

SAN JUAN WATER DISTRICT

Board of Director's Board Meeting Minutes
January 26, 2022 – 6:00 p.m.

Conducted via Videoconference & In-Person

BOARD OF DIRECTORS

Ken Miller	President
Dan Rich	Vice President
Ted Costa	Director
Pam Tobin	Director via videoconference

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Paul Helliker	General Manager
Donna Silva	Director of Finance
Tony Barela	Operations Manager
Lisa Brown	Customer Service Manager
Devon Barrett	Interim Customer Service Manager
Adam Larsen	Field Services Manager
Andrew Pierson	Engineering Services Manager
Greg Turner	WTP Manager
Greg Zlotnick	Water Resources Manager
Teri Grant	Board Secretary/Administrative Assistant
Ryan Jones	General Counsel
Elizabeth Ewens	Water Counsel

OTHER ATTENDEES

Mitchel Dion	
Stacey Helliker	
Joanna Gin	Citrus Heights Water District Legal Counsel
Sandra Harris	Customer
Wing-See Fox	Urban Futures, Inc.
David Fama	Jones Hall, a Professional Law Corporation
James Wawrzyniak	Jones Hall, a Professional Law Corporation
Craig Locke	Sacramento Suburban Water District

AGENDA ITEMS

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

President Miller called the meeting to order at 6:00 p.m.

I. ROLL CALL

The Board Secretary took a roll call of the Board. The following directors were present in-person: Ted Costa, Dan Rich and Ken Miller. The following director was present via teleconference: Pam Tobin.

II. PUBLIC FORUM

There were no public comments.

III. 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. Determination of State of Emergency for Remote Meetings (W & R)

Recommendation: Declare making the Legally Required Findings to Authorize the Conduct of Remote "Telephonic" Meetings During the State of Emergency

2. Minutes of the Board of Directors Special Meeting, December 6, 2021 (W & R)

Recommendation: Approve draft minutes

3. Minutes of the Board of Directors Meeting, December 8, 2021 (W & R)

Recommendation: Approve draft minutes

4. Minutes of the Board of Directors Special Meeting, December 15, 2021 (W & R)

Recommendation: Approve draft minutes

5. Minutes of the Board of Directors Special Meeting, January 11, 2022 (W & R)

Recommendation: Approve draft minutes

6. Minutes of the Board of Directors Special Meeting, January 12, 2022 (W & R)

Recommendation: Approve draft minutes

7. Introduction of Ordinance 22-01 (W & R)

Recommendation: Introduce and Waive First Reading of Ordinance No. 21-01 – An Ordinance of the Board of Directors of the San Juan Water District Amending Ordinances 1000, 12000, 16000 and 22000

8. WTP Maintenance Position(s) (W)

Recommendation: Approve a name change of the Facilities Maintenance Helper to Utilities Maintenance Worker I/II and making it a promotable position with the addition of a salary range for Level II

9. Field Services – Meter Technician Position (R)

Recommendation: Approve the establishment of a new Meter Technician position in the Field Services Department for the implementation of the Meter Replacement Program, and to achieve goals identified in the Retail Master Plan related to maintenance of the Distribution System

10. On-Call Construction Management and Inspection Services Agreement – Amendment No. 1 (R)

Recommendation: Approve a contract amendment to Inferrera Construction Management Group, Inc.'s On-Call Construction Management and Inspection Services Agreement

11. Wholesale Water Rate Fee Schedule Revision (W)

Recommendation: Approve revisions to the Wholesale Water Rate Fee Schedule, effective January 1, 2022, to adjust the allocation of the fixed quarterly service charge

Director Tobin requested that Consent Calendar items 4, 6, 7 and 11 be pulled.

Director Costa moved to approve Consent Calendar items 1, 2, 3, 5, 8, 9 and 10. Vice President Rich seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller, Rich and Tobin
Noes: None
Abstain: None

Director Tobin explained that she wasn't at the Board meetings for Consent Calendar items 4 and 6 so she couldn't vote aye on them. The Board Secretary noted that Director Tobin was not at the meeting for Consent Calendar item 2.

Director Costa moved to approve Consent Calendar items 4 and 6. Vice President Rich seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller and Rich
Noes: None
Abstain: Tobin

GM Helliker stated that Consent Calendar item 7 was for the introduction of Ordinance 22-01 which amends ordinances 1000, 12000, 16000 and 22000. He explained that staff reviewed the ordinances and provided recommendations for some changes which was then reviewed by the Legal Affairs Committee. In response to Director Tobin's question, Legal Counsel Jones confirmed that he reviewed and agreed with the recommended changes.

Director Tobin moved to approve Consent Calendar item 7. Director Costa seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller, Rich and Tobin
Noes: None
Abstain: None

Ms. Silva stated that Consent Calendar item 11 is in regards to the Wholesale Water Rates. She explained that there is no net rate increase scheduled at this time; however, this action updates the allocation of the fixed quarterly charge based on the rolling five-year average of water use for the five years ending June 30, 2021.

Director Tobin moved to approve Consent Calendar item 11. Director Costa seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller, Rich and Tobin
Noes: None
Abstain: None

IV. NEW BUSINESS

1. 2022 Committee Assignments (W & R)

President Miller informed the Board that the SGA Alternate position needed to be replaced.

Director Costa moved to designate Dan Rich as the SGA Alternate. President Miller seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller and Rich
Noes: Tobin
Abstain: None

2. Refunding of San Juan Water District's Share of Refunding Revenue Bonds, Series 2012A

Ms. Silva informed the Board that the District has \$8,605,000 of outstanding Series 2012A bonds, with an average interest rate of 5.11%. She explained that the bonds can be refinanced in February and the financing team recommends that the District seek a private placement instead of a public bond.

Ms. Silva reported that the finance team requested RFPs and is recommending that the District refinance the bonds through Sterling National Bank at a rate of 1.63%. Ms. Silva provided a staff report which will be attached to the meeting minutes. Ms. Silva informed the Board that refinancing the bonds will save the District approximately \$1.75 million over the next ten years.

Director Rich moved to approve and adopt Resolution No 22-02 authorizing the execution and delivery of a loan agreement to refinance outstanding

obligations of the District and authorizing related actions. Director Tobin seconded the motion and it carried with the following roll call vote:

***Ayes: Directors Costa, Miller, Rich and Tobin
Noes: None
Abstain: None***

3. Folsom Reservoir Raw Water Delivery Reliability Project (W)

GM Helliker provided a staff report which will be attached to the meeting minutes. He informed the Board that staff is looking for ways to build facilities that will increase the District's reliability of water deliveries. He explained that in 2006 a project alternative solutions study was performed which provided 14 alternatives and resulted in four conceptual projects to further evaluate. He informed the Board that the project is out of date and needs to be refined.

GM Helliker reported that work was completed with the cities of Folsom and Roseville to develop at scope of work to request proposals. He informed the Board that only one proposal was received which was from Stantec Consulting Services, Inc. The agencies reviewed the proposal and determined that it would meet their needs. The agreement would include a not-to-exceed amount of \$269,710, with San Juan's share at a not-to-exceed amount of \$89,903.

Director Rich moved to approve the agreement with City of Folsom. Director Costa seconded the motion and it carried with the following roll call vote:

***Ayes: Directors Costa, Miller, Rich and Tobin
Noes: None
Abstain: None***

4. Appointment of Critically-Needed Positions (W & R)

GM Helliker informed the Board that there are two positions that were vacated due to retirements and have since been filled with existing employees. Mr. Adam Larsen explained that the two positions were the two senior pump station operators. A staff report was provided to the Board and will be attached to the meeting minutes.

Mr. Larsen explained that he would like to bring back the two senior operators as retired annuitants to help train the employees and to be available for emergency response as there is only one employee experienced enough to perform after hours work in an emergency. GM Helliker added that the Board would need to designate these as critically-needed positions in order to not have to wait the six months before bringing them back.

Director Costa moved to adopt Resolution No. 22-03 approving agreements to appoint Randy Potter and Chris Mayer in critically-needed field services positions as retired annuitants. Vice President Rich seconded the motion and it carried with the following roll call vote:

***Ayes: Directors Costa, Miller, Rich and Tobin
Noes: None
Abstain: None***

V. OLD BUSINESS

1. Acceptance of the Retail Financial Plan and Water Rate Update Study and Adoption of Three-Year Schedule of Retail Water Rates (R)

Ms. Silva provided a staff report which will be attached to the meeting minutes. She explained that the District completed the Retail Master Plan last December and then the Retail Financial Plan that was based on the master plan. She informed the Board that about 20 customers attended the 3 workshops in December then on January 12th the public hearing was held. She reported that 24 protest letters were received. President Miller opened the floor for public comment and there were no comments.

Director Rich moved to adopt Resolution No. 22-01 adopting a three year schedule of retail water rates. Director Costa seconded the motion and it carried with the following roll call vote:

Ayes: Directors Costa, Miller and Rich

Noes: Tobin

Abstain: None

Director Rich commented that the Retail rates are one of the most important items that the Board takes action on and he inquired why Director Tobin doesn't support the rate increase given the information that was provided. Director Tobin stated that she believes that the increase is too steep and that the refunding of the money that the District has received or will be receiving as a result of staff's great work should be taken into consideration.

2. 2022 Hydrology and Operations Update (W & R)

GM Helliker informed the Board that the Sacramento Valley is at 31.5 inches of precipitation for this water year which is 124% of average. He reviewed data on Folsom Reservoir, which included the current storage level at 122% of historical average, data on releases, temperature information and storage projections.

GM Helliker informed the Board that Folsom Reservoir is in flood control conditions due to reservoir storage being above 566,000 acre-feet. He explained how Reclamation operates under flood control based on snow conditions and storm forecast. In addition, he anticipates that Folsom should fill this year based on Reclamation's January projections.

