

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

November 18, 2015 – 7:00 p.m.

BOARD OF DIRECTORS

Ted Costa	President
Pam Tobin	Vice President
Ken Miller	Director
Dan Rich	Director
Bob Walters	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Donna Silva	Director of Finance
Teri Grant	Board Secretary/Administrative Assistant
Joshua Horowitz	Legal Counsel

OTHER ATTENDEES

David Bollard	ACWA
Lucy Eidam-Crocker	Crocker & Crocker
Lindsay Pangburn	Crocker & Crocker
George Christie	Customer
Randy Dodd	Customer
Geoffrey Poulos	Customer
Greg Umphenour	Customer
Jim Wermes	Customer
Patricia Wermes	Customer
Rick Williams	Customer
Dave Underwood	FOWD
Dan Cliff	Self
Mitch Dion	Self
Tony Barela	SJWD
Judy Johnson	SJWD
Jason Mayorga	SJWD
Mike Stemple	SJWD
Neil Schild	SSWD

AGENDA ITEMS

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

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

I. PUBLIC FORUM

There were no public comments.

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 Meetings

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

1. Minutes of the Board of Directors Meeting, October 28, 2015

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

Director Miller inquired, and Ms. Lorange confirmed, that once the Board meeting minutes are approved by the Board then they are the official board minutes and are posted to the website.

III. PRESENTATIONS AND INFORMATION

1. Statewide Perspective on Mandated Conservation Regulations and Impacts – David Bolland, ACWA

Ms. Lorange introduced Mr. David Bolland from the Association of California Water Agencies (ACWA) who will discuss the Statewide Perspective on Mandated Conservation Regulations and Impacts. Mr. Bolland thanked the Board for the opportunity to speak on behalf of ACWA which represents 430 public water agencies throughout California.

Mr. Bolland discussed how the drought is affecting agencies across the state especially in regard to finances due to the decreased demand in water due to the state-mandated conservation requirements. He explained that the state-mandated 25% reduction is applied differently across agencies with some at 8% and others up to 36% required conservation. He added that some agencies are reporting up to 27% losses in revenues. He informed the Board that ACWA has some preliminary results of a survey on agency impacts related to the drought which they will be putting into a fact sheet. The results of the survey are expected to be out next week.

Mr. Bolland informed the Board that he attended a meeting at UC Davis and was informed that even if a strong El Niño hits Northern California with 150% of normal precipitation over the winter, there will still be a water issue. He

mentioned that ACWA is advocating very strongly removing the idea of continuing the 36% targets for certain agencies based on high water use. ACWA is advocating for consideration of agencies' costs in investments for infrastructure, groundwater resources and alternative water sources which were put in place to maintain water reliability through droughts.

Mr. Bolland informed the Board that the City of San Diego approved a 16% rate increase over 2 years; Zone 7 approved a 33% rate increase; City of Sacramento is proposing a 16% increase for 4 years; City of Roseville is proposing a 21% increase for 2016; and the LA Department of Water & Power has had substantial rate increases over the years and has lost \$110 million in revenues, mainly due to conservation requirements. He explained that ACWA is examining Prop. 218 to see if some special rate considerations can be included in the proposition for lifeline rates to assist low income customers.

In response to Director Miller's question, Mr. Bolland explained that the Governor issued another executive order that will extend the conservation requirements through October 2016 if the drought continues through January. Mr. Bolland commented that the El Niño is projected to hit in January so most likely the drought will still continue through January which will put the same targets in place regardless of how much rain the state receives this winter.

In response to Vice President Tobin's question, Mr. Bolland explained that if there is significant rain then most likely the executive order would end; however, ACWA will be pushing for a clear ending of the order so that agencies are not fined and can pull back conservation efforts. Mr. Durkin inquired if there will be any relief in the state-mandated targets which are affecting the District's budget. Mr. Bolland responded that a likely scenario is that the regulations will not change and the District will still need to conserve 36%.

Mr. Rick Williams inquired if ACWA is hearing anything about mandating salaries or expense control. Mr. Bolland responded that ACWA is not hearing that discussed. He explained that water agencies are just one element of local government, such as police, fire, school districts, etc. Mr. Bolland commented that ACWA has not surveyed their member agencies regarding their decisions on salaries which ACWA believes is the decision that the local boards make and should not be mandated by a statewide agency.

A member of the public commented that with the winter season approaching, it will be tougher to meet the 36% target and inquired if anything has been discussed regarding seasons and water use. Mr. Bolland commented that ACWA has seen that many agencies met their targets during the summer; however, he believes that many agencies will not be able to meet their targets in the coming months. Mr. Bolland commented that the target is met on a rolling average so many agencies that over achieved in the summer will still meet their targets by the end of February, when this executive order ends.

2. Regional Perspective on Mandated Conservation Regulations and Impacts – John Woodling, RWA

Ms. Lorance informed the Board that Mr. Woodling informed her that he is out sick and will be unable to present tonight.

I. PUBLIC HEARING

1. Retail Rate Increase

Ms. Lorance informed the Board that a notice of the Retail 2015-2016 fiscal year budget Public Hearing was published in the Sacramento Bee and no comments were received regarding this Public Hearing.

Ms. Lorance conducted a presentation which included information regarding San Juan Wholesale versus Retail, Water Supply Conditions, the Governor's Executive Order, and some questions and answers from the Prop. 218 hearing. A copy of the presentation will be attached to the meeting minutes.

Ms. Lorance explained the difference between San Juan Wholesale and San Juan Retail. She showed the water levels at Folsom Reservoir and informed the Board that the current level is 139,433 AF which is the lowest recorded level. She reviewed the Governor's new Executive Order which will extend the conservation requirements through October 2016 if the drought continues through January.

Ms. Lorance informed the Board that staff has attended meetings and corresponded with the Governor's Office, the Bureau of Reclamation, and the Water Forum to stay abreast of the current drought issues and advocate for the District regarding water storage at Folsom. Ms. Lorance reviewed many questions that were asked at the October 28th Prop. 218 hearing and provided answers to those questions. She informed the Board and the public that the questions and answers have been posted to www.sjwd.org in more detail than her presentation covered.

Ms. Silva informed the Board that there are two actions being requested with one being approval of the retail rate increase and the other approval of the FY 2015-16 retail budget. She explained that a rate increase is necessary to continue the Board's policy of funding the Capital Improvement Program as you go instead of issuing debt, which ultimately costs the rate payers more money due to interest expense. Ms. Silva informed the Board that staff recommends a 19% retail rate increase as noticed to all San Juan Retail property owners.

Ms. Silva reviewed a chart of rate increases from 9% to 19%. She explained the graph which showed the operating expenses, Capital Improvement Program (CIP), revenues, and the minimum level of reserves that the District needs to operate. She explained that the staff recommendation of 19% will provide adequate funding for operations and the CIP through FY 2018-19, allow enough time for the District to update the Financial Plan, tie the largest rate increase to the period of crisis, and help avoid large rate increases in the

future. She explained that the next Prop. 218 notice is expected to go out in April for CY 2017 rates.

President Costa opened the floor for Director comments.

Director Walters requested the dollar difference between a 20% consumption assumption of water use and a 36% consumption assumption. Ms. Lorange excused herself from the meeting to obtain the information. Upon her return, she informed the Board that the difference is approximately \$300,000. In addition, she suggested that the Board revise the 5-year Financial Plan.

President Costa commented that he would suggest a 9% rate increase even if it means deferring projects or shifting expenses, then look at the next budget in 6 months. Director Rich commented, and Ms. Silva confirmed, that a 19% rate increase would equate to a monthly increase of \$9 for the average user or an increase of \$108 per year.

Vice President Tobin voiced concern on passing too low of a rate increase which might land the District into financial trouble. Director Miller stated that he would not vote for a 19% rate increase.

Director Walters moved to adopt Resolution No. 15-15 adopting a retail rate increase of 15%. Director Rich seconded the motion.

In response to Vice President Tobin's questions, Ms. Silva explained that a 15% rate increase would carry the District through FY 2015-16 provided there are no changes to the CIP and assuming the consumption assumptions are correct. Mr. Durkin explained that any deferral of CIP projects would be a Board decision and might include some of the main pipeline replacements and the Los Lagos tank repainting. Director Rich commented that the CIP has already been deferred and he does not believe it is being suggested to defer any CIP projects.

Director Rich commented that the Board will need to start the FY 2016-17 budget in 6 months and a large rate increase will most likely need to be considered at that time for CY 2017. Ms. Lorange confirmed that this is the annual process for the budget and rates, with the Prop. 218 notice being issued in April/May for a public meeting and adoption of the budget in June, which would be for an effective rate increase in January of the following year. Director Walters commented that if a transfer of water occurs then the rates could be affected. Ms. Lorange explained that the wholesale rates would benefit and that would translate to a small reduction in costs to the retail budget.

In response to Director Miller's questions, Ms. Silva explained that the Human Resources position would affect the retail budget for half the year at approximately \$32,900 and would either be a permanent position or be provided by a consulting service. In addition, Ms. Silva explained that the 1%

COLA that was adopted in June was below the 2015 Social Security COLA and the Western Cities CPI.

President Costa commented that he would like to look at the “pay as you go” structure for the CIP next year. Ms. Lorance explained that “pay as you go” has been limited due to the rate increases being deferred.

In response to Director Rich’s question, Ms. Silva responded that a 15% retail rate increase should be fine through FY 2015-16 and from there the Board will need to either implement a rate increase for FY 2016-17 or make significant reductions to expenditures.

Director Cost opened the floor to the public.

Mr. Geoffrey Poulos addressed the Board and requested that the Board stand up for water rights which the District owns. He commented that there is 100% of water rights water available but it is being taken from the District, based on a political agenda. In addition, he voiced concern on how water is calculated per person for the area. President Costa explained that the District has a special fund for legal expenses to pursue issues such as this and invited Mr. Poulos to discuss this after the meeting. Mr. Poulos requested that the Board adopt the lowest rate increase possible.

Mr. Williams addressed the Board and voiced concern that the District is assuming the worse with the higher rate increase and as soon as the rate increase goes into effect they will remain there and not be reduced. In addition, he commented that the salaries are out of control and would like to hear more about expense control. In response to Mr. Williams’ question, Ms. Lorance explained that the COLA increases have been just about the only salary increase that employees have received since most of the employees have been here long enough to be at the top of their salary ranges. Ms. Lorance informed Mr. Williams that she can provide the information that he is requesting, but it will take some time due to the system conversion. Mr. Williams requested that the Board keep salary information as a priority since he considers them out of control. He requested that the Board freeze the salaries since he considers them too high.

In response to Mr. Williams’s question, President Costa explained that there are plenty of water rights to meet the District’s needs but the Governor declared a state of emergency regarding the drought and restricted the District’s use of water. Ms. Lorance explained that based on this year, if the District was allowed to use the water first per our water rights, then there would be plenty of water to meet the District’s needs. Mr. Williams inquired why the public wasn’t informed about the District trying to sell water to Santa Clara. Ms. Lorance responded that the public was informed through the media and it was included on multiple Board meeting agendas. Mr. Williams commented that he is against the rate increase, would like the Board to keep salaries in the forefront, would

like to see a zero-based budgeting process, and would like to see more “pay as you go” projects.

In response to a member of the public’s question, Mr. Durkin responded that the CIP budget for FY 2015-16 is approximately \$5.4 million, the operating budget is \$9.8 million, and total compensation is approximately \$4 million. In answering another question, Mr. Tony Barela responded that the top of the Meter Reader salary is \$54,000.

In response to Mr. Poulos’ question, Ms. Lorance responded that any revenue from the sale of transferred water would be wholesale revenue and factored into the wholesale cost of water which ultimately affects the retail cost of water. Director Miller commented that any negotiations of the sale of water or property are performed under Closed Session until the negotiations are resolved. Ms. Lorance commented that the cost was not disclosed but the fact that the Board was discussing the matter was on the agendas.

President Costa called for the vote.

The motion carried with 3 Aye votes (Tobin, Rich, Walters) and 2 No votes (Costa, Miller).

President Costa called for a 3 minute recess at 9:22 pm.

2. FY 2015-2016 Retail Budget

President Costa inquired if the FY 2015-16 retail budget with a 15% rate increase needs to be revised before consideration of a motion. Ms. Silva explained that the 15% rate increase will result in a decrease of revenue of approximately \$140,000 from the proposed budget which assumed a 19% rate increase. She explained that the anticipated net income of approximately \$400,000 will be reduced to approximately \$255,000 which would be available to distribution to reserves.

Director Rich moved to adopt Resolution No. 15-16 approving FY 2015-2016 Retail Budget and Fees with amendments showing a 15% rate increase and revised net income. Vice President Tobin seconded the motion and it carried unanimously.

ACTION AND INFORMATIONAL ITEMS

IV. COMMITTEE REPORTS

1. Engineering Committee (11/4/15)

Director Rich reported that the committee met on November 4, 2015, and discussed the following:

- Hinkle and Kokila Reservoirs Condition Assessments (W & R)
- Corps of Engineer’s Folsom Reservoir Water Control Manual (W)

- FO-40 Phase II Rehabilitation (W & R)
- Other Matters
- Public Comment

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

Hinkle and Kokila Reservoirs Condition Assessments (W & R)

Mr. Durkin informed the Board that the Hinkle reservoir was constructed in 1979-80 and had a condition assessment completed 20 years later in 1999-2000. The condition assessment findings indicated that some repairs were needed to the liner and cover at that time, but overall the cover was in excellent condition and it was estimated to have another 20 years of life. In addition, the assessment findings recommended that the condition of the liner and cover be re-assessed after 15 years to determine their condition and evaluate repair or replacement plans.

Mr. Durkin reported that the proposed cost for consulting services to assist with the condition assessment of both the Hinkle and Kokila Reservoirs is approximately \$20,000, which includes review of current documentation on the reservoirs, onsite inspection and physical assessment of both reservoirs, development of a sampling program for laboratory testing, and a test evaluation report. In addition, another \$2,500 to \$3,500 will be required for material testing by a qualified lab. The Engineering Committee agreed that staff should proceed with the initial assessment of the Hinkle and Kokila reservoirs. Mr. Durkin reported that the committee will receive an update once the initial assessment is completed.

Corps of Engineer's Folsom Reservoir Water Control Manual (W)

Mr. Durkin reported that for the over four years SJWD has advocated for more flexibility and incorporation of forecast-based technologies and real-time watershed information into the Corp of Engineer's Folsom Reservoir Water Control Manual. Mr. Durkin and Director Tobin have attended numerous meetings with delegates in Washington, D.C. to gain support for this approach. This has opened the doors for the District and our regional partners to participate in the technical workshops and work with the local Corps team on developing the new operation manual.

Mr. Durkin commented that the Corp of Engineers is moving forward on a forecast-based operations methodology which will result in 30,000-70,000 AF of additional water being stored and available during dry years. He commented that elected officials meeting with elected officials in Washington, D.C. has been imperative in the success of the region's efforts.

For information only; no action needed

FO-40 Phase II Rehabilitation (W & R)

Mr. Durkin informed the Board that he provided the committee with a draft technical memorandum regarding the Fair Oaks 40-inch Diameter

Transmission Pipeline Phase II Rehabilitation Project. He explained that the project is budgeted under the wholesale budget with the capital facilities charges. He explained that the capital facilities charges in the new wholesale rate structure would recover costs through fixed quarterly charges over a 5-year period, beginning 18 months prior to the year of construction.

Mr. Durkin reported that Mr. Tom Gray informed the committee that FOWD submitted a letter objecting to the capital facilities charge developed as part of the Financial Plan, and another letter would be submitted by November 6th. Mr. Durkin explained that FOWD indicated they would like to pay for costs on the FO-40 when the project starts due to the timing of expenses. Ms. Lorance commented that the letter objecting to the capital facilities charges was received but a letter requesting an alternative payment plan for the FO-40 Phase II project was not yet received.

For information only; no action needed

Other Engineering Matters

Mr. Durkin informed the Board that the solar system modifications were recently completed. He explained that the modifications will allow the District to fully utilize the solar facilities. District staff recognized that the energy demands at the treatment plant and the Hinkle Pump Station were much lower than projected due to reductions in water demands from the drought and other factors. Mr. Durkin negotiated with SunPower to split the cost for the modifications so the District can utilize more of the generated power and also take advantage of a new PG&E tariff structure for renewable energy projects. The District is projected to save an additional \$85,000 each year due to the modifications which will result in the system modifications being paid for in about 15 months.

Mr. Durkin informed the Board that the 90% design submittal on the WTP Flocculation/Sedimentation Basin Improvements Project is expected by November 24, 2015, and the committee will meet after it is received to discuss the estimated cost for the project.

For information only; no action requested.

2. Finance Committee (11/17/15)

President Costa reported that the committee met on November 17, 2015, and discussed the following:

- Accounting of Bond Funds (W & R)
- Standard Reports on Reserve Accounts (W & R)
- Solar Project (W)
- Completion of System Modifications to Increase Energy Savings
- Review Approach to Project Funding
- Management Employee Contracts (W & R)
- Debt Management (W & R)

- Review and Pay Bills (W & R)
- 2015 Water Mains and Services Replacement Project (R)
- Other Finance Matters
- Public Comment

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

Accounting of Bond Funds (W & R)

President Costa reported that the committee discussed the Accounting of Bond Funds. For more information, please refer to the meeting minutes.

For information only; no action requested.

Standard Reports on Reserve Accounts (W & R)

President Costa reported that Ms. Silva informed the committee that she will provide a Quarterly Budget to Actual report for review by the Board. In addition, Ms. Silva will eventually provide reports on the reserves.

For information only; no action requested.

Solar Project (W)

The item was discussed under Agenda Item IV-1.

Management Employee Contracts (W & R)

President Costa reported that the committee discussed management employee contracts. He commented that this will be a workshop topic. Director Rich inquired if this could be a Closed Session item. Legal Counsel informed the Board that this could only be a Closed Session if it were pertaining to an individual employee. Director Miller commented that the discussion pertaining to management contracts was under the authority of the General Manager, unless it is legally required to bring forward for approval. Mr. Horowitz explained that if severance pay is included in a contract then the Board would have to approve the contract.

For information only; no action requested.

Debt Management (W & R)

President Costa reported that the committee discussed debt management. He would like to see a Debt Management Committee be established.

For information only; no action requested.

Review and Pay Bills (W & R)

President Costa reported that the committee reviewed bills and claims in the amount of \$3,861,144.10 and found them to be in order.

President Costa moved to approve Resolution 15-17. Director Miller seconded the motion and it carried unanimously.

2015 Water Mains and Services Replacement Project (R)

President Costa informed the Board that there were unexpected costs on the 2015 Water Mains and Services Replacement Project which include the relocation of the water main and additional paving requirements by the County.

President Costa moved to authorize a construction contract budget increase of \$20,404 for the 2015 Water Mains and Services Replacement Project. Vice President Tobin seconded the motion and it carried unanimously.

Other Finance Matters (W or R)

Ms. Silva provided the committee with confidential reports on employee overtime as requested from Director Miller. The committee reviewed the information.

The committee discussed Policy 3110 regarding Compensation Studies. The committee agreed that the policy should be reviewed and revised if necessary during the overall policy review by the Legal Affairs Committee.

For information only; no action requested.

V. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 Water Supply Update

Ms. Lorance commented that this was previously discussed. In response to Director Rich's question, Ms. Lorance responded that the projection was 144,000 AF by the end of November and the current water storage is 138,000 AF, provided there is some rain by the end of the month, the projection is close.

For information, no action requested

1.2 Wholesale Water Rates

Ms. Lorance reported that the Board adopted the wholesale budget in June with specific rates. There was a 150-day notice period before final adoption is complete. One comment letter was received from Fair Oaks Water District which requested that the capital facilities charge not be included in the wholesale water rates. FOWD's reasoning is that wholesale ratepayers should not be financing projects that benefit individual retail agencies; it is the responsibility of the retail agencies to pay for capital facilities that primarily benefit their ratepayers. Ms. Lorance commented that the inclusion of the capital facilities charge in the wholesale water rates results in the agencies that benefit from specific projects paying for the portion of the projects from which they receive benefit. Wholesale ratepayers are not financing projects that benefit others; the WCAs are advance funding the initial phases of the project and building a fund for construction so that the projects are not paid out of the wholesale budget. In addition, Ms. Lorance

agrees with FOWD's concern that the Water Resource Analyst position is not 100% wholesale, but rather 90% wholesale and 10% retail. She commented that the accounting has been correct, but the table in the budget is not correct.

Director Rich inquired that if the wholesale water rates, fees and charges are adopted, can the Board work with FOWD on alternate payment schedule for the FO-40 project. Ms. Lorance responded that the Board could agree to an alternate payment schedule. Mr. Dave Underwood commented that FOWD is not in the position to pay in advance and would like the Board to consider an alternate schedule. Mr. Underwood will have the FOWD general manager submit a letter with specifics on the payment schedule for the FO-40 project. Director Walters inquired if an extension of the time allowed to pay for a project without interest is a gift of public funds. Mr. Horowitz confirmed that it is not a gift of public funds since it would still be paid for during the time the District would have to pay for the project.

Vice President Tobin moved to adopt Resolution 15-18 adopting 2016 wholesale water rates, fees and charges. Director Walters seconded the motion and it carried unanimously.

1.3 Sacramento LAFCo Election

Ms. Lorance informed the Board that Sacramento LAFCo is holding elections for the Special District Commissioner. The Board discussed the candidates.

Vice President Tobin moved to vote for Ron Greenwood for Sacramento LAFCo Special District Commissioner. President Costa seconded the motion and it carried unanimously.

1.4 ACWA General Election

Ms. Lorance informed the Board that a District representative is needed for the ACWA General Election for President and Vice President at the ACWA Fall Conference luncheon.

President Costa moved to select Vice President Pam Tobin as District representative for the ACWA General Elections at the ACWA Fall Conference. Director Walters seconded the motion and it carried unanimously.

1.5 Report Back Item

There were no items discussed.

1.6 Miscellaneous District Issues and Correspondence

Ms. Lorance informed the Board that she and Mr. Durkin have been active on creating letters related to the California WaterFix Project. In addition, Mr. Horowitz's firm has been instrumental on this issue. A comment letter will be sent by November 30th regarding the Warren Act 300% increase to PCWA transfer costs.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Report Back Items

There were no items discussed.

2.2 Miscellaneous District Issues and Correspondence

There were no items discussed.

3. DIRECTOR OF FINANCE'S REPORT

3.1. Report Back Items

Ms. Silva provided the Board with Quarterly Budget to Actual Reports for wholesale and retail. A copy of the reports will be attached to the meeting minutes.

3.2. Miscellaneous District Issues and Correspondence

Ms. Silva reported that she will provide a quarterly Treasurer's report to the Board in December. In addition, she plans to review the Reserve Policy and Investment Policy with the Finance Committee in the near future.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters

Mr. Horowitz reported that the ACWA proposal, letters regarding the California WaterFix, and the Governor's Executive Order have all been discussed prior to his report. Mr. Horowitz requested that a Closed Session be placed on the December 9th Board meeting agenda to discuss water rights and the Delta issues.

5. DIRECTORS' REPORTS

5.1 SGA

See report under Agenda Item V-5.2.

5.2 RWA

Vice President Tobin provided the Board with a written report. A copy will be attached to the meeting minutes. She reported that that she attended an event on the California WaterFix on October 16th. In addition, she, Mr. Durkin, and Directors Costa, Miller and Walters attended the meeting with Senator Jim Nielson on November 5th to discuss how the senator can help the region regarding the "public goods" tax, conservation, and other issues affecting the region.

Vice President Tobin attended the RWA meeting on November 12th where the affiliate membership for West Yost was approved, policy principles on the "public goods charge" were approved, a water conservation update was

provided, and activities of the State Water Board were discussed. In addition, the RWA Social is scheduled for December 10th.

Director Rich inquired about the \$52 million in grant funding that is being managed by RWA. Vice President Tobin explained that most of the grant funding has been allocated and the District did receive about \$2 million. Ms. Lorange explained that the grant for water reliability was already allocated but the District will look into the WaterSmart grant and other grants for the water supply and reliability study.

5.3 ACWA

5.3.1 Local/Federal Government/Region 4 - Pam Tobin

Vice President Tobin reported that she will be attending a ACWA Region 4 meeting November 19th.

5.3.2 Energy Committee - Ted Costa

No report.

5.3.3 JPIA - Bob Walters

No report.

5.4 CVP Water Users Association

No report.

5.5 Other Reports and Comments

President Costa requested that the next workshop include discussion of management contracts and debt management.

VI. UPCOMING EVENTS

1. ACWA Fall Conference
December 1-4, 2015
Indian Wells, CA

VII. ADJOURN

The meeting was adjourned at 10:35 p.m.

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

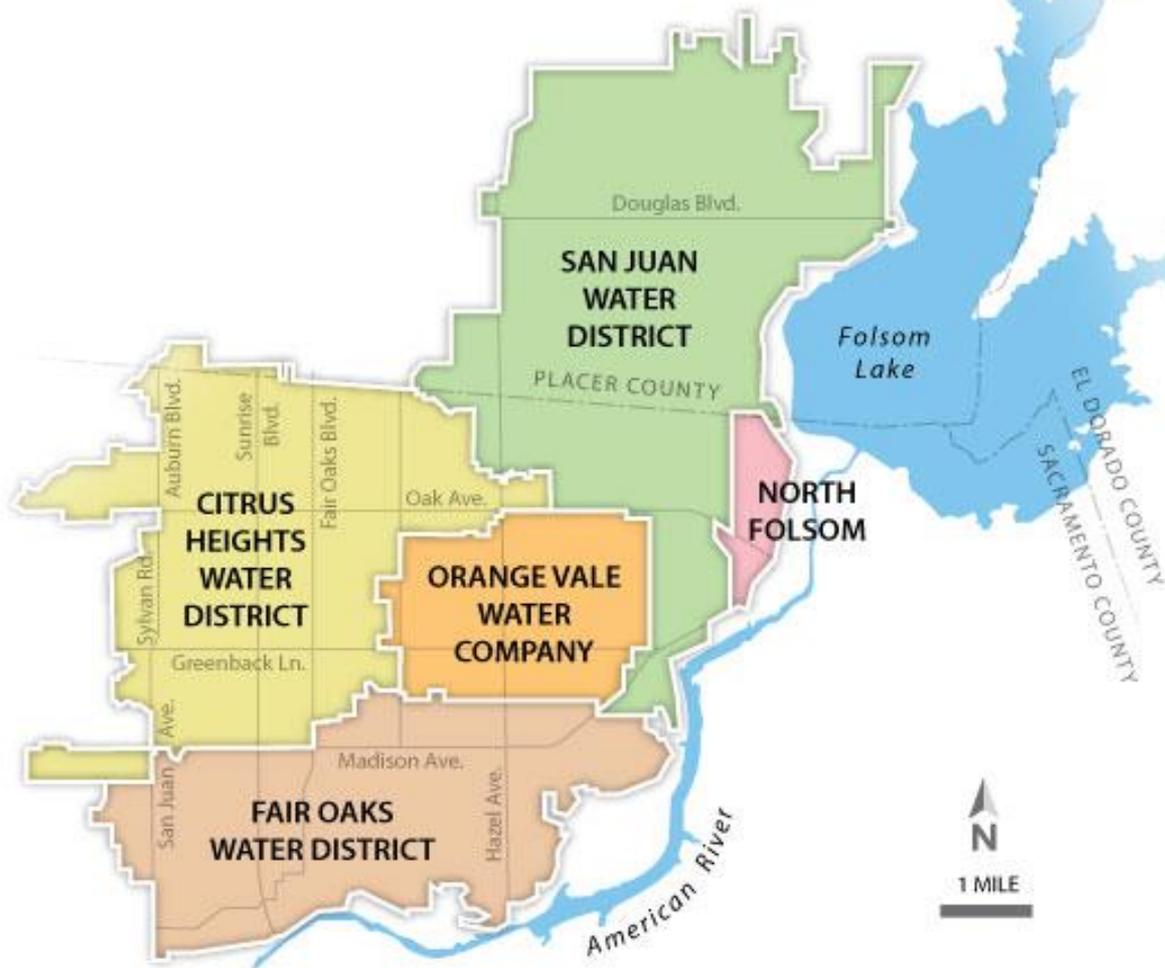
ATTEST:

TERI GRANT, Board Secretary



San Juan Water District Board Meeting

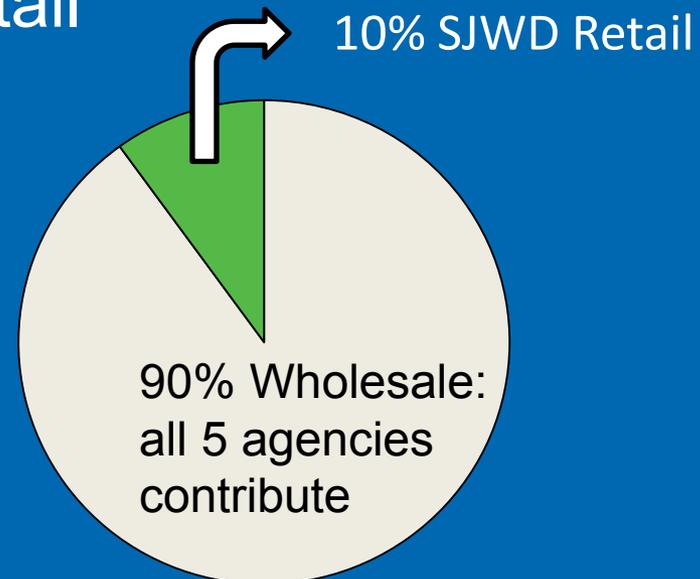
Shauna Lorance
General Manager
November 18, 2015



About San Juan Water District (SJWD)



- Created in 1954 as community services district
- Legally one entity but operates as two
- Costs assigned to SJWD Wholesale or SJWD Retail
 - For example: Staffing
 - Field personnel – All Retail
 - General manager –

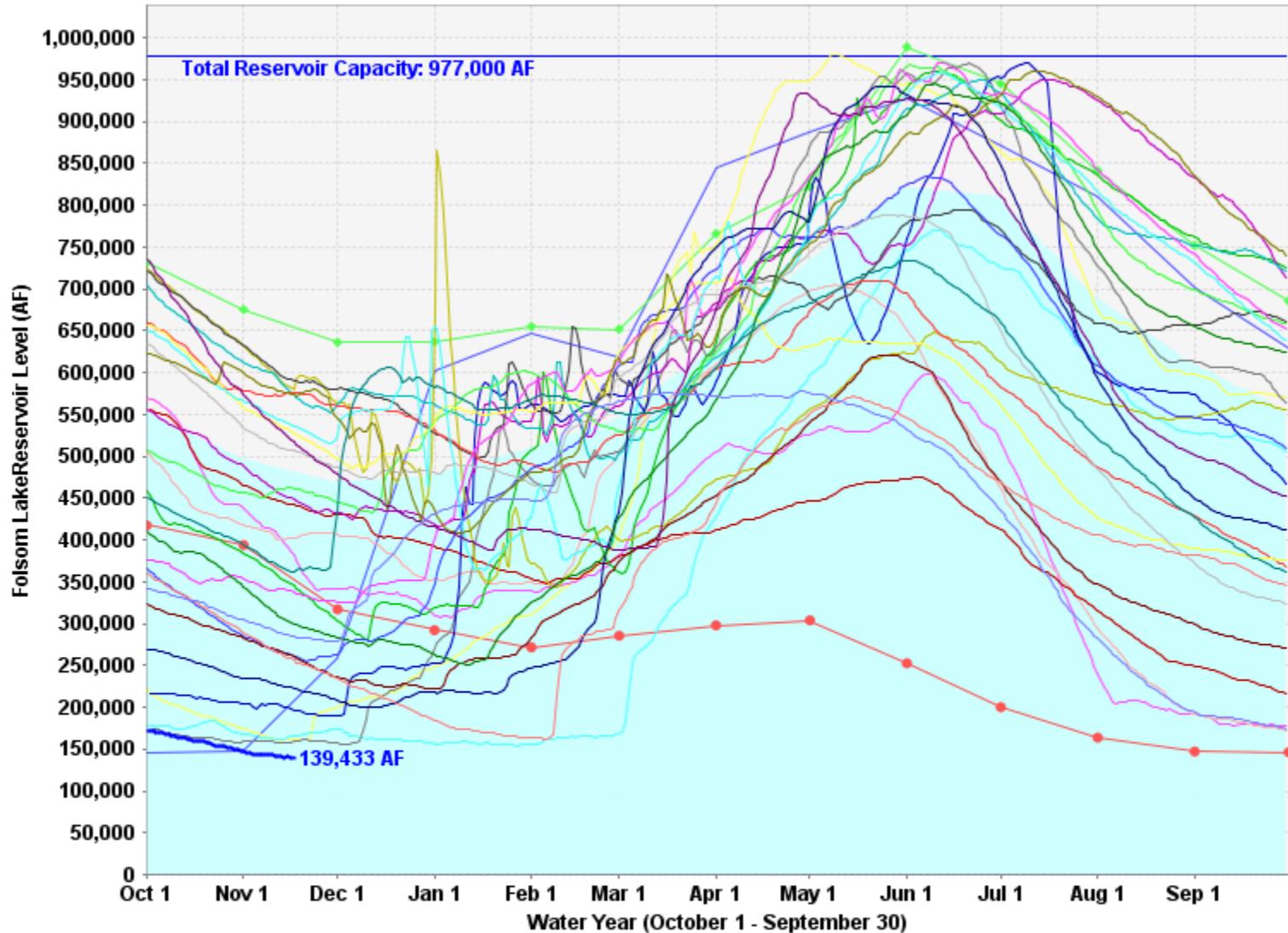


Mission



Our mission, and highest priority to customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs.

Folsom Lake Storage Levels



- Historical Average — Total Reservoir Capacity — 1976-1977 (dry) — 1977-1978 — 1982-1983 (wet) — 1988-1989
- 1989-1990 — 1990-1991 — 1991-1992 — 1992-1993 — 1993-1994 — 1994-1995 — 1995-1996 — 1996-1997 — 1997-1998
- 1998-1999 — 1999-2000 — 2000-2001 — 2001-2002 — 2002-2003 — 2003-2004 — 2004-2005 — 2005-2006 — 2006-2007
- 2007-2008 — 2008-2009 — 2009-2010 — 2010-2011 — 2011-2012 — 2012-2013 — 2013-2014 — 2014-2015
- 2015-2016(current)

Updates Since Last Board Meeting

Governor's Executive Order

- January 2016 decision date
- Expand to include raw water
- 36% reduction until Oct 2016 likely
- Proposed retail budget – 20% reduction included



Actions on Water Supply



- Governor's Office – Drought team meeting
- USBR Folsom Reservoir Levels
 - New low
 - Letter from congressional delegation
 - Response letter from USBR
- Comments on
 - Water Fix EIR (NSWA and AR agencies)
 - USBR Warren Act 300% increase
 - CVP Shortage Policy Finalized
 - WF modified LAR FMS

Customer input

- Customers asked good questions about SJWD and proposed retail rate increase
- Answers to assist Board in deliberations
- Information has been posted on SJWD website: www.sjwd.org



KEY QUESTIONS



Is SJWD the ninth highest paid district?



- No; see updated information on controller site
- Controller's information combines compensation for SJWD Wholesale and Retail employees
- Benefits paid for CY 2011 and prior are actually higher than reported on this site; employer pension contributions not included in the salary information

Is SJWD Retail \$41 million in debt?



- No. San Juan Water District (both Retail and Wholesale) had debt balance of \$41 million as of June 30, 2014
- Retail's share of the total debt is \$14 million
- Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, San Water retail and Folsom pay the remainder of the debt to Wholesale division as part of cost of water
- SJWD was required to issue debt to fund capital projects
- District reserves need to be increased in order to fund planned capital projects without debt

Was half the revenue from rate increases in the last five years for salary increases?



No.

Fiscal Year	Retail Water Revenue	Rate Increase	Budgeted Revenue Increase*	Salary and Benefits	COLA	Increase in Salary and Benefits**
2010/11	\$7,821,378	7%	\$547,636	\$2,933,414	1%	\$29,334
2011/12	\$8,083,178	2%	\$161,664	\$3,118,003	0%	\$0
2012/13	\$8,542,597	0%	\$0	\$3,301,658	3.1%	\$102,351
2013/14	\$,8506,899	2%	\$170,138	\$4,233,713	2%	\$84,674
2014/15 est.	\$7,917,774	2%	\$158,355	\$3,917,841	1.4%	\$54,850
Totals:			\$1,037,793			\$271,210

Does SJWD have adequate water supplies even in the drought?



- Yes, SJWD owns oldest rights on North Fork American River (since 1853)
- Between water rights, contract with Placer County Water Agency and groundwater supplies, SJWD could meet customers' full demands



Retail rates previously increased, why does the District still need more money?



- District lost revenue due to the lower consumption during drought
- Already delayed much needed maintenance and replacement of facilities and equipment to keep rate increases low
- Rates must be increased to avoid incurring debt to fund infrastructure maintenance and replacement projects, and to replace revenues lost due to lower consumption

Cont. – Retail rates previously increased, why does the District still need more money?



Effective Date	% Increase	Additional Details
6/01/15	See comment	A 10% temporary drought surcharge of \$0.08/ccf was added to the volumetric portion of the rate only. This surcharge will be eliminated when water supply conditions improve.
2/01/15	3%	Board approved a rate restructure to a uniform volumetric rate for all customer classes. Because the daily base charge decreased and volumetric charge increased, customers were affected differently depending on water use. The rate change projected a 3% increase in revenue. (Three rate structure options were considered: (1) continue with a 3-tier structure, (2) move to a 2-tier structure, and (3) the uniform volumetric rate structure.
1/01/14	2%	Board approved a 2% increase to cover basic operating costs.
1/01/13	2%	Board approved a 2% increase to cover basic operating costs. (A not-to-exceed 3.5% increase was originally recommended.)
1/01/11	2%	Board approved in lieu of 5% increase recommended in our 5-year 2006 Financial Plan and Water Rate Study. 2% covers increase in basic operating costs.
1/01/10	7%	Salaries were frozen and incentives were eliminated from the 2009-2010 budget to keep rates as low as possible.
1/01/09	9%	2% of this increase to be set aside for drought planning.

Will our rates go back down after the drought?



- Governors Executive Order
- Mandated 20% water use reduction by 2020
- Expenses do not decrease by the same amount as reduced usage
- Fixed expenses: meter reading, utility billing, finance, human resources, water quality, conservation, field service and engineering operations
- Unlikely that rates will be able to return to pre-drought levels with water use reduction requirements expected to continue (except drought surcharge)

Are rate increases used to fund salary and benefit increases?



- Absolutely. As provider of clean drinking water, we have three major expense categories:
 - Salaries and benefits
 - Water supply, system maintenance and repair
 - Infrastructure improvement/replacement (capital spending)
- Water revenue (and rate increases necessary to cover costs) is primary source of funding for the District
- Compensation policy designed to attract and retain talented staff
- Being competitive allows hiring talented, but fewer staff members
- Salaries and benefits are increased when District compensation falls below Board's compensation policy

Why is the salary budget for 2015-16 more than 2014-15?



- Number provided at Oct. 28 board meeting was a preliminary estimate and is too low
- Accounting staff finalizing numbers for 2014-15 but gap between FY 2014-15 and 2015-16 will be smaller
- 2015-16 budget includes a 1% cost-of-living adjustment, which is less than the Consumer Price Index
- Includes a temporary overlap of management positions in finance, human resources and customer service and temporary drought employees

How much do salaries increase in the proposed 2015-16 FY budget?



- Salaries increased 1% on July 1, 2015
- Salary increases for July 2016 will be determined by the Board as part of 2016-2017 budget process

What does retail pay for the general manager?



- The San Juan Retail portion of the general manager's compensation is \$25,593

WATER SUPPLY



Why do we have to conserve if we have enough water?



- Governor issued emergency declaration – 25% conservation statewide
- State Water Resources Control Board assigned reduction amounts based on residential gallons per-capita per day
- SJWD customers use among highest in state, so mandated 36% reduction from 2013, even with:
 - Oldest water rights
 - Available surface water
 - Well-managed groundwater resources

If we don't use our water, is it stored for use next year?

