is drafting proposed language that Sacramento region water agencies would like incorporated into the bill. The process was delayed due to the state budget issue.

Water Right Protest; EDCWA

Mr. Durkin reported that SJWD filed a protest against El Dorado County Water Agency's water right filing. The intent was to make sure that SJWD's voice is heard and SJWD concerns are addressed. SJWD wants to make sure that there is no impact to the our American River water supply. SSWD, PCWA, the City of Sacramento and Sacramento County also filed protests.

WTP Flows

Mr. Durkin reported that water treatment plant production is down approximately 20% compared to demands last year at this same time. SJWD contacted several districts to evaluate their status as well, and many are also seeing this reduction. Some possible reasons for this reduction are community efforts to actually conserve water, a milder summer, the number of foreclosures in the area, and the economy influencing customers to save

water and reduce bills. The committee discussed whether or not a media release should be issued related to this 20% conservation. The general managers will discuss this further to decide whether a media release is warranted.

Mr. Durkin informed the committee that SJWD reports monthly to the Bureau of Reclamation and makes it clear that although there has been a reduction in water usage, this is due to conservation so our running average should not to be reduced. SJWD sends a 3 year report to the DWR on water rights usage. (Mr. Formosa requested a copy be sent to him.)

State and Federal Lobbying Cost Sharing

Mr. Durkin reported that the City of Roseville is heading a cost share plan for our Federal lobbying efforts. We intend to renew our agreement with the Ferguson Group for another 3-year period. SJWD and the City of Folsom have joined this effort with costs for the three-year lobbying effort being \$80,000 per agency (\$27,000 per year per agency).

Pam Tobin Running for CSDA Board of Directors

Mr. Durkin announced that Pam Tobin will be running for the Region 2, Seat A position on the Board of Directors with the CSDA. The SJWD passed a resolution to approve this nomination and requests the support of CSDA members.

State Budget Impact to Local Governments

Mr. Durkin reported that with the suspension of Prop 1A, the government will “borrow” property tax revenue that was slated to go to SJWD Capital Improvements. SJWD receives approximately one million per year in property tax revenue and, at this time, it is not known how much the state will borrow. The amount should be paid back within three years.

Raw Water Pipeline

Mr. Durkin reported that there are a few more punch list items to finish otherwise the project is complete. There will now be two parallel intake pipelines to the water treatment plant and this will allow for repairs to one pipeline while still maintaining adequate flow into the facility. The gravity flowrate from Folsom Dam with one pipeline was approximately 72 million gallons per day. The new parallel pipeline was tested and in combination with the existing pipeline will produce approximately 99.5 million gallons per day. This will result in lower pumping costs over time since intake will flow under gravity conditions more often and pumping will be reduced.

Wholesale Service Area Hydraulic Model

Mr. Durkin updated the committee on the development of the model and the planning efforts that looked into different scenarios for how to move water supply, utilize groundwater and address emergency supply needs within the system. Brown & Caldwell still needs to provide training for each agency on

individual models and deliver the model to each agency with a summary of work and development of model. Mr. Durkin invited Jeff Lawrence, with Brown & Caldwell, to the August 20th meeting with the general managers to discuss these topics and arrange for individual agency training.

The Sacramento Area Water Works Association requested that Mr. Lawrence provide a presentation on the integrated model. He would like the Family's permission to do this. The committee agreed to allow him to do the presentation on the premise that it's general and not specific to any agency.

Goal Status Report

No report.

Fair Oaks 40

Mr. Durkin reported that a draft Request for Proposals for engineering services has been created and will be sent to FOWD and Orange Vale Water Company by the end of the week for review and comment.

Water Forum Conservation Renegotiation Process

Mr. Kane reported that the Water Forum is on a summer hiatus. The last report was that the agencies were in the process of ratifying the water conservation element of the water agreement, but not sure of the status if adopted at this point. SJWD and FOWD reported that they adopted it at their last meetings.

Wholesale Meter Replacement Project

Keith Durkin reported that all meters are installed and working. The contractor is currently working on punch list activities and there are still a few items that need to be fixed, but essentially the project is complete.

Bypass Pipeline Update

Keith Durkin reported that fourteen bids for the project were received on July 23rd. The engineer's estimate for construction was \$7.2 million; the lowest bid came in at \$5,845,000 from Syblon Reid Construction.

Bypass Intake Project Update

No report.

Water Accounting Framework

No report.

Chlorine System Improvements

Training is being started and performance testing will be conducted next week. Once the performance testing is completed then a 7-day commissioning period will commence.

Agency Updates

Each agency provided a brief update on operations and the status of ongoing capital improvements projects.

Citrus Heights Water District:

- The new Bonita well is up and running and on target with pumping 10%.
- Starting staff discussion on rates and budget for 2010.
- Noticed that the river is flowing a lot more than in the past.
- Bids are out for replacement 240 feet of 24" pipe at the San Juan High School.
- Bids are out for removal of 39 trees on Hazel Avenue.

Sacramento Suburban Water District:

- The SSWD Board of Directors approved the SSWD Water Master Plan and it is a significant document for the agency.

San Juan Water District:

- All three positions that were vacant are now filled.
- Office remodeling is in progress to make offices for new employees in the admin office and field office.
- The emergency generator replacement project in the treatment plant is going well.
- The pipeline rehabilitation project design is in progress and Mr. Durkin is reviewing the 95-percent plans. The project will go out to bid very shortly.
- The hydraulics improvement project is scheduled for installation in the fall/winter and it is being prepared to go out to bid.
- The status of our Emergency Response Planning will be presented to the GMs on August 20th.
- There are three main line projects that went out to bid this week and additional ones pending.

Fair Oaks Water District:

- FOWD sponsored the "Fair Oaks in the Park" event and received over 17 landscape irrigation review requests. There was a nominal fee to sponsor and staff feels it was a great community event and worth their time and effort to promote conservation.
- The new building should be complete in September.
- The FOWD is looking forward to an upgrade in the financial system and electronic meter reading.
- A couple employees were not up to par with technology and agreed to take on different tasks, such as janitorial and landscaping, instead of being replaced. FOWD cancelled outside services for these types of

services and allowed those employees to cover these duties and has saved approximately \$40-45K per year.

Folsom:

- Moving forward with metering.

Orange Vale Water Company:

- No report

Mr. Costa mentioned that Rep. Tom McClintock was named as the new Ranking Member of the Water and Power Subcommittee.

4.4. ACWA/JPIA

No report.

4.5. ACWA Region IV

No report.

4.6. CVP Water Users Association

Director Costa reported that he attended the July 14, 2009 meeting and there is nothing to report.

4.7. LAFCo

No report.

4.8. Other Reports

No Report.

5. LEGAL COUNSEL'S REPORT

Mr. Bartkiewicz reported that there is significant activity at the state legislative level related to water and his firm is following legislation closely.

V. PUBLIC FORUM

No comment.

VIII. UPCOMING EVENTS

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

ACWA Continuing Legal Education Workshop
September 17-18, 2009

Costa Mesa, California

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

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

ACWA 2009 Fall Convention & Exposition
December 1-4, 2009
San Diego, California

IX. ADJOURN

The meeting was adjourned at 8:25 p.m.

BOB WALTERS, President
Board of Directors
San Juan Water District

ATTEST:

TERI HART, Board Secretary