GM Helliker reviewed the State Water Board's data on the progress towards the Governor's 15% voluntary conservation request, which showed a statewide reduction of 23.9%. In addition, he reviewed a chart that showed conservation targets in the region from agencies taking water from the American and Sacramento rivers, which showed the District's reduction in use for the retail service area at 45% for the month of November.

3. FY 2021-22 Operations Plan Report Card (W & R)

GM Helliker reviewed the 2nd quarter progress on the FY 2021-22 Operations Plan Report Card. He informed the Board that staff is on track to meet the goals, with some projects already completed.

VI. INFORMATION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 General Manager's Monthly Report (W & R)

GM Helliker provided the Board with a written report for December which will be attached to the meeting minutes.

1.2 Miscellaneous District Issues and Correspondence

GM Helliker informed the Board that Lisa Brown, Customer Services Manager, will be retiring. The Board wished her well and thanked her for her seven years of service to the District.

GM Helliker reported that a meeting was held today with the Wholesale Customer Agencies to discuss joint projects. The group has met 3-4 times and is addressing various topics. Mr. Rob Swartz joined the meeting today and informed the group about the groundwater sustainability plan and the groundwater model, and how the group could make use of that while looking to increase conjunctive use activities. GM Helliker reported that there may be a possibility to partner with Fair Oaks Water District once their Skyway well is completed since it will be an aquifer storage and recovery well. In addition, Orange Vale Water Company received funding for their well and GM Helliker informed them that the District placed \$5 million in the retail financial plan for groundwater well projects.

In response to Director Costa's question, GM Helliker reported that the group discussed banking 215 water, and the Wholesale Customer Agencies were sent an email regarding the notice that the District received regarding the opportunity to take 215 water. Mr. Zlotnick informed the Board that the 215 water is basically the same price as CVP water, and in the future the District could take that water and use it to inject into the ground. In addition, Mr. Zlotnick stated that it's more beneficial for the District to use the CVP contract water in order to show historic use. Mr. Zlotnick stated that he believes that the FOWD and CHWD will be willing to partner with the District in the future once agreements are in place to bank the District's water.

GM Helliker reported that the court hearing on the biological opinion is scheduled for February 11, 2022.

2. DIRECTOR OF FINANCE'S REPORT

2.1 Miscellaneous District Issues and Correspondence

Ms. Silva reported that the current year budget received the Distinguished Budget Award from the Government Finance Officers Association. She informed the Board that the District received an anti-trust settlement (pricing

issue) on a liquid aluminum sulfate case in the amount of \$18,623. In addition, she reported that several years ago the District entered into an advance dues deposit with the Association of California Water Agencies and recently received the deposit back in the amount of \$59,840.

3. OPERATIONS MANAGER'S REPORT

3.1 Miscellaneous District Issues and Correspondence

In response to Director Costa's question, Mr. Barela informed the Board that the District is not involved in the copper pipe issue that the City of Folsom is having.

4. ENGINEERING SERVICES MANAGER'S REPORT

4.1 Miscellaneous District Issues and Correspondence

No report.

5. LEGAL COUNSEL'S REPORT

5.1 Legal Matters

No report.

VII. DIRECTORS' REPORTS

1. SACRAMENTO GROUNDWATER AUTHORITY (SGA)

Director Costa reported that he had issues attending the last SGA meeting via phone. He stated that he was muted and others were as well and not allowed to speak. He reported that SGA is still discussing merging with SCGA and there is a meeting scheduled for February 10th. GM Helliker informed the Board that yesterday's SGA meeting was a workshop of their board to provide information on their estimates of savings that might occur with a merger.

GM Helliker reported that he inquired about the questions that were raised in August 2021, which were in the SGA board packet for the meeting. The SGA chair thought that the questions were answered and asked that any current questions be sent in as well. GM Helliker stated that he and Mr. Zlotnick are working on the questions and will provide the District's SGA representatives with the list of questions. Director Costa stated that governance needs to be discussed prior to merging.

GM Helliker reported that he and Mr. Zlotnick met with Rob Roscoe, who was hired by SCGA to interview different agencies in SGA regarding agency concerns. GM Helliker provided Mr. Roscoe with all the documentation that was provided to SGA.

2. REGIONAL WATER AUTHORITY (RWA)

Director Rich reported that there was a meeting a couple weeks ago that was focused on the Executive Director's contract and election of officers for the Executive Committee. He informed that Board that the contract was approved for a three-year term and the contract contains a clause to conduct a salary survey this year. GM Helliker confirmed that the RWA compensation study will be completed this spring and will include the Executive Director.

3. ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA)

3.1 ACWA - Pam Tobin

President Tobin reported that the ACWA building sold, committees have been ratified, workshops are scheduled for February 3rd and the next Board meeting is February 4th. She reported that there was a Priority Issues update in January and there will be strategic planning updates in February. She reported that ACWA is rolling out a state-wide education campaign regarding the importance and positive benefits of investing in water infrastructure.

3.2 Joint Powers Insurance Authority (JPIA) - Pam Tobin

President Tobin reported that JPIA is not increasing their rates with the exception of Property Insurance. She stated that they are looking for options for cyber theft coverage.

3.3 Energy Committee - Ted Costa

No report.

4. CVP WATER USERS ASSOCIATION

Director Costa reported that CVP Water Users Association meets in February 8th.

5. OTHER REPORTS, CORRESPONDENCE, COMMENTS, IDEAS AND SUGGESTIONS

Director Costa suggested that someone should call their own workshop regarding the governance issue with the groundwater sustainability agency and invite other agencies to attend.

Director Tobin inquired about water injection wells and the progress on that topic. GM Helliker reiterated that there have been many discussions with other agencies regarding this and he will forward Director Tobin the meeting agendas.

VIII. COMMITTEE MEETINGS

1. Legal Affairs Committee – January 11, 2022

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

2. Personnel Committee – January 18, 2022

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

3. Finance Committee – January 25, 2022

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

IX. UPCOMING EVENTS

1. Cap-to-Cap

April 30 – May 4, 2022
Washington, DC

2. 2022 ACWA Spring Conference

May 3-6, 2022
Sacramento, CA

There was no Closed Session.

X. CLOSED SESSION

1. Conference with legal counsel – existing litigation (Government Code § 54956.9(d)(1), (d)(4)) - California Natural Resources Agency v. Raimondo, Eastern District of California case no. 1:20-cv-00426 and Pacific Coast Fed'n of Fishermen's Assn. v. Raimondo, Eastern District of California case no. 1:20-cv-00430.
2. Conference with legal counsel – existing litigation (Government Code § 54956.9(d)(1), (d)(4)) - Center for Biological Diversity, et al. v. U.S. Bureau of Reclamation, Eastern District of California case no. 1:20-cv-00706.

XI. OPEN SESSION

There was no reportable action since there was no Closed Session.

XII. ADJOURN

The meeting was adjourned at 7:21 p.m.

ATTEST:

KENNETH MILLER, President
Board of Directors
San Juan Water District

TERI GRANT, Board Secretary

STAFF REPORT

To: Legal Affairs Committee
From: Paul Helliker, General Manager
Date: January 26, 2022
Subject: Revision of Ordinances 1000, 12000, 16000 and 22000

RECOMMENDED ACTION

Staff request that the Board of Directors introduce and waive the first reading of Ordinance No. 22-01 – An Ordinance of the Board of Directors of the San Juan Water District Amending Ordinances 1000, 12000, 16000 and 22000. The Legal Affairs Committee reviewed the proposed ordinance and edits to the existing ordinances and recommends approval by the Board.

BACKGROUND

Staff are conducting a comprehensive review and update of the District's Ordinances, and effort which was last conducted in 2008. Some ordinances have been updated recently, including the Rules for Proceedings of Board meetings and the Water Shortage and Conservation ordinances (Ordinances 1100 and 23000, respectively). Staff have identified various revisions that are recommended for 16 of the District's 27 ordinances.

The first tranche of revisions would be in one subset of four ordinances that contain related sections. The ordinances and the recommended changes are summarized in the respective sections below.

Ordinance 1000 General Provisions

The edits proposed for this ordinance include the addition of definitions for apartment buildings, condominiums and townhouses/townhomes. The definition of commercial service is also proposed to be revised, to add missing examples, improve the grammar and ensure consistency with the use of the same term in Ordinance 12000.

Ordinance 12000 Rates and Conditions for Water Service

The edits proposed for this ordinance include:

- Clarification of the fact that two classes are no longer used, and the dates of those changes (Classes A and F)
- Addition of references to other ordinances where appropriate
- Revision of the definition of Commercial service, to comport with language in Ordinance 1000

- Move detailed language concerning metered and unmetered construction water to Ordinance 16000, where it is more appropriate, and deletion of unnecessary verbiage in the section concerning unmetered construction water
- Modification of references to Ordinances, rather than Sections
- Other minor grammatical improvements

Ordinance 16000 Temporary Water Service

The proposed revisions to this ordinance include the addition of references to other ordinances where appropriate, and the insertion of language moved from Ordinance 12000.

Ordinance 22000 Service for Fire Protection

The proposed revisions to this ordinance include a revision of the reference to ordinances, rather than the code, and the deletion of an unnecessary term in the description of private fire protection services.

ORDINANCE NO. 22-01

**AN ORDINANCE OF THE BOARD OF DIRECTORS OF
THE SAN JUAN WATER DISTRICT AMENDING
ORDINANCES NOS. 1000, 12000, 16000 AND 22000**

The Board of Directors of the San Juan Water District ordains as follows:

Section 1. Purpose and Authority. The purpose of this ordinance is to amend various sections of Ordinances 1100, 12000, 16000 and 22000. This ordinance is adopted pursuant to Government Code section 61060, and other applicable law.