- No
 - Unused water becomes property of United States Bureau of Reclamation (Reclamation)
 - Used by Reclamation to meet environmental and water quality needs



If we cannot use the water supplies, can we sell them to someone else?



- Legally, yes
- However, it was not allowed this year
 - Residential conserved water transfer never done before
 - SJWD signed contract with Santa Clara Valley Water District for \$3 to \$6 million
 - Without pre-approved process in place, Department of Water Resources and Reclamation unwilling to approve sale of water
 - Agreement from Reclamation to assist in drafting process for possible sale in 2016, if conservation is still mandated

WATER CONSERVATION



What if an agency does not conserve enough?

- State Water Resources Control Board is overseeing results
- Four agencies fined \$61,000
- Fines may be increased to \$10,000 per day



Why are fines so low?



- SJWD customers have met 36% reduction at expense of their landscape
- Customers have to pay for increased costs for SJWD to achieve 36% conservation mandated
- Customers are facing significant water rate increases
- \$61,000 is much less than SJWD retail customers have contributed
- Fines could increase from \$500 to \$10,000 per day

BOARD MEMBER COMPENSATION



How does Board compensation compare to other agencies?



- SJWD - \$125 per meeting, up to 10 meetings per month, no benefits
 - CWD- \$144.70 per meeting
 - CHWD- \$145/day up to 10 per month
 - Del Paso- \$200 per meeting up to 10 per month
 - EID- \$1,250 flat monthly, full healthcare insurance and 89.45% of dependent premium paid, \$20,000 life insurance
 - FOWD- \$100/day up to 10 per month
 - PCWA - \$950 flat monthly, full dental, vision and \$24,000 life insurance
 - RLCWD- \$100/day up to 6 per month
 - SSWD- \$100/day up to 10 per month, no benefits

What are the expense reimbursements and guidelines for Board Members?



- Policy on website
 - Mileage to out of office meetings reimbursed at IRS reimbursement rate
 - Approved out of town conference or training sessions limited to conference or training hotels and discounted rate
 - Actual expenses for meals, up to IRS limitations, with receipts
 - Alcohol purchases are not reimbursed
 - Finance committee reviews expenses

RATE HISTORY



How do SJWD Retail rates compare with other agencies?

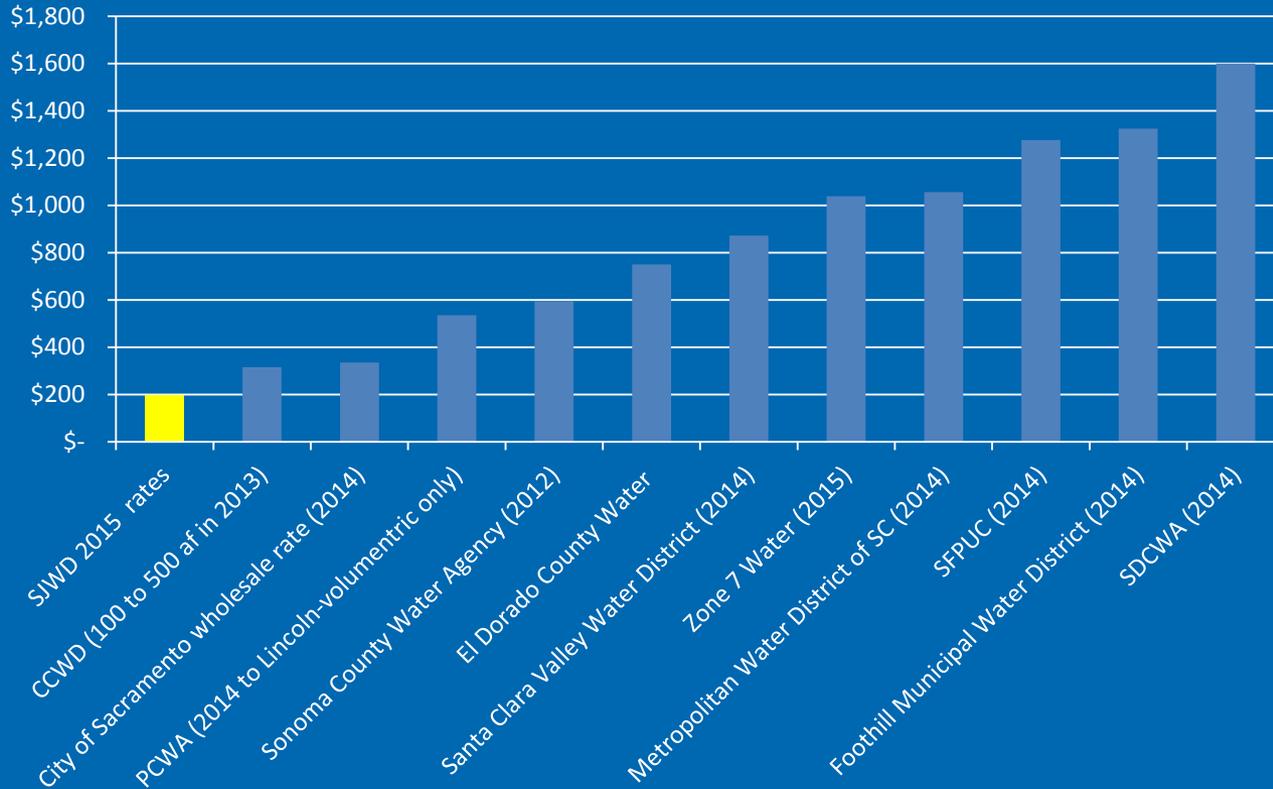


Agency	Fixed cost	Volumetric Cost
Citrus Heights Water District proposed 2016 rates	\$28.06 per month	\$0.8735 per ccf
City of Roseville proposed 2016 rates	\$20.69 per month	\$0.97 for all water use
Fair Oaks Water District	\$32.55 per month	\$0.45 per ccf
Placer County Water Agency	\$32.67 per month	\$1.40 up to 2 ccf \$1.51 next 6 ccf \$1.61 next 10 ccf \$1.73 next 20 ccf \$1.84 next 18 ccf \$2.15 next 19 ccf \$2.41 over 77 cff
Sacramento Suburban Water District	\$35.31 for ¾-inch meter \$58.76 for 1-inch meter	\$0.83 to 10 ccf \$1.04 over 10 ccf
San Juan Water District proposed 2016 rates	\$38.70 per month	\$0.95 per ccf

How do SJWD Wholesale water rates compare to other agencies?



Cost per AF



How are rates calculated?

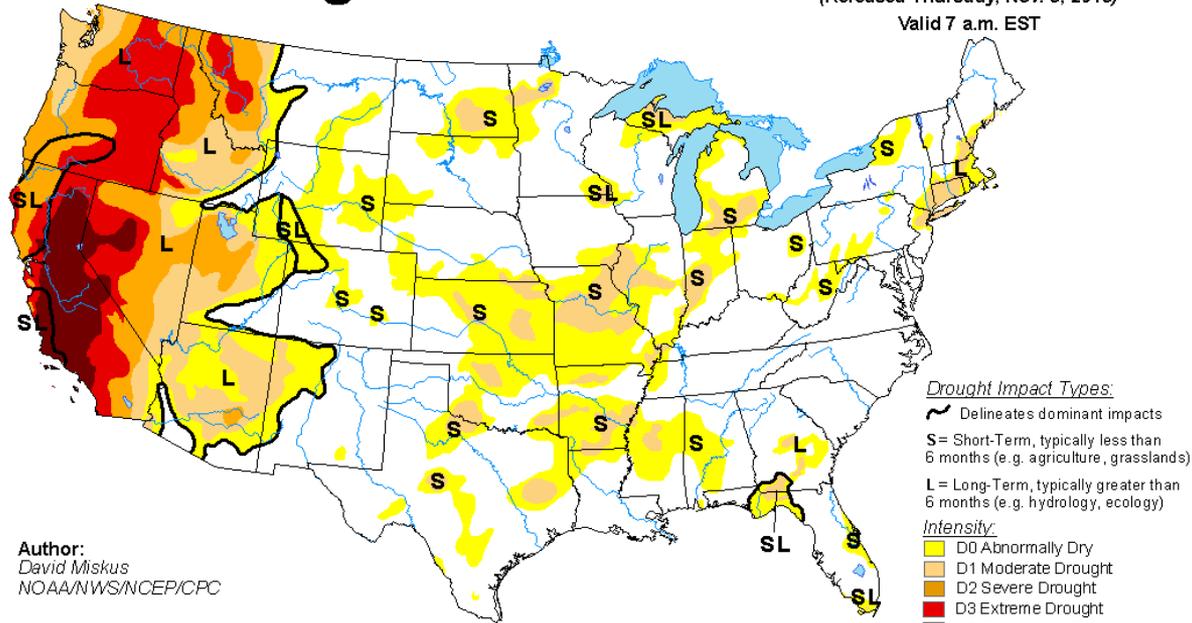


- Calculation includes a fixed portion based on water meter size
- Volumetric portion based on actual usage
- Regulations require 70% of revenue to be from volumetric rate and less from fixed portion
- Rates designed to cover anticipated expenses only
- District legally prohibited from charging more than actual cost of providing water service (includes covering all fixed costs and accrual of a prudent reserve for future replacements, upgrades and repairs)

Proposed rate increase for 2016

U.S. Drought Monitor

November 3, 2015
(Released Thursday, Nov. 5, 2015)
Valid 7 a.m. EST



Author:
David Miskus
NOAA/NWS/NCEP/CPC

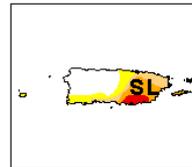
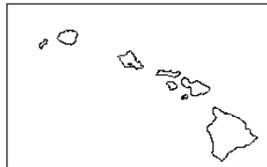
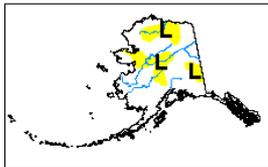
Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- Yellow: D0 Abnormally Dry
- Light Orange: D1 Moderate Drought
- Orange: D2 Severe Drought
- Red: D3 Extreme Drought
- Dark Red: D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu/>

What are the new rates being proposed?



We are proposing a maximum 19 percent increase in the daily base rate and a 19 percent increase in the volumetric portion of the bill

Rate \$ difference	Current	Proposed	\$ difference	% difference
Base	\$1.08/ day	\$1.29	\$0.21	19%
Volumetric	\$0.80/unit	\$0.95/unit	\$0.15	19%

Will the district receive a 19% increase in revenue from a 19% rate increase?



- No. With projected water use, a 7% increase in revenue is budgeted (Gov. EO means less)
- Completely depends on water use – less water use due to drought or rainy season means less revenue
- If consumption remains consistent, revenue would increase by rate increase percentage
- Economic downturn-push to keep rates low
- Rate increases were eliminated or reduced

Cont. – Will the district receive a 19% increase in revenue from a 19% rate increase?



- Capital projects were delayed and expenses carefully controlled
- Once economy turns around, capital projects and expenses could be funded
- With the drought, this has not occurred and now—
 - Capital projects are absolutely necessary
 - Reserves must be funded

REVENUE AND EXPENSES



Doesn't the District receive revenue from the sale of water to other agencies?



- SJWD Wholesale sells water to five wholesale customer agencies:
 - Fair Oaks Water District
 - Citrus Heights Water District
 - Orange Vale Water Company
 - City of Folsom
 - Retail service area of SJWD
- Rates proposed for SJWD Retail service area include cost of water that is paid to SJWD Wholesale
- SJWD retail rates cannot be subsidized by selling water to other agencies

How have the District's expenses and revenues changed in recent years?



- Proposed 2016 operating expenses of \$8.2 million increased from \$8.1 million in 2014, or approx. 1.2%
- Revenues would increase between 2014 and 2016 (including the staff recommended 19% increase for 2016) from \$8.65 million to a proposed \$8.97 million, or approx. 4%

Is there anything else SJWD can do to cut expenses?



- During the economic downturn, Board elected to keep costs low for customers by implementing small water rate increases and operating conservatively
- Operating expenses reduced to only necessary activities to provide reliable water supplies and to meet regulations and legal requirements
- Combination of multi-year drought and a budget with little room for cuts requires Board to review existing funding gap

Cont. – Is there anything else SJWD can do to cut expenses?



- Another significant expense -the annual capital improvement program to repair, renovate and replace infrastructure necessary to deliver water to our customers
- Recession caused postponement of projects
- Significant portions of 200+ miles of system pipeline dates to 1950s and 1960s
- All of our facilities are critical for water supply delivery
- Cannot responsibly continue to defer projects

Can the District reduce staffing expenses?



- District has small staff compared to size of its operation
- SJWD has less Retail staff than most agencies
- Some employees are shared between Wholesale and Retail
 - General manager's salary is charged 90% to Wholesale and 10% to Retail
 - Retail benefits by having a general manager level position for 10% of the total salary
 - Highly-trained water treatment operators are Wholesale employees and costs are shared across five agencies

How has SJWD reduced expenses over recent years?



- In addition to maintaining lean staffing levels and delaying capital projects, staff identified and implemented cost savings initiatives:
 - Solar project reduces energy costs by \$300,000+ per yr.
 - Partner with Placer and Sacramento Counties during road projects to reduce pipeline installation costs by \$1.2 million+
 - Reconfigure pressure zones and operating strategies to avoid pump station costs of \$500,000+
 - Obtain grants to reduce program and project costs by \$2 million+

What are SJWD reserve levels and are they adequate?



- Retail reserves are projected to be \$11 million as of June 30, 2015 and approx. \$6 million at June 30, 2016
- Retail operation has \$500 million of capital facilities that have a 100-year-maximum life expectancy
- Prudent capital budget for SJWD is \$5 million per yr.

Cont. – What are SJWD reserve levels and are they adequate?



- Capital facilities cannot be maintained without a significant rate increase
- Reserves at end of 2016 will not be sufficient to fund even one yr. of capital spending
- Lack of maintenance = emergency repairs, \$\$\$\$
- Working to not “kick can down the road”

DISTRICT STAFFING AND COMPENSATION



What is the average SJWD salary?



- Salaries paid by Wholesale or Retail, or a combination of both
- Wholesale operation is responsible for water supply reliability, water right and treatment of water delivered to wholesale customer agencies
- Retail operation delivers the water treated by Wholesale operations to Retail customers

Cont. – What is the average SJWD salary?



- Both operations require compliance with state and federal regulations concerning water rights, treatment and operations
- \$80,998 – Average Retail salary for 2015-2016, including employees' paying a portion of their retirement
- \$96,348 – Average Wholesale salary
- Salary ranges are posted on website

How many Retail employees are there and how does this compare to other agencies?



- 26.9 regular employees
- 28.9 full-time equivalent staff in Retail operations
 - Two are temporary employees hired during the drought

Agency	Employees	Connections
San Juan Water District	26.9 regular	10,574
Citrus Heights Water District	30	19,591
Fair Oaks Water District	35	13,737
Placer County Water Agency (has Water Treatment Plant)	215 total – 169.5 used in table (31.5 agency wide, 138 water system, 45.5 power)	38,324 (34,600 treated, 3,724 untreated)
Sacramento Suburban Water District (has Groundwater wells)	62	46,112

How many Wholesale employees are there and how does this compare to other agencies?



Agency	Demand - Normal year (acre-feet)	Staffing	Million Gallons Per Day - Water Treatment Plant
San Diego County Water Agency	500,000	238	100
San Juan Water District	54,000	18.1	150
Santa Clara Valley Water District	140,000	360	220
Zone 7	58,000	89	56

How do SJWD salaries compare to other agencies?



- Conduct surveys to compare compensation to other agencies
- Compensation studies rather than salary studies to include benefits in comparisons
- Latest compensation survey used March 2015 compensation data
- To meet District's policy to recruit and retain highly-qualified employees, the Board set compensation at 10% above average

Results of compensation study



- One class is paid $>5\%$ and $<10\%$ above market
- Three classes of employees are paid $<5\%$ above market
- Five classes are paid below market by $<5\%$
- Six classes are paid below market by $>5\%$ and $<10\%$
- 13 classes are paid below market by $>10\%$ and $<20\%$

DISTRICT OVERVIEW AND CONTACT INFORMATION



For additional information, please visit the Transparency Hub
www.sjwd.org/transparency-hub or call (916) 791-0115

STAFF REPORT

To: Board of Directors

From: Donna Silva, Finance Director
Shauna Lorange, General Manager

Date: November 18, 2015

Subject: Fiscal Year 2015-2016 Draft Retail Budget

RECOMMENDED ACTION

Approve Resolution No. 15-15 approving a 19% rate increase for calendar year 2015. Conduct the legally required public hearing for budget adoption and then approve Resolution No. 15-16 adopting the Fiscal Year 2015-16 Retail Budget.

BACKGROUND

The San Juan Water District prepares and adopts annual budgets for its Wholesale operations and Retail operations. The Wholesale budget is adopted first, as it sets the rate that the Retail division must pay for treated water. The Wholesale budget was adopted by the Board of Directors on June 5, 2015.

The Retail budget and proposed water rates were previously discussed on August 6, 2015, August 12, 2015 and October 7, 2015. The public hearing for the proposed water rate increase required by Proposition 218 was held on October 28, 2015. The District received 102 protests. 5,292 protests were required to prohibit the imposition of a rate increase up to 19%.

While the Prop 218 hearing was not well attended by rate payers (less than 30 rate payers were in attendance), many questions were raised by the few ratepayers attending the hearing. Staff has prepared a list of frequently asked questions for posting on the District's website and staff will present the answers to those questions this evening, both for the benefit of the Board of Directors and the community. Staff will then review the impact of several rate increase scenarios.

The purpose of this agenda item is for the Board to decide on the appropriate retail water rates for calendar year 2016.

Once the rates are set, the Board will consider approval of the draft Fiscal Year 2015-16 budget. If the Board approves a 19% rate increase the budget may be adopted this evening as presented (or with modifications as the Board may direct). If a rate increase of less than 19% is approved, the Board may either:

1. Adopt the proposed retail budget with the direction and expectation that staff will adjust the budget revenues and the rate schedule in accordance with the rate

increase approved. This will reduce the amount available for distribution to reserves; or,

2. Direct staff to return on December 9, 2015 with a revised budget that incorporates the approved rate structure and the reduced revenues, as well as a recommendation on reduced expenses in line with the reduction in revenues.

The draft retail budget and the presentation from the October 28, 2015 Proposition 218 hearing are attached for review.

Attachments:

Exhibit 1 Draft Proposed Retail Budget Fiscal Year 2015-2016

Exhibit 2 PowerPoint presentation from the October 28, 2015 Prop 218 hearing
Resolution 15-15 Adopting San Juan Water District Retail Rates and Fees for the
Calendar Year 2016

Resolution 15-16 Adopting San Juan Water District Fiscal Year 2015-2016 Retail
Budget

San Juan Water District Granite Bay, California



Draft Proposed Retail
Budget

Fiscal Year 2015-2016

As of November 18, 2015

San Juan Water District

Fiscal Year 2015 – 2016 Draft Retail Budget



Prepared by the Finance Department under Direction of
the General Manager and Assistant General Manager

All the water we have today is all the water we'll have on this earth.

--National Geographic



Mission

Our mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it.



San Juan Water District
9935 Auburn Folsom Road
Granite Bay, California 95746
(916) 791-0115
www.sjwd.org

Elected Officials

Edward J. “Ted” Costa, President/Director
Pamela Tobin, Vice President/Director
Kenneth H. Miller, Director
Dan Rich, Director
Bob Walters, Director

Appointed Officials

Shauna Lorance, General Manager

Management Team

Keith B. Durkin, Assistant General Manager
Donna Silva, Director of Finance
Tony Barela, Operations Manager
Greg Turner, Water Treatment Plant Superintendent
Lisa Brown, Customer Services Manager
George Machado, Field Services Manager
Rob Watson, Engineering Services Manager

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Letter of Transmittal

Board of Directors
San Juan Water District

Directors:

It is our pleasure to present to you the Fiscal Year 2015-2016 Budget for the San Juan Water District (“District”) for Retail Operations. The budget format continues to be updated in an effort to provide a user-friendly document that conveys the dedication as well as the accomplishments and goals of the District Board of Directors (“Board”) and staff.

Budget Process

The District's official budget process begins each year with a Manager's meeting to establish the overall District goals and provide a basic timeline. Any guidelines from the Board are discussed at this time to set the parameters.

The proposed budget is then reviewed to determine whether:

- ✓ District goals will be met within the budget;
- ✓ all necessary items have been included; and
- ✓ revenues will be sufficient to cover expenses.

Budgetary Control and Budget Format

District management uses the approved budget as the tool for ensuring adequacy of District resources in meeting District needs and assessing planned versus actual activities throughout the fiscal year. The General Manager controls the budget at the operating level.

The budget is prepared on an accrual basis (reporting revenues and expenses are earned and incurred, respectively) and is the same as reported in the Comprehensive Annual Financial Report. The program budget format is used versus a line item detail format to provide the most valuable information to the reader on all of the District's major areas of service:

- Retail
 - Operations
 - Non-Operating
 - Capital Improvement Program

Operations are further broken out by program area: Field Services, Administrative & General, Conservation, Customer Service, and Engineering. The program area budget places the focus on overall District retail operations, leaving District management responsible for oversight of day-to-day operating expenses.

Budget Highlights

The District is in the fourth year of one of the most severe droughts in recent history. On January 17, 2104 the Governor of the State of California proclaimed a State of

Emergency in California due to the severity of the drought. Because of the severity of the drought, and the distinct possibility that it will stretch into a fifth straight year in 2016, the Governor issued an Executive Order imposing restrictions to achieve a statewide 25% reduction in potable urban water usage through February 29, 2016, as compared to usage in 2013. The Executive Order required the restrictions to consider the relative per capita water usage of each water supplier's service area, and requires that those areas with high per capita use achieve proportionally greater reductions than those with low use. The San Juan Water district is thereby required to reduce consumption by 36% over 2013 usage.

The District, like other water agencies in California, is faced with maintaining and improving aging infrastructure at a time when revenues are declining at almost unprecedented levels, due to the mandatory reductions in consumption. The District has remained proactive and shares the following budget highlights:

Revenues

- ☒ **Metered Water Sales:** The budget incorporates both a 19% rate increase, and a 10% drought surcharge on the volumetric portion of the bill through February 2016. The increased rates, applied to lower usage levels, will generate revenues sufficient to cover operating expenses, including the added costs of ensuring compliance with the Governors Executive Order, and will contribute to the current year Capital Improvement Program spending, most of which is funded through the use of existing reserves. Due to reduced water usage in FY 2014-15, the District utilized existing reserves (instead of significant rate increases) to offset lost revenues in FY 2014-15. Reserves have now fallen below levels required by the Board of Directors. The rate increase will result in a restoration of reserves over the next few years.

Expenses

Overall expenses are budgeted to increase 9.8% over estimated FY 2014-15 expenses. The increase is largely due to drought related activities as further discussed below.

- ☒ **Salaries & Benefits:** The Retail divisions' share of Salaries and Benefits is budgeted to increase by 3.8% over the prior year. The Consumer Price Index (the most common measure of inflation) increased 2.7% in FY 2014-15. In an effort to preserve salary levels for District staff, while reducing the need for further rate increases, this budget incorporates a modest 1% Cost of Living Adjustment (COLA) for employees. Additional increases are due to drought related temporary staff and a placeholder for a much needed position in the Human Resources Department to add the expertise needed to comply with increased reporting and regulation such as the recently enacted Affordability Care Act (ACA).
- ☒ **Treated Water:** The retail division of the District pays the wholesale division for treated water in the same manner as other wholesale customers. In accordance with the approved Financial Plan, wholesale water rates increased 6% on January 1, 2015 and will increase another 6% on January 1, 2016. These increases, combined with fixed costs for retail's share of wholesale's capital improvement program combine to yield an approximate 33% increase in the cost of treated water.

- ☒ Debt Service: These costs remain relatively stable in accordance with current debt service schedules as no new debt is planned.
- ☒ Capital Improvement Program: The Capital Improvement Program is a road map for planning and funding facilities and infrastructure necessary to carry out the District's mission. It incorporates both the construction of new facilities and the rehabilitation or replacement of existing capital. The District generally completes a Master Plan every five years, which provides a broad and distinct overview of the adequacy and condition of the water system and generates a list of projects to be completed over the subsequent 10 year period. Each year the program is updated as may be needed due to unplanned needs and projects that weren't yet undertaken or completed. Any savings on particular capital projects are generally maintained within the capital reserve for those projects that cost more than expected, unless the Board of Directors determines otherwise.

Strategic Goals and Priorities

- Ensuring compliance with the State Mandated 36% reduction in water use.
- Ensuring ongoing water supply reliability including researching and obtaining additional water supply sources
- Monitoring and participating in actions by the State Water Resources Control Board regarding drought and permanent water conservation measure.
- Prioritize and respond to State, Federal and Community Actions.

Financial Policies and Funds

The District maintains long-term financial plans to evaluate the impact of operating factors and performance on water rates and reserves. These plans are continually reviewed and updated to ensure they provide reliable data. These plans are prepared using current budgetary and year-end actual information as available. Balanced budgets are prepared where revenues exceed expenses in order to provide for debt service, capital project and reserve funding, unless otherwise determined by the Board (i.e. special purpose or project).

For financial reporting purposes, the District operates a single enterprise fund. However for management of the two divisions, the District utilizes two distinct funds, one for Wholesale and one for Retail. These funds are then segregated into operating and non-operating activities.

We hope this budget provides useful information on the District's operations. We would like to thank the District's Management Team for their diligence in preparing and managing their budgets. We would also like to thank the Board of Directors for their continued support of the important services that the District provides.

Sincerely,

Shauna Lorance
General Manager

Keith B. Durkin
Assistant General Manager

Donna Silva
Director of Finance

DRAFT

Profile

The District initially began as the North Fork Ditch Company dating back to 1854 providing water to the area. The San Juan Water District as in existence today was formed as the result of petitions being presented to the Board of Supervisors of Sacramento and Placer Counties by Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and a group of homeowners in South Placer County. An election was then held within the boundaries of the sponsoring districts on February 10, 1954. At this election, voters approved the formation of the San Juan Water District by nearly a two-thirds majority and elected five Directors. The District is a community services district formed under Section 60000 et seq., Title 5, Division 3 of the California Government Code.

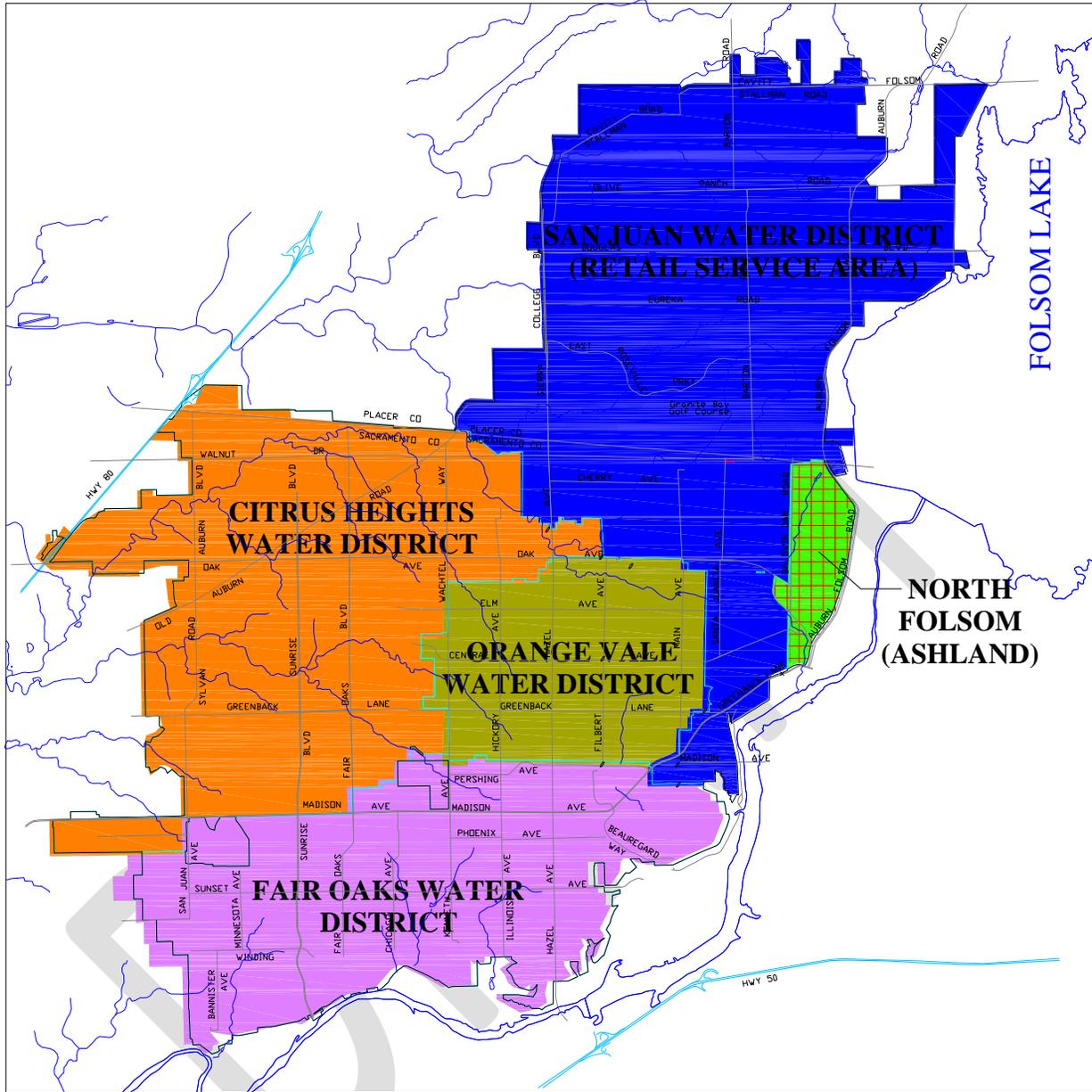
The District provides water on a wholesale and retail basis to an area of approximately 46 square miles for wholesale (which includes the retail area) and 17 square miles for retail in Sacramento and Placer Counties. The District's wholesale agency consists of delivering water to the retail agencies under negotiated contracts; operating a surface water treatment plant and storage, transmission facilities; and providing the administrative support related to those activities. The Retail agency consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,700 active retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County) and providing the administrative, customer service, conservation and engineering support related to those activities.

The District's existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of Central Valley Project water. The District completed the process of long-term water contract negotiations with the U. S. Bureau of Reclamation for Central Valley Project water resulting in a 40 year long-term contract. The third water source is a contract with Placer County Water Agency for 25,000 acre-feet of water. All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau Folsom Pumping Plant. Total raw water delivery for the Fiscal Year 2014-2015 was 34,614 acre-feet and is anticipated to be 30,696 acre-feet for Fiscal Year 2015-2016, excluding pass through deliveries for Sacramento Suburban Water District.

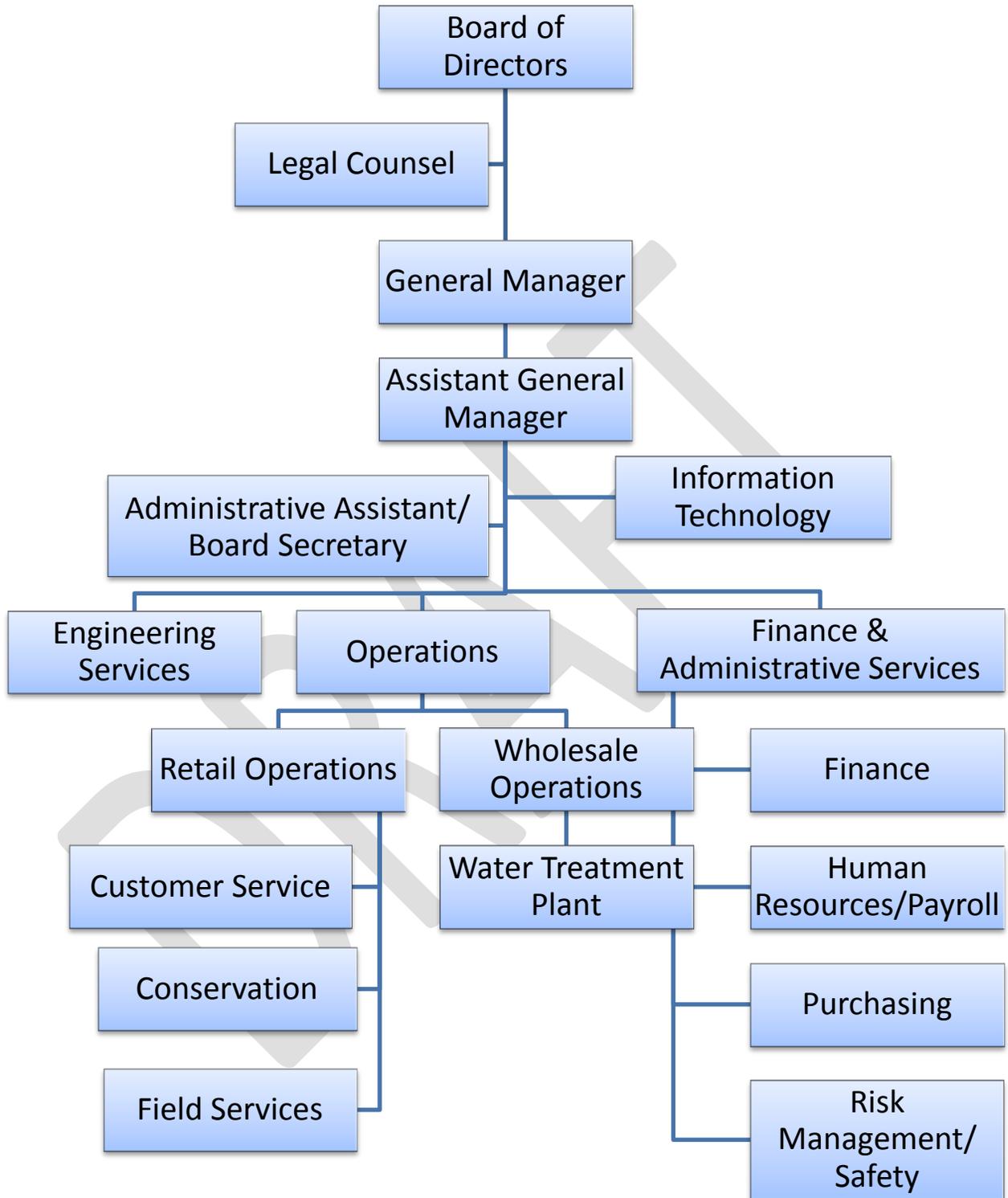
The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and storage reservoir. Major upgrades and improvements to the plant in 2005 and 2009-2011 added a solids handling facility and chlorine storage/handling facility to the plant. These two projects along with other capital projects increased efficiency and productivity to meet the required demands of customers and improved operations to help meet Federal and State regulatory requirements.

With a reliable capacity of approximately 130 million gallons per day, the plant receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all District customers. From the water treatment plant, the water flows into the 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 217 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

Wholesale Service Area Map (SJWD Retail Service Area – in blue)



Organization Chart by Functional Area



District-Wide Budget Information and Summaries

Budget Assumptions

The following assumptions were applied in the preparation of this budget:

RETAIL

Revenues

Property Taxes

Based upon current real estate market conditions this budget assumes a 5% increase in property tax revenues. Property tax revenues are utilized to fund the capital improvement programs.

Connection Fees

New connections are estimated by engineering staff and budgeted accordingly. The budget assumes 23 new connections in fiscal year 2015-2016.

Interest on Investments

The market remains low, but the District will seek investment opportunities in accordance with the *Investment Policy* as they arise. Income will be estimated at current market rates, currently approximately .28%.

Retail Customer Base and Water Consumption

The customer base and water consumption included in the budget reflect the current mandate from the State of California for a 36% reduction in water consumption from 2013 for the period ending February 2016. From that point the District has applied an ongoing reduction of 20% from 2013 consumption levels. This assumes that we get normal rain this winter and the State of California does not extend the mandatory conservation period. Furthermore, during the drought many customers improved their outdoor irrigation systems resulting in ongoing conservation and the District assumes that some of the conservation practices used by customers will have become habit and will reduce ongoing consumption. Overall, the budget assumes a demand of 9,565 acre feet of water.

Grants

Grant revenues are included in the budget where a signed grant agreement existed at the time of budget creation. This budget assumes no grant revenues.

Expenses

Cost of Water Supply

This cost comes directly from the rates approved in the San Juan Water District Wholesale Budget. The rates include water use charges, based on 9,565 acre feet of water, an annual service charge for the retail division's share of wholesale operations and maintenance and a debt service charge. The retail division pays rates to the wholesale division in the same manner as the other customers of the wholesale division.

Operations and Maintenance Costs

Each cost category is examined individually and incorporated into the budget using a modified zero-based budgeting approach to determine resources needed for the coming budget year. Prior year budget amounts are not simply escalated using inflation factors. Where it is impractical to use this method, inflation factors were applied as developed in the financial plan and updated to reflect current trends. Inflation factors range from 3% to 5% depending upon category, unless more precise information is known.

Cost of Living Allowance (“COLA”)

COLA for salaries is included per Board policy and is currently estimated to be 1%.

Facilities Costs

Operations and maintenance costs for facilities are allocated to the wholesale and retail operations based upon benefits received.

District Reserves

In accordance with Board Resolutions, Board Motions, and/or District Ordinances, certain reserves have been established and are maintained. These reserves represent the designations of unrestricted net position. Reserves are shown and explained below.

San Juan Water District
FY 2015 - 2016 Annual Budget
Retail Available Reserves

Estimated	FY 2015-16 Budget	Operating	PERS	Compensated Absence/ Section 125	Customer Deposits	Capital Improvement Funds			Total
						General	Vehicle/ Equip	Kokila	
BEGINNING RESERVES - (est.)		\$ 2,349,857	\$ 409,819	\$ 475,878	\$ 18,643	\$ 7,182,679	\$ 214,000	\$ 381,738	\$ 11,032,614
REVENUES:									
Water Sales	8,849,700	8,849,700							8,849,700
Connection Fees	350,000					129,000	211,000	10,000	350,000
Taxes & Assessments	948,000	948,000							948,000
Other Revenues	127,500	123,586	189	220	9	3,320		176	127,500
TOTAL REVENUES	10,275,200	9,921,286	189	220	9	132,320	211,000	10,176	10,275,200
EXPENDITURES:									
Salaries & Benefits	(4,067,500)	(4,067,500)							(4,067,500)
Treated Water	(2,050,900)	(2,050,900)							(2,050,900)
Other Expenses	(2,103,600)	(2,103,600)							(2,103,600)
Debt Service - Interest	(1,186,200)	(1,186,200)							(1,186,200)
Debt Service - Principal	(466,500)	(466,500)							(466,500)
TOTAL EXPENDITURES	(9,874,700.00)	(9,874,700)	-	-	-	-	-	-	(9,874,700.00)
NET INCOME	\$ 400,500	\$ 46,586	\$ 189	\$ 220	\$ 9	\$ 132,320	\$ 211,000	\$ 10,176	\$ 400,500
CAPITAL IMPROVEMENTS	(5,403,600)					(5,189,600)	(214,000)		(5,403,600)
NET CHANGE	\$ (5,003,100)	\$ 46,586	\$ 189	\$ 220	\$ 9	\$ (5,057,280)	\$ (3,000)	\$ 10,176	\$ (5,003,100)
ENDING RESERVES (est.)		\$ 2,396,443	\$ 410,008	\$ 476,098	\$ 18,652	\$ 2,125,399	\$ 211,000	\$ 391,914	\$ 6,029,514

RETAIL

The existing retail reserves are as follows:

Operating Reserve

Description

The Retail Operating Reserve provides working capital for retail operations, as well as readily available capital for unexpected needs and modest variations between expected and actual water demands.

Designated Amount

By ordinance, the reserve is required to maintain at least 20 percent of annual operating expenditures.

Restrictions on Use

The fund was created by Ordinance of the Board of Directors. The creation and funding of this reserve are within the authority of the Board of Directors. Staff has authority to utilize this reserve as intended.

PERS Rate Stabilization Reserve

Description

The Restricted PERS Stabilization Reserve was established to provide stability in the amount budgeted for PERS payments on an annual basis.

Designated Amount

The intent was for SJWD to budget for the normal cost of PERS retirement that is estimated by an actuarial evaluation as an average payment over an extended period of time. When the actual PERS costs are lower than the normal costs, the difference is placed in this reserve. When the PERS costs are higher than the normal costs, the difference is withdrawn from this reserve. The reserve does not have a dollar limit or target, as the premise is that any payments into the reserve will be needed to cover increased premiums in the future.

Restrictions on Use

The reserve was created by a vote of the Board of Directors. The use is restricted to the purposes of the reserve.

Restricted Compensated Absence Reserve

Description

This reserve is used to accumulate funds for accrued employees vacation and sick leave time.

Designated Amount

The amount held in reserve for accrued employees vacation and sick leave time is dependent on the dollar value of the accrued vacation and vested sick leave amounts.

Restrictions on Use

The reserve was created by Ordinance of the Board of Directors. The use is restricted to the purposes of the reserve.

Customer Deposits Reserve Fund

Description

The Retail Customer Deposits Reserve was established to segregate funds contributed as a deposit for work to be completed by the District.

Designated Amount

The Retail Capital Facilities Fees Reserve fluctuates based on the actual amount of funds on deposit.

Restrictions on Use

This reserve must be used for funds on deposit for developers or customers. When projects are completed, any remaining funds are returned to the developer or customer.

Capital Improvement Reserve

Description

The Retail Capital Improvement Reserve was established to segregate funds available for capital replacements, rehabilitation, upgrades, and improvements. The Retail Capital Improvement Reserve consists of a number of different reserves for different purposes. Currently Capital Improvement Reserves include; the General Capital Improvement Reserve, the Vehicle and Equipment Reserve and the Kokila Reservoir Lining Replacement Reserve.

Historically this reserve also included Capital Facilities Fees Reserve, and a Retail Emergency CIP Reserve. The Capital Facilities Fees reserve was used to collect connection fees and used to fund capital projects to replace, rehabilitate and upgrade District pumping stations, buildings, water pipeline systems and other water related systems components in the retail service area resulting from additional water services. It was determined by legal counsel in the prior fiscal year that these are not restricted revenues. Therefore, the fund was combined with the General Capital Improvement Reserve in fiscal year 2014-2015.

The Emergency CIP Reserve was established to build up a reserve to pay for improvements necessary to provide a water supply to the retail service area in times of emergencies. The reserve fund is funded through planned contributions as designated by the Board of Directors. This fund was fully utilized in Fiscal Year 2014-15 on drought and water supply reliability projects. Because it is somewhat duplicitous of the Operating Fund, it has been eliminated.

Designated Amount(s):

1. The **General Capital-Improvement Reserve** was established “to accumulate sufficient funds for use due to unforeseen and unexpected emergency expenditures for repair, replacement or rehabilitation of the District’s water pipeline systems and pumping stations.” In practice, the Capital Improvement Reserve is used for *planned* and unplanned capital replacements, rehabilitation, upgrades, and improvements. The recommended amount fluctuates based on capital improvements planned and completed. The recommended amount of the Capital Improvement Reserve is listed in the current Retail Financial Plan.

2. The **Vehicle and Equipment Reserve** was established to accumulate sufficient funds to replace vehicles and equipment on an annual basis and larger equipment on an as need basis. There is no designated amount for this reserve; however in practice it is adjusted at the end of each fiscal year to be equal to the next years planned expenditures on vehicles and equipment.
3. The **Kokila Reservoir Lining Replacement Reserve** was established to accumulate funds for eventual replacement of the lining and cover of Kokila Reservoir. The reserve is funded annually in the amount of \$10,000 plus accrued interest earned on the existing reserve balance. The life expectancy of the cover and lining (installed in July 1984) is 30 years.

Restrictions on Use

The reserves were created by Ordinance of the Board of Directors. The use of the reserve is within the authority of the Board of Directors and deposits and withdrawals are budgeted annually for planned capital projects.

Restricted COP Debt Reserve (not shown in chart)

Description

The Restricted COP Reserve was originally established to set aside funds held in reserve for the semi-annual payment of principal and interest on the 1993 Revenue Certificates of Participation (COPs). The use of the fund was extended to the 2003 and 2009 COPs. The 1993 and 2003 COPs have been paid off and the reserve is now used for the same purpose for the 2009 COPs.

Designated Amount

The District's Ordinance still designates that the funds held in reserve are for the semi-annual payment principal and interest payment on the 1993 COPs. In practice, staff has determined the required amount for the Restricted COP Reserve Fund based on the COPs currently outstanding, and maintained the fund equal to the amount specifically noted in the COP Issuance documents as a required Reserve Fund.

Restrictions on Use of Reserve

The reserve was created by Ordinance of the Board of Directors. The use is restricted to the purposes of the reserve.

Restricted EDA Loan Debt Reserve Fund (not shown in chart)

Description

The Restricted EDA Loan Debt Reserve was established to segregate funds held in reserve for the annual payment of principal and interest on the E.D.A. Loan. Annual debt service payment is made in June.

Designated Amount

The required amount for the Restricted EDA Loan Debt Reserve Fund varies depending on time of year, and the status of the annual payment.

Restrictions on Use

The reserve was created by Ordinance of the Board of Directors. The use is restricted to the purposes of the fund.

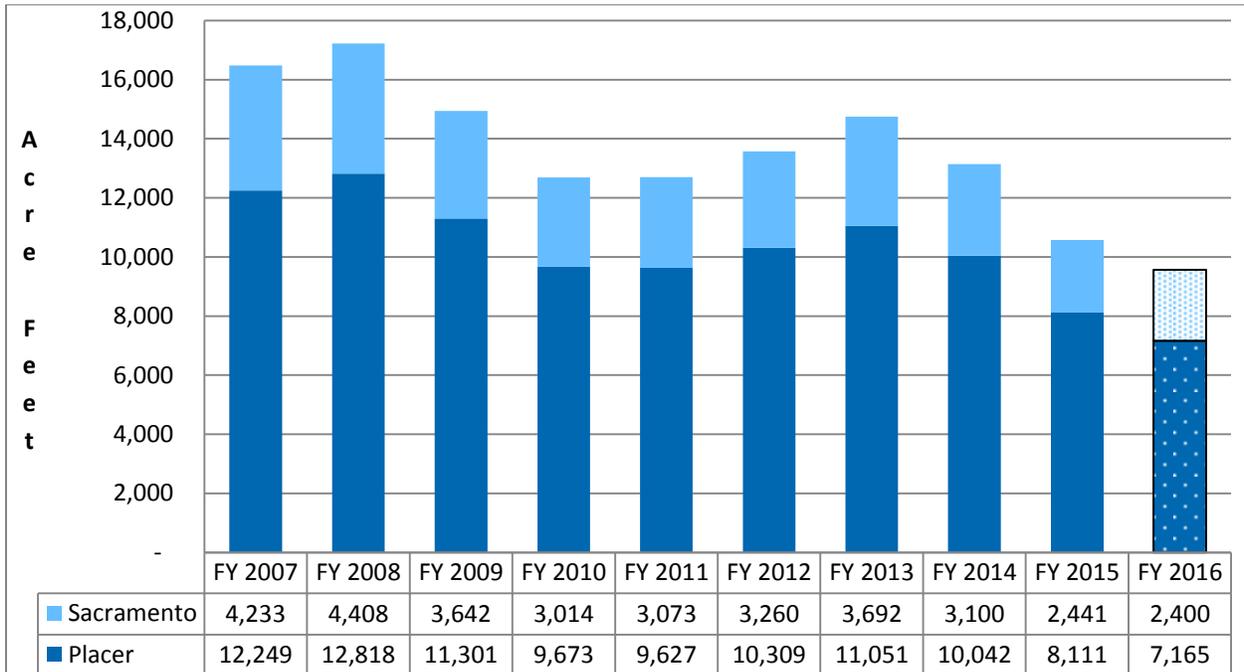
Resolution – Retail

DRAFT

DRAFT

Retail Budget

Annual retail water use is presented in the following table for calendar years 2007 through 2016 to demonstrate historical and projected water use.



Metered rates for 2015 and 2016 are presented next.

Water Rates

Rates are effective January 1 – December 31. The two tables below show the current rates in effect through December 31, 2015 (Calendar Year 2015) and the rates for Calendar Year 2016.

Calendar Year 2015 – Metered Rates:

Meter Size	Daily Base Charge (fixed)	Volumetric Rate (\$/units)*	Drought Surcharge (\$/units)**
Up to 1"	\$1.08	\$0.80	\$0.08
1 ½"	\$2.88	\$0.80	\$0.08
2"	\$4.59	\$0.80	\$0.08
3"	\$9.13	\$0.80	\$0.08
4"	\$14.23	\$0.80	\$0.08
6"	\$28.46	\$0.80	\$0.08
8"	\$51.16	\$0.80	\$0.08
10"	\$82.39	\$0.80	\$0.08
12"	\$122.16	\$0.80	\$0.08
Fire District	\$5.53	\$0.80	\$0.08
Private Fire Lines:			
4"	\$0.4578		
6"	\$0.6763		
8"	\$0.9156		
10"	\$1.0924		

Calendar Year 2016 – Metered Rates:

Meter Size	Daily Base Charge (fixed)	Volumetric Rate (\$/units)*	Drought Surcharge (\$/units)**
Up to 1"	\$1.29	\$0.95	\$0.095
1 ½"	\$3.43	\$0.95	\$0.095
2"	\$5.46	\$0.95	\$0.095
3"	\$10.86	\$0.95	\$0.095
4"	\$16.93	\$0.95	\$0.095
6"	\$33.87	\$0.95	\$0.095
8"	\$60.88	\$0.95	\$0.095
10"	\$98.04	\$0.95	\$0.095
12"	\$145.37	\$0.95	\$0.095
Fire District	\$6.58	\$0.95	\$0.095
Private Fire Lines:			
4"	\$0.5448		
6"	\$0.8048		
8"	\$1.0896		
10"	\$1.30		

* 1 unit = 100 cubic feet = 748 gallons

** A 10% drought surcharge on the volumetric portion of a bill is currently in effect. This drought surcharge will be removed when drought conditions improve, or could be increased if drought conditions get worse. The drought surcharge could be applied to 2016 rates if the drought is still in effect.

Calendar Year 2015 and 2016 Connection Fees

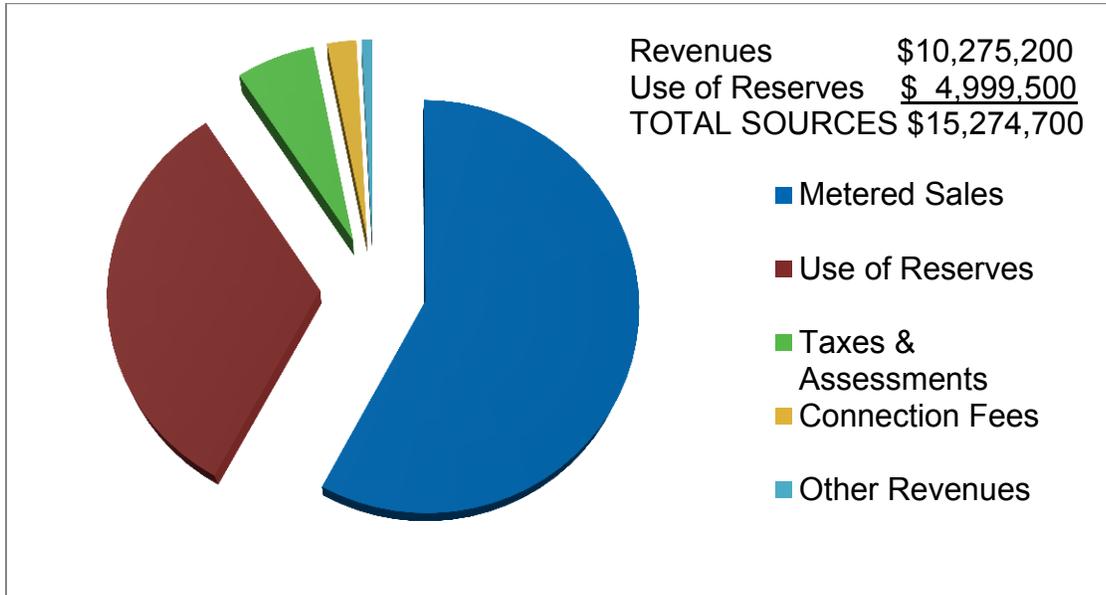
The following schedule lists the fee by meter size that is collected from customers connecting to the San Juan Water District retail system:

Meter Size	2015 Retail Connection Fee	2016 Retail Connection Fee
¾" Meter	\$14,521	\$14,910
Up to 1" Meter	\$14,521	\$14,910
1 ½" Meter	\$29,042	\$29,820
2" Meter	\$46,468	\$47,713
3" Meter	\$92,936	\$95,427
4" Meter	\$144,224	\$148,089
6" Meter	\$290,426	\$298,209
8" Meter	\$522,778	\$536,788
10" Meter	\$842,242	\$864,824
12" Meter	\$1,248,856	\$1,282,325

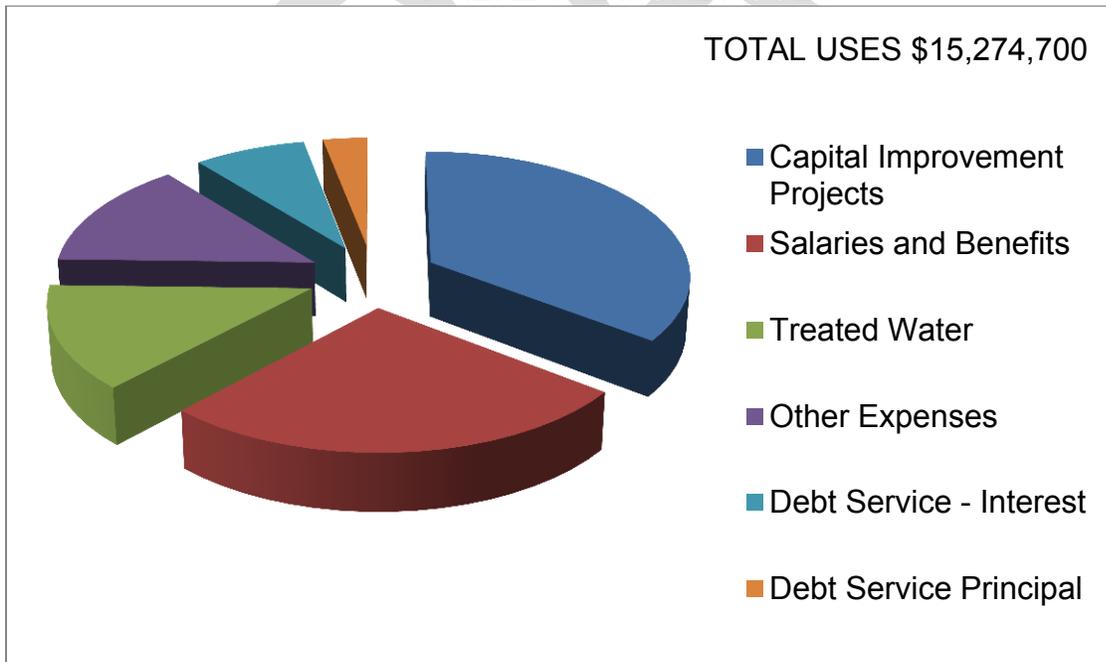
The 2016 Retail Connection Fees have been increased by 2.68% as indexed to the 20 Cities Construction Cost Index ("CCI").

Sources and Uses of Funds - Retail

WHERE THE MONEY COMES FROM



WHERE THE MONEY GOES



Summary Sources and Uses of Funds - Retail

	FY 2014-15 Est.	FY 2015-16 Budget
Beginning Available Reserves	\$ 16,023,582	\$ 11,032,616
Revenues		
Metered Sales	\$ 7,917,774	\$ 8,849,700
Connection Fees	604,501	350,000
Taxes & Assessments	903,128	948,000
Other Revenues	133,812	127,500
Total Revenues	9,559,214	10,275,200
Expenses:		
Salaries & Benefits	3,917,841	4,067,500
Treated Water	1,742,500	2,050,900
Other Expenses	1,680,327	2,103,600
Debt Service - Interest	1,186,128	1,186,200
Debt Service - Principal	466,510	466,500
Total Expenses	\$ 8,993,306	\$ 9,874,700
Net Income	\$ 565,909	\$ 400,500
Capital Improvement Program	(5,556,875)	(5,403,600)
Ending Available Reserves	\$ 11,032,616	\$ 6,029,516

Functional Areas

Administration and General

For Retail activities, this includes: Executive, Finance, Human Resources, Purchasing, Risk Management and Safety, Operations Manager, Information Technology, and General Administration. Overall District costs related to auditing, consulting, Directors, general operations, legal and office expenses are recorded in this category.

Executive is responsible for the overall administration of the District including: implementing District policies; developing and maintaining responsive District programs and services; providing leadership and motivation to District staff; maintaining and planning for fiscal integrity; promoting excellent customer service; maintaining strong relationships with local and regional regulatory and peer governmental agencies; providing direct support to the Board of Directors. The major initiative of the Executive office for fiscal year 2015-2016 is to ensure adequate drought response and adherence to the mandatory 36% conservation from 2013 water consumption levels.

Finance is responsible for all financial operations in the District, including: financial planning and forecasting, budget development, accounting and fiscal administration, debt issuance and management, financial reports and annual audit, and water rates and charges analysis. Major initiatives for the coming year include: completion of the financial information system implementation, development of regular financial reports to the Board of Directors, reviewing and revising accounts payable processes to increase internal and budgetary controls while increasing operating efficiencies, review and analysis of fixed asset records and accounting.

Human Resources provides support in recruitment, selection, development and retention of a talented workforce. This includes payroll and benefits administration. Major initiatives include implementing new reporting requirements from the Affordability Care Act, fine tuning the newly implemented payroll module in the financial information system, improving the new employee on-boarding process and promoting a culture of excellent customer service.

Purchasing facilitates and coordinates: bidding and requests for proposals; acquisition of equipment, materials, services and supplies; contracts; and insurance certifications. Major initiatives for the next year will be review of and improvements to the contract monitoring system as well as updating the Purchasing Manual to reflect in changes implemented by the Finance Department in the purchasing process.

Risk Management and Safety is responsible for the District's insurance, safety, loss control, and property/liability claims.

Operations Manager is responsible for oversight of the Field Services, Water Treatment Plant, Customer Service and Conservation Departments. Major initiatives of the Operations Manager include evaluating the Distribution System for optimizing pressure zones and water conveyance for water quality and energy saving purposes. Additionally, training related to emergency response and safety will be increased for District staff. Above all, team building will remain the main focus of the

Operations Manager through all staff team meetings and constant communication training.

Information Technology manages and supports all aspects of the District's information technology systems, including data and voice communications hardware and software, as well as implementation of the District's Information Technology (IT) Master Plan. Major initiatives for the Information Technology Department include completing virtual environment upgrades to provide additional redundancy for the SCADA system and providing secure remote web-based access to the SCADA system to allow for real time troubleshooting and maintenance thereby improving efficiency and response from staff.

General Administration covers all areas of operation and administration not covered specifically above and not attributable to a specific department.

Conservation

The Conservation Department provides free services to assist customers with increasing their water efficiency. The district partners with federal, state and local entities to fund various water-efficient rebate programs. Conservation monitors all grant programs and prepares status reports to the issuing entity as required. The department's highly-trained staff administers its rebate programs, conducts water audits, provides workshops to educate customers about water efficient practices and provides leak detection assistance. Staff participates in regional efforts to promote the efficient use of water. Because Conservation is in constant close contact with retail customers, the department plays a major role in the District's water efficiency outreach efforts. Conservation is involved in the development of "how to" and videos, media interviews to promote events, and telephone town hall meetings. In FY14/15 the WaterSmart Software program was launched as a drought mitigation tool to highlight individual household water use and specific messaging. This program will continue through FY15/16. Major initiatives for fiscal year 2015-2016 include meeting the water reduction requirements set forth by the State Water Resources Control Board, meeting the best management practice conditions set forth by the Department of Water Resources in the 2015 Urban Water Management Plan and meeting the best management practices set forth in the 2015 USBR Water Management Plan.

Customer Service

This department provides friendly, personal customer service to the District's 10,500 Retail connections including numerous billing and payment options while ensuring compliance with Government Codes on billing and notices, Red Flag Rules and the Payment Card Industry Data Security Standards. Because Customer Service is in constant close contact with retail customers, the department plays a major role in the District's public relations and outreach efforts. Customer Service strategizes with our public affairs experts in developing all of our outreach efforts, including the WaterGram, our website, videos, Consumer Confidence Reports, Prop 218 notices and other special mailers. Customer Service provides administrative support for the annual backflow prevention device testing program; assists with connection fee research, initiates service orders, issues hydrant use permits and Will Serves for new connections, tracks and reports water use and connection data internally and to various federal, state, and local entities; and prepares customer correspondence. Customer service also encompasses meter reading which is responsible for maintaining service box

identification and clearance. Major initiatives for fiscal year 2015-2016 include the implementation of an emergency notification system to enable the district to quickly communicate critical messages to its customers.

Engineering Services

In general, this Department is responsible for planning, designing and managing Retail capital improvement projects, assisting with operational improvements, and assisting with maintenance activities which contain an engineering component. Engineering is also responsible for review, approval, management, and inspection of new development funded distribution system improvement projects. The planned capital improvement projects for the 2015 – 2016 fiscal year can be found on page 27 of this document.

Field Services

Field Services is responsible for the distribution of treated water to the customers of the San Juan Water District. This includes ensuring adequate water pressure and storage is maintained throughout the retail service area. The Distribution System is comprised of various pipelines approximately 217 miles in length, ranging in size from 1” to 96” in diameter, pumping sites which contain 9 pump stations and 9 pressure zones, one of which is a gravity supplied zone. In addition, there is the Los Lagos Tank Site which has the storage capacity of 1.65 MG, Mooney Hydro pneumatic tank site which has the storage capacity of 0.055MG and Kokila Reservoir, which is a hypalon covered in-ground storage facility with the capacity of 4.56 MG. Major initiatives for fiscal year 2015-2016 include optimizing performance of two new pump stations (Al Castellanos and Upper Granite Bay) as well as continued mentoring of field staff for succession purposes.

Budget Summary by Functional Area - Retail

	Actual	Estimated	Draft Budget	Change from FY 14-15 Est.	
	FY 13-14	FY 14-15	FY 15-16	Amount	Percent
<u>Operating Revenues:</u>					
Water Sales	\$ 8,506,899	\$ 7,917,774	\$ 8,849,700	\$ 931,926	11.8%
Other (See Detail)	145,382	120,512	121,500	988	0.8%
Total Operating Revenues	8,652,281	8,038,286	8,971,200	932,914	11.6%
<u>Operating Expenses:</u>					
Field Services	2,991,574	2,680,773	2,825,900	145,127	5.4%
Source of Supply	2,110,208	1,742,500	2,050,900	308,400	17.7%
Administrative & General	1,771,331	1,312,139	1,393,900	81,761	6.2%
Conservation	424,184	493,752	668,300	174,548	35.4%
Customer Service	579,052	540,289	653,400	113,111	20.9%
Engineering	325,048	292,275	316,600	24,325	8.3%
OPEB/Retiree Health	0	275,940	310,000	34,060	12.3%
Operating Expenses	8,201,396	7,337,668	8,219,000	881,332	12.0%
Net Income/(Loss)-Operations	\$ 450,885	\$ 700,618	\$ 752,200	\$ 51,582	
<u>Non-Operating Revenues:</u>					
Retail Connections	\$ 1,081,104	\$ 604,501	\$ 350,000	\$ (254,501)	-42.1%
Taxes & Assessments	838,921	903,128	948,000	44,872	5.0%
Interest/Investment Income	0	7,300	5,000	(2,300)	-31.5%
Other (See Detail)	(286)	6,000	1,000	(5,000)	-83.3%
Total Non-Operating	1,919,739	1,520,929	1,304,000	(216,929)	-14.3%
<u>Non Operating Expenses:</u>					
2009 COPs (interest)	-	935,651	930,200	(5,451)	-0.6%
2012 Refund (interest)	707,999	244,001	240,900	(3,101)	-1.3%
EDA Loan (interest)	-	6,476	6,500	24	0.4%
Other (See Detail)	(15,247)	3,000	3,000	-	0.0%
Total Non-Operating Expense	692,752	1,189,128	1,180,600	(8,528)	-0.7%
Net Non-Operating	\$ 1,226,987	\$ 331,800	\$ 123,400	\$ (208,400)	
Net Available Income	\$ 1,677,872	\$ 1,032,418	\$ 875,600	\$ (156,818)	
<u>Debt Service Principal</u>					
2009 COPs	227,681	241,736	241,700	(36)	0.0%
2012 Refunding Bonds	192,019	201,163	201,200	37	0.0%
EDA Loan	23,611	23,611	30,100	6,489	27.5%
Debt Service Principal	443,311	466,510	473,000	6,490	1.4%
Net Available for Distribution	\$ 1,234,560	\$ 565,908	\$ 402,600	\$ (163,308)	-28.9%
<u>Transfers from/(to) Reserves</u>					
Kokila Reservoir	\$ 3,000	\$ (10,176)	\$ (10,176)	\$ -	
Retail Reserves	(398,638)	347,395	(392,425)	472,862	
Connection Reserves	(838,921)	(903,128)		289,000	
PERS Stabilization	(1)	0	1	(100,000)	
Total Transfers	\$ (1,234,560)	\$ (565,908)	\$ (402,600)	\$ 661,862	
Ending Available Income	\$ -	\$ -	\$ -	\$ -	

Debt Service – Retail

Retail debt service as detailed in the schedule below is comprised of the 2012 Refunding Bonds and 2009 COPs issued for Retail Capital Improvement Projects as well as an Economic Development Loan.

Retail Debt Service FY 15-16	Direct			Annual Debt Service Charge		
	Principal	Interest	Total	Principal	Interest	Total
<u>2012 Refunding Bond Payments</u>						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 85,036	\$ 103,145	\$ 188,181
Direct Obligation	\$116,127.00	\$ 140,857	\$ 256,984			
Total 2012 Refunding Pymts	\$ 116,127	\$ 140,857	\$ 256,984	\$ 85,036	\$ 103,145	\$ 188,181
<u>2009 COP Payments:</u>						
<i>New Project Money</i>						
Annual Debt Service Charge				\$ 86,936	\$ 336,489	\$ 423,425
Direct Obligation	154,800	599,162	753,962			
Total 2009 COP Payments	\$ 154,800	\$ 599,162	\$ 753,962	\$ 86,936	\$ 336,489	\$ 423,425
California Energy Commission Loan	0	0	-			
Economic Development Loan	23,611	6,476	30,087			
Total Debt Service Payments	\$ 294,538	\$ 746,495	\$ 1,041,033	\$ 171,972	\$ 439,634	\$ 611,605
Combined Debt Service				Principal	Interest	Total
2012 Refunding Bond Payments				\$ 201,163	\$ 244,001	\$ 445,164
2009 Certificates of Participation				241,736	935,651	1,177,386
Economic Development Loan				23,611	6,476	30,087
Total Debt Service Payments (including Annual Debt Service Charge)				\$ 466,510	\$ 1,186,128	\$ 1,652,638

Capital Improvement Program - Retail

Retail facilities include those that allow the District to deliver water to retail customers and perform all supporting activities to accomplish this. Specific examples are:

- transmission and distribution pipelines;
- pump stations;
- pressure reducing stations;
- storage tanks; and
- District equipment and buildings.

The District's Capital Improvement Program ("CIP") is viewed as two separate programs for Wholesale and Retail facilities. Most projects are not relevant to both Wholesale and Retail, therefore, they are evaluated and planned for separately. Some do benefit both Wholesale and Retail facilities and are assigned to each based upon specific benefit with Wholesale and Retail paying their fair share of the cost. To be considered a capital expense, the project, program or equipment must generally cost \$5,000 or more and have a useful life extending three years or more.

CIP Process

In order to develop and maintain the District's long-range CIP, the first step is completion of a Retail Master Plan. These are completed approximately every five to ten years by an outside consultant with District staff assistance. All existing and future facilities are evaluated to sustain the District's cost-effective CIP goals:

- Ensure that delivery of a reliable water supply is maintained and secured for future needs.
- Maintain or implement compliance with existing or new regulations.
- Address public safety or health standards.
- Plan contingencies for reasonable emergency supply or outages.
- Ensure that existing infrastructure is maintained, replaced and improved as necessary.
- Provide for new capital projects to help meet the highest priority District needs.
- Develop and implement more economical, efficient, or effective delivery of District services.

CIP projects are categorized as follows:

District-Wide: projects that benefit the District's internal operations such as information technology or building improvements.

Pipeline Replacements: projects related to the expansion, maintenance, or improvement of the District's transmission and distribution system.

Pump Stations: projects related to the maintenance, improvement or expansion of the District's pump stations.

Pressure Reducing Stations: projects related to the construction, maintenance, improvement or expansion of the District's pressure reducing stations.

Storage Tanks: projects related to the construction, maintenance, improvement or expansion of the District's storage facilities.

Development Projects: projects needed to serve new development, which are funded by the developer, and conveyed to the District for long-term operation and maintenance.

Upon completion or update of the Retail Master Plan, the Retail Water Rate Study and Financial Plan are updated to reflect new or updated projects. This may not be necessary if the costs do not represent a major impact to the CIP. Projects are incorporated into the fiscal-year budget for the year they are expected to begin, with individual projects approved in accordance with District policy or prescribed codes (i.e. Public Contract Code).

District staff manage projects with the assistance of consultants where needed. District labor, inventory, materials, supplies and related costs may be required on a project and coded as such to reflect the full cost of the asset for financial reporting purposes. Upon completion of a project, a Notice of Acceptance is filed (when applicable) and appropriate insurance coverage is secured by the District's insurer in accordance with the policy.

DRAFT

CIP Budget – Retail

	FY 2015-2016 General
<u>Funding Sources:</u>	
Estimated Beginning Balance	\$ 7,778,417
Estimated Revenue and Transfers	353,496
Estimated Funds Available for CIP Projects	\$ 8,131,913
<u>Projects:</u>	
District-Wide	
Vehicle Replacement	\$ 214,000
Field Services	
Pump Station-Upper Granite Bay	\$ 1,100,000
Transmission Pipelines-AFR North	680,000
Los Lagos Tank - Recoating	628,000
Pump Station-Lower Granite Bay	350,000
Mainline Replacements-Main	335,000
Mainline Replacements-Oak Avenue	310,000
Mainline Replacements-Telegraph Avenue	239,000
Pressure Reducing Station-Oak Ave	200,000
Water Supply Reliability - Barton Rd	176,700
Sample Stations	175,000
Pressure Reducing Station-Canyon Falls	155,000
Transmission Pipelines-Eureka	150,000
Distribution System Improvements	123,000
Mainline Replacements-Oak/Cardwell	104,400
Kokila Reservoir Condition Assessment	103,000
Mooney Ridge Hydro-Tank Recoating	103,000
Mainline Replacements-Erwin Avenue	69,800
Los Lagos Tank - Mixing System	58,000
Pump/Motor R&R	50,000
Mainline Replacements-Peerless Avenue	43,400
Mainline Replacements-Sierra/Douglas	27,300
Update OITs and & PLC Prgramming	9,000
Total Projects	\$ 5,403,600
Estimated Ending Balance	\$ 2,728,313

Cost Allocation Plan

The San Juan Water District is organized as a community services district with both wholesale and retail operations. While the District finds it advantageous and effective to set up separate funds to account for the two lines of operation, they do share facilities and employees. Cash is maintained in pooled accounts in order to maximize interest and investment earnings opportunities while separately accounted for with respect to each component of cash reserves.

There are many acceptable methods to allocate shared costs, ranging in design and complexity. The District has chosen an array of allocation methods that appropriately allocates shared costs, while minimizing complexity and staff time needed to perform the calculations. The following cost allocation methods are used:

- Direct – for those costs that are specifically identifiable to apply to either;
- Proportionate – for those costs that benefit both based upon the appropriate base (i.e. full-time equivalent employees (“FTE”), building occupancy, number of connections, etc.).

Direct costs are simply those costs that apply either to Wholesale or Retail, or some percentage of each that can be determined by the nature of the cost. Proportionate costs are assigned to Wholesale or Retail based upon the benefit received using the base as described above which most accurately reflects this.

Labor

As mentioned previously, some employees are shared by Wholesale and Retail to maximize efficiency and eliminate the need for redundant positions thereby minimizing any idle time. The table provided next lists all District positions and their respective budgeted assignment to Wholesale or Retail activities. Employees code time to reflect work on specific projects, which varies from year-to-year. However, this reflects the overall assignment for each and is a basis for other cost assignments.

Position Allocation

Area Position Title/# Budgeted		Wholesale	Retail	Wholesale	Retail
		Allocation	Allocation	FTE	FTE
Executive					
General Manager	1.0	90.00%	10.00%	0.90	0.10
Assistant General Manager	1.0	70.00%	30.00%	0.70	0.30
Administrative Assistant/Board Secretary	1.0	50.00%	50.00%	0.50	0.50
Total Executive		3.0			
Finance & Administrative Services					
Finance Director	1.0	50.00%	50.00%	0.50	0.50
Finance & Administrative Services Manager	0.3	60.00%	40.00%	0.15	0.10
Finance & Administrative Services Analyst II	1.0	50.00%	50.00%	0.50	0.50
Accountant	1.0	50.00%	50.00%	0.50	0.50
Accounting Technician III	1.0	50.00%	50.00%	0.50	0.50
Information Technology Administrator	1.0	50.00%	50.00%	0.50	0.50
Purchasing Agent	1.0	50.00%	50.00%	0.50	0.50
Total Finance & Administrative Services		6.3			
Conservation					
Conservation Technician - Temporary	2.0		100.00%	0.00	2.00
Conservation Technician I	1.0		100.00%	0.00	1.00
Conservation Technician II	1.0		100.00%	0.00	1.00
Water Resource Analyst	1.0	100.00%		1.00	0.00
Total Conservation		5.0			
Customer Services					
Customer Services Manager	1.5		100.00%	0.00	1.50
Conservation Lead	1.0		100.00%	0.00	1.00
Accounting Technician III	1.0		100.00%	0.00	1.00
Meter Technician	1.0		100.00%	0.00	1.00
Customer Service Technician III	1.0		100.00%	0.00	1.00
Total Customer Services		5.5			
Engineering Services					
Engineering Services Manager	1.0	50.00%	50.00%	0.50	0.50
Associate/Senior Engineer	1.0	50.00%	50.00%	0.50	0.50
Engineering Technician III	2.0	50.00%	50.00%	1.00	1.00
Total Engineering Services		4.0			
Field Services					
Field Services Manager	1.0		100.00%	0.00	1.00
Distribution Lead Worker	3.0		100.00%	0.00	3.00
Distribution Operator II	1.0		100.00%	0.00	1.00
Distribution Operator III	2.0		100.00%	0.00	2.00
Distribution Operator IV	6.0		100.00%	0.00	6.00
Facilities Maintenance Worker	1.0		100.00%	0.00	1.00
Total Field Services		14.0			
Operations					
Operations Manager	1.0	50.00%	50.00%	0.50	0.50
Total Operations		1.0			
Water Treatment Plant					
Water Treatment Plant Chief	1.0	100.00%		1.00	0.00
Maintenance Chief	1.0	100.00%		1.00	0.00
Chief Operator	1.0	100.00%		1.00	0.00
Water Treatment Operator IV	1.0	100.00%		1.00	0.00
Instrumentation Technician	1.0	100.00%		1.00	0.00
Water Treatment Operator III	3.0	100.00%		3.00	0.00
Maintenance Technician I	1.0	100.00%		1.00	0.00
Facilities Maintenance Help	1.0	100.00%		1.00	0.00
Total Water Treatment Plant		10.0			
Total Funded Positions		48.8		18.75	30.00

MISSION

Exhibit 2



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

Draft Retail Budget & Rate Presentation

Fiscal Year 2015-16

Shauna Lorance, General Manager
Keith Durkin, Asst. General Manager
Donna Silva, Finance Director

October 28, 2015

AGENDA



- ❖ Introduction and Overview of Accomplishments
- ❖ Preliminary review of FY 2014-15 results
- ❖ Preliminary reserve review
- ❖ Review budget assumptions
- ❖ Review draft FY 2015-16 budget
- ❖ Review rate increase impacts
- ❖ Q&A

ANNUAL GOALS



1. Maintain highest quality customer service, both in terms of customer relations and the delivery of a reliable water supply of the highest quality at reasonable and equitable costs.
2. Ensure water supply reliability in context of both near-term drought response and long-term drought persistence.
3. Ensure system maintenance and timely replacement.
4. Maintain high quality staff.
5. Maintain financial stability, transparency, and accountability.
6. Maintain strong communication and relationships with wholesale customer agencies.