Section 2. Amendments. Ordinances No. 1100 (General Provisions), No. 12000 (Rates and Conditions for Water Service), No. 16000 (Temporary Water Service) and No. 22000 (Service for Fire Protection Systems) are amended as follows:

Section 3.

A. Section 1000.02 is amended to read as follows:

1000.02 Definitions

The following words as used in the Code shall have the meanings set forth below unless otherwise apparent in the context in which they are used:

“Access” means the ability to clearly and easily see and enter a District facility, such as a meter box, without removing branches, roots, landscaping, soil, etc. from the facility.

“Apartment Building” means a building containing separate residential apartments.

“Applicant” means any prospective Customer applying for water service.

“Application for Single Service - Connection” means a District form completed by the Customer with sufficient information to enable the District to establish a water account and document fees paid.

“Application for Single Service – Initial Review” means a District form completed by the Customer with sufficient information to enable the District to determine the appropriate meter size for the requested water service.

“Auxiliary Water Supply” means a water supply not supplied by San Juan Water District.

“Board of Directors” or “Board” means the Board of Directors of the District.

“Board Member” or “Member” means a Director of the Board of Directors.

“Capital Facility Fee” means the portion of the Connection Fee paid to fund the capital facilities.

“Commercial Service” means the furnishing of metered water for use by a Customer in a multi-family residence of more than 4 units or in a non-residential account, including but not limited to restaurants, retail stores, residential care facilities, golf courses, schools, homeowner associations with common landscaped areas, mobile home parks, or irrigation of agricultural or non-agricultural land.

“Condominium” means a unit owned individually in a multi-unit structure or on land owned in common.

“Connection Fee” includes the: (1) capital facilities fee and (2) the District meter installation inspection fee, and (3) a fee for installing a service tap (tapping fee) based on the cost of the time and materials to complete the work.

“Construction Water” means water used in construction activities such as compaction and dust control that is obtained through District hydrants with valid permit.

“Conveyance Agreement” means an agreement with the District to construct and quit claim facilities to the District.

“Customer” means any Person that owns real property that is supplied or entitled to be supplied with water service by the District.

“Date of Presentation” means the date a bill or notice is mailed or delivered personally to the Customer.

“Developer” means any Person, firm, association, partnership, joint venture or corporation who applies for acceptance by the District of an addition to the District’s water distribution system.

“Development Project” means any project with more than one lot.

“District” means the San Juan Water District, a community services District organized and existing under the laws of the State of California.

“Domestic Service” means the services, facilities and water furnished or available to residential Premises by the District water system.

“Easement” means the District’s right in, across, over, and under another Person’s property to access, construct, install, operate, maintain, repair, remove, and replace District facilities, regardless of whether or not the District’s right has been memorialized in a written document recorded in the Official Record of the county where the Easement is located.

“Funding Agreement” means an agreement requiring a developer to pay for all required and requested assistance from District staff and consultants during the planning, design and permitting process for a development.

“General Manager” means the General Manager of the District or other staff member designated by the General Manager or the Board of Directors to perform the services or make the determinations permitted or required under this code.

“Mainline Extension” means the extension of District’s water distribution pipelines, exclusive of service connections, beyond existing facilities.

“May” is permissive and “shall” or “will” is mandatory.

“Metered-Rate Service” means the furnishing of water by measured quantities using a mechanical device manufactured and installed on a water line.

“Off-Site Facilities” means facilities that must be constructed outside the boundaries of a development to bring utility service from the nearest District facility to the boundary of the land being developed.

“Person” means any individual, firm, partnership, joint venture, association, corporation, county, city, municipal corporation or other political subdivision, or any other group or combination acting as a unit.

“Premises” means any lot, piece or parcel of land, or any building or other structure or any part of any building or structure having a connection with the District water system.

“Right-of-way” means an Easement in a road or other area that has been dedicated to public use and in which the District may install and operate facilities without permission from the owner of any underlying private property.

“Service Area” means the area within the San Juan retail boundaries.

“Service Lateral” means the portion of pipe between the District water main and the water meter box location.

“Staff” means the General Manager and the personnel of the District under the General Manager’s supervision.

“Standards, specifications, and requirements” means the District’s standards, specifications, and requirements.

“Subdivision” means a real estate development resulting in a division of land into two or more lots or parcels.

“Tapping Fee” means a fee to install a water service tap.

“Temporary Water” means temporary water service through a District-provided meter for a period not to exceed 120 days and which is permitted without requiring the payment of capital facilities fees.

“Townhome or townhouse” means a usually single-family house of two or sometimes three stories that is usually connected to a similar house by a common sidewall.

“Unit of water” means 100 cubic feet or 748 gallons of water.

“Water Meter” means a mechanical device used for measuring and recording the quantity of water delivered to a Customer, and all fittings, valves, and equipment required to attach and operate the water meter.

“Water Service” means the water system services, facilities and water furnished or available to a Premise by the District.

“Water Service Fee” means that fee paid by a Customer to establish a new water account.

“Will Serve Letter” means a letter signed by the Board or General Manager and issued to a Developer or Applicant for a development project making a conditional statement that, as of the date of the letter, treated water supply and facilities are available to serve the proposed development project inside the District.

“Wholesale Service” means the furnishing of water by the District to another public agency or private water company for retail distribution to that entity’s customers through the agency’s or company’s water system for any beneficial use.

B. Section 12000.03.2 is amended to read as follows:

12000.03.2 Rates and Charges for Retail Water Service

The rates and charges for the various classes of retail water service furnished by the District shall be as follows:

A Class A – Flat Rate Residential Service – no longer used (discontinued January 1, 2005)

B Class B – Metered Residential Service

Metered residential water service will be provided at the District’s residential metered rates set by the Board of Directors.

Residential fire suppression sprinkler systems must be connected to the District’s water system per the District’s standards, specifications, and requirements for

residential fire suppression sprinkler systems. See Ordinance 22000 for additional information.

All multiple dwelling units of 2-4 units are charged the residential rate.

For rates, see District's current Schedule of Rates, Fees, Charges, and Deposits.

C Class C – Commercial Service

Water service for multi-family residence of more than 4 units or for non-residential accounts, including but not limited to restaurants, retail stores, residential care facilities, golf courses, schools, homeowner associations with common landscaped areas, mobile home parks, or irrigation of agricultural or non-agricultural lands, will be considered "Commercial Service," and shall be metered and billed at commercial metered rates set by the Board of Directors.

For rates, see District's current Schedule of Rates, Fees, Charges, and Deposits.

D Class D – Temporary Water Service

Water service provided on a temporary basis pursuant to Ordinance 16000 will be considered "temporary water service," and shall be two times the rate charged Customers for the same class of water service on a regular meter basis under this Ordinance 12000.03.

E Class E – Construction Water – Metered

Water service provided for construction purposes, including the filling of tank trucks and trailers, from a metered connection shall be furnished at the current commercial metered consumption rate (see Class C). Hydrant meter rental charges will also be charged at the rate listed in the District's current Schedule of Rates, Fees, Charges, and Deposits until the meter is returned to the District. A fee will be charged for each meter permit as listed in the District's current Schedule of Rates, Fees, Charges, and Deposits. See Ordinance Section 16000 for additional information.

F Class F – Construction Water – Unmetered – no longer used
(discontinued on January 1, 2022)

G Class G – Service for Fire Protection other than Residential Service
Described in Class B

Standby water service for private fire lines (to serve on-site fire hydrants or a sprinkler system for fire protection service within a building or both), for firefighting purposes only shall be at the rate described in District's current

Schedule of Rates, Fees, Charges, and Deposits and water furnished through private fire lines for uses other than firefighting is prohibited.

H Class H – Water Service Outside District

Water service outside the boundaries of the District shall be provided only upon prior approval of the Board of Directors, when there is a surplus of water available over and above the existing needs for service in the District. This service shall be temporary and may be terminated on written notice from the District.

The rate for water furnished under this Class shall be one- and one-half times the rate charged to in-District Customers for the same class of water service under this Section, except as otherwise provided in a service agreement approved by the Board of Directors.

C. Section 16000.03.1 is amended to read as follows:

16000.03.1 Temporary Water

Upon application for such service, the Customer shall pay all of the District fees and charges for tapping and new service as if applying for new water service. The payment of the capital facilities fee is not required for temporary water service. At its sole discretion, the District also may collect a temporary water meter deposit, which shall be determined on a case-by-case basis in light of factors such as type of water use, and location and exposure of the meter. Water supplied to a temporary construction meter will be billed at the District's water service fees and charges provided for Class D – Temporary Water Service. See Ordinance 12000 for additional information.

After installation, the Customer shall be responsible for protection of the meter and for any loss or damage thereto. If at the end of the temporary use period the District inspects the meter and determines that there has been no loss or damage to the meter, the meter security deposit will be refunded after all outstanding water charges have been paid. If in the opinion of the District, a temporary water meter has been lost or damaged to the extent that repair or replacement is necessary, the Customer shall be obligated to pay to the District the full cost of removal and repair or replacement of the temporary water meter. Such charges shall be deducted from the deposit paid by the Customer. The District will not approve a Customer's permanent connection to its water system and begin providing water service until the Customer has paid in full all temporary water meter repair or replacement charges and all tapping, capital facilities fees, and new services fees and charges.

D. Section 16000.04 is amended to read as follows:

16000.04 Hydrant Meters for Construction

16000.04 Construction Water – Metered

Water service may be provided for construction purposes, including the filling of tank trucks and trailers from a metered hydrant connection. Contractors or Customers shall obtain a Hydrant meter from the District and will be required to report usage on a monthly basis. A fee will be charged for each meter permit as listed in the District’s current Schedule of Rates, Fees, Charges, and Deposits. Construction water permits shall not exceed 120 days.