3 Top Activities for 2015

1. Drought Response

- 36% reduction
- Folsom Lake Levels
- Alternative Supplies



3 Top Activities for 2015

2. Financial and Operational Transparency

- Upgrade software and processes
- Website
- Reporting



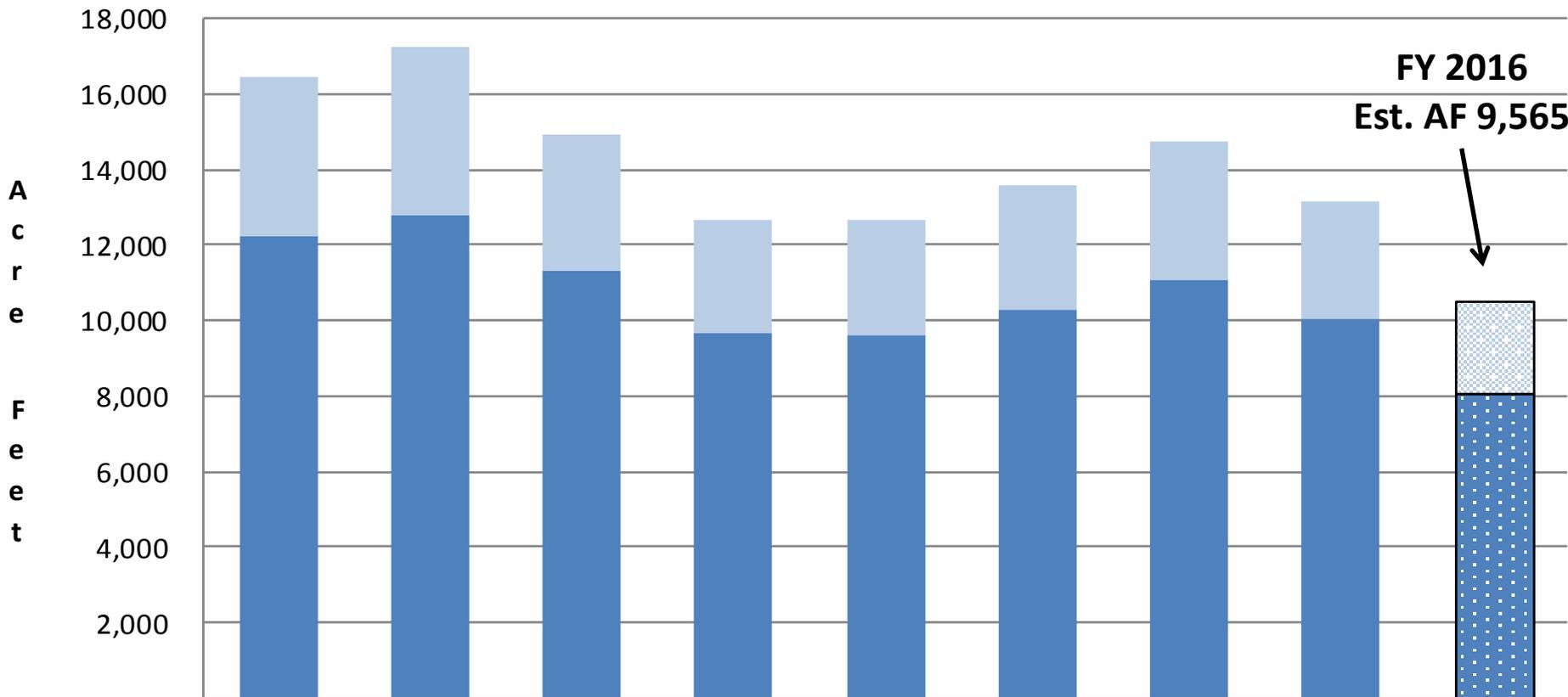
3 Top Activities for 2015

3. Reliable Water Supply

- Develop conjunctive use plan
- Regional efforts
- Use assets to benefit customers
- Water Reliability Study



RETAIL CONSUMPTION – Acre Feet



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
■ Sacramento	4,233	4,408	3,642	3,014	3,073	3,260	3,692	3,100	2,441
■ Placer	12,249	12,818	11,301	9,673	9,627	10,309	11,051	10,042	8,111

Preliminary FY 2014-15 BUDGET TO ACTUAL



Preliminary FY 2014-15 Budget to Actual Analysis

	FY 13-14	FY 14-15	FY 14-15	Variance from Budget	
	Actual	Budget	Projection	Amount	Percent
REVENUES					
Metered Sales	\$ 8,506,899	\$ 8,731,309	\$ 7,917,774	\$ (813,535)	-9.3%
Connection Fees	1,057,014	2,105,025	604,501	(1,500,524)	-71.3%
Taxes & Assessments	838,921	819,060	903,128	84,068	10.3%
Other Revenues	169,186	225,031	133,812	(91,219)	-40.5%
TOTAL REVENUES	10,572,020	11,880,425	9,559,214	(2,321,211)	-19.5%
EXPENSES:					
Salaries and Benefits	4,233,713	3,271,064	3,917,841	646,777	19.8%
Treated Water	2,110,208	2,216,330	1,742,500	(473,830)	-21.4%
Other Expenses	1,842,227	1,792,396	1,680,327	(112,069)	-6.3%
Debt Service - Interest	707,999	1,209,136	1,186,128	(23,008)	-1.9%
Debt Service Principal	0	448,933	466,510	17,577	3.9%
TOTAL EXPENSES	8,894,147	8,937,859	8,993,306	55,447	0.6%
NET AVAILABLE FOR DISTRIBUTION	\$ 1,677,873	\$ 2,942,566	\$ 565,909	\$ (2,376,658)	-80.8%

Preliminary RESERVE ANALYSIS



	FY 13-14	FY 14-15	Change in Reserves	
	Per Audited Financial Statements	Preliminary Ending Balance	Amount	Percent
General	\$ 6,279,280	\$ 7,182,679	\$ 903,399	14.4%
Connections	3,627,456	-	(3,627,456)	-100.0%
Restricted Bond Proceeds	2,779,391	0	(2,779,391)	-100.0%
Operating	1,437,090	2,349,857	912,767	63.5%
Emergency	597,706	-	(597,706)	-100.0%
Compensated Absenses	455,147	475,878	20,731	4.6%
PERS	407,323	409,819	2,496	0.6%
Kokila Reservoir	371,496	381,738	10,242	2.8%
Vehicles	50,000	214,000	164,000	328.0%
Customer Deposits	18,693	18,643	(50)	-0.3%
Total Reserves	\$ 16,023,582	\$ 11,032,615	\$ (4,990,967)	-31.1%

ASSUMPTIONS

- ❖ Normal rain this winter – conservation falls from 36% to 20% in January
- ❖ Drought Surcharge remains in effect until the end of February 2016
- ❖ Used the maximum rate increase of 19% for illustrative purposes
- ❖ Salaries – 1% COLA & placeholder for HR Specialist position



FY 15-16 DRAFT BUDGET SUMMARY



	FY 13-14 Actual	FY 14-15 Projection	FY 15-16 Draft Budget	Variance from FY 14-15	
				Amount	Percent
REVENUES					
Metered Sales	\$ 8,506,899	\$ 7,917,774	\$ 8,849,700	\$ 931,926	12%
Connection Fees	1,057,014	604,501	350,000	(254,501)	-42%
Taxes & Assessments	838,921	903,128	948,000	44,872	5%
Other Revenues	169,186	133,812	127,500	(6,312)	-5%
TOTAL REVENUES	10,572,020	9,559,214	10,275,200	715,986	7%
EXPENSES:					
Salaries and Benefits	4,233,713	3,917,841	4,067,500	149,700	4%
Treated Water	2,110,208	1,742,500	2,050,900	308,400	33%
Other Expenses	1,842,227	1,680,327	2,103,600	423,300	25%
Debt Service - Interest	707,999	1,186,128	1,186,200	100	0%
Debt Service Principal	0	466,510	466,500	0	0%
TOTAL EXPENSES	8,894,147	8,993,306	9,874,700	881,400	10%
NET AVAILABLE FOR DISTRIBUTION	\$ 1,677,873	\$ 565,909	\$ 400,500		



CIP SPENDING & ENDING RESERVE BALANCE

Beginning Available Reserve Balance		\$	11,032,615
Net Available from Operations			402,600
FY 15/16 CIP Projects by Category:			
Pipelines	\$	2,135,600	
Pump Stations		1,500,000	
Storage Facilities		892,000	
Other		876,000	
Total FY 1516 CIP Spending	\$	<u>5,403,600</u>	5,403,600
Estimated Ending Reserves 6/30/2016		\$	<u><u>6,031,615</u></u>

Lower consumption, mandated by the State =
Significant Revenue Loss

Expenses over time have been well managed :

- operating expenses between 2009 and 2016 decreased from \$8.8 m to a proposed \$8.2m

Reserves Utilized – getting very low.

Staff recommends a rate increase to offset the lost revenue due to lower consumption.



Current Rate Structure - Residential



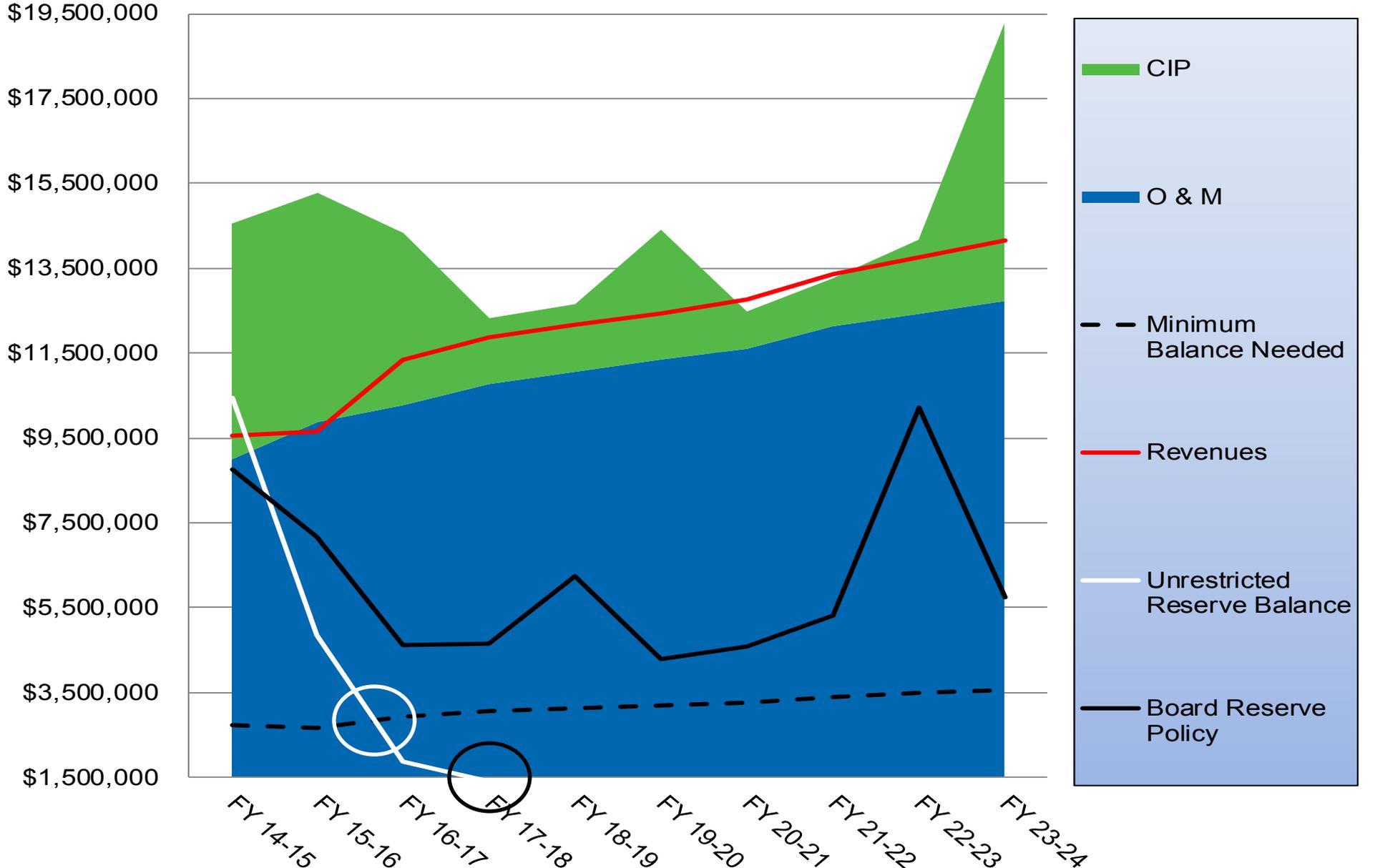
Daily Base Rate	\$1.08
Volumetric Rate per ccf	\$.80
Drought Surcharge – volumetric	<u>\$.08</u>
Total Volumetric Rate	\$.88

Average Household – One Month

Daily Base Rate	$\$1.08 \times 30 \text{ days} = \32
CCF's Used	$38 \times .88 = \underline{\$33}$
TOTAL MONTHLY CHARGE	<u>\$66</u>

PROJECTIONS

Financial Plan – 3% Rate Increase



RESERVES

9% - 9% - 9% Rate Increase



\$19,500,000

\$17,500,000

\$15,500,000

\$13,500,000

\$11,500,000

\$9,500,000

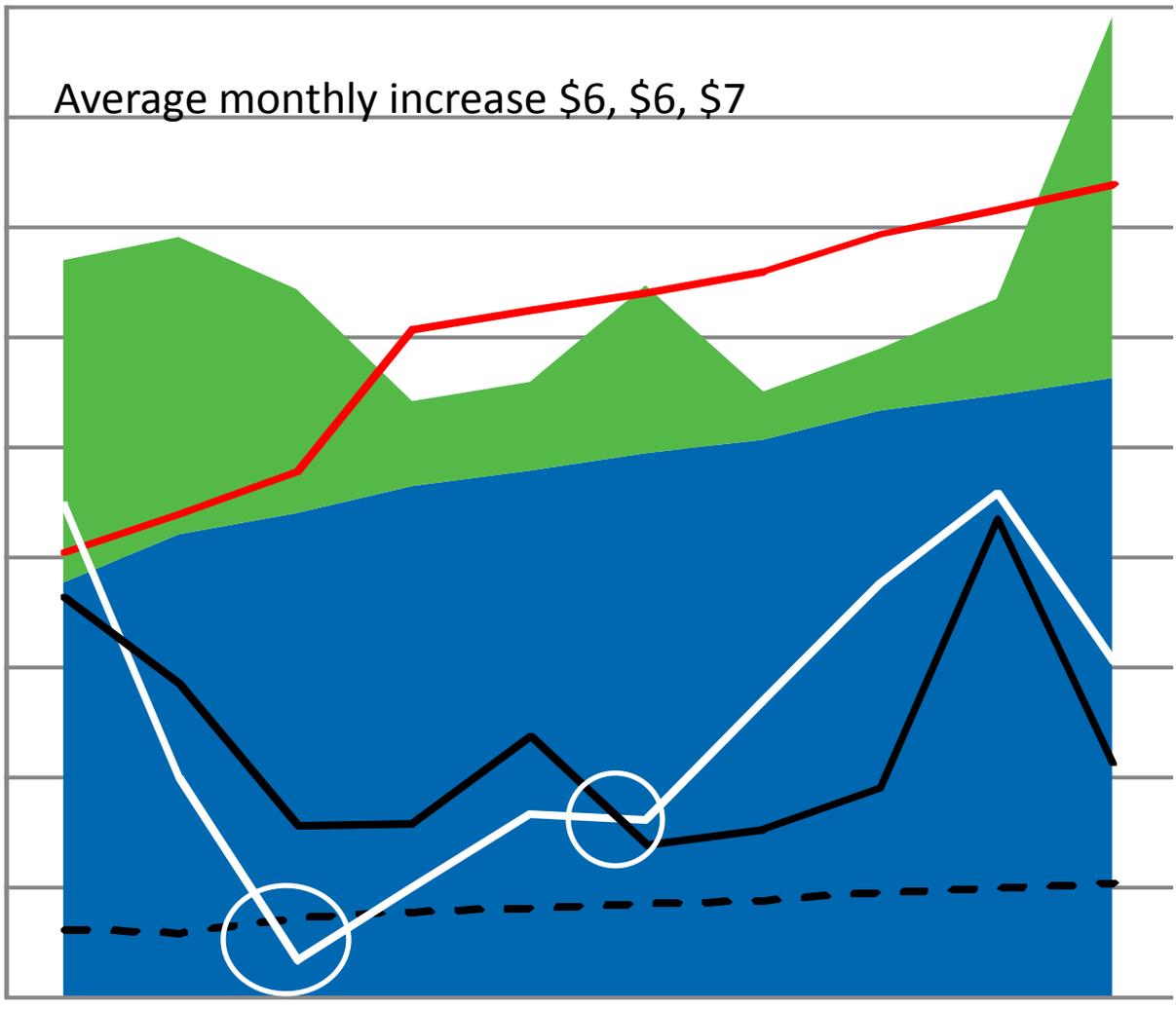
\$7,500,000

\$5,500,000

\$3,500,000

\$1,500,000

Average monthly increase \$6, \$6, \$7



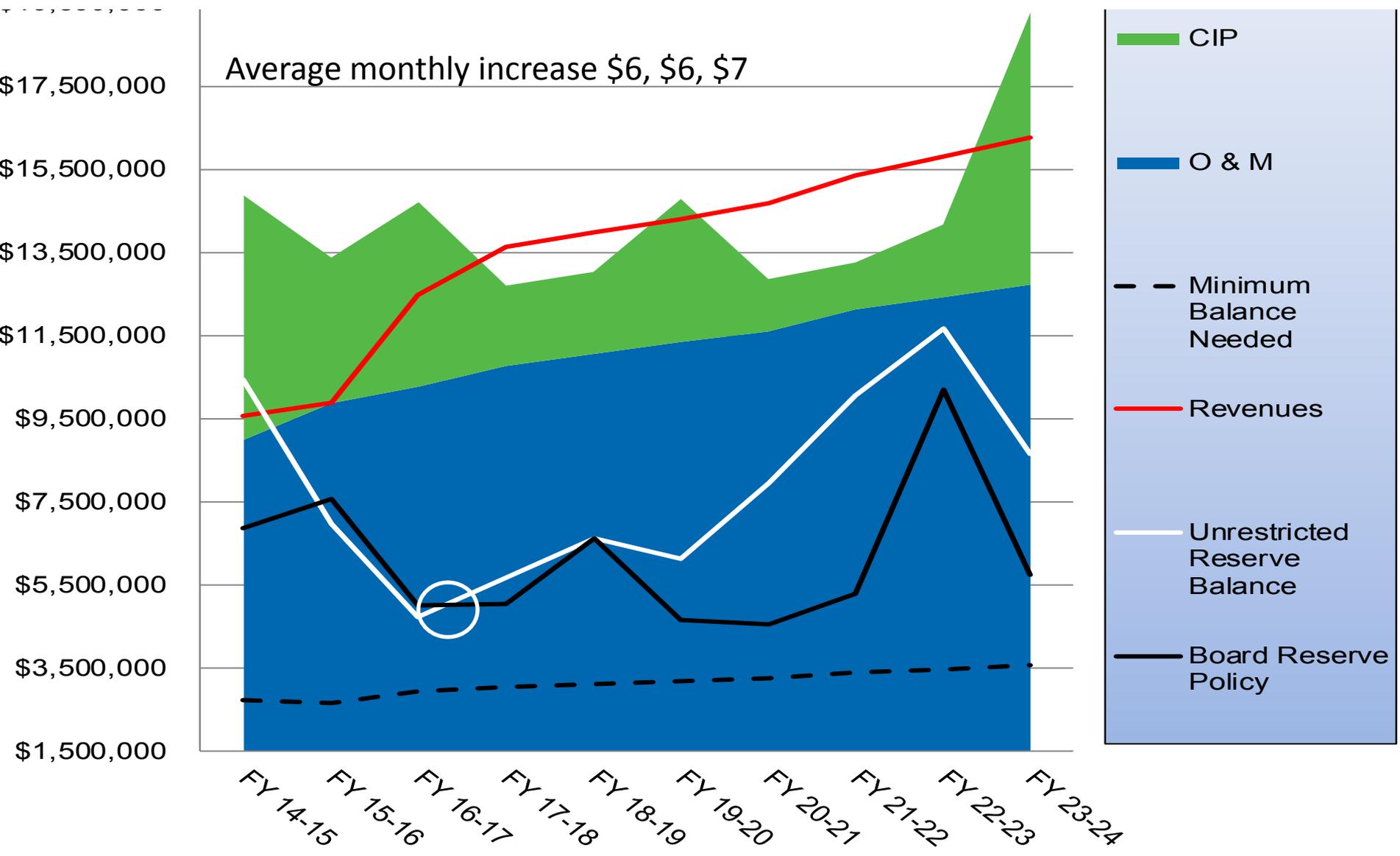
- CIP
- O & M
- - - Minimum Balance Needed
- Revenues
- Unrestricted Reserve Balance
- Board Reserve Policy

FY 14-15 FY 15-16 FY 16-17 FY 17-18 FY 18-19 FY 19-20 FY 20-21 FY 21-22 FY 22-23 FY 23-24

RESERVES

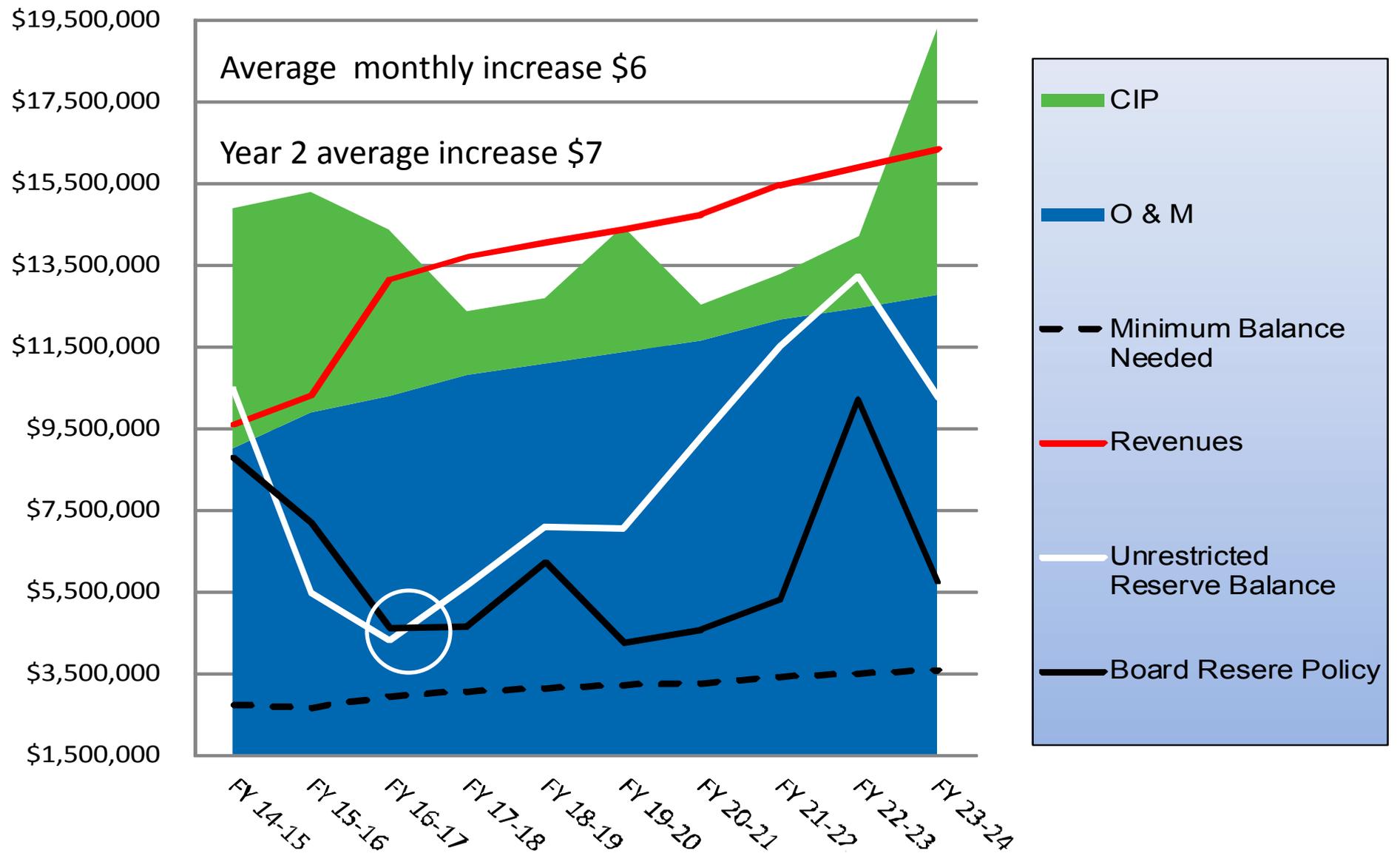
Rate Increase 9% - 9% - 9%

\$1.9 million cut to Infrastructure Spending



RESERVES

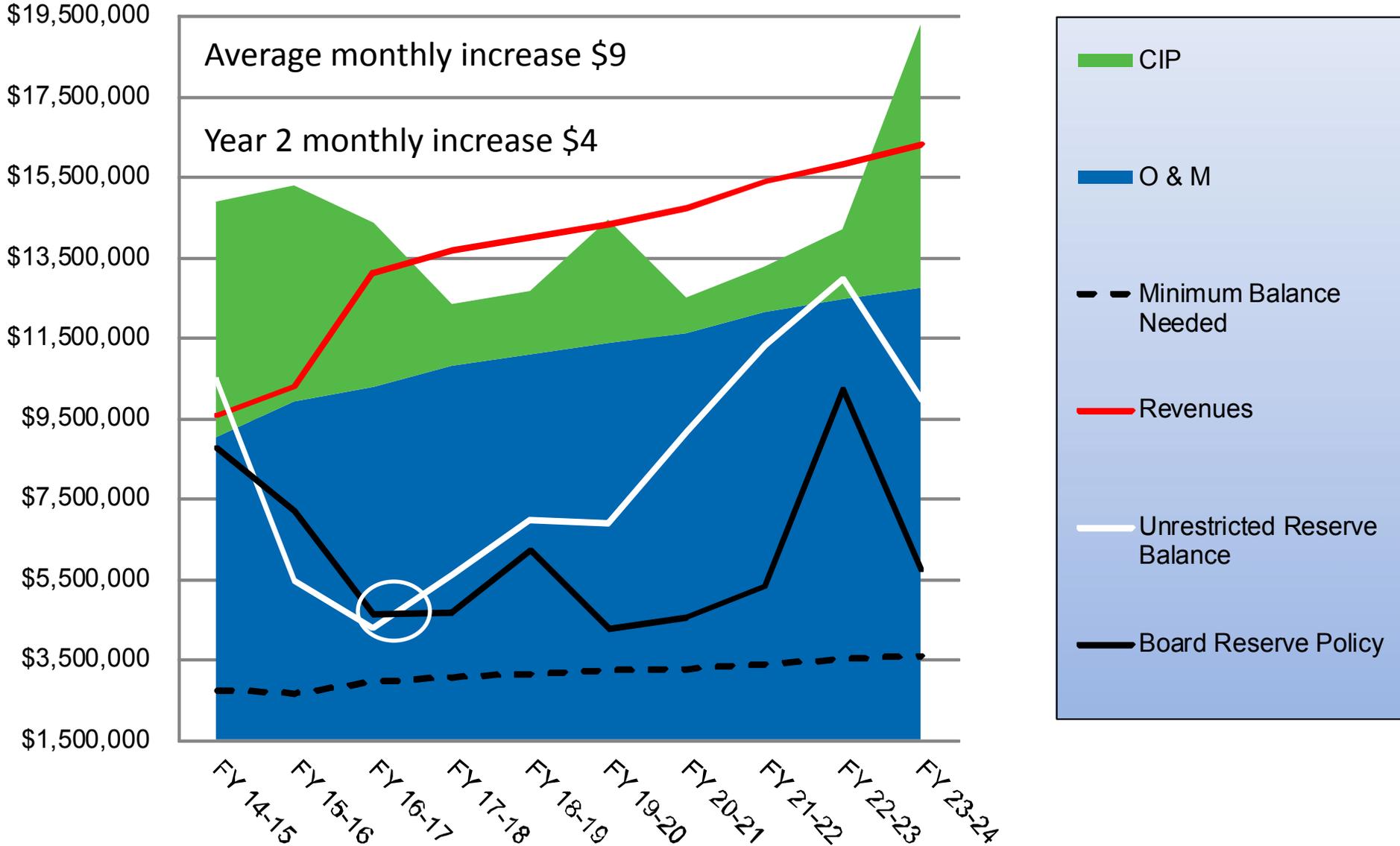
15% - 10% Rate Increase



RESERVES

19% - 6% Rate Increase

Staff Recommendation



Proposed Rates – Per Mailer



BASE CHARGE	2015 (\$/day)	MAXIMUM 2016 RATES (\$/day)
Up to 1" meter	\$1.08	\$1.29
1 1/2" meter	\$2.88	\$3.43
2" meter	\$4.59	\$5.46
3" meter	\$9.13	\$10.86
4" meter	\$14.23	\$16.93
6" meter	\$28.46	\$33.87
8" meter	\$51.16	\$60.88
10" meter	\$82.39	\$98.04
12" meter	\$122.16	\$145.37
Fire District	\$5.53	\$6.58

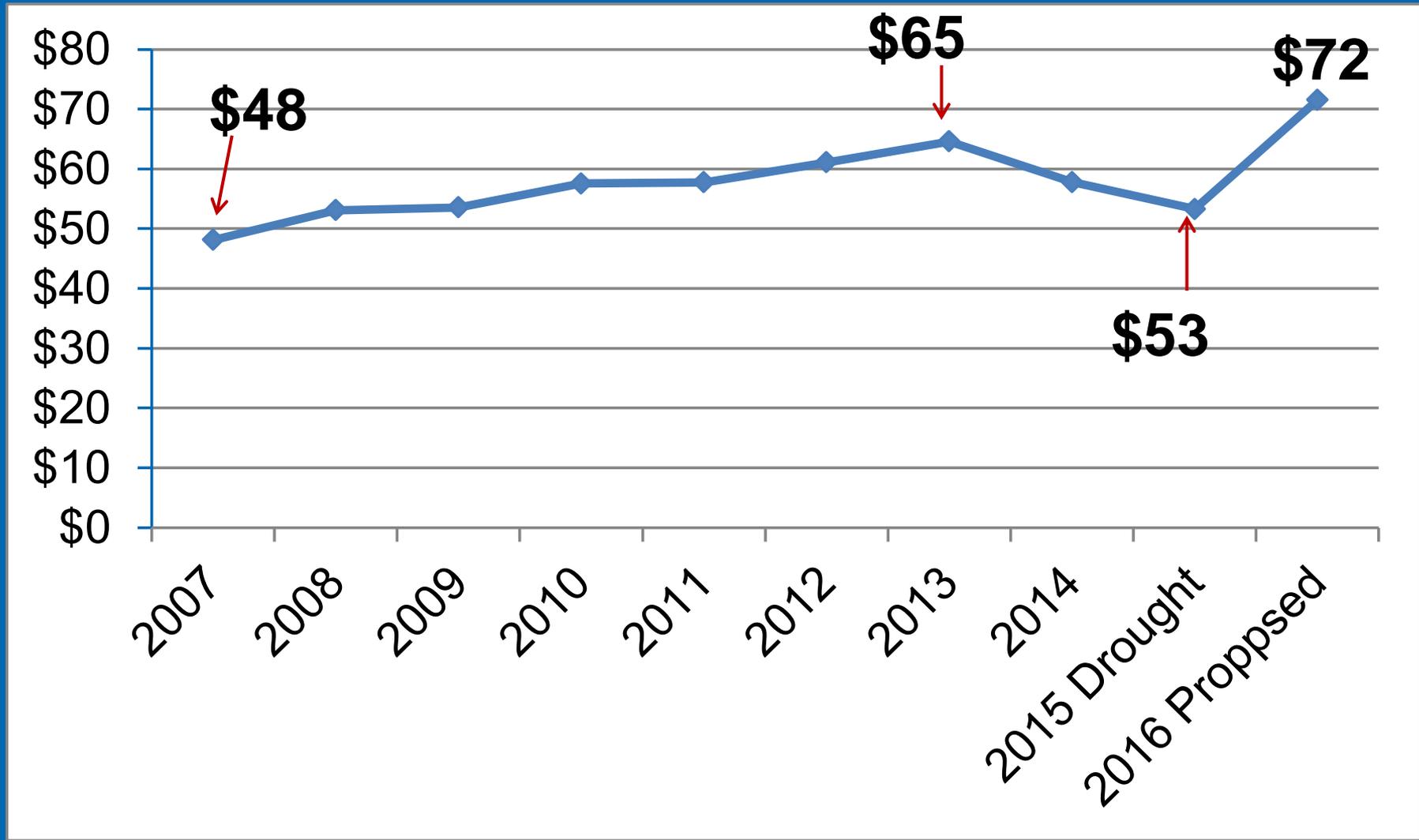
Volumetric Rate (\$/units*)

\$0.80/unit*

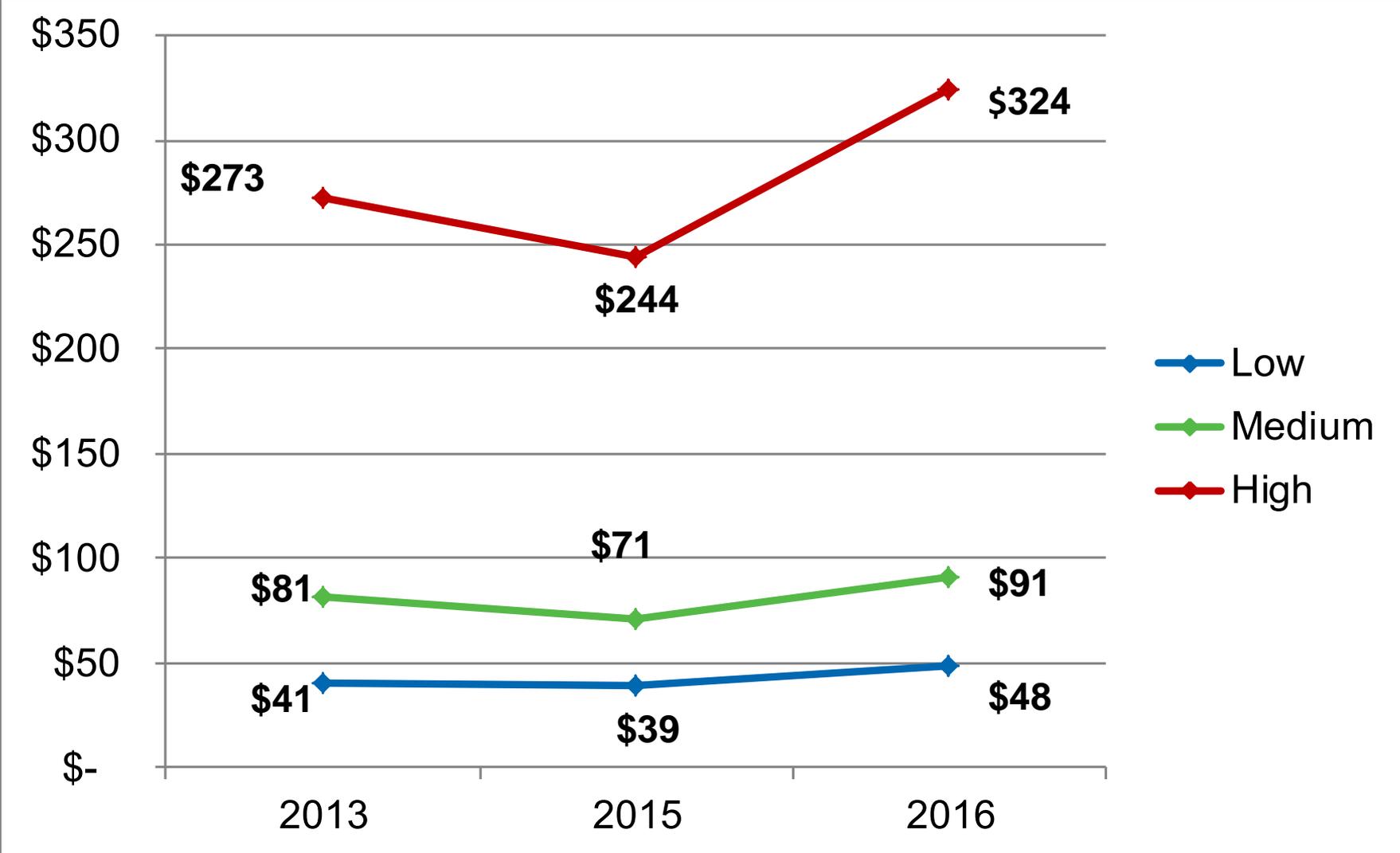
\$0.95/unit*

Note: A 10% drought surcharge on the volumetric portion of your bill is currently in effect for a total cost of \$.88 for each CCF of water. This drought surcharge will be removed when drought conditions improve, or could be increased if drought conditions get worse. The drought surcharge could be applied to 2016 rates if the drought is still in effect. *1 unit = 100 cubic feet (ccf)= 748 gallons.

Comparative Effect of 19% Rate Increase On Monthly Charges



Comparative Effect of 19% Rate Increase On Monthly Charge





Rate Structure & Increase Analysis

		Current Rate	Proposed Rate Increase Effective January 2016				
			9%	10%	11%	15%	19%
Average Residential Base Rate		\$32.40	\$35.32	\$35.64	\$35.96	\$37.26	\$38.56
Variable Rate		\$0.80	\$0.87	\$0.88	\$0.89	\$0.92	\$0.95
Drought Surcharge		\$0.08	\$0.087	\$0.088	\$0.089	\$0.092	\$0.095
Low User	10 ccf	\$41	\$45	\$45	\$46	\$47	\$49
Increase to customer bill			\$4	\$4	\$5	\$6	\$8
Moderate User	55 ccf	\$81	\$88	\$89	\$90	\$93	\$96
Increase to customer bill			\$7	\$8	\$9	\$12	\$15
High User	300 ccf	\$296	\$323	\$326	\$329	\$341	\$353
Increase to customer bill			\$27	\$30	\$33	\$44	\$56
Overall Average User	35 ccf	\$63	\$69	\$70	\$70	\$73	\$75
Increase to customer bill			\$6	\$6	\$7	\$9	\$12
effective % increase			9%	10%	11%	15%	19%

In closing.....



RESOLUTION NO. 15-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT ADOPTING THE RETAIL WATER RATES AND FEES FOR THE FISCAL YEAR 2015-2016

WHEREAS, the Board has accepted the Retail Financial Plan and Water Rate Study, dated November 12, 2014 prepared by The Reed Group, Inc. (the "Rate Study");

WHEREAS, the Rate Study presents the District's revenue needs to fund retail water service, a financial plan for funding those revenue needs, and alternative rate structures for ensuring that the District's retail water rates and fees are sufficient to meet revenue needs as set forth herein;

WHEREAS, due to the ongoing severe drought (anticipated in the most recent Financial Plan to end by 2015) the District's existing and planned retail water service rates and fees are insufficient to pay the operating expenses of the District's retail water utility operations, to provide for repairs and replacement of water system works, to pay the principal and interest (including meeting the contractual debt coverage ratio requirements) on water system indebtedness, and to provide additional revenues for continuing capital improvements to the retail water supply system;

WHEREAS, the proposed increases to certain retail water service rates and fees described in the Rate Study are subject to Proposition 218's notice and hearing requirements provided in Article XIII D, section 6 of the California Constitution;

WHEREAS, the District has complied with Proposition 218's notice requirements by providing written notice of the public hearing to property owners and ratepayers and by holding public meetings to explain District costs and the possible increasing of retail water service rates in an amount up to 19% above the current rates in effect, and to receive protests and comments on the proposed restructuring and increase, and made the proposed retail budget, Rate Study and supporting materials available for public inspection and review for at least 45 days prior to the Board's public hearing on this matter;

WHEREAS, the District held the noticed public hearing required by Proposition 218 on October 28, 2015, at which the Board received the protests and written and oral comments of District landowners and ratepayers concerning the proposed adjustment of retail water service rates and charges; and

WHEREAS, Article XIII D, section 6 of the California Constitution states "If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge". With 10,583

connections 5,293 written protests were needed to prohibit the fee increase. The District received a total of 102 protests.

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

1. The Board of Directors finds that there was not a majority protest to the District's proposed adjustment of retail water service rates and fees by an amount not to exceed 19% of current rates.
2. The Board of Directors finds that retail water rates identified in the Proposition 218 notice for calendar year 2016, and the retail capital fees, are fair, equitable and ensure that the persons and entities receiving such services will pay the District's full costs of providing such services.
3. On that basis, the Board hereby approves and adopts an increase of ____% over the existing water rates, as identified in column ____ of the proposed fee schedule in Exhibit A, attached hereto and made a part of the Resolution for calendar year 2016.
4. The Board further approves the calendar year 2016 retail capital facilities (connection) fees, and other fees and deposits as shown on "Exhibit A", attached to and made a part of this Resolution.
5. The General Manager and staff are directed to take all actions necessary to impose and collect the rates and fees shown in Exhibit A, as the same are adopted herein.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 18th day of November 2015, by the following vote:

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

ATTEST

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

TERI HART
Secretary, Board of Directors

San Juan Water District
Proposed Retail Rates - Calendar Year (CY) 2015

	Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	
	Current Rate* CY 2015 (\$/Day)	Proposed Rate CY 2015 9% Increase (\$/Day)	Proposed Rate CY 2015 10% Increase (\$/Day)	Proposed Rate CY 2015 11% Increase (\$/Day)	Proposed Rate CY 2015 12% Increase (\$/Day)	Proposed Rate CY 2015 13% Increase (\$/Day)	Proposed Rate CY 2015 14% Increase (\$/Day)	Proposed Rate CY 2015 15% Increase (\$/Day)	Proposed Rate CY 2015 16% Increase (\$/Day)	Proposed Rate CY 2015 17% Increase (\$/Day)	Proposed Rate CY 2015 18% Increase (\$/Day)	Proposed Rate CY 2015 19% Increase (\$/Day)
Volumetric Rate	\$ 0.8000	\$ 0.8720	\$ 0.8800	\$ 0.8880	\$ 0.8960	\$ 0.9040	\$ 0.9120	\$ 0.9200	\$ 0.9280	\$ 0.9360	\$ 0.9440	\$ 0.952
Daily Base Charge:												
Up to 1" meter	\$1.08	\$1.18	\$1.19	\$1.20	\$1.21	\$1.22	\$1.23	\$1.24	\$1.25	\$1.26	\$1.27	\$1.29
1 1/2" meter	\$2.88	\$3.14	\$3.17	\$3.20	\$3.23	\$3.25	\$3.28	\$3.31	\$3.34	\$3.37	\$3.40	\$3.43
2" meter	\$4.59	\$5.00	\$5.05	\$5.09	\$5.14	\$5.19	\$5.23	\$5.28	\$5.32	\$5.37	\$5.42	\$5.46
3" meter	\$9.13	\$9.95	\$10.04	\$10.13	\$10.23	\$10.32	\$10.41	\$10.50	\$10.59	\$10.68	\$10.77	\$10.86
4" meter	\$14.23	\$15.51	\$15.65	\$15.80	\$15.94	\$16.08	\$16.22	\$16.36	\$16.51	\$16.65	\$16.79	\$16.93
6" meter	\$28.46	\$31.02	\$31.31	\$31.59	\$31.88	\$32.16	\$32.44	\$32.73	\$33.01	\$33.30	\$33.58	\$33.87
8" meter	\$51.16	\$55.76	\$56.28	\$56.79	\$57.30	\$57.81	\$58.32	\$58.83	\$59.35	\$59.86	\$60.37	\$60.88
10" meter	\$82.39	\$89.81	\$90.63	\$91.45	\$92.28	\$93.10	\$93.92	\$94.75	\$95.57	\$96.40	\$97.22	\$98.04
12" meter	\$122.16	\$133.15	\$134.38	\$135.60	\$136.82	\$138.04	\$139.26	\$140.48	\$141.71	\$142.93	\$144.15	\$145.37
Fire District	\$5.53	\$6.03	\$6.08	\$6.14	\$6.19	\$6.25	\$6.30	\$6.36	\$6.41	\$6.47	\$6.53	\$6.58
Private Fire Lines:												
4"	\$0.4578	\$0.4990	\$0.5036	\$0.5082	\$0.5127	\$0.5173	\$0.5219	\$0.5265	\$0.5310	\$0.5356	\$0.5402	\$0.5448
6"	\$0.6763	\$0.7372	\$0.7439	\$0.7507	\$0.7575	\$0.7642	\$0.7710	\$0.7777	\$0.7845	\$0.7913	\$0.7980	\$0.8048
8"	\$0.9156	\$0.9980	\$1.0072	\$1.0163	\$1.0255	\$1.0346	\$1.0438	\$1.0529	\$1.0621	\$1.0713	\$1.0804	\$1.0896
10"	\$1.0924	\$1.1907	\$1.2016	\$1.2126	\$1.2235	\$1.2344	\$1.2453	\$1.2563	\$1.2672	\$1.2781	\$1.2890	\$1.3000

* a 10% drought surcharge on the volumetric portion of a bill is currently in effect. This drought surcharge will be removed when drought conditions improve, or could be increased in drought conditions worsen. The drought surcharge could be applied to the 2016 rates if the drought is still in effect. 1 unit = 100 cubic feet (ccf) = 748 gallons.

Connection Fees:

Meter Size	2015 Retail Connection Fee	2016 Retail Connection Fee
Up to 1" Meter	\$ 14,521	\$ 14,910
1 1/2" Meter	\$ 29,042	\$ 29,820
2" Meter	\$ 46,468	\$ 47,713
3" Meter	\$ 92,936	\$ 95,427
4" Meter	\$ 144,224	\$ 148,089
6" Meter	\$ 290,426	\$ 298,209
8" Meter	\$ 522,778	\$ 536,788
10" Meter	\$ 842,242	\$ 864,824
12" Meter	\$ 1,248,856	\$ 1,282,325

The 2016 Retail Connection Fees are proposed to increase by 2.68% as indexed to the 20 Cities Construction Cost Index ("CCI")

RESOLUTION NO. 15-16

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE RETAIL BUDGET
FOR THE FISCAL YEAR 2015-2016**

WHEREAS, District staff has prepared a retail budget for the fiscal year 2015-2016 that estimates operating and maintenance, capital improvement program, debt service, prudent reserve requirements, and other expenses of the District and that estimates revenues from all sources to pay the expenses of the District;

WHEREAS, District staff has determined that the fiscal year 2015-2016 retail budget is reasonably accurate and if implemented will ensure that the District's revenues will be sufficient to pay all of the District's expenses, including contributions to reserves sufficient to return them to prudent levels;

WHEREAS, the Board has adopted Resolution 15-15 setting the rates for calendar year 2016;
and

WHEREAS, it is the intention of the Board to adopt the proposed budget as submitted by District staff.

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

1. That certain document referred to as "The San Juan Water District Proposed Retail Budget Fiscal Year 2015-2016" and all schedules, exhibits and policies contained therein, is hereby adopted and the appropriations for the annual budget of the San Juan Water District for the fiscal year beginning on July 1, 2015 and ending on June 30, 2016 are hereby adopted; and
2. That the amounts stated in the proposed budget shall become and thereafter be appropriated to the offices, departments, activities, objects and purposes stated therein and said monies are hereby authorized to be expended for the purposes and objects specified in said budget; and
3. The General Manager is authorized to approve expenditure adjustments within individual accounts and line items so long as the total appropriated is not exceeded.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 18th day of November 2015, by the following vote:

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

ATTEST

TERI HART
Secretary, Board of Directors

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

**Engineering Committee Meeting Minutes
San Juan Water District
November 4, 2015
4:00 p.m.**

Committee Members: Dan Rich, Chair
Ken Miller, Director

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

Members of the Public: Dave Underwood, Fair Oaks Water District
Tom Gray, Fair Oaks Water District

Topics: Hinkle and Kokila Reservoirs Condition Assessments (W & R)
Corps of Engineer's Folsom Reservoir Water Control Manual (W)
FO-40 Phase II Rehabilitation (W & R)
Other Engineering Matters
Public Comment

1. Hinkle and Kokila Reservoirs Condition Assessments (W & R)

Mr. Durkin informed the committee that the Hinkle reservoir was constructed in 1979-80 and had a condition assessment completed 20 years later in 1999-2000. The condition assessment findings indicated that some repairs were needed to the liner and cover at that time, but overall the cover was in excellent condition and it was estimated to have another 20 years of life. In addition, the assessment findings recommended that the condition of the liner and cover be re-assessed after 15 years to determine their condition and evaluate repair or replacement plans.

Mr. Durkin informed the committee that \$225,000 is earmarked in the FY 2015-16 wholesale budget for assessment of the Hinkle Reservoir liner and cover. In addition, \$100,000 is earmarked in the proposed retail budget for the Kokila Reservoir liner and cover assessment. Mr. Durkin explained that he solicited a proposal from Ron Frobels of R.K. Frobels & Associates to provide an onsite inspection and physical assessment of both reservoir linings and covers, including assessment of the interior baffles and seams in Hinkle Reservoir. Mr. Frobels conducted the initial assessment of Hinkle Reservoir in 1999-2000. He is a recognized expert in the field of geosynthetics with over 35 years of experience including geomembrane system evaluation and design support on reservoirs as large as 3.75 billion gallons. A copy of his proposal will be attached to the meeting minutes.

Mr. Durkin reported that the proposed cost is approximately \$20,000, which includes review of current documentation on both reservoirs, onsite and physical assessment of both reservoirs, development of a sampling program for testing, and a test evaluation report. In addition, another \$2,500 to \$3,500 will be required for material testing. He explained that only a portion of the wholesale and retail budget for the assessments will be used at this time in order to evaluate the condition of the

reservoirs. The remainder of the budget will be used for preliminary engineering work to determine how to replace the reservoirs, including developing budget level cost estimates. He added that if the reservoirs still have an extended life expectancy remaining then no further assessment or engineering work will be done at this time. However, if the report shows that the reservoir(s) are in need of replacement or repair, then the committee will discuss the findings and need to pursue preliminary engineering at a future meeting.

The Engineering Committee agreed that staff should proceed with the initial assessment of the Hinkle and Kokila reservoirs.

2. Corps of Engineer's Folsom Reservoir Water Control Manual (W)

Mr. Durkin reported that for the last four years SJWD has advocated for more flexibility and incorporation of forecast-based technologies and real-time watershed information into the Corp of Engineer's Folsom Reservoir Water Control Manual. Mr. Durkin and Director Tobin have attended numerous meetings with delegates in Washington, D.C. to gain support for this approach. This has opened the doors for the District and our regional partners to participate in the technical workshops and work with the local Corps team on developing the new operation manual.

Mr. Durkin conducted a brief presentation to show the committee the 3 alternative plans that the Corp of Engineers is considering. A copy of the presentation will be attached to the meeting minutes. Each plan requires 400,000-600,000 AF of storage space to be available for flood control with plan 1 being a generic flood control diagram approach with an allowance for upstream storage; plan 2 allowing credit for upstream storage and basin wetness; and plan 3 considering upstream storage and basin conditions as well as forecasted inflow volume. Mr. Durkin explained that Alternative 3 is the region's recommended plan since it allows for flexibility based on current conditions and forecasted precipitation and is adaptable to changes in forecast capabilities and improvements in technology.

For information only; no action needed

3. FO-40 Phase II Rehabilitation (W & R)

Mr. Durkin provided the committee with a draft technical memorandum regarding the Fair Oaks 40-inch Diameter Transmission Pipeline Phase II Rehabilitation Project. A copy of the memorandum will be attached to the meeting minutes. He reviewed the preliminary information on the project scope, costs, and proposed construction schedule for the second phase of rehabilitation of the Fair Oaks 40-inch diameter transmission pipeline (Phase II Project).

Mr. Durkin reported that the estimated cost of the Phase II Project is approximately \$2.2 million and that the allocation of costs between SJWD, FOWD, and CHWD were determined in the May 2011 Engineering Report and further stipulated in the Settlement and Release Agreement between SJWD and FOWD in 2012. In addition, the capital facilities charges in the new wholesale rate structure would recover costs through fixed quarterly charges over a 5-year period, beginning 18 months prior to the year of construction. The District Board adopted this cost recovery approach with the Financial Plan.

Mr. Tom Gray informed the committee that FOWD submitted a letter objecting to the capital facilities charge developed as part of the Financial Plan. He will send a letter by the end of this week reiterating FOWD's objection to the charges being incorporated in the wholesale budget and rates and charges. Mr. Gray explained that FOWD has another project scheduled for 2016 that is being completed in conjunction with the County's Hazel Road project and thereby will provide cost savings to FOWD. He commented that it would be more feasible for FOWD to pay for costs on the FO-40 when the project starts due to the timing of expenses. He requested that the District consider having a contract with FOWD on this project and on the O&M for the FO-40. Mr. Dave Underwood requested some flexibility regarding the payment schedule on the Phase II Project. Mr. Durkin responded that the Board would have to consider a different payment arrangement. Director Rich commented that developing an agreement with FOWD on a payment schedule should be considered.

For information only; no action needed

4. Other Engineering Matters

Mr. Durkin informed the committee that the solar system modifications were recently completed. He reminded the committee that the modifications will allow the District to fully utilize the solar facilities. District staff recognized that the energy demands at the treatment plant and the Hinkle Pump Station were much lower than projected due to reductions in water demands from the drought and other factors. This meant that the solar facilities were essentially oversized and the extra power they were generating was being fed into the PG&E power grid and only providing the District a 3¢ per kW-hour benefit. Staff negotiated with SunPower to split the cost for the modifications so the District can utilize more of the generated power and also take advantage of a new PG&E tariff structure for renewable energy projects. The District is projected to save an additional \$85,000 each year due to the modifications which will result in the system modifications being paid for in about 15 months.

Mr. Durkin informed the committee that the 90% design submittal on the WTP Flocculation/Sedimentation Basin Improvements Project is expected by December 11, 2015, and the committee will meet after it is received to discuss the estimated cost for the project.

4.1 Next Meeting Date

The next committee meeting will be scheduled when needed.

5. Public Comment

There were no public comments.

The meeting was adjourned at 5:30 p.m.

R. K. Frobel & Associates
Consulting Engineers

Mr. Keith B. Durkin, P.E.
Assistant General Manager
San Juan Water District
9935 Auburn-Folsom Road
Granite Bay, CA 95746

October 28, 2015

RE: Letter Proposal for Engineering Services
Hinkle Reservoir Hypalon Liner, Baffle and Floating Cover
Kokila Reservoir Hypalon Liner and Floating Cover
San Juan Water District

Dear Mr. Durkin:

In response to our recent verbal discussions regarding the 35 year inspection and condition assessment of the Hinkle Reservoir, I have put together a brief letter proposal for engineering services and technical assistance on inspection and evaluation of the floating cover, baffle and lining system for the Hinkle Reservoir. In addition, it is understood that the Kokila Reservoir Floating Cover will be inspected during the initial visit. In this regard, I have outlined 5 proposed tasks, approximate time required and associated costs. The following tasks with estimated time for each task on a daily basis are proposed:

Task 1.

Review of current documentation, drawings (original plan, sections, details) video inspections and past inspection/repair reports for both the Hinkle Reservoir and the Kokila Reservoir. This task will include verbal discussions with San Juan Water District personnel. 1.0 day

Task 2.

Travel to Granite Bay, CA for meetings with San Juan Water District Personnel, Site Inspection of both the Hinkle Reservoir Floating Cover, Liner and Baffle System and the Kokila Reservoir Floating Cover. During this site inspection, it will be determined whether additional inspection and testing of the Kokila Reservoir lining is recommended, or if information derived from the Hinkle Reservoir liner inspection and testing can be extrapolated and applied to Kokila. This Task will include a detailed inspection and maintenance/operation observations, inspection documentation and representative photographs. A summary meeting and verbal report will be provided to San Juan Water District Personnel. Including travel time. 3.0 day

Task 3.

Based on Task 2 Site Inspections and Observations, provide a detailed Evaluation Report including a recommended sampling and physical/mechanical test program to determine estimated life expectancy of the Hypalon Lining and Floating Cover components for the

R. K. Frobel & Associates
Consulting Engineers

Hinkle Reservoir. This report will include maintenance and applicable cleaning recommendations. A separate but similar report will be provided for the Kokila Reservoir Floating Cover. 2.5 day

Task 4.

Develop a detailed sampling and laboratory test program designed to assess the current condition of the Hypalon geomembrane materials. This Task will include recommending qualified geosynthetics test laboratories to conduct sample testing and recommending reputable and experienced geosynthetics lining installation companies qualified in the repair of aged Hypalon geomembranes to conduct on site sampling and repairs. Samples extracted from site will be forwarded to the laboratory for testing. Additionally, Burke Rubber Company, the original manufacturer of the Hypalon geomembrane material will be contacted and asked to provide test results on samples provided. 1.0day

Task 5.

Based on Laboratory Test Results as well as reporting from the lining installation contractor, a test evaluation report will be developed and provided to the San Juan Water District. This report will include considerations for life expectancy and summary recommendations for the Hinkle Reservoir Floating Cover, Liner and Baffle. A separate report will be provided for the Kokila Reservoir Floating Cover and liner if applicable. 2.0 day

It is proposed that a daily rate of \$1850.00 be used to estimate the total costs of the above tasks. Based on the proposed daily unit rate, the total cost for all 5 of the above tasks should not exceed \$17,575.00. Additionally, travel costs including airfare, lodging, rental car and miscellaneous expenses are estimated to be \$1500.00. Total estimated proposed cost for the above proposal should not exceed \$19,075.00. If there are tasks that you feel can be reduced in scope or if there are other tasks you would like to add, please feel free to adjust as required.

If you have any questions on the above proposal, give me a call at 303-679-0285 or email geosynthetics@msn.com. I look forward to working with you and the San Juan Water District on this evaluation.

Sincerely Yours,

R.K. Frobel

Ronald K. Frobel, MSCE, PE
Owner/Principal

Attachment: 2015 Rate Sheet
CV

RONALD K. FROBEL, MSCE, P.E.

**CIVIL ENGINEERING
GEOSYNTHETICS
EXPERT WITNESS
FORENSICS**

FIRM: R. K. FROBEL & ASSOCIATES
Consulting Civil / Geosynthetics Engineers

TITLE: Principal and Owner

PROFESSIONAL

AFFILIATIONS: American Society for Testing and Materials (ASTM) -
Founding member of Committee D 35 on Geosynthetics
Chairman ASTM D35 Subcommittee on Geomembranes 1985-2000
ASTM Award of Merit Recipient/ASTM Fellow - 1992
ASTM D18 Soil and Rock - Special Service Award - 2000
Transportation Research Board (TRB) of The National Academies
Appointed Member A2K07 Geosynthetics 2000 - 2003
National Society of Professional Engineers (NSPE) - Member
American Society of Civil Engineers (ASCE) - Member
Colorado Section - ASCE - Member
International Society of Soil Mechanics and Foundation Engineers
(ISSMFE) - Member
International Geosynthetics Society (IGS) - Member
North American Geosynthetics Society (NAGS) - Member
International Standards Organization (ISO) - Member TC 221
Team Leader - USA Delegation Geosynthetics 1985 - 2001
European Committee for Standardization (CEN) - USA Observer
EPA Advisory Committee on Geosynthetics (Past Member)
Association of State Dam Safety Officials (ASDSO) – Member
U. S. Committee on Irrigation and Drainage (USCID) - Member
Technical Advisory Committee - Geosynthetics Magazine
Editorial Board - Geotextiles and Geomembranes Journal
Editorial Board - Geotechnical Testing Journal (ASTM)
Co-Chairman International Conference on Geomembranes
Co-Chairman ASTM Symposium on Impermeable Barriers
U.S. Naval Reserve Officer (Inactive)
Registered Professional Engineer – Civil (Colorado)
Mine Safety Health Administration (MSHA) Certified

ACADEMIC

BACKGROUND: University of Arizona: M.S. - Civil Engineering - 1975
University of Arizona: B. S. - Civil Engineering - 1969
Wentworth Institute of Technology: A.S. Architecture – 1966

PROFESSIONAL

EXPERIENCE:

R. K. Frobel & Associates - Consulting Engineers
Evergreen, Colorado, Principal and Owner, 1988 - Present

Chemie Linz AG and Polyfelt Ges.m.b.H., Linz, Austria
U. S. Technical Manager Geosynthetics, 1985 - 1988

U.S. Bureau of Reclamation, Engineering and Research Center
Denver, Colorado, Technical Specialist in Construction
Materials Research and Application, 1978 - 1985

Water Resources Research Center (WRRC), University of Arizona
Tucson, AZ, Associate Research Engineer, 1975 - 1978

Engineering Experiment Station, University of Arizona
Tucson, AZ, Research Assistant, 1974 - 1975

United States Navy, Commissioned Naval Officer, 1970 - 1973

REPRESENTATIVE

EXPERIENCE:

R.K. Frobel & Associates: Civil engineering firm specializing in the fields of geotechnical, geoenvironmental and geosynthetics. Expertise is provided to full service civil/geotechnical engineering firms, federal agencies, municipalities or owners on a direct contract, joint venture or sub-consultant basis. Responsibilities are primarily devoted to specialized technical assistance in design and application for foreign and domestic projects such as the following: Forensics investigations into geotechnical and geosynthetics failures; providing expert report and testimony on failure analysis; providing design and peer review on landfill lining and cover system design, mine waste reclamation, water treatment facilities, hydro-technical canal, dam, reservoir and mining projects, floating reservoir covers; oil and gas waste containment; design of manufacturers technical literature and manuals; development and presentation of technical seminars; new product development and testing; MQA/CQA program design and implementation.

Polyfelt Ges.m.b.H., Linz, Austria and Denver Colorado: As U.S. technical manager, primary responsibilities included technical development for the Polyfelt line of geosynthetics for the U.S. civil engineering market as well as world wide applications.

U.S. Bureau of Reclamation, Denver, Colorado: As technical specialist, responsibilities included directing laboratory research, design and development investigations into geosynthetics and construction materials for use on large western water projects such as dams, canals, power plants and other civil structures. Included were material research, selection and testing, specification writing, large scale pilot test programs, MQA/CQA program design and supervision of site installations. Prime author or contributor to several USBR technical publications incorporating geosynthetics.

University of Arizona, Tucson, Arizona: As research engineer at the Water Resources Research Center, responsibilities included research, design and development of engineering materials and methods for use in construction of major water projects including potable water reservoirs, canals and distribution systems. Prime author or contributor to several WRRC technical publications.

Northeast Utilities, Hartford, Connecticut: As field engineer for construction at Northeast Utilities, responsibilities included liaison for many construction projects including additions to power plants, construction of substations, erection of fuel oil pipe lines and fuel oil storage tanks. Responsibilities also included detailed review, inspection and reporting on numerous construction projects.

U.S. Navy: Commissioned Naval Officer – Nuclear Program

PUBLICATIONS: Over 85 published articles, papers and books.

CONTACT DETAILS:

Ronald K. Frobel, MSCE, P.E.
R. K. Frobel & Associates
Consulting Civil/Geosynthetics Engineers
32156 Castle Court
Suite 211/M240
Evergreen, Colorado 80439 USA
Ph 303-679-0285
M 720-289-0300
Email: geosynthetics@msn.com

REPRESENTATIVE WATER RESERVOIR & CANAL / RIVER LINING PROJECTS

Ronald K. Frobel, MSCE, P.E.

Geomembrane System and MQA/CQA Program Design – Primary Lining System – 290 acre Upper Forebay Reservoir – Mt Elbert Pumped Storage Power Plant, Twin Lakes, CO

*US Bureau of Reclamation
Denver, CO*

As design team member, provided design assistance, material evaluation, large scale performance testing, MQA/CQA program design and construction monitoring for the 11,530 acre feet (3.75 billion gallons) reservoir impoundment. A 45 mil CPE-R geomembrane with protection geotextile was selected as the primary soil covered composite lining system for the 70 ft deep upper forebay impoundment located at 9650 ft elevation. The project was unique in that the forebay fluctuated up to 50 ft depth every 24 hours and installation was to be completed in one construction season to reduce impact on electrical distribution.

Geomembrane System / CQA Program Design - Primary Exposed Lining System – 20 Acre TESLA Hydroelectric Regulating Reservoir - Colorado Springs, CO

*Stone and Webster Engineering Corporation
Denver, CO*

As subconsultant and design team member, provided detailed design, peer review, material evaluation and CQA program for the primary exposed CSPE-R Geomembrane Lining System for the TESLA hydroelectric regulating reservoir built for the city of Colorado Springs, CO. This project was unique due to the confined reservoir space, steep side slopes and 60 ft high earth embankment dam section that necessitated the use of an exposed liner system with leak detection that would be resistant to wave and ice action.

Geomembrane System and CQA Program Design – 12 Acre Raw Water Storage Reservoir City of Bakersfield, CA

*Kennedy/Jenks Consultants
Bakersfield, CA*

As subconsultant and design team member, provided detailed design, design review, specifications, CQA Program and CQA site training for the primary exposed 45 mil fPP-R geomembrane lining system.

Geomembrane Cover and Baffle System Design, Design Review and CQA – 4 Acre Water Treatment Clearwell Reservoirs Kern County Water Agency, Bakersfield, CA

*Kennedy/Jenks Consultants
San Francisco and Bakersfield, CA*

As subconsultant and design team member, provided detailed design, design review, materials evaluation, specifications, CQA Program and CQA site training for the primary exposed 45 mil CSPE-R lining system, cover and suspended 60 mil CSPE-R Baffle System - Kern County Clearwell Improvements.

Geomembrane Floating Cover Evaluation/Rehabilitation – 12.5 acre Hinkle Reservoir San Jaun Water District, CA

*Kennedy/Jenks Consultants
San Francisco, CA*

As subconsultant and recognized expert in geosynthetic materials application, design and testing, provided

detailed inspection, design review, material evaluation and rehabilitation recommendations for the 25 year old exposed 45 mil CSPE-R Tensioned Floating Cover on the Hinkle Reservoir, Granite Bay, CA.

**Geomembrane System Design, MQA/CQA Program Management for 110 Acre Water Reservoir
Brick Township Municipal Authority, Brick, NJ**

*Obrien & Gere Engineers, Inc.
Plymouth Meeting, PA*

As a subconsultant and design team member, provided detailed design, design review, materials evaluation, specifications, CQA Program and CQA site training for the primary 40 mil PVC geomembrane lining system and soil cover placement. The 50 ft. deep reservoir stores 1.0 billion gallons municipal raw water for the township of Brick, New Jersey

**Canal Rehabilitation Design, Consultation, QC Installation Requirements for Deteriorated Concrete
Canals and Laterals – Harlingen Irrigation District (HID), South Texas**

*Axiom-Blair Engineering
Harlingen, Texas*

As sub-consultant, provided design consultation, design review, materials evaluation, QC installation requirements for rehabilitation of old concrete canal and lateral sections using 45 mil EPDM rubber geomembrane. The EPDM geomembrane system is designed to be exposed and rapidly deployed to reduce operation down time for irrigation water delivery in miles of canals within the district.

**Canal Rehabilitation Design, Consultation, Specifications, QC Installation Guidelines for Over 6
miles of Large Laterals – Tulelake Irrigation District (TID), CA**

*US Bureau of Reclamation
Klamath Project
Tulelake Irrigation District, CA*

As recognized expert in the design and installation of Geomembranes and canal construction/rehabilitation, technical assistance was provided in the Design, Specifications and Installation QC for rehabilitation of large earth lined laterals that have historically lost over 50% of deliverable water. Canal sections were reconstructed and lined with exposed 45 mil EPDM rubber geomembrane panels and erosion control geotextiles/riprap in high flow sections and transitions at crossing structures and irrigation offtakes.

**Geomembrane Lining System Design, MQA/CQA Program Design for 48 Acre Raw Water Reservoir
City of Newark, DE**

*URS Corporation
Ft. Washington, PA*

As a subconsultant and design team member, provided detailed design, design review, materials evaluation, specifications, CQA Program for the primary 60 mil LLDPE-T geomembrane lining system and cement infill fabriform/riprap slope protection that was an integral part of the upper slopes erosion control design. The 50 ft. deep reservoir stores 375 million gallons of municipal raw water for the city of Newark, DE. and includes a 60 ft. high embankment dam.

**Geomembrane Evaluation, Design, Specifications, CQA Program and CQA for 30 Acres of
Evaporation Reservoirs – Pawnee Power Plant, Brush, CO**

*Utility Engineering/Excel Energy
Denver, CO*

As consultant to Excel Energy, provided evaluation of existing 24 year old 100 mil thick HDPE exposed evaporation reservoir linings as well as design specifications, CQA program and construction monitoring for the installation of replacement 60 mil HDPE double lined systems with leak detection/removal.

Geomembrane System Design – Coyote Springs 9 Acre WWTP Effluent Storage Reservoir, Las Vegas, Nevada

*HDR Engineering, Inc.
Las Vegas, Nevada*

As a design team member, provided the detailed design for the primary exposed 60 mil HDPE geomembrane designed to impound 46 million gallons of WWTP Effluent. This project was unique in that the reservoir system must withstand extreme environmental stress and rapid drawdown conditions.

Geomembrane System Design – Vista Serena 3 Acre Raw Water Reservoir, Cabo San Lucas, Mexico

*RBF Consulting
Irvine, California*

As design team member, provided the detailed design and specifications for the primary exposed 60 mil CSPE-R Hypalon Geomembrane designed to impound 28 million gallons of treated water in a 65 ft deep impoundment. This project was unique in that the reservoir had to fit into a restricted site with steep 2H:1V slopes and a 70 ft high embankment dam.

Geomembrane & Floating Cover – Tolosa Reservoir and Embankment Dam – 8 Acre Raw Water Reservoir Reconstruction, Hobart Water, Tasmania, Australia

*URS Australia Pty Ltd
Melbourne, Australia*

As subconsultant and design team member, provided embankment dam design review, detailed design and specifications for 45 mil exposed Hypalon (CSPE-R) primary geomembrane with integral slope drainage and perimeter drains to outlets. Project also required fPP-R floating cover design/design review and CQA plan development and implementation with URS Australia.

Raw Water Reservoir Reconstruction and Design of Geomembrane Seepage Barrier protected with Soil Cement GeoCell Infill – 12 Acre Belmont RWB, City of Philadelphia, Philadelphia, Pennsylvania

*O'Brian & Gere Engineers, Inc.
Plymouth Meeting, PA*

As subconsultant and design team member, provided reconstruction design of raw water basins seepage barrier, slope protection and drainage system that was originally constructed in 1910. Provided detail design, specifications and CQA plan for 60 mil LLDPE SGN Integral Drain Liner with upper slopes Soil Cement/Geocell Erosion Control and Slope protection. This project is unique in that the RWB was designed in two basins, one of which must be maintained for water supply during reconstruction of one side at a time. Additionally, removal of the central embankment dam required re-use of the soil as a soil cement protective layer over the geosynthetics lining system to be placed on 2H:1V slopes.

**Kolubara River Relocation and Rehabilitation – Belgrade, Serbia
Geomembrane Panels and Separation/Filter Geotextiles were used in Construction of 7 Miles of a Major River that was Redirected to Accommodate Expansion of Serbia's Largest Surface Coal Mine**

*Jaroslav Cerni Institute for Water Resources
Belgrade, Serbia*

As recognized expert in geosynthetics solutions and canal/channel lining system design and erosion control, expertise was provided to the Jaroslav Cerni Hydraulic Design Group to assist in design methodology to redirect and rehabilitate over 7 miles of the Kolubara River located 50 km SW of Belgrade. Additional responsibilities included on-site construction observation and CQA Plan design/implementation. The river section maximum flows were 4 to 6 ft/s with depths to over 12 ft and widths to over 150 ft. Extensive bank stabilization and erosion control design/construction was required in addition to providing 100% channel seepage control using 45 mil EPDM geomembrane panels. Over 1.1 million sq. ft. of geomembrane 2.1

million sq. ft. of filter and separation geotextiles were used the very critical and environmentally sensitive project. The project was completed in 3 phases with final phase and redirection of river in 2010.

**Raw Water Regulating Reservoir -Colorado River Front Works and Levee System – Yuma, Arizona
460 Acre Two Cell Reservoir for the Regulation of Canal Flows – Geomembrane and Geocomposite
Design Review and CQA Program Design, Training and Implementation**

*U.S. Bureau of Reclamation
Lower Colorado Region
Boulder City, NV*

As subconsultant to the U.S. Bureau of Reclamation, provided design review for the HDPE seepage barrier, slope protection incorporating soil cement plating, drainage incorporating geocomposites and proposed scheduling for completion. Provided detailed CQA Plan for the MQA and CQA program during manufacture and installation of the 60 mil white textured and smooth HDPE. The project is unique in that the site is considered hot arid desert climate and much of the construction must be accomplished at night or during early morning, especially as regards HDPE placement, seaming and cover with 9 inch depth soil cement plating (3:1 side slopes only). Bottom cover over HDPE with 2 ft. soil depth must also be accomplished during lower temperatures. Additionally, the contractor schedule required completion within 18 months including cut/fill embankments and reservoir lining construction. Construction completion 2010.

**Process Waste Water and Evaporation Ponds – Rocky Mountain Energy / Calpine Gas Fired Power
Generating Facility – Keensburg, Colorado**

*Rocky Mountain Energy / Calpine / ExcelEnergy
Keensburg, CO*

As a consultant to Calpine, the primary HDPE and GCL lining systems for the waste water and evaporation ponds were investigated for leakage. Recommendations were made to repair and rehabilitate the approximately 15 acres of ponds to meet state and federal guidelines for seepage control and to provide a maintenance program that would ensure long term integrity of the lining systems. Rehabilitation and construction was completed in 2010/2011.

**Geomembrane System Design – Columbus Upground Reservoir Site 2 – 780 Acre, 9 Billion Gallon
Raw Water Reservoir, Columbus, Ohio**

*ms engineers and S&ME
Dublin, Ohio*

As design team member, provided the detailed design, specifications and CQA Plan for the primary 40 mil soil covered fPP geomembrane/clay composite lining system. This project is unique in that it is the largest single lined reservoir in the world and required the construction of over 5 miles of 50 ft high embankment dams with integral inboard toe embankment/geomembrane tie-in and zoned rip-rap slope protection with geotextile separation. Once project design was completed, R.K. Frobel provided Geosynthetics Consulting / Construction Over-Sight Services for the project during the construction phase 2011-2013. Construction of the reservoir was completed in September 2013 and filling commenced in October 2013.

Treated Water Storage Ponds – Victorian Desalination Plant – Wonthaggi, VIC, Australia

*Thiess-Degremont Engineers
Melbourne, VIC*

As consultant to Thiess-Degremont Engineers, provided design review and consultation on the 45 and 90 mil Hypalon Liners, Baffles and Floating Covers for the two 3.5 acre Treated Water Storage Tanks (TWST) located at the Victorian Desalination Plant, Wonthaggi, VIC. Additionally provided material fabrication QA, container shipment inspection/release and fabrication design review at the panel fabrication plant located in Colorado. During the construction phase, provided project construction oversight inspection, QC personnel training for Thiess QC and final CQA reporting and inspection for the commissioning of the two large potable water containment structures. Construction was completed, tested and commissioned

2013.

Canal Rehabilitation – Trangie Nevertire 100 mile Irrigation Scheme – NSW, Australia

*ADASA Systemas Engineers
Sydney, NSW*

As recognized expert consultant in geosynthetics applications and channel lining design, expertise was provided to ADASA Systemas Engineers to provide detailed design review of channel lining options, erosion control requirements at structures, crossings, section changes. Using HEC-RAS River Analysis System, the 100 mile long irrigation scheme was evaluated for changes in section, energy loss at structures, outlets and crossings as well as change from earth lined to geosynthetic lined sections. Additionally, geosynthetic materials were evaluated for ultimate use in the rehabilitation of sections to reduce excessive seepage and protect the canal embankments from erosion. Due to steep canal slopes, partially exposed (side slopes only) 45 mil EPDM geomembrane was chosen for primary lined sections and variable soil/aggregate invert cover erosion control materials were used dependent on channel velocities. The many crossings, transitions and drop structures were evaluated for erosion control and structure type vs. loss coefficients in HEC-RAS modeling. Over 15 million sq ft of EPDM geomembrane was used in the canal rehabilitation. Construction start late 2012 with projected completion in 2013/2014.

RONALD K. FROBEL, MSCE, P.E.

**CIVIL ENGINEERING
GEOSYNTHETICS
EXPERT WITNESS
FORENSICS**

FIRM: R. K. FROBEL & ASSOCIATES
Consulting Civil / Geosynthetics Engineers

TITLE: Principal and Owner

**PROFESSIONAL
AFFILIATIONS:**

American Society for Testing and Materials (ASTM) -
Founding member of Committee D 35 on Geosynthetics
Chairman ASTM D35 Subcommittee on Geomembranes 1985-2000
ASTM Award of Merit Recipient/ASTM Fellow - 1992
ASTM D18 Soil and Rock - Special Service Award - 2000
Transportation Research Board (TRB) of The National Academies
Appointed Member A2K07 Geosynthetics 2000 - 2003
National Society of Professional Engineers (NSPE) - Member
American Society of Civil Engineers (ASCE) - Member
Colorado Section - ASCE - Member
International Society of Soil Mechanics and Foundation Engineers
(ISSMFE) - Member
International Geosynthetics Society (IGS) - Member
North American Geosynthetics Society (NAGS) - Member
International Standards Organization (ISO) - Member TC 221
Team Leader - USA Delegation Geosynthetics 1985 - 2001
European Committee for Standardization (CEN) - USA Observer
EPA Advisory Committee on Geosynthetics (Past Member)
Association of State Dam Safety Officials (ASDSO) – Member
U. S. Committee on Irrigation and Drainage (USCID) - Member
Technical Advisory Committee - Geosynthetics Magazine
Editorial Board - Geotextiles and Geomembranes Journal
Editorial Board - Geotechnical Testing Journal (ASTM)
Co-Chairman International Conference on Geomembranes
Co-Chairman ASTM Symposium on Impermeable Barriers
U.S. Naval Reserve Officer (Inactive)
Registered Professional Engineer – Civil (Colorado)
Mine Safety Health Administration (MSHA) Certified

ACADEMIC

BACKGROUND: University of Arizona: M.S. - Civil Engineering - 1975
University of Arizona: B. S. - Civil Engineering - 1969
Wentworth Institute of Technology: A.S. Architecture – 1966

PROFESSIONAL

EXPERIENCE:

R. K. Frobel & Associates - Consulting Engineers
Evergreen, Colorado, Principal and Owner, 1988 - Present

Chemie Linz AG and Polyfelt Ges.m.b.H., Linz, Austria
U. S. Technical Manager Geosynthetics, 1985 - 1988

U.S. Bureau of Reclamation, Engineering and Research Center
Denver, Colorado, Technical Specialist in Construction
Materials Research and Application, 1978 - 1985

Water Resources Research Center (WRRC), University of Arizona
Tucson, AZ, Associate Research Engineer, 1975 - 1978

Engineering Experiment Station, University of Arizona
Tucson, AZ, Research Assistant, 1974 - 1975

United States Navy, Commissioned Naval Officer, 1970 - 1973

REPRESENTATIVE

EXPERIENCE:

R.K. Frobel & Associates: Civil engineering firm specializing in the fields of geotechnical, geoenvironmental and geosynthetics. Expertise is provided to full service civil/geotechnical engineering firms, federal agencies, municipalities or owners on a direct contract, joint venture or sub-consultant basis. Responsibilities are primarily devoted to specialized technical assistance in design and application for foreign and domestic projects such as the following: Forensics investigations into geotechnical and geosynthetics failures; providing expert report and testimony on failure analysis; providing design and peer review on landfill lining and cover system design, mine waste reclamation, water treatment facilities, hydro-technical canal, dam, reservoir and mining projects, floating reservoir covers; oil and gas waste containment; design of manufacturers technical literature and manuals; development and presentation of technical seminars; new product development and testing; MQA/CQA program design and implementation.

Polyfelt Ges.m.b.H., Linz, Austria and Denver Colorado: As U.S. technical manager, primary responsibilities included technical development for the Polyfelt line of geosynthetics for the U.S. civil engineering market as well as world wide applications.

U.S. Bureau of Reclamation, Denver, Colorado: As technical specialist, responsibilities included directing laboratory research, design and development investigations into geosynthetics and construction materials for use on large western water projects such as dams, canals, power plants and other civil structures. Included were material research, selection and testing, specification writing, large scale pilot test programs, MQA/CQA program design and supervision of site installations. Prime author or contributor to several USBR technical publications incorporating geosynthetics.

University of Arizona, Tucson, Arizona: As research engineer at the Water Resources Research Center, responsibilities included research, design and development of engineering materials and methods for use in construction of major water projects including potable water reservoirs, canals and distribution systems. Prime author or contributor to several WRRC technical publications.

Northeast Utilities, Hartford, Connecticut: As field engineer for construction at Northeast Utilities, responsibilities included liaison for many construction projects including additions to power plants, construction of substations, erection of fuel oil pipe lines and fuel oil storage tanks. Responsibilities also included detailed review, inspection and reporting on numerous construction projects.

U.S. Navy: Commissioned Naval Officer – Nuclear Program

PUBLICATIONS: Over 85 published articles, papers and books.

CONTACT DETAILS:

Ronald K. Frobel, MSCE, P.E.
R. K. Frobel & Associates
Consulting Civil/Geosynthetics Engineers
32156 Castle Court
Suite 211/M240
Evergreen, Colorado 80439 USA
Ph 303-679-0285
M 720-289-0300
Email: geosynthetics@msn.com

REPRESENTATIVE WATER RESERVOIR & CANAL / RIVER LINING PROJECTS

Ronald K. Frobel, MSCE, P.E.

Geomembrane System and MQA/CQA Program Design – Primary Lining System – 290 acre Upper Forebay Reservoir – Mt Elbert Pumped Storage Power Plant, Twin Lakes, CO

*US Bureau of Reclamation
Denver, CO*

As design team member, provided design assistance, material evaluation, large scale performance testing, MQA/CQA program design and construction monitoring for the 11,530 acre feet (3.75 billion gallons) reservoir impoundment. A 45 mil CPE-R geomembrane with protection geotextile was selected as the primary soil covered composite lining system for the 70 ft deep upper forebay impoundment located at 9650 ft elevation. The project was unique in that the forebay fluctuated up to 50 ft depth every 24 hours and installation was to be completed in one construction season to reduce impact on electrical distribution.