To receive construction water service, the Customer shall make application at the District office and use a water meter with backflow prevention device or assembly, provided and approved by the District to measure the amount of water furnished. The Customer shall deposit the amount listed in the District’s current schedule of Rates, Fees, Charges, and Deposits for use of the meter.

The Customer shall be responsible to take care of the water meter and associated equipment, and shall protect from damage. At the request of the District, the Customer shall return the meter to the District for inspection, refurbishing, repair, or calibration as deemed necessary by the District.

Upon termination of the service, the District will refund the amount of the deposit remaining after making the following deductions:

- ◆ Cost of repairing or replacing the meter, backflow prevention assembly, fire hydrant and/or any fittings damaged or lost while in use; and
- ◆ Unpaid charges for water used, meter rental or other applicable charges.
- ◆ If the meter is not returned, the deposit will be forfeited to the District.

Any unauthorized use of District fire hydrants shall be subject to immediate shut-off without notice and an unauthorized connection fee (as set forth in the District’s current Schedule of Rates, Fees, Charges, and Deposits) plus the actual cost of the repair of any damage to District property, mains, fire hydrants, or other facilities shall be paid to the District by the unauthorized user of District fire hydrants

16000.04 Construction Water - Unmetered

Taking water for the filling of tank trucks and trailers on a non-metered basis is not allowed, and doing such shall be subject to penalty. Those needing water from a District hydrant shall make application at the District office and use a water meter with backflow prevention assembly furnished by the District to measure the amount of water furnished, as described in 12000.03.02.E.

E. Section 22000.01 is amended to read as follows:

22000.01 Service for Residential, Commercial or Industrial Purposes

The District will provide water service for fire protection systems for residential, commercial or industrial developments within the District. Such service shall be available only in accordance with the rules and regulations provided in this Ordinance and other applicable Ordinances

F. Section 22000.02.7 is amended to read as follows:

22000.02.7

Water for private fire protection services shall be provided in accordance with Section 12000.03.2 and the rates in the District's current Schedule of Rates, Fees, Charges, and Deposits shall apply. There is no connection fee for a private fire protection line.

Section 4. Effective Date. These ordinances shall take effect 30 days after its adoption.

Section 5. Publication. Within 15 days from the date of adoption of this ordinance, the Board Secretary shall publish it once in a newspaper of general circulation published and circulated within the District.

INTRODUCED by the Board of Directors on the 26th day of January 2022.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District at a regular meeting on the 23rd day of February 2022 by the following vote:

AYES:
NOES:
ABSENT:

KENNETH MILLER
President, Board of Directors

Attest:

TERI GRANT
Board Secretary

Ordinance Type	District Administration	Date Adopted	June 28, 2006
Ordinance Number & Title	1000 - General Provisions	Date Amended	June 25, 2008

1000.00 Definitions and Miscellaneous Provisions

1000.01 Title – Reference to Code

This code shall be known as the “San Juan Water District Code of Ordinances.” References herein to the “Code” shall be deemed to mean this Code of Ordinances.

1000.02 Definitions

The following words as used in the Code shall have the meanings set forth below unless otherwise apparent in the context in which they are used:

“Access” means the ability to clearly and easily see and enter a District facility, such as a meter box, without removing branches, roots, landscaping, soil, etc. from the facility.

“Apartment Buildings” means a building containing separate residential apartments.

“Applicant” means any prospective Customer applying for water service.

“Application for Single Service - Connection” means a District form completed by the Customer with sufficient information to enable the District to establish a water account and document fees paid.

“Application for Single Service – Initial Review” means a District form completed by the Customer with sufficient information to enable the District to determine the appropriate meter size for the requested water service.

“Auxiliary Water Supply” means a water supply not supplied by San Juan Water District.

“Board of Directors” or “Board” means the Board of Directors of the District.

“Board Member” or “Member” means a Director of the Board of Directors.

“Capital Facility Fee” means the portion of the Connection Fee paid to fund the capital facilities.

“Commercial Service” means the furnishing of metered water for use by a Customer to a non-residential Premises or in a multi-family residence of more than 4 units or in a non-residential account, for use by a Customer including but not limited to, restaurants, retail stores, residential care facilities, golf courses, schools, homeowner associations with ornamental-common landscaped areas, mobile home parks, or irrigation of agricultural or non-agricultural land. ~~or any other non-residential account.~~

“Condominium” means a unit owned individually in a multi-unit structure or on land owned in common.

“Connection Fee” includes the: (1) capital facilities fee and (2) the District meter installation inspection fee, and (3) a fee for installing a service tap (tapping fee) based on the cost of the time and materials to complete the work.

“Construction Water” means water used in construction activities such as compaction and dust control that is obtained through District hydrants with valid permit.

“Conveyance Agreement” means an agreement with the District to construct and quit claim facilities to the District.

“Customer” means any Person that owns real property that is supplied or entitled to be supplied with water service by the District.

“Date of Presentation” means the date a bill or notice is mailed or delivered personally to the Customer.

“Developer” means any Person, firm, association, partnership, joint venture or corporation who applies for acceptance by the District of an addition to the District’s water distribution system.

“Development Project” means any project with more than one lot.

“District” means the San Juan Water District, a community services District organized and existing under the laws of the State of California.

“Domestic Service” means the services, facilities and water furnished or available to residential Premises by the District water system.

“Easement” means the District’s right in, across, over, and under another Person’s property to access, construct, install, operate, maintain, repair, remove, and replace District facilities, regardless of whether or not the District’s right has been memorialized in a written document recorded in the Official Record of the county where the Easement is located.

“Funding Agreement” means an agreement requiring a developer to pay for all required and requested assistance from District staff and consultants during the planning, design and permitting process for a development.

“General Manager” means the General Manager of the District or other staff member designated by the General Manager or the Board of Directors to perform the services or make the determinations permitted or required under this code.

“Mainline Extension” means the extension of District’s water distribution pipelines, exclusive of service connections, beyond existing facilities.

“May” is permissive and “shall” or “will” is mandatory.

“Metered-Rate Service” means the furnishing of water by measured quantities using a mechanical device manufactured and installed on a water line.

“Off-Site Facilities” means facilities that must be constructed outside the boundaries of a development to bring utility service from the nearest District facility to the boundary of the land being developed.

“Person” means any individual, firm, partnership, joint venture, association, corporation, county, city, municipal corporation or other political subdivision, or any other group or combination acting as a unit.

“Premises” means any lot, piece or parcel of land, or any building or other structure or any part of any building or structure having a connection with the District water system.

“Right-of-way” means an Easement in a road or other area that has been dedicated to public use and in which the District may install and operate facilities without permission from the owner of any underlying private property.

“Service Area” means the area within the San Juan retail boundaries.

“Service Lateral” means the portion of pipe between the District water main and the water meter box location.

“Staff” means the General Manager and the personnel of the District under the General Manager’s supervision.

“Standards, specifications, and requirements” means the District’s standards, specifications, and requirements.

“Subdivision” means a real estate development resulting in a division of land into two or more lots or parcels.

“Tapping Fee” means a fee to install a water service tap.

“Temporary Water” means temporary water service through a District-provided meter for a period not to exceed 120 days and which is permitted without requiring the payment of capital facilities fees.

[“Townhome or townhouse” means a usually single-family house of two or sometimes three stories that is usually connected to a similar house by a common sidewall.](#)

“Unit of water” means 100 cubic feet or 748 gallons of water.

“Water Meter” means a mechanical device used for measuring and recording the quantity of water delivered to a Customer, and all fittings, valves, and equipment required to attach and operate the water meter.

“Water Service” means the water system services, facilities and water furnished or available to a Premise by the District.

“Water Service Fee” means that fee paid by a Customer to establish a new water account.

“Will Serve Letter” means a letter signed by the Board or General Manager and issued to a Developer or Applicant for a development project making a conditional statement that, as of the date of the letter, treated water supply and facilities are available to serve the proposed development project inside the District.

“Wholesale Service” means the furnishing of water by the District to another public agency or private water company for retail distribution to that entity’s customers through the agency’s or company’s water system for any beneficial use.

1000.03 Effect of Heading

The title, division or section headings contained in this Code shall not be deemed to govern, limit or modify in any manner the scope, meaning or intent of the provisions of any section or subsection of this Code.

1000.04 Notices

A. Whenever a notice is required to be given by the District under this Code, unless otherwise provided herein, such notice may be made either by personal delivery thereof to the Person to be notified or by deposit in the U.S. Mail in a sealed envelope, postage prepaid, addressed to such Person at the last known business or residence address as the name appears in the District’s or other public records. Service by mail shall be deemed to have been completed at the time of deposit in the Post Office.

B. Proof of giving any notice may be made by the certificate of any officer or employee of the District or by affidavit of any Person over the age of eighteen years that shows service in conformity with this Code or other provisions of law applicable to the subject matter concerned.

1000.05 Validity of Code

If any section, subsection, sentence, clause, phrase or portion of this Code is for any reason held to be invalid or unconstitutional by the decision of any court, such decision shall not invalidate or otherwise affect the remaining portions of this Code. The Board of Directors hereby declares that it would have adopted this Code and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of whether any one or more sections, subsections, clauses, phrases or portions are declared invalid or unconstitutional.

Revision History:

Revision Date	Description of Changes	Requested By
6/25/08	Ord. 08-001 repealed all prior ordinances	

Ordinance Type	District Operations	Date Adopted	June 28, 2006
Ordinance Number & Title	12000 - Rates and Conditions for Water Service	Date Amended	June 25, 2008

12000.01 Service Area

Water service shall be furnished by the District only to property located within the District boundaries. Water service to property located outside the District is provided for in Section 12000.03.2 (H) of this Code.