Geomembrane System / CQA Program Design - Primary Exposed Lining System – 20 Acre TESLA Hydroelectric Regulating Reservoir - Colorado Springs, CO

*Stone and Webster Engineering Corporation
Denver, CO*

As subconsultant and design team member, provided detailed design, peer review, material evaluation and CQA program for the primary exposed CSPE-R Geomembrane Lining System for the TESLA hydroelectric regulating reservoir built for the city of Colorado Springs, CO. This project was unique due to the confined reservoir space, steep side slopes and 60 ft high earth embankment dam section that necessitated the use of an exposed liner system with leak detection that would be resistant to wave and ice action.

Geomembrane System and CQA Program Design – 12 Acre Raw Water Storage Reservoir City of Bakersfield, CA

*Kennedy/Jenks Consultants
Bakersfield, CA*

As subconsultant and design team member, provided detailed design, design review, specifications, CQA Program and CQA site training for the primary exposed 45 mil fPP-R geomembrane lining system.

Geomembrane Cover and Baffle System Design, Design Review and CQA – 4 Acre Water Treatment Clearwell Reservoirs Kern County Water Agency, Bakersfield, CA

*Kennedy/Jenks Consultants
San Francisco and Bakersfield, CA*

As subconsultant and design team member, provided detailed design, design review, materials evaluation, specifications, CQA Program and CQA site training for the primary exposed 45 mil CSPE-R lining system, cover and suspended 60 mil CSPE-R Baffle System - Kern County Clearwell Improvements.

Geomembrane Floating Cover Evaluation/Rehabilitation – 12.5 acre Hinkle Reservoir San Jaun Water District, CA

*Kennedy/Jenks Consultants
San Francisco, CA*

As subconsultant and recognized expert in geosynthetic materials application, design and testing, provided

detailed inspection, design review, material evaluation and rehabilitation recommendations for the 25 year old exposed 45 mil CSPE-R Tensioned Floating Cover on the Hinkle Reservoir, Granite Bay, CA.

**Geomembrane System Design, MQA/CQA Program Management for 110 Acre Water Reservoir
Brick Township Municipal Authority, Brick, NJ**

*Obrien & Gere Engineers, Inc.
Plymouth Meeting, PA*

As a subconsultant and design team member, provided detailed design, design review, materials evaluation, specifications, CQA Program and CQA site training for the primary 40 mil PVC geomembrane lining system and soil cover placement. The 50 ft. deep reservoir stores 1.0 billion gallons municipal raw water for the township of Brick, New Jersey

**Canal Rehabilitation Design, Consultation, QC Installation Requirements for Deteriorated Concrete
Canals and Laterals – Harlingen Irrigation District (HID), South Texas**

*Axiom-Blair Engineering
Harlingen, Texas*

As sub-consultant, provided design consultation, design review, materials evaluation, QC installation requirements for rehabilitation of old concrete canal and lateral sections using 45 mil EPDM rubber geomembrane. The EPDM geomembrane system is designed to be exposed and rapidly deployed to reduce operation down time for irrigation water delivery in miles of canals within the district.

**Canal Rehabilitation Design, Consultation, Specifications, QC Installation Guidelines for Over 6
miles of Large Laterals – Tulelake Irrigation District (TID), CA**

*US Bureau of Reclamation
Klamath Project
Tulelake Irrigation District, CA*

As recognized expert in the design and installation of Geomembranes and canal construction/rehabilitation, technical assistance was provided in the Design, Specifications and Installation QC for rehabilitation of large earth lined laterals that have historically lost over 50% of deliverable water. Canal sections were reconstructed and lined with exposed 45 mil EPDM rubber geomembrane panels and erosion control geotextiles/riprap in high flow sections and transitions at crossing structures and irrigation offtakes.

**Geomembrane Lining System Design, MQA/CQA Program Design for 48 Acre Raw Water Reservoir
City of Newark, DE**

*URS Corporation
Ft. Washington, PA*

As a subconsultant and design team member, provided detailed design, design review, materials evaluation, specifications, CQA Program for the primary 60 mil LLDPE-T geomembrane lining system and cement infill fabricform/riprap slope protection that was an integral part of the upper slopes erosion control design. The 50 ft. deep reservoir stores 375 million gallons of municipal raw water for the city of Newark, DE. and includes a 60 ft. high embankment dam.

**Geomembrane Evaluation, Design, Specifications, CQA Program and CQA for 30 Acres of
Evaporation Reservoirs – Pawnee Power Plant, Brush, CO**

*Utility Engineering/Excel Energy
Denver, CO*

As consultant to Excel Energy, provided evaluation of existing 24 year old 100 mil thick HDPE exposed evaporation reservoir linings as well as design specifications, CQA program and construction monitoring for the installation of replacement 60 mil HDPE double lined systems with leak detection/removal.

Geomembrane System Design – Coyote Springs 9 Acre WWTP Effluent Storage Reservoir, Las Vegas, Nevada

*HDR Engineering, Inc.
Las Vegas, Nevada*

As a design team member, provided the detailed design for the primary exposed 60 mil HDPE geomembrane designed to impound 46 million gallons of WWTP Effluent. This project was unique in that the reservoir system must withstand extreme environmental stress and rapid drawdown conditions.

Geomembrane System Design – Vista Serena 3 Acre Raw Water Reservoir, Cabo San Lucas, Mexico

*RBF Consulting
Irvine, California*

As design team member, provided the detailed design and specifications for the primary exposed 60 mil CSPE-R Hypalon Geomembrane designed to impound 28 million gallons of treated water in a 65 ft deep impoundment. This project was unique in that the reservoir had to fit into a restricted site with steep 2H:1V slopes and a 70 ft high embankment dam.

Geomembrane & Floating Cover – Tolosa Reservoir and Embankment Dam – 8 Acre Raw Water Reservoir Reconstruction, Hobart Water, Tasmania, Australia

*URS Australia Pty Ltd
Melbourne, Australia*

As subconsultant and design team member, provided embankment dam design review, detailed design and specifications for 45 mil exposed Hypalon (CSPE-R) primary geomembrane with integral slope drainage and perimeter drains to outlets. Project also required fPP-R floating cover design/design review and CQA plan development and implementation with URS Australia.

Raw Water Reservoir Reconstruction and Design of Geomembrane Seepage Barrier protected with Soil Cement GeoCell Infill – 12 Acre Belmont RWB, City of Philadelphia, Philadelphia, Pennsylvania

*O'Brian & Gere Engineers, Inc.
Plymouth Meeting, PA*

As subconsultant and design team member, provided reconstruction design of raw water basins seepage barrier, slope protection and drainage system that was originally constructed in 1910. Provided detail design, specifications and CQA plan for 60 mil LLDPE SGN Integral Drain Liner with upper slopes Soil Cement/Geocell Erosion Control and Slope protection. This project is unique in that the RWB was designed in two basins, one of which must be maintained for water supply during reconstruction of one side at a time. Additionally, removal of the central embankment dam required re-use of the soil as a soil cement protective layer over the geosynthetics lining system to be placed on 2H:1V slopes.

**Kolubara River Relocation and Rehabilitation – Belgrade, Serbia
Geomembrane Panels and Separation/Filter Geotextiles were used in Construction of 7 Miles of a Major River that was Redirected to Accommodate Expansion of Serbia's Largest Surface Coal Mine**

*Jaroslav Cerni Institute for Water Resources
Belgrade, Serbia*

As recognized expert in geosynthetics solutions and canal/channel lining system design and erosion control, expertise was provided to the Jaroslav Cerni Hydraulic Design Group to assist in design methodology to redirect and rehabilitate over 7 miles of the Kolubara River located 50 km SW of Belgrade. Additional responsibilities included on-site construction observation and CQA Plan design/implementation. The river section maximum flows were 4 to 6 ft/s with depths to over 12 ft and widths to over 150 ft. Extensive bank stabilization and erosion control design/construction was required in addition to providing 100% channel seepage control using 45 mil EPDM geomembrane panels. Over 1.1 million sq. ft. of geomembrane 2.1

million sq. ft. of filter and separation geotextiles were used the very critical and environmentally sensitive project. The project was completed in 3 phases with final phase and redirection of river in 2010.

**Raw Water Regulating Reservoir -Colorado River Front Works and Levee System – Yuma, Arizona
460 Acre Two Cell Reservoir for the Regulation of Canal Flows – Geomembrane and Geocomposite
Design Review and CQA Program Design, Training and Implementation**

*U.S. Bureau of Reclamation
Lower Colorado Region
Boulder City, NV*

As subconsultant to the U.S. Bureau of Reclamation, provided design review for the HDPE seepage barrier, slope protection incorporating soil cement plating, drainage incorporating geocomposites and proposed scheduling for completion. Provided detailed CQA Plan for the MQA and CQA program during manufacture and installation of the 60 mil white textured and smooth HDPE. The project is unique in that the site is considered hot arid desert climate and much of the construction must be accomplished at night or during early morning, especially as regards HDPE placement, seaming and cover with 9 inch depth soil cement plating (3:1 side slopes only). Bottom cover over HDPE with 2 ft. soil depth must also be accomplished during lower temperatures. Additionally, the contractor schedule required completion within 18 months including cut/fill embankments and reservoir lining construction. Construction completion 2010.

**Process Waste Water and Evaporation Ponds – Rocky Mountain Energy / Calpine Gas Fired Power
Generating Facility – Keensburg, Colorado**

*Rocky Mountain Energy / Calpine / ExcelEnergy
Keensburg, CO*

As a consultant to Calpine, the primary HDPE and GCL lining systems for the waste water and evaporation ponds were investigated for leakage. Recommendations were made to repair and rehabilitate the approximately 15 acres of ponds to meet state and federal guidelines for seepage control and to provide a maintenance program that would ensure long term integrity of the lining systems. Rehabilitation and construction was completed in 2010/2011.

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Raw Water Reservoir, Columbus, Ohio**

*ms engineers and S&ME
Dublin, Ohio*

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Treated Water Storage Ponds – Victorian Desalination Plant – Wonthaggi, VIC, Australia

*Thiess-Degremont Engineers
Melbourne, VIC*

As consultant to Thiess-Degremont Engineers, provided design review and consultation on the 45 and 90 mil Hypalon Liners, Baffles and Floating Covers for the two 3.5 acre Treated Water Storage Tanks (TWST) located at the Victorian Desalination Plant, Wonthaggi, VIC. Additionally provided material fabrication QA, container shipment inspection/release and fabrication design review at the panel fabrication plant located in Colorado. During the construction phase, provided project construction oversight inspection, QC personnel training for Thiess QC and final CQA reporting and inspection for the commissioning of the two large potable water containment structures. Construction was completed, tested and commissioned

2013.

Canal Rehabilitation – Trangie Nevertire 100 mile Irrigation Scheme – NSW, Australia

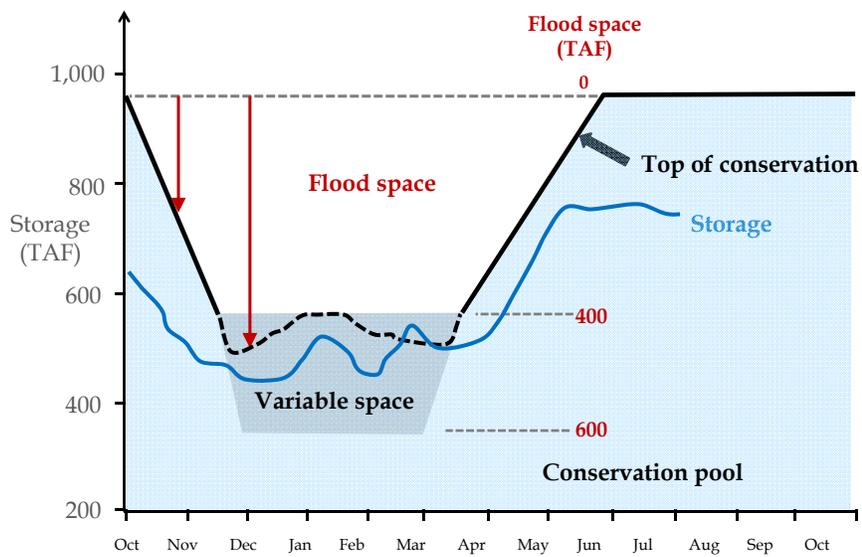
*ADASA Systemas Engineers
Sydney, NSW*

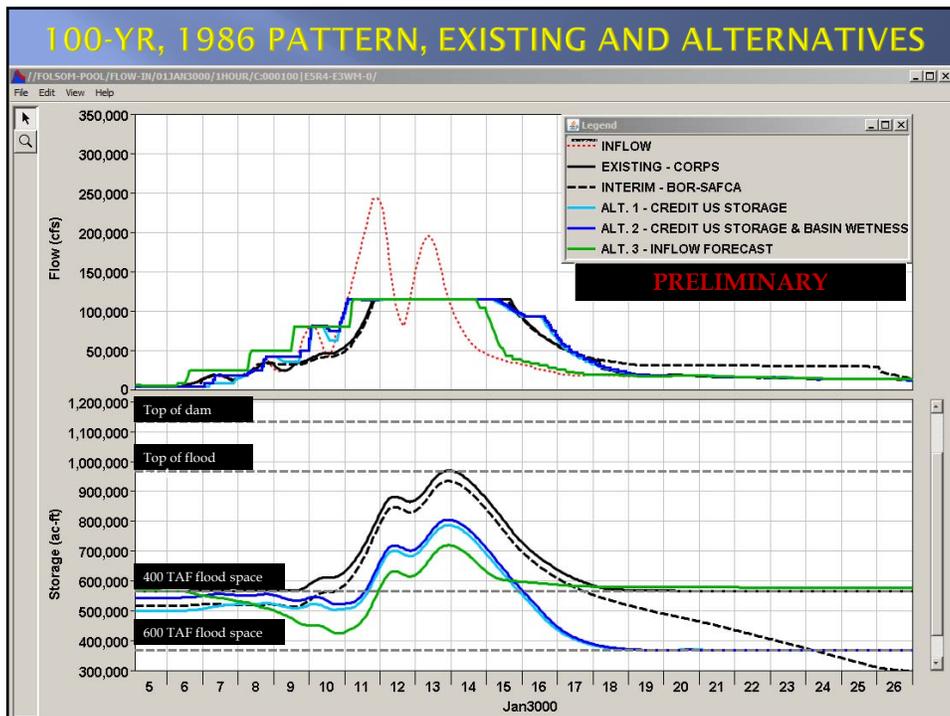
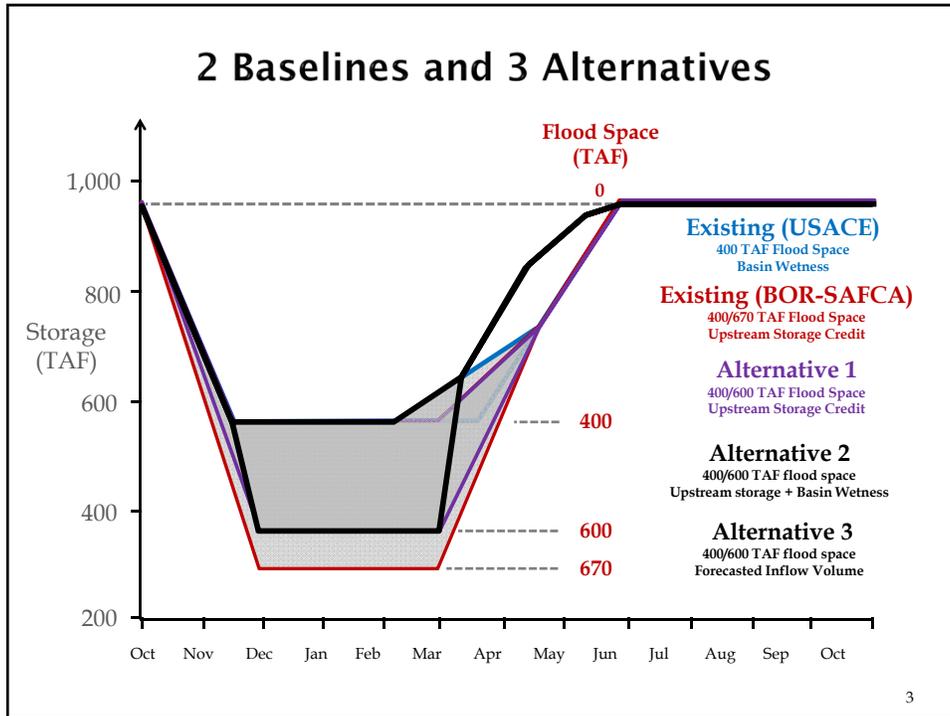
As recognized expert consultant in geosynthetics applications and channel lining design, expertise was provided to ADASA Systemas Engineers to provide detailed design review of channel lining options, erosion control requirements at structures, crossings, section changes. Using HEC-RAS River Analysis System, the 100 mile long irrigation scheme was evaluated for changes in section, energy loss at structures, outlets and crossings as well as change from earth lined to geosynthetic lined sections. Additionally, geosynthetic materials were evaluated for ultimate use in the rehabilitation of sections to reduce excessive seepage and protect the canal embankments from erosion. Due to steep canal slopes, partially exposed (side slopes only) 45 mil EPDM geomembrane was chosen for primary lined sections and variable soil/aggregate invert cover erosion control materials were used dependent on channel velocities. The many crossings, transitions and drop structures were evaluated for erosion control and structure type vs. loss coefficients in HEC-RAS modeling. Over 15 million sq ft of EPDM geomembrane was used in the canal rehabilitation. Construction start late 2012 with projected completion in 2013/2014.

ENGINEERING COMMITTEE

November 4, 2015

“Generic” Water Control Diagram





TECHNICAL MEMORANDUM

To: Engineering Committee

From: Keith Durkin, Assistant General Manager

Date: November 4, 2015

Subject: Fair Oaks 40-Inch Diameter Transmission Pipeline
Phase II Rehabilitation Project
Preliminary Report on Project Scope, Costs, and Implementation Plan

Introduction

This technical memorandum provides preliminary information on the project scope, costs, and proposed construction schedule for the second phase of rehabilitation of the Fair Oaks 40-inch diameter transmission pipeline (Phase II Project). The need for, and recommended schedule to complete the Phase II Project has been well documented. The May 2011 Engineering Report on the Fair Oaks 40-Inch Transmission Pipeline Rehabilitation Project provided a discussion of the recommended phased approach to repair and rehabilitate the pipeline. During construction of Phase I, an internal pipeline assessment was completed that verified additional rehabilitation would be necessary and identified the scope of work for Phase II. The July 9, 2013 Phase I Close-Out Report summarized the work that was accomplished in Phase I and described the rehabilitation work that needed to be addressed in Phase II.

The following sections provide background information, the Phase II Project description, the project cost estimate and budget impacts, and the anticipated project schedule.

Background

Constructed in 1955, the Fair Oaks 40-inch diameter transmission pipeline (FO-40) is owned and operated by San Juan Water District (District) to convey treated water to Fair Oaks Water District (FOWD), Orange Vale Water Company (OVWC), and a portion of the San Juan Water District Retail (SJWD-R) system. The pipeline alignment is shown on Figure 1. Due to the age of the pipeline, documented history of leaks, visible external corrosion, and reliability concerns, Robert W. Miles Consulting Engineers (Miles) were hired in 2009 to complete an updated condition assessment of the pipeline and develop alternatives for replacing or rehabilitating the pipeline. Their September 2010 report recommended a rehabilitation project and implementation plan to increase the service life of the pipeline a minimum of an additional 50-years. Following several workshops and review of Miles's recommendations by District, FOWD, and OVWC staff (the "Agencies"), a consensus was reached on a phased approach to implement the pipeline repairs and rehabilitation.

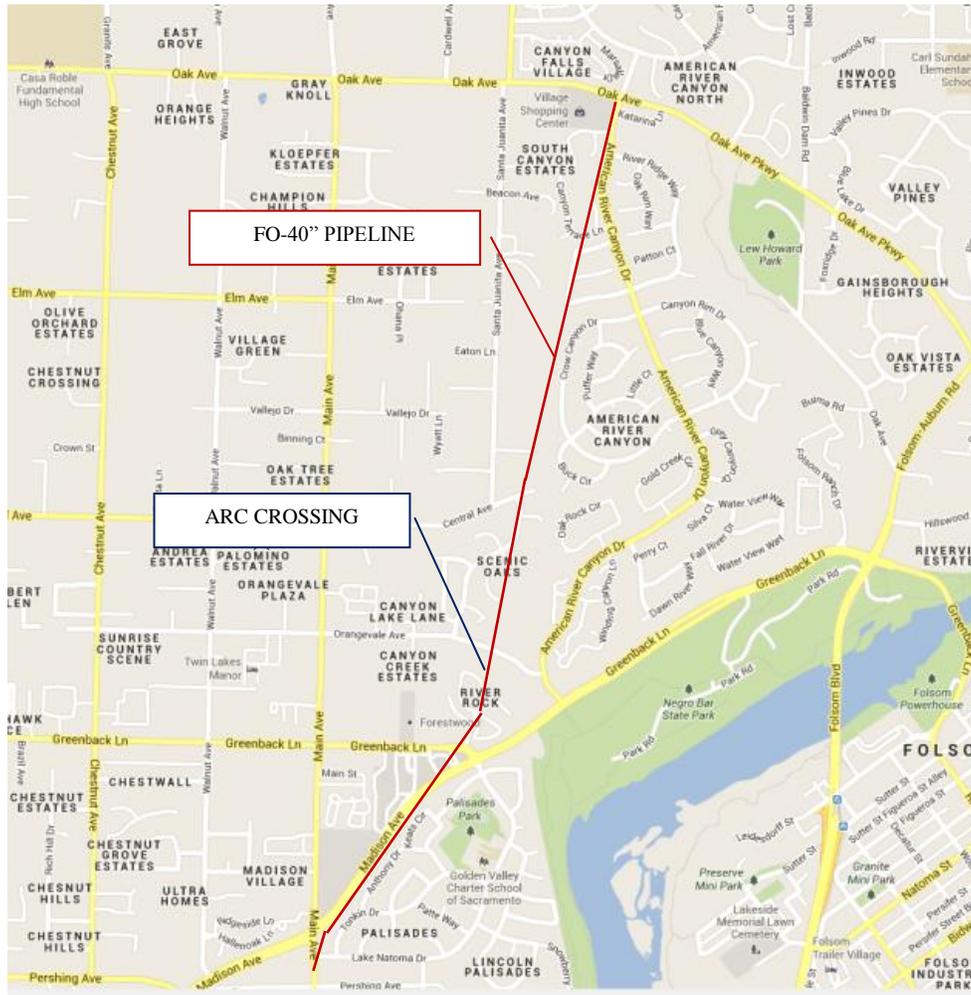


Figure 1 – Fair Oaks 40" Pipeline Alignment Map

The first construction phase (Phase I) of the rehabilitation project included replacing the American River Canyon (ARC) Crossing portion of the pipeline, adding additional valves and appurtenances to the pipeline, installing a corrosion protection system for the exterior of the pipeline, repairing and welding all joints along the pipeline to eliminate joint leakage, and completing initial internal pipeline repairs and rehabilitation.

The Phase I Pipeline Rehabilitation Project included replacing approximately 500 square feet of mortar to address damaged mortar lined areas identified during the Miles evaluation of the FO-40. During the Phase I construction, the District inspection team discovered that large sections of the mortar lining throughout the pipeline was failing by cracking and falling off the pipeline walls, and that in other sections where the lining was not failing, the lining was not adhered to the pipeline walls. In response to this finding, and to better define the scope of work for the Phase II Rehabilitation Project, the District contracted with ICM Group, Inc. to perform a comprehensive internal assessment of the

pipeline while the pipeline was still out of service for the Phase I work in order to identify the areas where the mortar was no longer adhered to the pipe and where it should be removed and the pipeline relined. ICM’s findings and recommendations were provided to the District in their June 18, 2013 Fair Oaks 40” Pipeline Assessment Report. The report was also delivered to the Agencies. A copy of the Executive Summary and Section 4, Conclusions is attached to this report.

ICM categorized the pipeline mortar lining condition into one of three classifications: Type A, B and F. Table 1 defines these classifications and provides a summary of the findings and recommendations from the 2013 assessment. A location map showing the areas of the various condition classifications of the pipeline is shown on Figure 2. As noted in Table 1, approximately 73% of the pipeline suffers from either failing mortar lining or non-adhered lining.

Table 1 - Mortar Classifications and 2013 Assessment Findings

<i>Pipeline Mortar Classification</i>	<i>Recommended Action</i>	<i>Percentage/Linear Footage</i>
Type A – Mortar is in good condition adheres to pipeline.	Re-evaluate mortar lining system within 5 years.	27% of pipeline 2,917 linear feet in 5 segments
Type B – Large portions of the lining system are not adhering to the steel cylinder.	Re-evaluate mortar lining system within 5 years and each 5 years thereafter.	27% of pipeline 2,972 linear feet in 4 segments
Type F - Significant sections of mortar lining are missing from the pipe segment.	Pipe segments identified as Type F require relining within 5 years.	46% of pipeline 4,926 linear feet in 5 segments

The ICM assessment determined that approximately 4,930 linear feet (LF) of pipeline mortar has completely failed (Type F) and approximately 2,970 LF of pipeline mortar is not adhered to the pipeline but is intact (Type B). Based on the extent of the mortar failure identified in the assessment, and implementation constraints of further phasing of the pipeline rehabilitation, it was recommended that the Type B and F sections be inspected and relined within five years of completion of the Phase I work. The District consulted with JDH Corrosion Consultants, Inc. (JDH) regarding the impacts of the Type F sections remaining unlined for 5-years. It is their opinion that, although corrosion will be accelerated in these areas without the passivation of the mortar lining, there will be minimal section loss over a 5 year period. They suggested that the pipeline be inspected periodically to confirm the condition of the pipeline at the unlined sections. JDH recommended the pipeline be relined within 5-years or sooner if the periodic inspections reveal an unacceptable rate of corrosion.

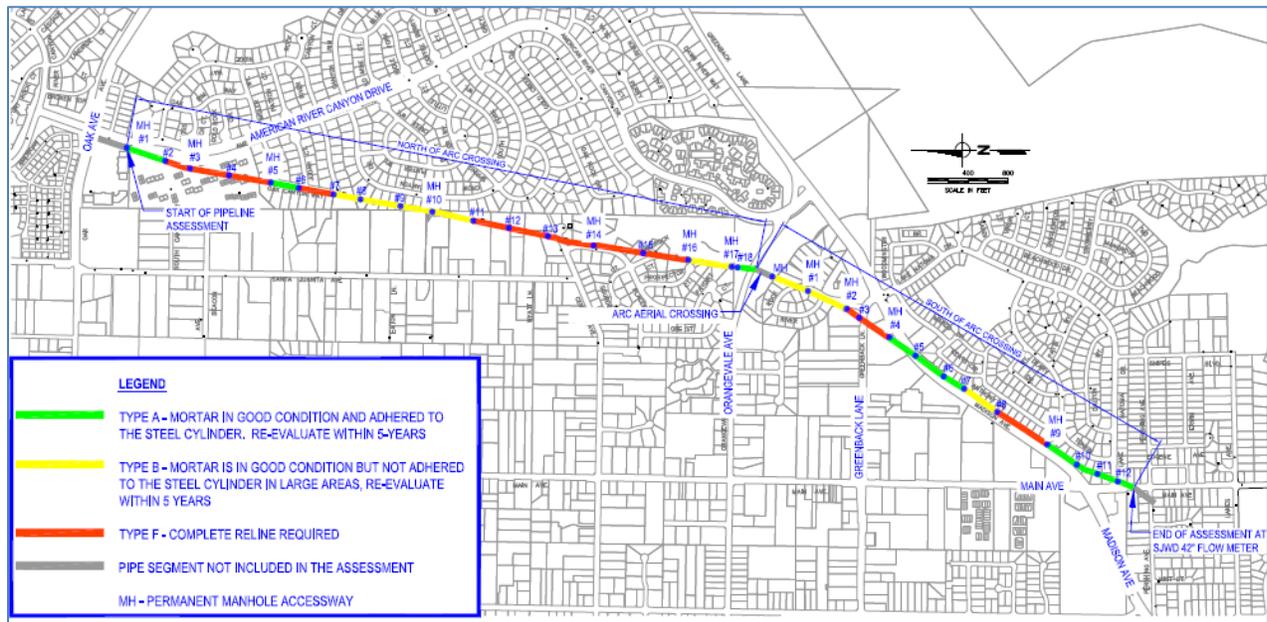


Figure 2 – FO-40” Mortar Lining Condition

The rehabilitation project was completed in June, 2013. The District contracted with ICM Group, Inc. to perform a spot evaluation of the mortar lining in June, 2014 as part of the 12-month warranty inspection. The inspection indicated that the rehabilitation work and new mortar lining installed as part of Phase I was performing well and no warranty work was necessary. The inspection also noted that the old mortar lining in the Type A and B classification sections had not noticeably deteriorated further (with one exception). In the Type F classification areas, where the old mortar had separated from the pipe walls leaving bare steel, substantial tubercle growth was occurring but significant metal loss was not yet visible. In general, this inspection confirmed the recommendations from the Phase I work.

Phase II Project Description

The Phase II project will consist primarily of re-lining the interior sections of the FO-40 that have mortar lining classified as Type B or F, a total of approximately 8,500 lineal feet. The work includes removing the failed or deteriorating sections of mortar, cleaning and prepping the bare steel pipeline wall, and using mechanical re-lining equipment to apply new mortar lining.

The FO-40 pipeline can be divided into two distinct sections, the portion north of the ARC Crossing (the “north” section) and the portion south of the ARC Crossing (the “south” section) (See Figure 3). The north section of the pipeline alignment is located within rural or residential areas, whereas the south section of the pipeline is located beneath Madison Ave and within backyards along Madison Ave. Access to the south section of the alignment is more difficult and intrusive to customers.

Nearly the entire north section is classified as Type B and F (See Figure 2), with the majority being Type F. There are only three short sections that are classified as Type A. Considering the extent of the Type B and F mortar, and logistics of mobilization and execution of the work with mechanical equipment including a re-lining machine, it is recommended that the entire approximate 6,250 foot north section be relined. To complete this work, access ports will be required at approximately 1000-foot intervals along the alignment. To minimize impacts on existing homes and streets/traffic, the interval length may vary. These access ports will include exposing and removing the top of pipe over a 15-foot length for installation of the re-lining machine. Based on an initial layout of the access points, it is estimated that eight access points will be required for the north alignment



Figure 3 – FO-40” North and South Alignments

The south section of the pipeline has two long sections with Type B and F lining (See Figure 2) that are recommended for relining. The areas designated as Type A will be left as is. The first section requiring relining is approximately 1,250 lineal feet, starting at the southern point of the ARC crossing at River Rock Dr. and extending south to where the pipeline intersects Madison Ave. There is an inline globe valve approximately halfway

along this alignment. Due to this obstruction, access ports will be required on both sides of the valve for removing the existing mortar and inserting the relining equipment.

The second section of Type B and F lining requiring replacement is approximately 1,000 lineal feet, and is located through the backyards along Anthony and Tonkin Drive. It is estimated that two access ports will be required to complete the relining of this section. Both access ports will be located within existing backyards along Anthony Dr., therefore early customer coordination will be critical to the success of the project.

Project Cost and Cost Allocations

Estimate of Probable Costs

A construction cost estimate was developed by District staff with input from J. Fletcher Creamer & Son, Inc. (Creamer), a specialty contractor experienced in pipeline rehabilitation and lining services. Creamer has performed re-lining services on portions of the District’s raw water pipelines in the recent past. District staff invited Creamer to visit the pipeline alignment in May 2013 in order to provide their opinion of costs to reline the Type B and F sections of the pipeline. Creamer’s estimate was limited to the actual mortar removal and lining restoration work.

Table 2 provides an estimated breakdown of the total costs of the project, including design, construction management and inspection. Costs were estimated using an escalation factor assuming a midpoint of construction occurring in December 2017, the middle of FY17-18.

Table 2 - Estimation of Probable Project Costs

Item	Estimated Budget
Construction (FY17-18)	\$1,509,000
25% Contingency & Unforeseen Improvements	<u>\$377,000</u>
Sub Total:	\$1,886,000
Design PS&E	\$132,000
Bid Process	\$24,000
Construction Management & Inspection	<u>\$143,000</u>
Total Proposed Budget:	\$2,185,000

The estimated cost of construction to reline the Type B and F sections of the pipeline, including trench dewatering, disinfection and restoration, is approximately \$1.5 million. As is customary with conceptual level planning estimates, approximately 25 percent was added to the construction estimate to cover unforeseen costs and estimating uncertainties. The total planning level cost estimate to reline the Type B and F sections of the pipeline, including design, bidding, construction management and inspection, is approximately \$2,185,000.

Project Cost Allocations and Budget Considerations

Cost allocations for rehabilitating the FO-40 Transmission Pipeline were previously determined and presented in the May 2011 Engineering Report on Recommended Project, Project Costs, and Cost Allocation. The cost allocations were further stipulated and agreed to in the Settlement and Release Agreement between the District and FOWD dated November 13, 2012. Accordingly, costs for the Phase II Project will be allocated as shown in Table 3:

Table 3 – Phase II Project Cost Allocations

Agency	Cost Allocation (%)	Cost Allocation (\$)
Fair Oaks Water District	91.0	\$1,988,350
San Juan Water District -R	6.4	\$139,840
Orange Vale Water Company	<u>2.6</u>	<u>\$56,810</u>
Total	100.0	\$2,185,000

The District’s November 21, 2014 Wholesale Financial Plan and Water Rate Study identified the small number of projects that benefit some, but not all, the wholesale customer agencies. In order to ensure equitable and timely cost recovery for these projects, which include the Phase II Project, the study report recommended that capital facilities charges be assessed to recover the costs for these projects with unique cost sharing attributes. The capital facilities charges would recover costs through fixed quarterly charges over a 5-year period, beginning 18 months prior to the year of construction. The District Board adopted this cost recovery approach with the Financial Plan.

Based on the cost allocations presented above, the 5-year capital facilities charges to the Agencies for the Phase II Project will be as shown in Table 4:

Table 4 – Phase II Project Cost Allocations

Calendar Year	FOWD	SJWD-R	OVWC	Total Project Cost Recovery
2016	\$397,670	\$27,968	\$11,362	\$437,000
2017	\$397,670	\$27,968	\$11,362	\$437,000
2018	\$397,670	\$27,968	\$11,362	\$437,000
2019	\$397,670	\$27,968	\$11,362	\$437,000
2020	<u>\$397,670</u>	<u>\$27,968</u>	<u>\$11,362</u>	<u>\$437,000</u>
Totals	\$1,988,350	\$139,840	\$56,810	\$2,185,000

Schedule

The District also consulted with Creamer during their site visit regarding the schedule needed to complete the relining project. Based on Creamer’s evaluation of the project, it was estimated that construction would be approximately 5 months long. Figure 4 provides an estimated schedule for completing the recommended relining project.

Construction of the project will be sequenced to complete the north section first, followed by the south section. While one section is worked on, the other would remain in service. By completing the project in this sequenced approach, the impacts on water deliveries to the southern areas of the project are minimized. In addition, to reduce delivery impacts, the project would be completed during the low demand time of the year (November to early May).

Figure 4 – Estimated Project Schedule

Project Phase	2017							2018				
	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May
Planning & Design												
Bidding												
Construction – North Phase												
Construction – South Phase												
Closeout & Restoration												

Finance Committee Meeting Minutes
San Juan Water District
November 17, 2015
2:00 p.m.

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

District Staff:

Keith Durkin, Assistant General Manager
Donna Silva, Director of Finance
Teri Hart, Board Secretary/Administrative Assistant

Topics: Accounting of Bond Funds (W & R)
Standard Reports on Reserve Accounts (W & R)
Solar Project (W)

- Completion of System Modifications to Increase Energy Savings
- Review Approach to Project Funding

Management Employee Contracts (W & R)
Debt Management (W & R)
Review and Pay Bills (W & R)
2015 Water Mains and Services Replacement Project (R)
Other Finance Matters
Public Comment

1. Accounting of Bond Funds (W & R)

Director Costa referred to a list of projects which were completed using COP funds and inquired why some projects, such as the Solar Project, were completed using COP funds while others on the original COP project list were not completed using those funds. Mr. Durkin explained that the proceeds received through the issuance of the COPs needed to be spent within a certain time period otherwise the District would be assessed a significant penalty.

Mr. Durkin explained that the Board approved COP agreement allows for projects to be substituted in order to meet the deadline. Therefore, the District substituted a few projects, including the Solar Project, in order to not be assessed the penalty. The original projects on the list that were not completed with COP funds were or will be completed from CIP reserves. He further explained that funds available for CIP projects are typically considered to come from two sources; cash reserves or debt (COP) funds. CIP projects are also typically considered to be designated as being funded from one or the other of these two sources. In reality, the funds available for projects can be considered to be comingled into one "bucket" and used to pay for all the projects listed in the CIP. Mr. Durkin provided the committee with graphics to help illustrate the funding of the Solar Project and other CIP projects. A copy of the graphics will be attached to the meeting minutes.

As an example, Mr. Durkin explained that the North Phase of the Auburn Folsom Road Project, which was on the original COP project list, was delayed due to

working with Placer County on the project. In addition, he explained that other projects that were on the original COP project list, such as the Granite Bay Pump Stations, were deferred due to budget or schedule constraints. Therefore other projects were substituted, or designated as being funded by the COPs.

The committee discussed the accounting of the bond funds. Staff explained that the total amount of borrowed funds, and therefore the District's payment obligation for principle and interest, was not affected by substituting or "swapping" projects. Staff agreed that clearer communication on these types of issues would be helpful in the future.

For information only; no action requested.

2. Standard Reports on Reserve Accounts (W & R)

Ms. Silva informed the committee that she will present a Quarterly Budget to Actual report for review by the Board at the November 18th Board meeting. At a minimum the report will include wholesale budget to actual, with beginning and ending reserve balances in summary format. Ms. Silva stated that she anticipates working with the committee to start reviewing and discussing the reserve accounts at the next meeting in order to make sure that the reserve accounts meet the needs of the District.

Ms. Silva will provide a quarterly Treasurer's report to the Board in December. In addition, she plans to review the Investment Policy with the committee in the near future.

For information only; no action requested.

3. Solar Project (W)

3.1 Completion of System Modifications to Increase Energy Savings

Mr. Durkin informed the committee that the Solar Project improvements are complete. He explained that staff realized that the solar facilities were being underutilized because demands for water were decreased and efficiencies were improved by changes to the chemical feed process. This directly affected the amount of energy needed to run the water treatment plant and pumping facilities. This in turn was having a negative impact on the return on investment (ROI) that SunPower calculated for the District over the life of the project. Staff identified a new, limited PG&E program (net metering) intended for shopping centers, apartment complexes, and similar multi-use facilities that the District could take advantage of to spread the solar generated power over more facilities for additional savings. This will save the District an additional \$85,000 per year. Mr. Durkin negotiated with SunPower to share the costs of the improvements which saved the District between \$100,000 and \$150,000 of the up-front costs of the improvements. The District will recover its \$105,000 cost share within the first 15 months or so.

3.2 Review Approach to Project Funding

This item was discussed under Agenda Item 1. Mr. Durkin added that the Solar Project will still pay for itself within the first seven to nine years and the District will continue to save on power costs after that over the 20 to 25 year life of the project. Mr. Durkin is confident the District will realize the projected \$12 million ROI over this timeframe. How these savings are used is to the discretion of the Board.

4. Management Employee Contracts (W & R)

The committee discussed management employee contracts, and specifically the proposed AGM contract. Mr. Durkin commented that the Personnel Committee had reviewed the contract, and intends to provide a recommendation to the Board at the next meeting when the meeting minutes are ready for review. The committee discussed how customary contracts were for management at other agencies, and whether a contract was necessary for the intended minor changes to the AGM's employment terms. Ms. Silva explained that the Board could consider a change to the employee manual or opt for executive management employee contracts to differentiate between executive management and other employees.

For information only; no action requested.