12000.02 Definition of “Unit of Water”

As used in this section, the term “unit of water” shall mean 100 cubic feet or 748 gallons of water.

12000.03 Water Rates, Charges and Fees

Water, water service, or use of facilities of the District water system shall not be furnished free of charge to any Person or Customer.

Water service furnished by the District shall be under the classes of service as follows and in accordance with the District’s current Schedule of Rates, Fees, Charges, and Deposits:

12000.03.1 Rates and Charges for Wholesale Water Service
Wholesale water shall be delivered and billed by acre-foot measurement at rates determined by contract.

12000.03.2 Rates and Charges for Retail Water Service
The rates and charges for the various classes of retail water service furnished by the District shall be as follows:

A Class A – Flat Rate Residential Service ~~– no longer used (This Class was discontinued January 1, 2005)~~

B Class B – Metered Residential Service
Metered residential water service will be provided at the District’s residential metered rates set by the Board of Directors.

Residential fire suppression sprinkler systems must be connected to the District’s water system per the District’s standards, specifications, and requirements for residential fire suppression sprinkler systems. ~~Water used for fire suppression purposes will not be charged to the customer. See Ordinance 22000 for additional information.~~

All multiple dwelling units of 2-4 units are charged the residential rate.

For rates, see District’s current Schedule of Rates, Fees, Charges, and Deposits.

- C Class C – Commercial Service
Water service for multi-family residence of more than 4 units or for non-residential accounts, including but not limited to restaurants, retail stores, residential care facilities, golf courses, schools, homeowner associations with common landscaped areas, mobile home parks, or irrigation of agricultural or non-agricultural lands ~~commercial or industrial business establishments, publicly owned establishments, mobile home parks, multiple dwelling establishments greater than 4 units, schools, residential care facilities and for irrigation of agricultural and non-agricultural lands,~~ will be considered “Commercial Service,” and shall be metered and billed at commercial metered rates set by the Board of Directors.

For rates, see District’s current Schedule of Rates, Fees, Charges, and Deposits.

- D Class D – Temporary Water Service
Water service provided on a temporary basis pursuant to OrdinanceSection 16000 of this Code will be considered “temporary water service,” and shall be two times the rate charged Customers for the same class of water service on a regular meter basis under this OrdinanceSection 12000.03.

- E Class E – Construction Water – Metered
Water service provided for construction purposes, including the filling of tank trucks and trailers, from a metered connection shall be furnished at the current commercial metered consumption rate (see Class C). Hydrant meter rental charges will also be charged at the rate listed in the District’s current Schedule of Rates, Fees, Charges, and Deposits until the meter is returned to the District. A fee will be charged for each meter permit as listed in the District’s current Schedule of Rates, Fees, Charges, and Deposits. Construction water permits shall not exceed 120 days. See Ordinance Section 16000 for additional information.

Requirement for Use of Water Meter:

~~To receive construction water service, the Customer shall make application at the District office and use a water meter, with a backflow prevention device or assembly, furnished provided or approved by the District to measure the amount of water furnished. The Customer shall deposit the amount listed in the District’s current schedule of Rates, Fees, Charges, and Deposits for use of the meter.~~

~~The Customer shall be responsible to take care of the water meter and associated equipment, and shall protect from damage. At the request of the District, the Customer shall return the meter to the District for inspection, refurbishing, repair, or calibration as deemed necessary by the District.~~

Upon termination of the service, the District will refund the amount of the deposit remaining after making the following deductions:

- ◆ ~~Cost of repairing or replacing the meter, backflow prevention assembly, fire hydrant and/or any fittings damaged or lost while in use; and~~
- ◆ ~~Unpaid charges for water used, meter rental or other applicable charges.~~

~~Any unauthorized use of District fire hydrants shall be subject to immediate shut-off without notice and an unauthorized connection fee (as set forth in the District's current Schedule of Rates, Fees, Charges, and Deposits) plus the actual cost of the repair of any damage to District property, mains, fire hydrants, or other facilities shall be paid to the District by the unauthorized user of District fire hydrants.~~

F Class F – Construction Water – Unmetered ~~– no longer used (discontinued January 1, 2022)~~

~~Water service provided Taking water for the filling of tank trucks and trailers on a non-metered basis is not allowed, and doing such shall be subject to penalty. Those needing water from a District hydrant shall make application at the District office and use a water meter with backflow prevention assembly furnished by the District to measure the amount of water furnished, as described in 12000.03.02.E., or load count permit basis, from District hydrants will be billed at the current commercial metered consumption rate (see class C), on a per unit basis with a minimum charge as listed in the District's current Schedule of Rates, Fees, Charges, and Deposits. Load count permits are generally issued only when District meters are unavailable.~~

~~To obtain a load count permit, Customers shall apply at the District office and pay a deposit based upon the expected duration of the job. The deposit amount is listed in the District's current Schedule of Rates, Fees, Charges, and Deposits under "Construction Water Unmetered."~~

~~Load count permits shall not exceed six weeks. If the job is expected to exceed six weeks, the Customer will be required to renew the permit after six weeks with an additional deposit covering the expected remainder of the job.~~

~~Load count Customers are required to call in load counts each week. Payment of charges shall be made at the completion of use or every six weeks, whichever is earlier.~~

G Class G – Service for Fire Protection other than Residential Service Described in Class B

Standby water service for private fire lines (to serve on-site fire hydrants or a sprinkler system for fire protection service within a building or both), for fire-fighting purposes only shall be at the rate described in District's current Schedule of Rates, Fees, Charges, and Deposits and water furnished through private fire lines for uses other than fire-fighting is prohibited.

H Class H – Water Service Outside District

Water service outside the boundaries of the District shall be provided only upon prior approval of the Board of Directors, when there is a surplus of water available over and above the existing needs for service in the District. This service shall be temporary and may be terminated on written notice from the District.

The rate for water furnished under this Class shall be one- and one-half times the rate charged to in-District Customers for the same class of water service under this Section, except as otherwise provided in a service agreement approved by the Board of Directors.

Revision History:

Revision Date	Description of Changes	Requested By
6/25/08	Ord. 08-001 repealed all prior ordinances	

Ordinance Type	District Operations	Date Adopted	June 28, 2006
Ordinance Number & Title	16000 - Temporary Water Service	Date Amended	June 25, 2008

16000.01 Definition of Temporary Water Service

Temporary service is water service furnished to a Customer pursuant to an application for such service without payment of capital facilities fees required under Section 14000 of this Code for permanent water service. Temporary service shall not exceed 120 days, unless extended in writing by the District. Temporary water service shall be furnished only under the conditions set forth in this Section.

16000.02 Requirement of Temporary Meter for Water Service

Temporary water service may be provided after installation of a temporary meter pursuant to a Customer’s written application for such service. Temporary water service by means of a “jumper” or other unauthorized connection by the customer to the District water system is prohibited.

16000.03 Fees and Charges for Temporary Meters

16000.03.1 Temporary Water

Upon application for such service, the Customer shall pay all of the District fees and charges for tapping and new service as if applying for new water service. The payment of the capital facilities fee is not required for temporary water service. At its sole discretion, the District also may collect a temporary water meter deposit, which shall be determined on a case-by-case basis in light of factors such as type of water use, and location and exposure of the meter. Water supplied to a temporary construction meter will be billed at the District’s water service fees and charges provided for Class D – Temporary Water Service. [See Ordinance 12000 for additional information.](#)

After installation, the Customer shall be responsible for protection of the meter and for any loss or damage thereto. If at the end of the temporary use period the District inspects the meter and determines that there has been no loss or damage to the meter, the meter security deposit will be refunded after all outstanding water charges have been paid. If in the opinion of the District, a temporary water meter has been lost or damaged to the extent that repair or replacement is necessary, the Customer shall be obligated to pay to the District the full cost of removal and repair or replacement of the temporary water meter. Such charges shall be deducted from the deposit paid by the Customer. The District will not approve a Customer’s permanent connection to its water system and begin providing water service until the Customer has paid in full all temporary water meter repair or replacement charges and all tapping, capital facilities fees, and new services fees and charges.

16000.03.2 Size, Location, Connection and Disconnection of Meters

The size and location of temporary meters will be determined solely by the District. The Customer shall pay time and materials charges to abandon the temporary service connection at the end of the temporary agreement period or if terminated early by the District for any reason. If any connection, disconnection or relocation of a temporary meter or other connecting device does not comply with District standards, specifications and requirements the District may terminate the temporary water service.

16000.03.3 Rates for Temporary Service

Payment for temporary water service shall be in accordance with rates and charges as set forth for Class D – Temporary Water Service in Section 12000.03.2.

16000.04 Hydrant Meters for Construction

Commented [PH1]: Moved from Ordinance 12000

16000.04.1 Construction Water – Metered

Water service may be provided for construction purposes, including the filling of tank trucks and trailers from a metered hydrant connection. Contractors or Customers shall obtain a Hydrant meter from the District and will be required to report usage on a monthly basis. A fee will be charged for each meter permit as listed in the District's current Schedule of Rates, Fees, Charges, and Deposits. Construction water permits shall not exceed 120 days.

To receive construction water service, the Customer shall make application at the District office and use a water meter with backflow prevention device or assembly, provided and approved by the District to measure the amount of water furnished. The Customer shall deposit the amount listed in the District's current schedule of Rates, Fees, Charges, and Deposits for use of the meter.

The Customer shall be responsible to take care of the water meter and associated equipment, and shall protect from damage. At the request of the District, the Customer shall return the meter to the District for inspection, refurbishing, repair, or calibration as deemed necessary by the District.

Upon termination of the service, the District will refund the amount of the deposit remaining after making the following deductions:

- ◆ Cost of repairing or replacing the meter, backflow prevention assembly, fire hydrant and/or any fittings damaged or lost while in use; and

- ♦ Unpaid charges for water used, meter rental or other applicable charges.
- ♦ If the meter is not returned, the deposit will be forfeited to the District.

Any unauthorized use of District fire hydrants shall be subject to immediate shut-off without notice and an unauthorized connection fee (as set forth in the District's current Schedule of Rates, Fees, Charges, and Deposits) plus the actual cost of the repair of any damage to District property, mains, fire hydrants, or other facilities shall be paid to the District by the unauthorized user of District fire hydrants.

16000.04.2 Construction Water – Unmetered

Taking water for the filling of tank trucks and trailers on a non-metered basis is not allowed, and doing such shall be subject to penalty. Those needing water from a District hydrant shall make application at the District office and use a water meter with backflow prevention assembly furnished by the District to measure the amount of water furnished, as described in 12000.03.02.E.

Revision History:

Revision Date	Description of Changes	Requested By
6/25/08	Ord. 08-001 repealed all prior ordinances	

Ordinance Type	District Operations	Date Adopted	June 28, 2006
Ordinance Number & Title	22000 - Service for Fire Protection Services	Date Amended	June 25, 2008

22000.01 Service for Residential, Commercial or Industrial Purposes

The District will provide water service for fire protection systems for residential, commercial or industrial developments within the District. Such service shall be available only in accordance with the rules and regulations provided in this [Ordinance and other applicable Ordinances Code](#).

22000.02 Rules and Regulations for Fire Hydrant and/or Fire Sprinkler Service for Residential, Commercial or Industrial Purposes on Private Property

- 22000.02.1** All fire hydrant and/or fire sprinkler service mains installed for residential, commercial or industrial purposes on privately-owned Premises shall be owned and maintained by the property owner, except for fire hydrants installed for multiple unit residential and other commercial developments where the District has accepted an easement and ownership for such service mains.
- 22000.02.2** Fire service systems shall be constructed in accordance with the requirements of the public agency that is responsible for providing fire protection to the Premises.
- 22000.02.3** Where service is provided for fire hydrant or fire sprinkler service on privately-owned Premises under Paragraph 22000.02.1 above, the service shall be provided by the District at the property line of the Premises to be served. The property owner or Developer shall be responsible to construct, per District standards, specifications, and requirements, and maintain the remainder of the facilities to provide fire protection to the Premises.
- 22000.02.4** Water furnished for fire hydrant or fire sprinkler service shall be used only for fire protection purposes.
- 22000.02.5** Where a fire hydrant is to be installed in front of a building or where the fire sprinkler system is to be connected to a District water main in front of the building, the District shall have the option to determine whether or not a reduced pressure backflow prevention assembly shall be installed by the property owner or Developer.

22000.02.6 Upon application for installation of one or more fire service connections to an existing District water main, the Customer shall pay such charges as shall be determined on the basis of actual costs incurred by the District in performing the work. At the time of application for the installation, the District will estimate the total costs to be incurred in performing the work. The Customer shall deposit the estimated amount with the District prior to commencement of the work. The work shall be performed by the District, or a District contractor. If actual costs incurred by the District are less than the amount deposited, the District shall refund the balance of the deposit to the Customer. If the costs incurred exceed the amount deposited, the Customer shall reimburse the District for the additional costs within 20 days from the date of invoice. Where the fire service connection is to be made to a water main to be constructed in a street by the owner or Developer, the costs for such connection shall be covered under the Conveyance Agreement with the District for installation of the water facilities for the development project.

22000.02.7 Water for private fire protection services, ~~other than residential,~~ shall be provided in accordance with Section 12000.03.2 and the rates in the District’s current Schedule of Rates, Fees, Charges, and Deposits shall apply. There is no connection fee for a private fire protection line.

22000.02.8 The District shall have no responsibility for the proper functioning of the fire service system or for the availability of water from its mains for fire protection in the event of an emergency. While the District undertakes at all times to have adequate supplies available in its system for ordinary uses, it is not a guarantor of continual service in quantities and pressures adequate for all purposes, and, as a condition to the District providing the fire service connection, the District shall incur no liability nor be subject to any damages resulting from a failure or malfunctioning of the fire sprinkler lateral or fire sprinkler system or from a lack of water in adequate quantity or pressure to make it fully effective.

Revision History:

Revision Date	Description of Changes	Requested By
6/25/08	Ord. 08-001 repealed all prior ordinances	

STAFF REPORT

To: Board of Directors
From: Greg Turner, WTP Manager
Date: January 26, 2022
Subject: Renaming and Modification of Job Description for Facilities Maintenance Helper to Utilities Maintenance Worker I/II

RECOMMENDED ACTION

Staff is requesting the Board of Directors approve a name change of the Facilities Maintenance Helper to Utilities Maintenance Worker I/II and make it a promotable position with the addition of a salary range for Level II. The staff recommendation was reviewed by the Personnel Committee, which recommends approval by the Board of Directors.

BACKGROUND

In 2012, the District created the Facilities Maintenance Helper (FMH) position to better address the District's growing maintenance needs. The purpose of the position was to perform custodial work and provide support for plant and building maintenance. Since 2012, the department has completed several projects, and this position has participated in conducting many items on the maintenance task list, including assistance in performing conduit installation, chlorine and mechanical maintenance. Since 2012, the FMH position has evolved to help meet those needs. The FMH is a valued member of the treatment team, and the position's role has expanded to include many maintenance activities, including actively participating in more demanding work, such as the department's chlorine and confined space programs.

To date, the position has been a single salary range position with no ability to promote until positions open either within or outside the District. This position has turned over six (6) times since 2012 with the average length of stay in the position being 483 days (1.32 years). Recruiting and training for the position takes considerable staff time. Since the creation of the position, District Staff have spent 571 days (and counting) recruiting for the position, and it has been vacant in excess of 16% of the time. Whenever the position is vacant, higher paid staff must perform the duties in the interim as we recruit and train a new employee.

RECOMMENDATION

Staff recommends retitling the Facilities Maintenance Helper to Utilities Maintenance Worker I and providing a second step in the career ladder of Utilities Maintenance Worker II. Changing the job title will help target and recruit candidates interested in utilities maintenance and should benefit the District in future recruitments. Providing a second step will provide additional incentive for those interested in maintenance and skill development to stay with the Department and provide greater lengths of service and consistency. Additionally, with the extended duration in the position, their skills will further develop, providing a greater benefit to the District in the much needed technical trades. The addition of the Utilities Maintenance Worker II salary range creates the opportunity to bridge the gap and provides the opportunity for continued growth to the Utilities Mechanic position.

To be clear, this is salary range change only and not a new staffing position request.

FINANCIAL CONSIDERATIONS

The salary range for the newly named Utilities Maintenance Worker I position does not change and remains at \$23.31 to \$27.94/hour; therefore, the change in title to Utilities Maintenance Worker I has no cost impact. The addition of the Utilities Maintenance Worker II career ladder step will create a new salary range of \$25.76 - \$30.92/hour. Thus for this single existing position, the additional upper level of the salary range would allow an incumbent to earn an addition \$2.94/hour or \$6,115.20/year, should they meet the criteria to serve as the Utilities Maintenance Worker II.

STAFF REPORT

To: Board of Directors

From: Tony Barela, Operations Manager
Paul Helliker, General Manager
Adam Larsen, Field Services Manager

Date: January 26, 2022

Subject: Retail Meter Replacement Program Implementation

RECOMMENDED ACTION

Staff is requesting that the Board approve the establishment of a new Meter Technician position in the Field Services Department for the implementation of the Meter Replacement Program, and to achieve goals identified in the Retail Master Plan related to maintenance of the Distribution System. This staff recommendation was reviewed by the Engineering Committee on November 30, 2021, and by the Personnel Committee on January 18, 2022, both of which recommend approval by the Board of Directors.

BACKGROUND

In June 2019, the District entered into an agreement with CHWD and multiple other agencies to complete a detailed evaluation of meter programs. The focus of the study is to examine numerous parts of the program, including the implementation of the meter replacement program. The results of the study and the replacement strategy were presented to the Engineering Committee on March 16, 2021 and to the entire Board of Directors on August 25, 2021.

Table 1 displays the proposed annual strategy for small, intermediate, and large meter replacements and testing.

Table 1: Meter Replacement and Testing Strategy

Meter Components	Small	Intermediate	Large
	<i>1-inch & smaller</i>	<i>1.5 & 2-Inch</i>	<i>3-inch & Larger</i>
Total Deployed	10,290	269	27
Annual Tests	371	27	15
Annual Replacements/Rebuilds*	515	27	TBD
End Point Replacements**	2,058	54	27

* Assumes a 20-Year replacement strategy

** Assumes a 5-Year replacement strategy

Staff has reviewed options for implementing the meter replacement and testing program. Understanding that this program is new and will require significant time and costs to complete on an annual basis, Staff has evaluated the differing options related to existing and future work tasks for the participating departments. Three implementation strategies were evaluated:

- Option 1 – Contractor Installation Contract
- Option 2 – Field Services Meter Team
- Option 3 – Hybrid Contractor and Staffing Option

Option 1 – Contractor Installation Contract: Under this option, all tasks that can be most efficiently assigned to an outside contractor are identified and will be contracted out for completion. Table 2 list the work tasks to be completed by the contractor and those to be completed by staff.