5. Debt Management (W & R)

The committee discussed dedicating a special fund for paying off the CalPERS unfunded liability, which is close to \$6 million. Ms. Silva suggested that this be included in the next review of the Financial Plans.

Director Miller requested that a breakdown of the \$41 million debt be provided at the next Board meeting.

For information only; no action requested.

6. Review and Pay Bills (W & R)

The committee reviewed the presented bills and claims. The committee specifically reviewed and authorized credit card charges and reimbursements for the General Manager. The reviewed bills and claims were found to be in order.

Staff update: the total amount of bills and claims provided for approval for October payables is \$3,861,144.10.

The Finance Committee recommends approval of Resolution 15-17.

7. 2015 Water Mains and Services Replacement Project (R)

Mr. Durkin informed the committee that there were unexpected costs on the 2015 Water Mains and Services Replacement Project which include the relocation of the water main on the south portion of Telegraph Avenue. The intended location of the new water main did not allow for sufficient separation between the new water main and the actual location of an existing gas main. Therefore the new water main had

to be relocated within the existing pavement, which resulted in a significant additive cost for pavement restoration.

Another unexpected field condition was encountered during trench excavation for the new water main on Oak Avenue. Large cobbles were encountered which resulted in unstable trench conditions and failures under the existing asphalt. This resulted in the County Inspector requiring the contractor to place sand slurry backfill and trench plates, both which were additive costs not included in the original contract. In addition to the unexpected field conditions encountered, paving and road restoration costs were higher than anticipated in other portions of the project as a result of the County requiring more paving restoration than what was estimated during design.

The Board authorized a total construction budget of \$1,131,300. Based on the additional work required to complete the project, a budget increase of \$20,404 (1.8 percent) is necessary, bringing the total construction budget to \$1,151,705.

The Finance Committee recommends consideration of a motion to authorize a construction contract budget increase of \$20,404 for the 2015 Water Mains and Services Replacement Project.

8. Other Finance Matters (W or R)

Ms. Silva provided the committee with confidential reports on employee overtime as requested from Director Miller. The committee reviewed the information.

The committee discussed Policy 3110 regarding Compensation Studies. The committee agreed that the policy should be reviewed and revised if necessary during the overall policy review by the Legal Affairs Committee.

For information only; no action requested.

9. Public Comment

There were no public comments.

The meeting was adjourned at 4:24 p.m.

San Juan Water District

**RESOLUTION 15-17
PAYMENT OF BILLS AND CLAIMS**

WHEREAS, the Finance Committee of the Board of Directors has reviewed the bills and claims in the amount of \$3,861,144.10; 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 \$3,861,144.10 are hereby approved.
2. That the depository be and the same is hereby authorized to pay said bills and claims in the total sum of \$3,861,144.10 of the General Fund Account.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 18th day of November 2015, by the following vote:

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

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

TERI HART
Secretary, Board of Directors

November 2015 Payment Register

Approved Paid in Advance:

<u>Check Date:</u>	<u>Vendor:</u>			<u>Amount:</u>
10/30/2015	PG&E - Electric & Gas Services through 09-28-15	CK	49257	107.90
10/30/2015	JPIA / ACWA - Employee Assistance Program	CK	49256	113.85
10/20/2015	CalPERS - Long Term Care	CK	49250	167.39
10/29/2015	CalPERS - Long Term Care	CK	49254	167.39
10/29/2015	Galic Disbursing Company - Payroll	CK	49255	800.00
10/20/2015	Aflac - Insurance	CK	49249	1,135.70
10/29/2015	ACWA / JPIA - Workers Comp Insurance	CK	49253	20,470.00
10/31/2015	Payroll			461,768.30

Total Approved Paid in Advance

484,730.53

Approved Checks:

** Checks cut from approved Open Payable List and Approved Pending Payables. - See Attached Check Register

Total Check Register

3,374,376.57

Approved Pending Payables:

<u>Invoice No.:</u>	<u>Vendor - Description:</u>	<u>Invoice Amount</u>	<u>Vendor Total</u>
WD-0109934	SWRCB - Annual Permit Fee	2,037.00	2,037.00

Total Approved Pending Payables

2,037.00

REPORTED TO FINANCE COMMITTEE AS PAID AND PAYABLE

3,861,144.10

Adjustments:

TOTAL PAID AND PAYABLE

3,861,144.10

Regular Checks	2,976,137.47
EFT's	398,239.10
TOTAL PAID	3,374,376.57

Signature _____

Signature _____



By Check Number

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-APBNK						
03091	Ace Hardware - Auburn Folsom Act#	11/18/2015	Regular	0.00	485.16	49258
	Void	11/18/2015	Regular	0.00	0.00	49259
01026	Ace Hardware - Greenback	11/18/2015	Regular	0.00	105.51	49260
01041	Afman Supply - Todd	11/18/2015	Regular	0.00	697.25	49261
03285	Agheli, Asghar	11/18/2015	Regular	0.00	20.96	49262
01068	ALPHA DES - Glenn Walker	11/18/2015	Regular	0.00	968.00	49263
01073	Amarjeet Singh Garcha	11/18/2015	Regular	0.00	1,500.00	49264
01090	American Water Works Assoc	11/18/2015	Regular	0.00	1,136.00	49265
02463	AnswerNet	11/18/2015	Regular	0.00	223.35	49266
01027	Association of California Water Ager	11/18/2015	Regular	0.00	500.00	49267
01027	Association of California Water Ager	11/18/2015	Regular	0.00	645.00	49268
01094	Association of Metropolitan Water .	11/18/2015	Regular	0.00	3,679.14	49269
01138	AT&T	11/18/2015	Regular	0.00	61.51	49270
01182	BARTKIEWICZ,KRONICK & SHANAHA	11/18/2015	Regular	0.00	11,383.30	49271
03286	Benz, Charlie	11/18/2015	Regular	0.00	209.64	49272
01200	BERCO REDWOOD INC.	11/18/2015	Regular	0.00	364.50	49273
01219	Borges & Mahoney Company	11/18/2015	Regular	0.00	606.80	49274
01250	C & D Contractors, Inc.	11/18/2015	Regular	0.00	71,607.20	49275
01250	C & D Contractors, Inc.	11/18/2015	Regular	0.00	34,952.70	49276
01289	CALIFORNIA SPECIAL DISTRICTS	11/18/2015	Regular	0.00	6,089.00	49277
01298	CalPERS Long Term Care	11/18/2015	Regular	0.00	167.39	49278
01310	Capital Rubber Co., Ltd	11/18/2015	Regular	0.00	143.74	49279
03226	Capitol Sand and Gravel Co.	11/18/2015	Regular	0.00	2,171.79	49280
03287	Caruso, James	11/18/2015	Regular	0.00	30.28	49281
03116	Cater, Justen	11/18/2015	Regular	0.00	250.00	49282
01372	CITY OF FOLSOM	11/18/2015	Regular	0.00	35.84	49283
01373	City of Roseville	11/18/2015	Regular	0.00	63.36	49284
01375	CITY OF SACRAMENTO	11/18/2015	Regular	0.00	3,421.25	49285
02613	Clark, Tom	11/18/2015	Regular	0.00	117.97	49286
01411	Consolidated Communications	11/18/2015	Regular	0.00	1,598.45	49287
02214	County of Placer Engineering & Surv	11/18/2015	Regular	0.00	1,813.50	49288
01423	COUNTY OF SACRAMENTO	11/18/2015	Regular	0.00	265.20	49289
01433	Crusader Fence Co., Inc.	11/18/2015	Regular	0.00	1,368.89	49290
01472	DAWSON OIL CO	11/18/2015	Regular	0.00	3,704.77	49291
01494	Dewey Services Inc	11/18/2015	Regular	0.00	164.00	49292
01502	DITCH WITCH EQUIPMENT COMPAN	11/18/2015	Regular	0.00	3,092.66	49293
01509	Domenichelli & Associates Inc	11/18/2015	Regular	0.00	2,855.00	49294
03147	EDGES ELECTRICAL GROUP LLC	11/18/2015	Regular	0.00	363.65	49295
02516	Ehnat, Stephen	11/18/2015	Regular	0.00	400.00	49296
01575	Engineering Supply Company, Inc	11/18/2015	Regular	0.00	1,500.00	49297
01588	EUREKA UNION SCHOOL DISTRICT	11/18/2015	Regular	0.00	180.00	49298
01630	FM GRAPHICS, INC.	11/18/2015	Regular	0.00	1,013.73	49299
03173	Foley, Jacqueline	11/18/2015	Regular	0.00	112.00	49300
01631	Folsom Chevrolet Inc	11/18/2015	Regular	0.00	1,306.32	49301
01634	FOLSOM LAKE FORD	11/18/2015	Regular	0.00	6,828.45	49302
01635	FOLSOM LOCK & KEY	11/18/2015	Regular	0.00	521.20	49303
01657	Galic Disbursing Company	11/18/2015	Regular	0.00	400.00	49304
01659	GARY WEBB TRUCKING	11/18/2015	Regular	0.00	2,057.25	49305
01681	Golden State Flow Measurements	11/18/2015	Regular	0.00	6,198.43	49306
01687	Grainger, Inc.	11/18/2015	Regular	0.00	1,502.06	49307
03280	Greenwire, Inc	11/18/2015	Regular	0.00	2,000.00	49308
01733	Harris Welding Inc	11/18/2015	Regular	0.00	24.05	49309
02567	Hart, Teri	11/18/2015	Regular	0.00	126.50	49310
03288	Hartford, Christine	11/18/2015	Regular	0.00	112.64	49311

Check Register

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
01736	Hasler/MailFinance/Neopost	11/18/2015	Regular	0.00	70.62	49312
01736	Hasler/MailFinance/Neopost	11/18/2015	Regular	0.00	110.33	49313
01741	HDR Engineering, Inc	11/18/2015	Regular	0.00	11,527.55	49314
03072	HUNT & SONS INC.	11/18/2015	Regular	0.00	245.55	49315
03289	Huynh, Daniel or Cindy	11/18/2015	Regular	0.00	92.48	49316
01794	Innovyze, Inc	11/18/2015	Regular	0.00	5,600.00	49317
02584	Irrigation Association	11/18/2015	Regular	0.00	360.00	49318
01892	Johnson, Judy	11/18/2015	Regular	0.00	200.00	49319
03259	Kistler, Robin	11/18/2015	Regular	0.00	100.00	49320
03282	Kusters Zima Corpration	11/18/2015	Regular	0.00	458.27	49321
01938	KYLE YATES, INC	11/18/2015	Regular	0.00	50.00	49322
01959	LES SCHWAB TIRE CENTERS	11/18/2015	Regular	0.00	1,049.52	49323
01976	LUBRICATION ENGINEERS, INC.	11/18/2015	Regular	0.00	736.61	49324
02006	Martinez, Michael	11/18/2015	Regular	0.00	154.99	49325
03290	Massey, Gina	11/18/2015	Regular	0.00	47.36	49326
02017	MBK Engineers	11/18/2015	Regular	0.00	5,548.25	49327
02021	McClure, George Tom	11/18/2015	Regular	0.00	10.00	49328
02024	MCI WORLDCOM	11/18/2015	Regular	0.00	232.85	49329
02027	MCMMASTER-CARR SUPPLY COMPAN	11/18/2015	Regular	0.00	603.51	49330
03291	Morita, Eric or Julie	11/18/2015	Regular	0.00	112.52	49331
03057	Munger, Curt	11/18/2015	Regular	0.00	165.66	49332
03058	Naatz, April	11/18/2015	Regular	0.00	51.05	49333
03292	Nationstar Mortgage	11/18/2015	Regular	0.00	53.20	49334
02093	NDS Solutions, Inc	11/18/2015	Regular	0.00	2,555.04	49335
02094	Neff Rental LLC	11/18/2015	Regular	0.00	333.00	49336
02119	Northern CA Water Association	11/18/2015	Regular	0.00	1,914.06	49337
02129	OCCU-MED, LTD	11/18/2015	Regular	0.00	231.50	49338
02131	Office Depot Business Serv Div	11/18/2015	Regular	0.00	2,906.45	49339
	Void	11/18/2015	Regular	0.00	0.00	49340
	Void	11/18/2015	Regular	0.00	0.00	49341
	Void	11/18/2015	Regular	0.00	0.00	49342
03293	O'Hara, Carol	11/18/2015	Regular	0.00	140.62	49343
02150	Pace Supply Corp	11/18/2015	Regular	0.00	3,893.66	49344
03026	PFM Asset Management	11/18/2015	Regular	0.00	871.34	49345
02146	PG&E	11/18/2015	Regular	0.00	3,750.64	49346
02216	Placer County Public Works	11/18/2015	Regular	0.00	673,537.99	49347
02219	PLACER COUNTY TAX COLLECTOR	11/18/2015	Regular	0.00	17.33	49348
02219	PLACER COUNTY TAX COLLECTOR	11/18/2015	Regular	0.00	17.33	49349
02223	Platt - Rancho cordova	11/18/2015	Regular	0.00	690.15	49350
03294	Putman, Michael	11/18/2015	Regular	0.00	77.22	49351
02283	Recology Auburn Placer--DB	11/18/2015	Regular	0.00	1,281.40	49352
02293	RFI ENTERPRISES, INC.	11/18/2015	Regular	0.00	88.00	49353
03295	Rivett, Virginia	11/18/2015	Regular	0.00	69.60	49354
02314	Robert Half International, Inc	11/18/2015	Regular	0.00	14,203.46	49355
	Void	11/18/2015	Regular	0.00	0.00	49356
02328	ROCKLIN WINDUSTRIAL CO	11/18/2015	Regular	0.00	578.49	49357
02348	Ryan Process, Inc	11/18/2015	Regular	0.00	6,288.87	49358
02369	SACRAMENTO COUNTY TAX	11/18/2015	Regular	0.00	7.11	49359
02381	SACRAMENTO METROPOLITAN AIR	11/18/2015	Regular	0.00	5,186.00	49360
02384	Sacramento Suburban Water Distric	11/18/2015	Regular	0.00	1,605,123.66	49361
02395	SAFETY KLEEN SYSTEMS INC.	11/18/2015	Regular	0.00	691.29	49362
02407	SCHEETZ WELDING SERVICE INC	11/18/2015	Regular	0.00	1,944.00	49363
03296	Scott, Randall	11/18/2015	Regular	0.00	166.42	49364
03297	Shannahan, Matthew	11/18/2015	Regular	0.00	41.24	49365
02434	SHIELDS CONSULTING GROUP, INC.	11/18/2015	Regular	0.00	726.30	49366
02446	Sierra Chemical Co	11/18/2015	Regular	0.00	10,993.71	49367
03086	SIERRA SAW POWER EQUIPMENT	11/18/2015	Regular	0.00	325.01	49368
02466	Silvers HR, LLC	11/18/2015	Regular	0.00	2,200.00	49369
02357	SMUD	11/18/2015	Regular	0.00	15,668.65	49370
02507	State Board of Equalization	11/18/2015	Regular	0.00	18,982.02	49371
02507	State Board of Equalization	11/18/2015	Regular	0.00	438.03	49372

Check Register

Packet: APPKT00713-2015-11-17 Monthly Check Run RMP

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
02514	STATE WATER RESOURCES CONTRO	11/18/2015	Regular	0.00	19,300.38	49373
02531	SunPower Corporation, Systems	11/18/2015	Regular	0.00	105,000.00	49374
03269	Surveillance Systems Integration, Inc	11/18/2015	Regular	0.00	5,527.35	49375
02540	Sutter Medical Foundation	11/18/2015	Regular	0.00	255.00	49376
02544	SYBLON REID	11/18/2015	Regular	0.00	155,702.48	49377
02564	Telstar Instruments Inc.	11/18/2015	Regular	0.00	1,069.00	49378
02581	THE FERGUSON GROUP LLC	11/18/2015	Regular	0.00	1,287.00	49379
03268	The Worrell Corp	11/18/2015	Regular	0.00	1,730.00	49380
02638	Tyler Technologies Inc	11/18/2015	Regular	0.00	7,131.25	49381
02651	UNITED PARCEL SERVICE	11/18/2015	Regular	0.00	209.76	49382
02667	US Bank Corporate Payments Sys (C	11/18/2015	Regular	0.00	15,323.08	49383
	Void	11/18/2015	Regular	0.00	0.00	49384
	Void	11/18/2015	Regular	0.00	0.00	49385
	Void	11/18/2015	Regular	0.00	0.00	49386
	Void	11/18/2015	Regular	0.00	0.00	49387
	Void	11/18/2015	Regular	0.00	0.00	49388
	Void	11/18/2015	Regular	0.00	0.00	49389
	Void	11/18/2015	Regular	0.00	0.00	49390
	Void	11/18/2015	Regular	0.00	0.00	49391
	Void	11/18/2015	Regular	0.00	0.00	49392
03079	Van Dusen, Darren	11/18/2015	Regular	0.00	290.00	49393
02690	Verizon Wireless	11/18/2015	Regular	0.00	663.26	49394
02700	Viking Shred, LLC	11/18/2015	Regular	0.00	75.00	49395
02740	West Valley Construction Company	11/18/2015	Regular	0.00	71,134.35	49396
02741	WHITE CAP	11/18/2015	Regular	0.00	1,320.64	49397
02752	WIN-911	11/18/2015	Regular	0.00	395.00	49398
02766	Youngdahl Consulting Group Inc	11/18/2015	Regular	0.00	4,272.00	49399
03265	YRC Inc	11/18/2015	Regular	0.00	786.62	49400
01048	Airgas Inc	11/18/2015	EFT	0.00	2,448.53	404341
	Void	11/18/2015	EFT	0.00	0.00	404342
01081	AMERICAN MESSAGING	11/18/2015	EFT	0.00	17.30	404343
01133	ASSOCIATED SOUND	11/18/2015	EFT	0.00	803.00	404344
01267	CalPERS OPEB	11/18/2015	EFT	0.00	297,540.10	404345
01330	CDW GOVERNMENT INC	11/18/2015	EFT	0.00	3,297.44	404346
	Void	11/18/2015	EFT	0.00	0.00	404347
03221	Chemtrade Chemicals Corporation	11/18/2015	EFT	0.00	20,585.92	404348
01486	Department of Energy	11/18/2015	EFT	0.00	5,979.45	404349
01521	DP2 BILLING SOLUTIONS LLC	11/18/2015	EFT	0.00	9,630.28	404350
01909	Durkin, Keith	11/18/2015	EFT	0.00	117.15	404351
01532	E&M Electric & Machinery, Inc.	11/18/2015	EFT	0.00	17,133.90	404352
01589	Eurofins Eaton Analytical, Inc	11/18/2015	EFT	0.00	2,707.00	404353
01611	Ferguson Enterprises, Inc	11/18/2015	EFT	0.00	1,076.78	404354
01721	HACH COMPANY	11/18/2015	EFT	0.00	7,053.80	404355
01787	INDUSTRIAL COATING & RESTORATI	11/18/2015	EFT	0.00	5,215.00	404356
01790	Industrial Safety Supply Corp	11/18/2015	EFT	0.00	354.75	404357
01935	Konecranes, Inc	11/18/2015	EFT	0.00	1,396.97	404358
02432	Lorance, Shauna	11/18/2015	EFT	0.00	63.31	404359
02187	Performance Piping, Inc	11/18/2015	EFT	0.00	2,099.80	404360
02162	Tobin, Pamela	11/18/2015	EFT	0.00	34.85	404361
02710	Wageworks, Inc	11/18/2015	EFT	0.00	48.00	404362
03118	WATERSMART SOFTWARE INC.	11/18/2015	EFT	0.00	18,500.00	404363

Check Register

Packet: APPKT00713-2015-11-17 Monthly Check Run RMP

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
02730	Western Area Power Admin	11/18/2015	EFT	0.00	2,135.77	404364

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	272	129	0.00	2,976,137.47
Manual Checks	0	0	0.00	0.00
Voided Checks	0	14	0.00	0.00
Bank Drafts	0	0	0.00	0.00
EFT's	49	24	0.00	398,239.10
	321	167	0.00	3,374,376.57

Fund Summary

Fund	Name	Period	Amount
999	INTERCOMPANY	11/2015	3,374,376.57
			3,374,376.57

STAFF REPORT

To: Finance Committee
From: Keith Durkin
Date: November 4, 2015
Subject: 2015 Water Mains and Services Replacement Project

RECOMMENDED ACTION

Consider a motion to authorize a construction contract budget increase of \$20,404 for the 2015 Water Mains and Services Replacement Project.

BACKGROUND

During construction of the 2015 Mains and Services Replacement project, several unanticipated field conditions were encountered which directly resulted in additional costs for the Contractor. The total sum of all the additive costs incurred by the Contractor exceeded the Board authorized construction amount for the project.

The unexpected costs include the relocation of the water main on the south portion of Telegraph Avenue due to a conflict with an existing utility. The intended location of the new water main as shown on the bid construction drawings was outside of the existing pavement. However, during construction it was determined there would not be sufficient separation between the new water main and the actual location of an existing gas main. Therefore the new water main had to be relocated within the existing pavement, which resulted in a significant additive cost for pavement restoration. Another unexpected field condition was encountered during trench excavation for the new water main on Oak Avenue. Large cobbles were encountered which resulted in unstable trench conditions and failures under the existing asphalt. This resulted in the County Inspector requiring the contractor to place sand slurry backfill and trench plates, both which were additive costs not included in the original contract.

In addition to the unexpected field conditions encountered, paving and road restoration costs were higher than anticipated in other portions of the project as a result of the County requiring more paving restoration than what was estimated during design.

FINANCIAL CONSIDERATIONS

The Board authorized a total construction budget of \$1,131,300. Based on the additional work required to complete the project, a budget increase of \$20,404 (1.8 percent) is necessary, bringing the total construction budget to \$1,151,705.

STAFF REPORT

To: Board of Directors
From: Shauna Lorance, General Manager
Date: November 12, 2015
Subject: Wholesale Water Rates

RECOMMENDED ACTION

Staff recommends adoption of Resolution 15-18 for final adoption of the proposed wholesale water rates, charges and fees as considered during the adoption of the 2015/2016 wholesale budget.

BACKGROUND

An update of the existing wholesale financial plan was completed last year. As part of this process, San Juan evaluated funding for two different types of wholesale projects: general benefit and different benefit projects. Projects that a general benefit are projects that benefit all wholesale customer agencies (WCA) and are included in the wholesale rates as regular expenses, paid for by all agencies.

Occasionally, there are projects that benefit each of the WCAs differently. The WCAs have continuously supported assigning these capital costs to the WCAs based on the benefits projected to be received by each agency. Based on past projects, developing a cost sharing agreement for each proposed project is not an efficient use of time or resources. SJWD has the right to include these costs in our wholesale rates based on the existing wholesale water supply contract. SJWD Board of Directors supported staff recommendation that SJWD retain the responsibility and authority to construct and maintain facilities that assist in providing safe, reliable water supply to all WCAs.

After review of multiple options, the financial plan ultimately included capital facilities charges for these different benefit projects. These charges are billed to the WCAs over a five year period straddling the project construction. The billing before the project builds up a reserve to pay for planning and design, with the billing after the project repaying SJWD wholesale for the full cost of construction. The actual construction costs are reconciled with the initial estimate, and the final year of billing is modified to reflect the true cost of the project.

FOWD sent a letter during the development of the financial plan requesting the capital facilities charge not be included in the wholesale water rates. These charges were ultimately included in the wholesale financial plan.

CURRENT STATUS

The wholesale water supply contract requires SJWD to provide 150-day notice to the WCAs prior to adoption of the wholesale water supply rates, fees and charges. The Board of Directors adopted the wholesale budget and proposed water rates, fees and charges at the June Board meeting. The 150 day period is now over, and the Board needs to formally consider any comments provided and consider adoption of wholesale rates, fees and charges for the 2015/2016 fiscal year.

FOWD has sent another letter requesting the capital facilities charge not be included in the wholesale water rates. Their reasoning is that wholesale ratepayers should not be financing projects that benefit individual retail agencies; it is the responsibility of the retail agencies to pay for capital facilities that primarily benefit their ratepayers. I would argue that the inclusion of the capital facilities charge in the wholesale water rates results in the agencies that benefit from specific projects paying for the portion of the projects from which they receive benefit. Wholesale ratepayers are not financing projects that benefit others; the WCAs are advance funding the initial phases of the project and building a fund for construction.

In addition, FOWD has provided additional comments on the wholesale budget that was already adopted in June 2015. FOWD would like the board to consider the current allocation of staffing between wholesale and retail. There is one correction to the allocation table that was included in the wholesale budget; the water resources analyst is 10% retail/90% wholesale rather than 100% wholesale as shown. I am confident that the other allocations of the positions discussed in the letter from FOWD are appropriately allocated based on actual work load. The District has previously conducted a work study to determine the allocations, and intends to periodically review these allocations.

FOWD also acknowledges that proposition 218 does not apply to wholesale water rates, but would like the board to consider conducting a proposition 218 notice process for wholesale.



November 6, 2015

Mr. Ted Costa, President
San Juan Water District
P.O. Box 2157
Granite Bay, CA 95746

Re: 2016 Wholesale Budget – FOWD Comments for Consideration

Dear Mr. Costa:

San Juan Water District (SJWD) staff requested that all comments on the proposed 2016 wholesale water rates be delivered to SJWD by November 6, 2015; this letter is in response to that request.

On August 21, 2014, the President of the Fair Oaks Water District sent SJWD a letter on behalf of the ratepayers requesting that the Capital Program Sub-Charge be eliminated from the proposed SJWD Wholesale financial plan; the new wholesale rate charge was included in the adopted SJWD Wholesale financial plan.

The proposed 2016 SJWD Wholesale Budget includes the proposed Capital Program Sub-Charge. It is requested that the Capital Program Sub-Charge be eliminated from the proposed 2016 SJWD Wholesale Budget. Wholesale ratepayers should not be financing projects that primarily benefit individual Retail Agencies; it is the responsibility of the individual retail agencies to pay for capital facilities that directly benefit their ratepayers. If the SJWD Board determines that the Capital Program Sub-Charge is a fair and reasonable consideration, this proposed change in the fundamental components of wholesale rates should be a formal revision to the Wholesale Water Supply Agreements; prior to being included in wholesale the rate structure.

Additional comments relative to the proposed 2016 Wholesale Budget:

1. The proposed SJWD budget includes the attached staff allocation. It is requested that the staff allocations be reviewed and considered for revision. Some examples that may be considered for revision:
 - a. Executive staff is typically determined to be the General Manager and Assistant General Manager. Given the fact that these two executive positions equal 2 Fulltime Employees (FTE), 1.6 executive FTE's are allocated to Wholesale and 0.4 allocated to Retail. If SJWD-R was a separate agency, could it be run with a less than half-time executive?
 - b. Retail has in excess of 10,000 customers with an allocated staff of 30 and Wholesale has five customers with an allocated staff of 19, yet the Finance & Administrative staff is allocated over 50% to wholesale.
 - c. The Water Resource Analyst is allocated 100% Wholesale. This position routinely attends Retail meetings and leads the completion of Retail water reports (UWMP, Water Conservation Policy, USBR Water Management Plan, etc.)
2. Adjustment of SJWD Wholesale rates does not require a proposition 218 ratepayer outreach. Even if it is not required, please consider completing a wholesale outreach similar to the proposition 218 requirements so that wholesale ratepayers have a voice at SJWD.

Thank you for requesting input from your retail customers on the SJWD wholesale financial planning process.

Sincerely,



Tom R. Gray
General Manager
Fair Oaks Water District

Costa, Ted
2016 Wholesale Budget
November 6, 2015
Page 3

c: FOWD Board President
SJWD General Manager
CHWD
OVWC
City of Folsom

San Juan Water District
Fiscal Year 2015 – 2016 Budget

Position Allocation

Area	Position Title/# Budgeted	Wholesale Allocation	Retail Allocation	Wholesale FTE	Retail FTE
Executive					
	General Manager	1.0	90.00%	10.00%	0.90 0.10
	Assistant General Manager	1.0	70.00%	30.00%	0.70 0.30
	Administrative Assistant/Board Secretary	1.0	50.00%	50.00%	0.50 0.50
	Total Executive	3.0			
Finance & Administrative Services					
	Finance Director	1.0	50.00%	50.00%	0.50 0.50
	Finance & Administrative Services Manager	0.3	60.00%	40.00%	0.15 0.10
	Finance & Administrative Services Analyst II	1.0	50.00%	50.00%	0.50 0.50
	Accountant	1.0	50.00%	50.00%	0.50 0.50
	Accounting Technician III	1.0	50.00%	50.00%	0.50 0.50
	Information Technology Administrator	1.0	50.00%	50.00%	0.50 0.50
	Purchasing Agent	1.0	50.00%	50.00%	0.50 0.50
	Total Finance & Administrative Services	6.3			
Conservation					
	Conservation Technician - Temporary	2.0		100.00%	0.00 2.00
	Conservation Technician I	1.0		100.00%	0.00 1.00
	Conservation Technician II	1.0		100.00%	0.00 1.00
	Water Resource Analyst	1.0	100.00%		1.00 0.00
	Total Conservation	5.0			
Customer Services					
	Customer Services Manager	1.5		100.00%	0.00 1.50
	Conservation Lead	1.0		100.00%	0.00 1.00
	Accounting Technician III	1.0		100.00%	0.00 1.00
	Meter Technician	1.0		100.00%	0.00 1.00
	Customer Service Technician III	1.0		100.00%	0.00 1.00
	Total Customer Services	5.5			
Engineering Services					
	Engineering Services Manager	1.0	50.00%	50.00%	0.50 0.50
	Associate/Senior Engineer	1.0	50.00%	50.00%	0.50 0.50
	Engineering Technician III	2.0	50.00%	50.00%	1.00 1.00
	Total Engineering Services	4.0			
Field Services					
	Field Services Manager	1.0		100.00%	0.00 1.00
	Distribution Lead Worker	3.0		100.00%	0.00 3.00
	Distribution Operator II	1.0		100.00%	0.00 1.00
	Distribution Operator III	2.0		100.00%	0.00 2.00
	Distribution Operator IV	6.0		100.00%	0.00 6.00
	Facilities Maintenance Worker	1.0		100.00%	0.00 1.00
	Total Field Services	14.0			
Operations					
	Operations Manager	1.0	50.00%	50.00%	0.50 0.50
	Total Operations	1.0			
Water Treatment Plant					
	Water Treatment Plant Chief	1.0	100.00%		1.00 0.00
	Maintenance Chief	1.0	100.00%		1.00 0.00
	Chief Operator	1.0	100.00%		1.00 0.00
	Water Treatment Operator IV	1.0	100.00%		1.00 0.00
	Instrumentation Technician	1.0	100.00%		1.00 0.00
	Water Treatment Operator III	3.0	100.00%		3.00 0.00
	Maintenance Technician I	1.0	100.00%		1.00 0.00
	Facilities Maintenance Help	1.0	100.00%		1.00 0.00
	Total Water Treatment Plant	10.0			
Total Funded Positions		48.8			18.75 30.00

RESOLUTION NO. 15-18

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING THE WHOLESALE WATER RATES AND FEES
FOR THE FISCAL YEAR 2015-2016**

WHEREAS, the Board has accepted the Wholesale Financial Plan and Water Rate Study in 2014 prepared by The Reed Group, Inc. (the "Rate Study");

WHEREAS, the Rate Study presents the District's revenue needs to fund wholesale water service, a financial plan for funding those revenue needs, and alternative rate structures for ensuring that the District's wholesale water rates and fees are sufficient to meet revenue needs as set forth herein;

WHEREAS, due to the ongoing severe drought (anticipated in the most recent Financial Plan to end by 2015) the District's existing and planned wholesale water service rates and fees are insufficient to pay the operating expenses of the District's wholesale water operations, to provide for repairs and replacement of water system works, to pay the principal and interest (including meeting the contractual debt coverage ratio requirements) on water system indebtedness, and to provide additional revenues for continuing capital improvements to the retail water supply system.

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

1. The Board of Directors considered all comments related to the proposed wholesale water rate increase.
2. The Board of Directors finds that the attached wholesale water rates, charges and fees, are fair, equitable and ensure that the entities receiving such services will pay the District's full costs of providing such services.
3. On that basis, the Board hereby approves and adopts the wholesale rates, charges and fees included in Exhibit A and attached hereto and made a part of the Resolution for calendar year 2016.

The General Manager and staff are directed to take all actions necessary to impose and collect the rates and fees shown in Exhibit A, as the same are adopted herein.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 18th day of November 2015, by the following vote:

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

ATTEST

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

TERI HART
Secretary, Board of Directors

2016 Wholesale Water Rates

Citrus Heights Water District 2016 Rates & Charges	
Water Usage Rate (\$/AF)	\$102.02
Quarterly Service Charge (O, M, & R)	\$132,585.75
2009 COP - Quarterly Debt Service Charge	\$113,161.00
2012 Refunding -Quarterly Debt Service Charge	\$55,047.25

Fair Oaks Water District 2016 Rates & Charges	
Water Usage Rate (\$/AF)	\$102.02
Quarterly Service Charge (O, M, & R)	\$102,171.75
Quarterly Capital Facilities Charge	\$98,325.00
2009 COP - Quarterly Debt Service Charge	\$70,427.00
2012 Refunding -Quarterly Debt Service Charge	\$40,451.25

Orangevale Water District 2016 Rates & Charges	
Water Usage Rate (\$/AF)	\$102.02
Quarterly Service Charge (O, M, & R)	\$44,801.25
Quarterly Capital Facilities Charge	\$54,861.75
2009 COP - Quarterly Debt Service Charge	\$35,566.75
2012 Refunding -Quarterly Debt Service Charge	\$12,413.75

Fair Oaks Water District 2016 Rates & Charges	
Water Usage Rate (\$/AF)	\$102.02
Quarterly Service Charge (O, M, & R)	\$102,171.75
Quarterly Capital Facilities Charge	\$98,325.00
2009 COP - Quarterly Debt Service Charge	\$70,427.00
2012 Refunding -Quarterly Debt Service Charge	\$40,451.25

San Juan Retail District 2016 Rates & Charges	
Water Usage Rate (\$/AF)	\$102.02
Quarterly Service Charge (O, M, & R)	\$126,314.50
Quarterly Capital Facilities Charge	\$123,289.50
2009 COP - Quarterly Debt Service Charge	\$106,296.50
2012 Refunding -Quarterly Debt Service Charge	\$47,156.25



AGENDA ITEM VI-1.3

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite 100 • Sacramento, CA 95814 • (916) 874-6458 • Fax (916) 874-2939

DATE: October 20, 2015
TO: Special Districts' Selection Committee
FROM: Peter Brundage, Executive Officer
RE: **Selection of Special District Commissioner**
For the Sacramento Local Agency Formation Commission
Term of Office: **January 1, 2016 to December 31, 2019**

Pursuant to the provisions of Section 56332 of the Government Code, the Executive Officer has determined that a meeting of the Special District Selection Committee for the purpose of selecting a Special District Commissioner [Office No. 6 to serve on the Sacramento Local Agency Formation Commission is not feasible. Based on past experience, due to the size of the Special District Selection Committee, it has been difficult to establish a quorum. Therefore, the business of the Special District Selection Committee will be conducted in writing, as provided in the cited section code.

Please see the enclosed Ballot.

Please select one candidate for Special District Commissioner (Office No. 6).

Please return the ballot to the LAFCo office no later than:

3:30 P.M. on WEDNESDAY, DECEMBER 16, 2015

To be valid, selection of a candidate must be done by a majority vote of the governing board of an Independent Special District in an official meeting of that board and certified by the secretary or clerk of the board.

Any ballot received after the date specified above shall not be valid. The candidate who receives the most votes will be determined the winner outright. In the event of a tie, there will be a run-off selection held in the same format as the initial selection. The LAFCo Executive Officer will announce the results of the selection within seven days of the specified date.

If you have questions regarding selection procedures, please contact the Sacramento LAFCo Commission Clerk, Diane Thorpe, at (916) 874-6458.

Very truly yours,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION


Peter Brundage
Executive Office



Sacramento
LAFCo

Ballot

LAFCo Special District Commissioner
Please select one candidate

Brian Danzl

Cordova Recreation & Park District

Frederick Goethel

Galt-Arno Cemetery District

Ron Greenwood (Incumbent)

Carmichael Water District

Tim Rosales

Arcade Creek Recreation & Park District

Brandon Rose

Fair Oaks Recreation & Park District

Michael Seaman

Fulton– El Camino Recreation & Park District

Ballot must be received by LAFCo no later than

3:30 pm on Wednesday December 16, 2015

Special Districts must return the ballots to LAFCo by the date specified above. Any ballot received after the specified date shall not be valid. The candidate who receives the most votes will be determined the winner outright. The LAFCo Executive Officer will announce the results of the election within seven days of the specified date.

Name of Special District

Date of Meeting

Signature of Secretary or Clerk of the Board

E-mail Address

BRIAN DANZL

2661 Los Amigos Dr, Rancho Cordova, CA 95670 • Home: 916-363-3166 • Cell: 916-826-1470 • Bdanzl@crpd.com

Professional Summary

Self-directed Board member and innovative thinker with a knack for developing creative solutions to complex problems. Seeking a position with the opportunity for new challenges and professional development and advancement.

Skills

- Budgeting and finance
- Negotiations
- Effective public speaker
- Flexible schedule
- Team player
- Organized
- Goal-oriented
- Reliable
- Extensive sports knowledge
- Youth sports coach
- Motivational techniques
- Team building
- Sound judgment
- Youth mentor
- Strong customer focus
- Works well in a team environment
- Strong collaborator
- Creative questioning
- Critical thinking
- Outstanding social skills

Work History

Board Member, 12/2010 to Current

Cordova Recreation and Park District – 2729 Prospect Park Drive, Suite 230, Rancho Cordova, CA 95670

- Represented the park district at community and professional organizational meetings.
- Addressed and resolved neighborhood problems and complaints in a tactful and timely manner.
- Coordinated project activities with other agency partners.

Coach, 09/2008 to Current

Folsom Cordova Unified School District – 1965 Birkmont Drive Rancho Cordova, CA 95742-6407

- Served as the Head Coach for the Girls Tennis team for 6 years.
- Served as the Assistant Coach for the Girls Soccer for 7 years.
- Managed time effectively while traveling for games, attending practice and going to classes.
- Effectively communicated with a diverse group of athletes, coaches and game officials.
- Exhibited excellent teamwork and a strong work ethic by promoting camaraderie.
- Trained for 10 hours per week for upcoming competitions.
- Developed and maintained key relationships with local vendors.
- Attended all practices, meetings and workouts on time.
- Assisted as position team leader for defensive and offensive teams.
- Provided Tennis and Soccer coaching at Cordova High School while developing and mentoring elite athletes.

Teacher, 03/2007 to Current

Home School Teacher – 2661 Los Amigos Dr Rancho Cordova CA 95670

- Developed and taught lessons on relevant children's books, poems, movies and themes to promote student interest.
- Improved student test scores on state math test by 20% in one year period by implementing new curriculum.
- Improved average scores on State Science exam by 12 points.
- Consistently received positive teacher evaluations from students.
- Increased student's English test scores by 14% through private tutoring and special attention.

Electrician, 03/2002 to 03/2007

Rex Moore – 6001 Outfall Circle Sacramento, CA 95828

- Selected the correct products or assist customers in making product selections, based on customers' needs, product specifications, and applicable regulations.
- Worked collaboratively with clients, team members, implementation consultants, and resources across the company to achieve desired results.
- Installed, repaired and tested electrical and electronic systems.
- Installed electrical conduit and wiring for power, controls and lighting.
- Installed electrical and mechanical equipment in accordance with the National Electric Code.
- Disconnected and removed motors and pumps.
- Interpreted blueprints, schematics, drawings and layouts to complete repairs.
- Determined proper methods, equipment and materials to complete cost repairs within budget.
- Tested, troubleshoot and calibrated equipment in the shop and in the field.
- Documented all maintenance and repairs performed on equipment.
- Cleaned work sites, including hauling debris and trash, cleaning tools and storing equipment.
- Notified supervisor immediately about equipment problems and breakdowns.