Table 2: Option 1 Meter Task Distribution

Contractor Tasks
Troubleshoot Meter Read Issues (~66 Meters Per Month)
Meter Replacement Plan
Meter Replacement Broken
Endpoint Replacement Plan
Endpoint Replacement Broken
Register Failure Replacement
Intermediate Meter Replacement
Staff Tasks
Contractor Management
Small/Intermediate/Large Meter Testing
Large Meter Rebuild
Meter Reading, Move In/Out Checks

The contract for the first five years would include replacing meters and end-points as defined in Table 1. Additionally, the contractor would be on-call to address meters and end-points that are identified as broken or in need of troubleshooting. The contractor would receive a list of meters/end-points identified by Customer Service for investigation and replacement as needed. This would require the contractor to be trained to complete these services and address problems at the meter location in the field. This option of using contractor services would require ongoing management from both the Field Services Department and Customer Service.

Staff time continuing under this option ranges between 2,100 hours for the first 5 years and then reducing to 1,000 hours/year for the last five years upon completion of the endpoint installations.

The contractor cost for the first five years would be approximately \$207K/year, declining to approximately \$145K in year six after the completion of the end-point replacements. Funding to cover these costs is included in the five-year financial plan.

Option 2 – Two Person Meter Team: Under this option, a single Meter Technician position would be added to the Field Services Department to be one of two operators assigned to the meter replacement program. For the first three to four years, the current meter reader employed in Customer Service would continue existing meter reading operations. As increasing numbers of end-points are replaced with Automated Meter Reading technology, the time required to read meters will decline, allowing the meter reader to dedicate more time to the meter replacement program. During the five-year phase-in of the new endpoints, this position would be moved to the Field Services Department, as the two-member Meter Team comes to full fruition. Table 3 displays the duties assigned to this team.

Table 3: Option 2 Meter Task Distribution

Staff Tasks:
Troubleshoot Meter Read Issues (~66 Meters Per Month) (WE)
Meter Replacement Plan (FS)
Meter Replacement Broken (FS)
Endpoint Replacement Plan (FS)
Endpoint Replacement Broken (WE)
Register Failure Replacement (WE)
Intermediate Meter Replacement (FS)
Residential, Intermediate, Large Meter Testing (FS)
Rebuilding Large Meters (Contract Management) (FS)
Meter Re-Reads/Move in/Out (WE)
Meter Reader

(FS) Field Services, (WE) Water Efficiency

This option provides the most control by Staff to complete the work and does not rely on contractor assistance, monitoring, or additional training. Similar to Option 1, the Meter Reader position will be transferred to the Field Services Department at year three or four. Prior to the transfer of the Meter Reader, assistance from existing Field Services and Water Efficiency Operators will be necessary to complete these tasks. During this time, some system and site maintenance and training goals will be impacted to complete the meter program. This impact is discussed in detail below.

Staff time continuing under this option ranges between 4,290 hours for the first 5 years and then reducing to 2,160 hours/year for the last five years upon completion of the endpoint installations.

Funding to cover the costs of this option is included in the five-year financial plan. Staff is proposing that the new position be limited to the Distribution Operator 2 salary range and that the operator hold a D2 Operator License. Annual cost for the new position will range from approximately \$130K to \$189K over a ten year period.

Option 3 – Hybrid Contractor and Staffing Option: Under this option, a single Meter Technician position would be added to the Field Services Department, ultimately to be one of two operators assigned to the meter replacement program. Additionally, for the first three to four years, contractor assistance would be used for the replacing meters and end-points only. Once the Meter Reader is available to move from Customer Service to Field Services, the contractor would be released and the remaining meter and end-point replacements would be completed by the two-person meter team. See Table 4 for assigned duties.

Table 4: Option 3 Meter Task Distribution

Contractor Tasks
Meter Replacement Plan
Endpoint Replacement Plan
Intermediate Meter Replacement
Staff Tasks
Troubleshoot Meter Read Issues (~66 Meters Per Month)
Contractor Management
Register Failure Replacement
Endpoint Replacement Broken
Meter Replacement Broken
Small/Intermediate/Large Meter Testing
Large Meter Rebuild
Meter Reading, Move In/Out Checks

Similar to Option 2, this option limits contractor management, monitoring, and training. Since the contractor is not responsible for troubleshooting meters and end-points, oversight from Customer Service is not necessary. Additionally, under this scenario, Water Efficiency would be released and all tasks aside from meter reading, would be transferred to Field Services immediately. The Meter Reader would be transferred to Field Services at year three or four.

Staff time continuing under this option ranges between 3,380 hours for the first 5 years and then reducing to 2,160 hours/year for the last five years upon completion of the endpoint installations.

Option 3 is not fully funded in the current five-year financial plan. The additional contractor assistance would add approximately \$100K to \$120K per year for the first three years in addition to the new Distribution Operator identified in Option 2 above.

Other Department Tasks

The Retail Master Plan was completed and presented to the Engineering Committee on February 10, 2021 and the Board of Directors on August 25, 2021. ARV and Service Lateral Replacements as defined in the Master Plan require additional Field Services staff time to complete. Although this work will be completed by contractors, staff time is required to manage these replacements. The Field Services team has tracked this additional effort over the last couple of years to fully understand the impact on the department.

Over the last three to four years, the department has developed a maintenance program to be more in alignment with AWWA standards for system operations. This focus extends the distribution system's life for the benefit of our customers. This change in focus resulted in the Field Services team revising its previous workload priorities, which has meant that some tasks not directly associated with these repair and maintenance projects have not been conducted. These include, but are not limited to staff training, site maintenance, some elements of basic system maintenance and maintaining the Baldwin Reservoir site. These are all items that are necessary on a day-to-day basis for District operations and for team succession planning.

The occurrence of service lateral leaks have steadily increased over the last 6 years. At the conclusion of calendar year 2021, there were more leaks than the total number of leaks for the last six years. In alignment with prior Board discussions, the Field Services team is relying on the on-call contractor to complete the majority of the repairs. However, the Field team is the first to respond to leaks when they occur. This commonly requires excavating and either temporarily or permanently fixing the leak. If the leak can wait for the on-call contractor, then the team addresses the immediate need and then prepares the site for the contractor. The number of leaks over the last year has had a significant impact on time to complete other maintenance items.

The proposed staffing option also offers increased coverage for emergency call-outs that occur after hours and on weekends. In the last two months, the Field team has had to call out staff from other departments to complete work afterhours and on weekends. The additional staff member and ultimately the meter team would provide additional resources for the Field team during emergency response.

RECOMMENDATION

Staff recommends moving forward with Option 2 – Field Services Meter Team. This option includes approving an additional position at Field Services and then transitioning the Meter Reader position to Field Services over a three to four year timeframe. Over a ten-year period, this is the most cost effective option with the largest impact on the meter program, Retail Master Plan items, and department workload needs.

This option, however, does rely on Water Efficiency to assist over the first three to four years for register and end-point replacements and troubleshooting operations. These tasks will be transferred to Field Services once the existing Meter Reader position is transferred to the department. Additionally, existing field operators will be required to assist in the program. The new Meter Tech position will have a salary range limited to the Distribution Operator 2 position.

Table 5: Option Cost Comparison

Option	10-Year Cost
Option 1 – Contractor Installation Contract	\$ 1,754,000
Option 2 – Two Person Meter Team	\$ 1,600,000
Option 3 – Hybrid Contractor – Staffing	\$ 1,930,000

FINANCIAL CONSIDERATIONS

Sufficient funds for Options 2 as defined above are included in recently adopted the five-year financial plan.

STAFF REPORT

To: Board of Directors
From: Andrew Pierson, Engineering Services Manager
Date: January 26, 2022
Subject: On-Call Construction Management and Inspection Services Agreement – Amendment No. 1

RECOMMENDED ACTION

Staff requests consideration of a motion to approve Amendment No. 1 to the Professional Services Agreement with Inferrera Construction Management Group, Inc. (ICM) for on-call construction management and inspection services in the amount of \$15,000, bringing the total approved project budget to \$65,000.

BACKGROUND

The purpose of the on-call contract is to provide construction management and inspection services to the District to supplement in-house inspectors when they are busy with other critical work. The original contract with ICM was signed in October 2020, and on July 1, 2021, a balance of \$48,912.40 remained on the contract which was carried into FY 21/22. The increase in development construction during the summer and fall of 2021 limited the availability of the District's inspector to provide full-time inspections for the 19/20 Water Mains and Services Replacement project construction work. Therefore, ICM was tasked to provide full-time inspection for the project, which started in early September 2021 and was completed by January 4, 2022.

The original on-call contract amount will be exceeded by approximately \$10,000, however, an additional \$5,000 is being requested for this amendment for additional on-call inspections that may be required for the remainder of FY 21/22.

BUDGET IMPACT

The additional amount requested is included within the Engineering Department's budget for FY 21/22, therefore there will be no impact to the budget.

STAFF REPORT

To: Board of Directors

From: Donna Silva, Director of Finance

Date: January 26, 2022

Subject: Wholesale Water Rate Fee Schedule Revision

RECOMMENDED ACTION

Approve revisions to the Wholesale Water Rate Fee Schedule, effective January 1, 2022, to change the allocation of the fixed service charge. This item will be reviewed by the Finance Committee on January 25, 2022.

BACKGROUND

On December 11, 2019, at the request of the wholesale customer agencies, the Board approved a change in the methodology of allocating the fixed quarterly service charge. The approved changes were as follows:

- Combined the quarterly service charge with the debt services charges;
- Allocate the quarterly service charge annual to reflect a rolling five-year average of water deliveries to the wholesale agency customers;
 - Groundwater pumped in lieu of purchasing surface water is counted as surface water when the pumping agency is compensated for the incremental cost of pumping by SJWD.
 - 2019 Debt Charge remains a separate, but unassessed charge so that the District can delay assessment of the charge until the amount and terms of the debt are known. Once known, it will roll into the quarterly service charge and be subject to the rolling five-year adjustment.
- District to provide 150-day notice of proposed change in rates annually once rolling average five-year water deliveries can be calculated;
- Board to approve allocation of quarterly service charge annually based on the updated rolling average.