- Completed daily inspections of all electronic equipment.
- Reported all unsafe activities, situations and potential hazards to supervisor.
- Updated and modified components and systems to improve operation.

Education

High School Diploma: 1993

Cordova High School - 2239 Chase Drive Rancho Cordova, CA 95670

- Student government representative

Certificate: Electrical Construction, 2006

Western Electrical Contractors Association - 3695 Bleckely Street, Rancho Cordova, CA 95655

- Coursework in Electron Theory, Ohm's Law and Magnetism
- Conduit Bending Program



Ron Greenwood Bio (2015)

Ron is currently serving as a **LAFCo Commissioner** representing the Special Districts within Sacramento County and has since 2011. During that time, he has learned continually about the importance of experience and developing relationships. He understands the importance of LAFCo's role in managing and working toward controlled, orderly growth, while still protecting property rights of those most affected. During his time as a LAFCo Commissioner, Ron has been a part of the Folsom annexation of property south of Hwy 50 as well as the proposed sphere of influence proposed for the South County (Elk Grove). As a Carmichael resident for 32 years, Ron has continually served his community in numerous capacities. As an elected official, he has been a director and past president of the **Carmichael Water District** for the past 8 years. As a director for the CWD he has participated in resolving labor issues to the communities benefit, developed requests for proposal (RFPs), and contracts for vendor services. As a Director for the Carmichael Water District, he has represented his community as a **Chair for the Regional Water Authority (RWA)**. In addition he has also served as a **director for the Association of California Water Agency (ACWA)** and its **Joint Powers Insurance Agency (JPIA)**, plus recently served on its nominating committee.

Ron continues to be active throughout his community and the Sacramento region. He currently serves on the **Carmichael Park Foundation**, past President of the **Carmichael Kiwanis Club**, is a Park District Volunteer, member of the **Carmichael Chamber of Commerce**, and served as a founding board member for the **North Area Teen Center**. In addition, he annually attends the Sacramento Region's annual **Cap to Cap** meetings in Washington, D.C. as a delegate for the Water Team working with other delegates and representatives from his region to solve local issues.

Ron has developed a very successful real estate career (23+ years) both as a manager for 8 years and is currently selling residential properties with his wife, Cleo. As a Realtor, Ron is **2015 President of the Sacramento Association of Realtors (SAR)**'s and serves on the Executive Committee, Strategic Planning and Finance Committee, plus Government Relations Committee. Ron also is a **State Director for the California Association of Realtors (CAR)** serving on the Local Government Affairs and Environment Land Use Committees. He is past President and Life Member of SAR's Masters Club.

With a BA degree from the University of Texas at El Paso, Ron brings years of experience, business contacts, and successful leadership. While a tireless, committed, and hardworking advocate for all of the citizens of his community, Ron still takes great pride in his family. Married to his wife, Cleo, for 36 years and have 4 children and 4 grandchildren. They enjoy family outings, backpacking and fly fishing with his son, golf trips, wine outings, cooking, and just spending quality time with his family and close friends.

DEL PASO MANOR *Water District*

PHONE (916) 487-0419 FAX (916) 487-8534

4268 LUSK DRIVE • SACRAMENTO, CA 95864

October 15, 2015

Sacramento Local Agency Formation Commission
1112 I Street Ste. 100
Sacramento, CA 95814

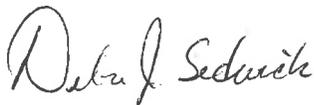
RE: Nomination for Special District Commission Office No. 6

Dear Commissioners,

The Board of Directors of Del Paso Manor Water District discussed the nomination request for the Special District Commissioner Office No. 6 that expires December 31, 2015. The Board unanimously supports the nomination of Ron Greenwood, Director of Carmichael Water District and incumbent, for the office. In our Boards opinion, he has done an outstanding job representing Special Districts with Sacramento County.

If you should have any questions, please do not hesitate to contact me.

Sincerely,



Debra Sedwick
General Manager

QUALIFICATIONS SUMMARY

- More than ten years successful public / government affairs and public relations experience with fifteen years experience in media relations and creative media production.
- Effectively communicate with diverse range of clients, co-workers, direct reports and collaborative teams.
- Excellent management, written and verbal communication, organizational, and strategic planning skills with proven success executing multiple tasks simultaneously in a highly charged, fast-paced agency environment.

EXPERIENCE

The Wayne Johnson Agency **Vice President, Public Affairs**

Sacramento, CA
Jan 2005 – present

- Managed more than eight accounts at the same time including, but not limited to healthcare, energy, education, technology, manufacturing and trade association sectors working in CA, OR, WA, MA, NJ, VT and Washington DC.
- Created and executed multi-million dollar traditional, digital and social media marketing / advertising budgets.
- Collaborated with federal, state and local government officials, agencies and advocacy organizations on a regular basis to achieve client objectives.
- Led new business pitches and generated new clients, resulting in company growth of 65% over four years. Developed and oversaw client deliverables, measurement and evaluation materials.
- Handled and implemented all community and media relation activities, including crisis communication planning and rapid response plans.
- Studied and implemented quantitative data, consumer and market research and analysis, and public opinion research methodologies.

California State Assembly **Chief of Staff, District Director**

Sacramento San Diego, CA
Jan 2001 – Dec 2004

Assemblymembers George Plescia, Mark Wyland (San Diego) and, Ken Maddox (Central Orange County):

- Directed and delegated all aspects of the State Legislator's policy portfolio, constituent relations, communication and community operations. Managed multiple direct-reports and satellite district office locations.
- Oversaw human resource compliance program, annual office budgets and established staff performance metrics.
- Supervised community relation efforts with civic leaders, chambers of commerce, boards of education, industry and trade groups and regional policy collaborations.
- Planned and executed all statewide, district media including press releases, opinion/editorial content and speech writing.

United States Congress **Congressional Field Representative / Campaign Aide**

Glendale, CA
Jan 1999 – Dec 2000

- Served as district field representative to a member of the U.S. House Commerce and Judiciary Committees.
- Represented the Member of Congress with local community organizations, elected officials, non-profits and local government agencies.
- Oversaw \$5 million fundraising campaign effort among high-level donors and created national small donor effort that acquired 30,000 individuals.
- Supervised local and national campaign press communications.

EDUCATION

Drexel University – LeBow College of Business
Master of Business Administration

Philadelphia, PA
2013

Azusa Pacific University
Bachelor of Arts, Political Science

Azusa, CA
1998

ACTIVITIES/RECOGNITION

Board Member, Drexel University Alumni Association, Sacramento Chapter

Board of Directors, Arcade Creek Park District

Professional Development Committee, Sacramento Chamber of Commerce MetroEdge

Sacramento Business Journal 40 Under 40, Finalist 2013

Brandon D. Rose

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Fair Oaks, CA 95628
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Thank you for consideration as the Special District Commissioner to the Sacramento Local Agency Formation Commission. As fellow governing board members, I know you understand the vital role our special districts serve in Sacramento. Our agencies provide a diverse set of unique services across the County and we are called-on time and time again when our communities are in need. I believe that as special districts, we have our hands on the pulse of our diverse populace. It is critical that our unique voice, insights and interests be strongly represented on the Commission. That is why I consider representing special districts on a regional body such as LAFCO a vitally important role. Please find my professional and academic qualifications as well as dedication to public service below. Once again thank you for your consideration and support.

EDUCATION

Environmental Policy Analysis & Planning, BSc. – 2004
Specialization in City and Regional Planning

University of California, Davis
University of Tasmania, Australia

PUBLIC SERVICE

2008-Current Chair, Board of Directors, Fair Oaks Recreation and Park District

The Fair Oaks Recreation and Park District is an independent special district in Sacramento County with approximately 70 full time and seasonal employees. As an elected member of the Board of Directors and current chair, I work in conjunction with the district administrator to determine long term policy development and strategic planning. As former chair of the Personnel and Management Committee I was responsible for updates to personnel policies as well as negotiations with the employees association and management. As chair of the Finance and Budget Committee, I direct the drafting and approval of the annual budget. In addition, as board chair in 2010, I focused on completion of a long term master plan, which continues to guide district activities today.

2011- Current Chair, Special District Representative, Sacramento County Treasury Oversight Committee

The Special District Representative is elected by the region's local governments to the Sacramento County Treasury Oversight Committee to oversee the County's pooled investment funds, which total approximately \$3 billion. Duties include review of the annual investment policy; quarterly review of investments; and causation and review of an annual portfolio audit.

2010-2011 Member, Special District Advisory Committee; Sacramento County Local Agency Formation Commission

This advisory committee provided a forum for valuable information exchange with LAFCO staff.

WORK EXPERIENCE

2007-Current Air Pollution Specialist, California Air Resources Board

Duties in the Mobile Source Control Division include research and analysis of proposed and existing public health regulations, modeling and analysis of air pollution emissions, complex economic analysis of regulatory requirements, drafting of staff reports, creating and updating databases, responding to public inquiries, and providing regulatory training across a spectrum of stakeholders.

2004-2007 Associate Energy Specialist, California Energy Commission

I administered the CECs Pilot Performance-Based Incentive Program, which was a precursor to the State's current renewable energy incentive program. Duties included the drafting of technical policies, study of solar-electric system design and metering, and analysis of generation. I compiled statewide statistics on the amount of grid-connected solar-electric capacity and total number of installations as well as managed the list of photovoltaic generating equipment eligible for the State's rebate program. My duties also included investigations and briefings on relevant program appeals, fraud concerns, and drafting of letters in response to internal and external requests.

2002-2003 Research Assistant IV, UC Davis Geology Department

I conducted fluvial geomorphologic surveying and data collection of Sierra Nevada streams in the Feather River watershed as part of a larger CalFed Bay Delta effort. I then processed the raw data into planform maps and various data tables, while ensuring validity.

1998-2002 Assistant Pool Manager, Sunrise Recreation and Park District

Duties included working with the management team to ensure smooth operation of the aquatic division. I communicated employee concerns to upper management and used my communication skills to relieve workplace tension across a diverse workforce while improving focus. I organized and taught continuing education for staff, provided performance evaluations to instructors and lifeguards, and ensured a safe atmosphere within the facility.

VOLUNTEER EXPERIENCE

2007-Current Chair, Organizational Development Environment Council of Sacramento

This nonprofit strives to achieve regional and community sustainability and a healthy environment for existing and future residents by working proactively with members, member organizations, local government, and community groups. As a Board Member, I work on strategic planning and organizational development to build capacity.

AWARDS & INTERESTS

- State of California Gold Superior Accomplishment Award – 2011; Silver - 2013
- Participant, Young Elected Official Network 2015 National Convening
- Member, Professional Engineers in California Government
- Local Government Operation

Michael J. Seaman
2837 Merrywood Drive
Sacramento, CA 95825
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916-483-8985 (land) 916-591-0180 (cell)

EXPERIENCE

Board Member

Fulton-El Camino Recreation and Park District
2700 Cottage Way, Arden Arcade, CA 95825
12/1989 – 11/1992 and 12/1998 – present, part time

Local elected official of an independent special district. Set and implement policy, supervise the General Manager and the administration of the facility, recreation and security programs, represent the public. Interact with community groups, other government officials and state Legislators as to management of park facilities, implementation of recreation programs and related services. Approve and implement annual budgets exceeding \$2 million. Facilities include 7 parks and 2 community centers. Staff of 14 FTE. Physical plant of \$5.7 million. Re-elected to current 4-year term in November 2014. Served as District representative to Sacramento Local Agency Formation Commission Special District Advisory Committee 2004-2006. Served on State Board of California Special Districts Association (CSDA) 2003-2006. CSDA Legislative Committee Chair 2004-2006 and Member 2012-2013.

Snowboard and Ski Instructor

Boreal Mountain Resort (1998-present), Royal Gorge Cross Country (1988-2013)
and Eagle Mountain Nordic (1985-1988)
11/1988 – present, part time seasonal

Teach skiing and snowboarding and skiing to resort guests whose skill levels range from beginner to advanced intermediate. As a front-line employee, assist guests and see to the safety and enjoyment of their resort experience. Organize students into groups of like ability and see to their comfort and convenience. Assist rental staff with check-out and return of equipment. Certifications: Professional Ski Instructors of America/American Association of Snowboard Instructors Level II Nordic Track, Level I Snowboard, Level I Alpine, Level I Alpine Senior Specialist.

Affiliate Relations Coordinator

California Lighting Technology Center
University of California, Davis
633 Pena Drive, Davis CA 95618
03/15/2010 – 6/30/2010, part-time limited term

As an in-house contractor, provided customer service to the Center's diverse affiliate membership as well as recruitment and contractual fulfillment services for potential and newly-enrolled affiliates. Advised Center Director and co-Director as to progress

and assisted business management staff with affiliate tracking and contract paperwork. Coordinated Center's role in US DOL-funded curriculum for Advanced Lighting Controls Training Program among University's Office of Research, participating CA utilities, National Electrical Contractors Association, International Brotherhood of Electrical Workers and lighting manufacturers. Represented Center at trade shows and exhibits, including Lightfair 2010.

Senior Associate

Mintier Harnisch Planning Consultants
1415 20th Street, Sacramento, CA 95811
07/31/2000 – 12/30/2009, part time contractor

As an independent contractor, provided planning and project services and issues research for clients as needed per contracts. Workload varied depending on contractual arrangements involving research and analysis of issues and potential solutions, writing reports and proposals, making presentations to staff and community groups and meeting with clients and the media. Examples include: Wrote Upland Airport Alternatives for San Francisco International Airport Runway Reconfiguration. Conducted economic development briefing for Mildura, Western Victoria, Australia, via teleconference. Gave presentation at 2003 Annual Meeting of League of California Cities on "Smart Communities as an Economic Development Strategy." Evaluated environmental impacts and land use conflicts of proposed research facility site at Lake Tahoe.

Energy Commission Specialist II (efficiency)

CA Energy Commission 1516 9th St. Sacramento CA 95814
4/28/2005 – 12/30/2009 (retirement) full time permanent

For the Buildings End-use Energy Efficiency Program, developed, organize and managed multi-million dollar portfolio of multi-disciplinary scientific and technical research projects. Processed and administered research contracts, serving as lead technical specialist and prime resource for identifying, analyzing and evaluating R&D issues related to energy conservation and energy demand management opportunities from use of lighting in buildings and from high-performance building facades. Similarly, managed contracts demonstrating energy-efficient building technologies and providing coordination, outreach and education to key audiences. Provided subject matter expertise, evaluated energy policies and programs, prepare and issue written and oral reports, disseminate research findings. Supported and assisted other Buildings Program projects involving appliances, commissioning, HVAC and zero-energy buildings. Presentations included Greenbuild, Ecobuild, West Coast Green, Municipality of Anchorage Streetlighting Symposium, International Assn. of Lighting Designers, American Lighting Association, Green California Summit, National Rural Electrical Cooperative Assn., American Council for an Energy-Efficient Economy, Lighting Research Center, New York State Energy Research & Development Authority, UC/CSU/CCC Sustainability Conference, Butte Sustainability Conference, Behavior Energy & Climate Change Conference.

Associate Park and Recreation Specialist

CA Department of Parks and Recreation, Planning Division
1416 9th Street, Sacramento CA 95814
01/01/2003 – 04/27/2005 full time permanent

Conducted planning studies and related analyses in support of the Division's role in statewide recreation planning, state park system planning, and the provision of technical planning assistance. Assignments included survey data analysis; report writing; web site management; analysis of issues related to recreation trends, alternative camping facilities, facility acquisition, and recreation facility plans; local recreation needs assessment; review of standards for public recreation facilities, and review of CA high speed rail program EIR. Wrote and published "Education Leaders' Opinions of Parks and Recreation: A Survey of California School Superintendents" and "Paying for Parks -- An Overview of Fiscal Resources for Local Park and Recreation Agencies." Made presentations to League of CA Cities, CA Park and Recreation Society, Ca State Park Rangers Assn. and other stakeholders.

Associate Park and Recreation Specialist

CA Department of Parks and Recreation, Office of Grants and Local Services
1416 9th Street, Sacramento CA 95814
12/01/2000 – 12/31/2002 full time permanent

Lead person of multidisciplinary teams in development of guidelines for implementation of local grant programs under the Proposition 12 Park Bond Act of 2000. Developed/monitored schedules, wrote/review texts of draft and final guidelines, conducted focus group meetings and public hearings, prepared correspondence. Authored web pages and PowerPoint presentations. Entered/analyzed data in data bases and spreadsheets. Administered competitive grants programs, including solicitation of proposals, review of applications, site visits, ranking of applications and processing of awards. Provided technical support and other customer service in person and via telephone and email. Provided contract administration services to grantees.

Senior Transportation Planner

CA Department of Transportation, Operations Division
1120 N Street Sacramento, CA 95814
04/22/1991 – 04/05/2000 full time permanent

- Chief, Special Projects Branch (to 7/96, when Branch was eliminated). Conducted program development, supervision and administration of transportation demand management projects including Transportation Management Association and Guaranteed Ride Home Demonstration Grants and telecommunications mobility (i.e. Smart Communities Program) research contracts.
- Technical Expert (to 11/97) for completion of Smart Communities research, which subsequently become a global model for economic development for the New Economy (Canada and League of Arab States)
- Support staff (11/97-6/98) for a special project to implement a major revision of transportation project funding at the state and local level under SB 45 of 1997.

- Technical Expert (from 6/98) for evaluation and analysis of policies and programs, stewardship of departmental efforts at strategic planning and performance measurement, support to senior management including bill analysis, program review and executive transition.

Staff Air Pollution Specialist

CA Air Resources Board, 1102 Q St. Sacramento, CA 95814
09/21/1981 – 04/19/1991, full time permanent

Technical expert position. Conducted research into effects of growth on air quality and related innovative ways to reduce air emissions using transportation and land use controls, coordinated state air quality goals and programs with 4 local district non-attainment area plans, reviewed budgets and programs for internal consistency, provided analysis of complex, sensitive environmental science and policy issues including: local enforcement of stationary source and areawide pollution abatement rules, air pollution control district subventions, designed process for designation and control of toxic air contaminants and establishment of regulatory and administrative systems under federal Clean Air Act and California Clean Air Act.

College Professor

California State University, Sacramento and National University
Sacramento, CA
09/1982 -05/1987, part time contractor

Adjunct faculty for graduate studies in public administration. Courses designed and presented included Environmental Planning, Urban and Regional Planning, and Private Sector vs. Public Policy.

Staff Services Manager I

CA Solid Waste Management Board, 1020 9th St., Suite 300, Sacramento CA 95814
05/01/1978 – 09/21/1981, full time permanent

- Assistant to Board Chairman. Provided technical scientific and policy program advice, carried out research project on settlement of environmental disputes, obtained settlement of a facility siting dispute, conducted statewide seminar series on planning for infrastructure. Provided peer review advice to State of Colorado solid waste management program.
- Chief, State Planning Section (to 6/81 when Section was eliminated). Supervised professional planning staff. Set up statewide planning process, conducted research, recommended actions to Executive Office and Board. Coordinated with other agencies, including guiding Dept. of Health Services' hazardous waste plan, serving on Geothermal Coordinating Council, working with federal program managers who administered the state's grant under the Resource Conservation and Recovery Act. Produced State Plan for Solid Waste Management and special report on Waste Reduction.

Senior Planner

Clatsop-Tillamook Intergovernmental Council, PO Box 488, Cannon Beach OR
11/1976 – 11/1977, full time

Assistant Director of a Council of Governments. Provided community and environmental planning assistance to cities, counties and ports. Coordinated federal, state and local plans and programs for transportation, land use, environmental management and energy conservation. Assisted local jurisdictions with initial compliance with statewide comprehensive planning law (including extended Goals and Guidelines set imposed in coastal areas). Assisted the Director in support of governing Council and day-to-day administration.

Planner III

Snohomish County Planning Department, County Administration Bldg, Everett, WA
10/1975 – 11/1976, full time

Lead planner for regional water quality planning projects in two North Cascade water basins involving nonpoint water pollution as the national policy set emerged concerning urban, agricultural, forest and other runoff. Wrote work plans, directed data collection effort, conducted analyses, managed consulting contractors, worked with state and federal program managers and funders, coordinated responses of participating local governments, and led sedimentation team. Coordinated basin and county-level data with U.S. Soil Conservation Survey in progress. Participated in enforcement actions against illegal waste disposal sites.

Graduate Student Assistant

S.F. Bay Conservation & Development Commission, 30 Van Ness, San Francisco, CA
11/1974 – 08/1975, part time

Under direction of Staff Engineer, established and coordinated a one-stop permit program for dredging and dredged material disposal projects. Collected data, conducted research and analysis, organized cooperative effort among environmental agencies responsible for control of dredge and fill project impacts, and wrote reports including a Report to the Legislature on the regulation of dredging. This work became a model for land use and environmental permit coordination elsewhere in California state government, including the State Clearinghouse of the Office of Planning and Research.

Naval Officer, US Navy Civil Engineer Corps

NWS Fallbrook Annex, Fallbrook CA and NMCB71, FPO NY 09501
03/1969 – 06/1973, full time

• 3/69-6/71--Staff Officer, Engineering Officer, and Assistant Division Officer of a Mobile Construction Battalion. Built roads and port shore facilities. Operated materials testing program for asphalt and concrete. Coordinated Battalion's disaster

preparedness activities. Supervised military personnel and administered various military operations and readiness functions on two overseas deployments.

- 6/71-6/73--Head of Public Works Department for 8800 acre Naval Station, reporting to Commanding Officer. Responsible for transportation operations, heavy equipment, facility maintenance, utilities, natural resources and base housing. Supervised engineers, maintenance workers, equipment and train operators, drivers, support staff. Coordinated environmental research. Established Naval Wildlife Refuge, protecting endangered Kangaroo Rat. Implemented innovative brush control program that achieved fire suppression goals while also conserving and developing wildlife habitat. Managed dryland pasture for agricultural outlease.

EDUCATION AND ASSOCIATIONS

B. Architecture, Univ. of California, Berkeley, Mar 1969

M. Urban Planning, San Jose State University, May 1975

M. Landscape Arch. (Environmental Planning), Univ. of California, Berkeley, June 1975

Associate Member, American Institute of Architects

Member, Professional Ski Instructors of America/American Assn of Snowboard Instructors

Arden Arcade resident since 1978

October 6, 2015

DIRECTOR TOBIN'S REPORT
10/28/2015

The Truth be told: The Delta, The Tunnels & The Tributaries

The events was held at the Ridge Gold Course & Event Center in Auburn on Friday, October 16, 2015

Speakers were Mark Cowin, Director, Depart. Of Water Resource
Campbell Ingram, Exec. Officer for the Delta Conservancy
Don Nottoli, Supervisor, County of Sacramento
Roger Patterson, AGM, Metropolitan Water Dist. Of So. California
Ara Azhderian, Water Policy Administrator, San Luis and Delta-Mendota Authority
Steve Rothert, CA Director, American Rivers
Andy Fecko, Director Resource Development, PCWA

After lunch David Guy officiated the panel.

Mark Cowan , DWR, says he's expecting more extremes in weather. They are setting up for El Niño Flood protection this year and take advantage flood flows when we receive them. There is a CA water action plan on the state water website. He says it's important to 1)expanding surface waster storage thru prop 1 and the sustainable water manage act 2) increase operational regulations and 3)identify integrated funding opportunities with all efforts needing to be implemented together. He said government needs to work better.

Campbell Ingram said that the Delta is nexus to upstream watershed. Section 10 (ESA) is to develop a water conservation plan. Gov Browns administration said that ESA was too heavy a lift. So they decided to go back to a section 7 approach. A step wise approach is needed with all of the processes in place. Discussion about the intakes that are in the southern part of delta which causes reverse flows. He said the 2012 flood flows couldn't be achieved due to ESA. They look to a project to modernize and modify the flows in the delta. Project does not address outflows for fish. His vision increase flows to restore under ground water. Locking in conservation measures and ease recycling and storm water capture and improve the watershed. Sustainable water agencies should use investing practices provided by prop 1 funding and do better investing and monitoring a better and more robust science system.

Campbell stated that there is a large block of funding and 17 different proposals and will spread out \$9M annually to select projects. Make awards in March 2016. 423\$ M in prop 1 funding. Eco restore is a continuation of restoring the Eco system in the delta. Identify near term project balancing the Eco restore and water supply which identifies 33,000 acres. 50,000 acres can be funded in prop1. 35,000 acres in delta for a wetland protocol include the Cache flue and delta area for restoration. He says to do this restoration it will be done with the least amount of impacts to the farmers. Comprehensively identify the different areas that could be effected and to coordinate efforts with other conservancies. The idea is to work connectivity between upper middle and lower conservancies. State costal conservancies should work towards a joint resolution to focus on collaborate efforts and get policy makers to address funding to works together and achieve funding and provide an opportunity for communication.

Don Nattoli Sac Co Board of Supervisors. Delta 715K acres about the size of Rhode Island. 1/2 million people reside but surrounding counties have 4M people. Attention to lifestyles of the area like recreation commerce farming cultural and environmental day to day activities. Watershed is equally important to mountain counties as it is to the delta. Solution set has to continue to works towards risks to people the

environment and the fish and conveyance. Talked about the water forum how it was set up and it's purpose. He supports spending money on storage rather than the negative impacts of two forty foot tunnels bored 35 miles under the delta.

Roger Patterson AGM Metropolitan Water District of SoCal. Toured Sikes Resv tour. 19M people. 1928 folks in CA in SoCal built Park dam and took water from Colorado River. Lake Havasue They are wholesale water agency. Have 300 water agency. 38 board members 4M acre feet from Colorado river 30% of their water comes from Nocal Implement water conservation and turf removal. \$20M spent annually on incentives. Board committed \$350M in turf removal with \$19M left over that needs funding. Not going to increase Needs in CVP water. Increased storage to 5M acre feet in water storage. Water recycling. 450000 acres feet recycling partnering with LA sanitation dept. add 150000 people per year due to birth rate this means 1.5 M people in ten yrs. desalinization project and Colorado river supplies 550,000 acre feet annually. State water project. In middle of discussion about conveyance from Nocal water supplies out of Oroville and delta water from storms. Support upstream area for area of origin. The law is structured that way. Working with other agencies to work together on excess or other conveyance.

Ara Azhderian water policy Administrator. San Luis and Delta-Mendota water authority. In central part of state Stratton the coastal range. Serve ag primarily and silicone valley wetlands and disadvantaged communities. Ag is #1 business in the nation. CVP serving San Joaquin valley. In 1990 saw huge changes Central Valley improvement act, the ESA and clean water act from reliable to unreliable. CalFed restore protect water quality and supply and Eco system. 2013 user announces a decrease in water based on dry conditions delivering only 20% of our water supply. However in 1997 they had 25% more water to ag so layers upon layers of regulation have had a huge impact on water supply. A decline from a nearly formerly perfect water supply creating moral issues. 1/2 M acres fallow under state of the art farming practices. Need regularity reform needed and accountability for environmental water areas are not Permitting reform is big. Need to be nimble to move forward Dialogue about what's really going on. Need partnerships and relationships and be able to leverage water supplies.

Steve Rothert ca director American rivers. Founded in 1973 protecting rivers for national and social values. Mottos rivers connect us. Committed to working with partners. Realize have to give to get. Have to communicate all interests. Have to get real. Article 10. Prohibits waste of water.

Andy Fecko PCWA. Regularity by prioritizing species have impending the tributaries. Water quality control plan needs to talk about reducing releasing flows in summer and keeping cold water for fall run of salmon. Water bank. Sikes Resv share the invest with state to Ca through bonds and cooperating with user CVP and state on infrastructure to move water.

Flows question from Steve Rothert said the doubling of salmon improvement through the water quality plan. Objective and plan of implementation. Now in Plan 1. Phase two is Sac Tributes and Delta.

SGA October 8, 2015

SGA has elected to become the Groundwater Sustainability Agency for the groundwater basin underlying Sacramento County North of the American River.

SGA Groundwater management program update

Rob Swartz gave a presentation reporting that staff is continuing to direct the study of the occurrence of PCE contamination in the CA American Water Lincoln Oaks Service Area. Two sets of monitoring wells to further assess the extent of PCE contamination have been completed. The new monitoring wells and additional existing monitoring wells in the vicinity are being sampled.

The Dept of Water Resources released a draft of the regulations for basin boundary revisions. SGA staff is reviewing and will comment. DWR has released discussion papers on a number of other regulations topics relating to groundwater sustainability plans and coordination agreements. Staff continues to lead efforts at ACWA and with the Practitioners Advisory Panel to influence the rulemaking process. DWR convened a practitioner advisory panel that Mr. Woodling participates on along with other various groundwater basins throughout the state. Mr. Swartz and Mr. Woodling, representing SGA, have met directly with DWR and with NCWA.

ASSOC. CA. WATER AGENCIES

Drought letter

Endangered Species

ENDANGERED SPECIES:

Obama leaving mark on contentious law -- with scant Hill input

[Phil Taylor](#) and [Corbin Hiar](#), E&E reporters

E&E Daily: Wednesday, October 21, 2015

The Obama administration is quietly reshaping the Endangered Species Act in hopes of tempering congressional critics and avoiding courtroom battles.

Over the past several years, the administration has pushed a series of administrative reforms that it says will make the 1973 law more nimble, transparent and legally defensible. It has shifted course on how the law is applied, utilizing incentives over regulations to coax industry and private landowners to save vanishing habitats.

"The law has inherent flexibility," said Fish and Wildlife Service Director Dan Ashe. "We can apply that flexibility thoughtfully, and we can catalyze conservation, not command it."

Lawmakers and Western governors want to legislatively overhaul the law -- a tall task in a

Obama's ESA reforms still open to interpretation

While the Obama administration has taken a series of steps in recent years that seek to make the Endangered Species Act more effective, the success of its efforts could depend on the support of the courts, lawmakers and President Obama's successor.

"This administration has laid the groundwork for how some of these rules should be implemented, but it will be up to future administrations to actually define in detail what these rules mean in practice," said Ya-Wei Li, senior director of endangered species conservation at Defenders of Wildlife.

That is largely because, according to Li, many of the Obama administration's ESA reforms are lacking in clarity. The Fish and Wildlife Service and National Marine Fisheries Service, which implement the law, may want the flexibility to apply the rules on a case-by-case basis, but that could leave the agencies vulnerable to lawsuits.

"Discretion is a double-edged sword," he explained. Too much of it "opens them up to challenges that their decisions are arbitrary and capricious -- that they're not consistent with each other."

Even without passing laws that counter or complicate the administration's ESA overhaul, Congress could negate many of the regulatory changes by cutting funding to the services.

"It's not really just what the statute says or what's in the regulations," Li explained. "It's on a day-to-day basis, how much habitat is being given away to development, how much money is being spent on the recovery of a given species -- that's what moves the needle one way or another."

And Fish and Wildlife is "already operating at the red line," he added.

Li mentioned a forthcoming Defenders of Wildlife study of the agency's process for issuing permits to federal departments that seek to incidentally harm or kill protected species or allow private companies to do so. Such approvals, allowed under Section 7 of the ESA, generally require annual monitoring reports to ensure that the negative impacts predicted by a federal building project or oil drilling on public lands don't exceed the permitted amount.

But Defenders' Freedom of Information Act requests for dozens of Section 7 permit monitoring reports have all come up empty.

"They simply don't exist," Li said. "If you look at the data, the permitting system operates largely on the honor system right now. There's just simply not enough time and resources to follow up on what happened."

Fish and Wildlife did not respond to a request for comment on the possible lack of monitoring reports or the post-2016 fate of its regulatory reform agenda.

-- Corbin Hiar

deeply partisan Congress. But the law has already evolved significantly under President Obama and will continue to be molded by the next administration.

"What the administration has done or attempted to do will leave the Endangered Species Act in a very different place," said Don Barry, senior vice president for conservation programs at Defenders of Wildlife, who oversaw ESA policy during the Clinton administration.

One major change is the administration's increased use of special rules that allow people to incidentally kill or harm listed species if they commit to certain conservation practices. The Obama administration has issued more of these so-called 4(d) rules than under any president other than Gerald Ford, according to a forthcoming paper authored by Ya-Wei Li, senior director of endangered species conservation at Defenders of Wildlife.

Such policies have drawn plaudits from land users and scrutiny from green groups.

Yet they have not tempered Republican efforts to reform the law. Bills introduced in this Congress would prevent closed-door ESA settlements, give states more sway over the protection of rare plants and animals, and block listings for a handful of hot-button species.

Critics say the administration's biggest mark on ESA is its 2011 settlement with green groups that required final listing decisions on roughly 250 candidate species, which has resulted in scores of critters being added to the list of threatened and endangered wildlife ([Greenwire](#), July 27).

"The ESA has been used and abused," Sen. Dan Sullivan (R-Alaska) said at an ESA briefing last month before an Environment and Public Works panel.

As Congress continues to debate what would be the law's first reauthorization since 1988, here are some ways in which the administration has already changed it:

Critical habitat exclusions

Last year, the Fish and Wildlife Service and National Marine Fisheries Service unveiled a suite of proposed changes to how they designate and protect critical habitat, the lands that are deemed essential to a listed species' conservation and recovery.

It included a draft policy to exclude from critical habitat private lands where landowners have committed to voluntary conservation measures.

The policy, a final version of which is under review at the White House, aims to assure landowners that their voluntary habitat conservation work will not go unnoticed when, and if, critical habitat is designated. It specifically encourages landowners to enter into candidate conservation agreements with assurances, safe harbor agreements and habitat conservation plans -- formalized deals that provide legal protections for participants ([E&ENews PM](#), Aug. 5).

The policy could stimulate conservation actions that otherwise would not occur, while reducing the amount of land that must be designated as critical habitat. Landowners typically oppose such designations, fearing that the restrictive label will reduce property value.

Definition of 'adverse modification'

The agencies' critical habitat package also contained a controversial proposal to redefine what constitutes "destruction or adverse modification" of critical habitat, a key test for whether federally funded or permitted projects may be approved.

ESA prohibits such activities if they would destroy or adversely modify critical habitat, but those terms are inherently ambiguous.

The final definition, which is also being looked over by the White House, could have profound impacts on habitats that are considered essential to species recovery ([Greenwire](#), Sept. 4).

Environmentalists say the proposed definition rightly acknowledged that critical habitat must be preserved for both species survival and recovery, but they warned it could also lead to the piecemeal destruction of essential landscapes.

Business interests said the proposal would make adverse modification determinations unnecessarily complex.

Economic impacts of critical habitat

The agencies have also finalized a rule dictating when and how they calculate the costs of setting aside critical habitat for endangered and threatened wildlife ([Greenwire](#), Aug. 26, 2013).

In a noncontroversial move, the rule required that the agencies provide an analysis of the costs of designating habitat at the same time that such designations are proposed, rather than months or years afterward.

But it also codified the services' current policy of only tallying the incremental economic impacts of critical habitat designations -- but not the underlying costs of listing a species under ESA.

That provision was backed by environmental groups and was consistent with the opinions of federal courts, but it was loudly opposed by Republicans who argued it hides the true cost of ESA restrictions.

Mapping critical habitat

The agencies also did away with the decades-old federal practice of using lengthy verbal descriptions for critical habitat boundaries, opting to provide digital maps instead ([Greenwire](#), May 1, 2012).

The rule sought to make habitat information clearer and was estimated to save \$400,000 annually on printing costs.

Until then, *Federal Register* notices often devoted dozens of pages to describing the protected lands using GIS coordinates and longitude and latitude, units that are indecipherable to much of the general public.

Defining 'significant' portion of species range

The administration last year finalized a controversial policy that dictates when a species is granted federal protection and, if so, where ([Greenwire](#), June 27, 2014).

The rule change elaborated on how to determine if a species is in danger of extinction "throughout all or a significant portion of its range," a key, albeit oft-debated, phrase in the ESA.

The services concluded that "a portion of the range of a species is 'significant' if the species is not currently endangered or threatened throughout all of its range, but the portion's contribution to the viability of the species is so important that, without the members in that portion, the species would be in danger of extinction, or likely to become so in the foreseeable future, throughout all of its range."

Legal experts say the policy made it slightly harder for rare plants or wildlife to qualify for protections but also cleared up some confusion about the law's significance threshold ([E&ENews PM](#), June 27, 2014).

Critics of the ESA downplayed the importance of the change because it likely would only affect species with large ranges.

The Center for Biological Diversity has slammed the redefinition, which it says would have prevented Fish and Wildlife from protecting grizzlies, bald eagles and gray wolves -- all of which have healthy populations in Alaska.

Clarifying requirements for incidental take statements

The administration this year also issued a final rule clarifying that the services need not issue incidental take statements (ITS) for federal planning decisions that anticipate future harm to protected species but do not authorize any specific projects that would cause impacts ([E&ENews PM](#), May 4).

ESA requires the agencies to issue an ITS before a federally approved project such as a timber sale, an oil and gas well, or a solar farm may harm or kill a listed species. The statements typically describe the amount of harm that can be done to a particular species, as long as "reasonable and prudent measures to minimize the impact" are carried out by the developer and the project does not jeopardize the species' survival.

But the final rule states that ITSs are not needed for federal actions that provide only a framework for future projects that could harm listed species. Such actions include land-use plans prepared by the Bureau of Land Management and Forest Service, which dictate where certain future activities will be allowed on public lands but do not authorize any specific projects.

The final rule also codifies an alternative process by which federal biologists can quantify harm to listed species using "surrogate" indicators, such as habitat loss, ecological conditions or impacts to similar species.

Proactive conservation 'credits'

A procedural change that hasn't been finalized is a draft Fish and Wildlife policy to provide incentives for landowners, businesses or federal agencies to voluntarily conserve species that may soon be at risk of extinction.

The proposal unveiled last year would reward land users who take steps to bolster declining species. If that species is later added to the endangered or threatened species lists, those "credits," as the agency described them, could be used to offset the harm caused by future activities like drilling for oil or building a road. They could also be sold to a third party ([E&ENews PM](#), July 17).

The concept is supported by most environmental groups and industry, although some have raised concerns about the lack of detail in the agency's plan ([Greenwire](#), July 22, 2014).

Petition procedure change

The latest and perhaps most controversial reform the administration has proposed is to overhaul the way in which outside groups ask the services to review the status of plants and animals under the Endangered Species Act.

The draft rule would set a higher bar for petitions filed under the law to list new species as threatened or endangered, to change a species' status, to delist a species or to change the boundaries of critical habitat. It seeks to improve the quality of petitions so the agencies can better focus their efforts on ones that may warrant action.

Among the contentious changes included in the proposal are a ban on multi-species petitions and a requirement that petitioners provide a copy of their requests to state fish and game agencies at least 30 days before they are submitted to the services. If a state wishes to submit comments on the accuracy or completeness of the petition, those comments must be submitted with the petition.

State regulators applauded the move to increase their role in the listing process. But most environmental groups panned it as unduly burdensome and counterproductive since it would require them to file -- and the agencies to review -- separate lengthy petitions for each species in a vanishing habitat, all of which are facing similar threats ([Greenwire](#), May 19).

Landscape-scale focus

More broadly, the White House is also pushing the entire federal government to take into account and offset the full range of impacts from its actions on habitats and species.

Earlier this month, the Council on Environmental Quality released a [memorandum](#) directing all agencies to factor the value of ecosystem services into their planning and decision-making. The flood protection provided by wetlands or water quality improved by trees along river banks are examples the White House cited of services that are often overlooked in cost-benefit analyses.

The memo called on agencies to develop policies "that promote consideration of ecosystem services, where appropriate and practicable, in planning, investment, and regulatory contexts." It also established a process for the government to develop more detailed guidance on integrating ecosystem-service assessments into relevant programs and projects.

The White House is also working on a memo to streamline how the government offsets damage to public lands, waters and wildlife ([Greenwire](#), Sept. 24).

Conservationists believe it could make the ESA more effective if it required permitted actions that harm protected plants or animals to have a net benefit on the species.

On Oct 9th

[BREAKING: Sixth Circ. Blocks EPA Water Rule Nationwide](#)

The Sixth Circuit on Friday stayed a controversial federal rule clarifying the scope of the Clean Water Act while it sorts whether the courts of appeal or district courts have jurisdiction to handle challenges filed by various states and private parties.