CURRENT STATUS

The San Juan Water District (the District) implemented the final rate increase in year five of a five-year rate plan last January 1, 2021. There is no net rate increase scheduled at this time. This action simply updates the allocation of the fixed quarterly charge based on the rolling five-year average of water use for the five years ending June 30, 2021. This recommended action does not change the total fees, just the allocation of the quarterly service charges amongst the wholesale customers.

The 150-day Notice of Proposed Changes in Rates was sent to the wholesale customer agencies on August 25, 2021. The calculation of the updated rolling five-year average and the impact per agency, as provided in the 150-day notice is attached, as is the resulting proposed wholesale rate schedule for calendar year 2022.

The District has not received any communication from the Wholesale Customer Agencies in direct response to the 150-Day notice.

The District did receive one letter, back in November 2020, from the Citrus Heights Water District and the Fair Oaks Water District. The letter, which has previously been provided to the Board, requested a significant amount of detailed financial information, which was provided on January 22, 2021. On November 18, 2021 (almost a year later), the two agencies submitted an email requesting a substantial amount of follow up information, most of which has been provided. That correspondence did not mention the upcoming adjustment the quarterly service charge.

Attachments:

150-Day Notice of Proposed Changes in Water Rates and Charges



August 25, 2021

Joe Duran, General Manager
Orange Vale Water Company

Tom Gray, General Manager
Fair Oaks Water District

Hilary Straus, General Manager
Citrus Heights Water District

Marcus Yasutake, Environmental and Water Resources Director
City of Folsom

Subject: 150-Day Advance Written Notice of Proposed Changes in Water Rates and Charges

Gentlemen:

This letter is sent in accordance with Section 11 of the Wholesale Water Supply Agreements between the San Juan Water District and your agencies, to advise of a proposed change in the allocation of the fixed quarterly charge for calendar year 2022.

In December 2019, at the request of the Wholesale Customer Agencies, the San Juan Water District's Board of Directors approved a change in the allocation of the fixed service charge. Prior to the change, the fixed service charge was allocated to each agency based upon a blend of their average water deliveries during calendar years 2012-2016 and the relative number of customer accounts. In December 2019, the Board approved a new methodology wherein the service charge is allocated each calendar year based upon the rolling 5-year average of water deliveries. Under this new methodology, the total amount of revenue to be collected via the service charge remains as set by the Financial Plan, but the allocation changes each January based upon the past five years of water deliveries per agency.

The Financial Plan set rates for a five year period, with the final rate increase applied January 1, 2021. The District intends to conduct the next Wholesale Financial Plan and Rate Study after the completion of the Wholesale Master Plan is underway. As such, the total quarterly service charge for calendar year 2022 will remain the same as the current year. However, the allocation between the customer agency will change based upon the updated rolling 5-year average of water deliveries.

Directors

Edward J. "Ted" Costa

Marty Hanneman

Kenneth H. Miller

Dan Rich

Pamela Tobin

General Manager

Paul Helliker

The calculation of the proposed rate change, as well as the effect upon each agency, and the proposed rate schedule is included as an attachment to this letter. The 150-day comment period provided in Section 11 of the Wholesale Water Supply Agreements will end on January 22, 2022. The District's Board of Directors will consider adopting the revised rates at the first January board meeting, likely January 26, 2022.

If you have any questions or need further information, please feel free to contact Donna Silva, our Director of Finance, or myself.

Sincerely,



Paul Helliker, General Manager
San Juan Water District
Attachments (2)



**San Juan Water District
Proposed Wholesale Rate Schedule
Calendar Year 2022**

Calendar Year	2022	
San Juan Water District - Retail		
Water Usage Rate (\$/AF)	\$	81.14
Quarterly Fixed Charge	\$	577,816.97
2019 Debt Charge (1)	\$	133,920.00
Citrus Heights Water District		
Water Usage Rate (\$/AF)	\$	81.14
Quarterly Fixed Charge	\$	531,303.74
2019 Debt Charge (1)	\$	125,550.00
Fair Oaks Water District		
Water Usage Rate (\$/AF)	\$	81.14
Quarterly Fixed Charge	\$	370,994.31
2019 Debt Charge (1)	\$	96,255.00
Orange Vale Water Company		
Water Usage Rate (\$/AF)	\$	81.14
Quarterly Fixed Charge	\$	188,902.52
2019 Debt Charge (1)	\$	46,035.00
City of Folsom		
Water Usage Rate (\$/AF)	\$	81.14
Hinkle Pump Station Surcharge (\$/AF) (2)	\$	102.00
Quarterly Fixed Charge	\$	56,228.47
2019 Debt Charge (1)	\$	12,555.00
Direct Portion of 2012 Debt (2)	\$	21,488.00
Sacramento Suburban Water District		
Treat and Wheel Rate (\$/AF) (3)	\$	220.16

Notes:

- (1) Anticipated Debt for the Hinkle Reservoir Rehabilitation Project. Charge will not be assessed until debt is issued and repayment schedule is finalized. The 2019 Debt Charge will be removed and the Quarterly Fixed Charge will increase accordingly.
- (2) Unique charges to City of Folsom and revenue to the San Juan Retail water system.
- (3) Per negotiated agreement based on financial plan. No change proposed.



CY 2022 Allocation Base - Past Five Years Water Use (In Acre Feet per Fiscal Year)

	CY 2022
Fixed Rates to be Collected	\$ 6,900,984
Quarterly Charge to Allocate	\$ 1,725,246

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Five Year Total	Allocation	CY 2022 Quarterly Charge
San Juan Water District	10,752.25	11,520.25	10,863.93	11,828.99	13,689.99	58,655.41	33.49%	577,816.97
Citrus Heights Water District	9,774.53	11,201.75	11,189.47	11,407.19	10,360.81	53,933.75	30.80%	531,303.74
Fair Oaks Water District	7,287.57	6,399.68	7,991.04	7,779.93	8,202.19	37,660.41	21.50%	370,994.31
Orange Vale Water Company	3,473.05	3,949.80	3,822.14	3,789.75	4,141.15	19,175.89	10.95%	188,902.52
City of Folsom	1,061.65	1,132.42	1,080.37	1,194.05	1,239.38	5,707.87	3.26%	56,228.47
Totals	32,349.05	34,203.90	34,946.95	35,999.91	37,633.52	175,133.33	100%	1,725,246

Impact Per Agency on Proposed Change in Allocation of Quarterly Charges			
	Current CY 2021 Quarterly Charge	Proposed CY 2022 Quarterly Charge	Difference
San Juan Water District	566,189	577,816.97	11,628.13
Citrus Heights Water District	540,822	531,303.74	(9,518.60)
Fair Oaks Water District	375,502	370,994.31	(4,508.01)
Orange Vale Water Company	186,999	188,902.52	1,903.49
City of Folsom	55,733	56,228.47	495.00
	\$ 1,725,246	\$ 1,725,246	\$ (0.00)

STAFF REPORT

To: Board of Directors

From: Donna Silva, Director of Finance

Date: January 26, 2022

Subject: Refunding of San Juan Water District's Share of Refunding Revenue Bonds, Series 2012A (San Juan and Citrus Heights Projects) — **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT TO REFINANCE OUTSTANDING OBLIGATIONS OF THE DISTRICT AND AUTHORIZING RELATED ACTIONS**

RECOMMENDED ACTION

Approve and adopt Resolution 22-02 approving the execution and delivery of a loan agreement to refinance outstanding obligations of the District and authorizing related actions.

BACKGROUND

In 2012, the District issued \$15,195,000 Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A ("Prior Bonds"), to refund 2003 Certificates of Participation. The Prior Bonds are currently outstanding in the amount of \$10,125,000, have a final maturity of February 1, 2033, and are callable beginning February 1, 2022. The Prior Bonds are payable from installment payments by the District and Citrus Heights under their respective Installment Purchase Agreements. The District's share of the outstanding Prior Bonds is \$8,605,000 and have an average interest rate (or coupon) of 5.11%. After the upcoming February 1, 2022 debt service payment, the District's share of the outstanding Prior Bonds is \$8,050,000.

Approving and adopting the attached Resolution will allow the District's share of the outstanding Prior Bonds to be refunded through a Loan Agreement with Sterling National Bank at an interest rate of 1.63%. The reduction in interest rate will reduce debt service payments by approximately \$1.75 million through Fiscal Year 2033.

Upon refunding of the District's share of the outstanding Prior Bonds, a portion of the Prior Bonds will continue to be outstanding. However, the District's obligations to contribute to the bond payments will be extinguished, and the remaining Prior Bonds will be secured by Citrus Height's Installment Purchase Agreement and solely payable by Citrus Heights.

DISCUSSION

With the assistance of the District's Municipal Advisor (Urban Futures, Inc.), special legal counsel (Jones Hall), and placement agent (Piper Sandler), staff determined to move forward with a private placement to refinance the District's share of the Prior Bonds rather than a public sale, taking into consideration staff time, the lower costs of issuance, and the ability to facilitate a more efficient and timely closing in an anticipated rising interest rate environment.

On December 14, 2021, Piper Sandler distributed a request for proposals (“RFP”) to over 50 banks and financial institutions; and on January 5, 2022, the District received 13 bids—indicating a very strong interest in the District’s credit. The top 3 bids received included: 1) Sterling National Bank at 1.63%; 2) Pinnacle Public Finance (Bank United) at 1.65%; and 3) Capital One at 1.73%. The financing team compared these bids against each other as well as a public offering, and it was determined that it would be in the District’s best interest to move forward with Sterling National Bank as the purchaser.

Sterling National Bank has agreed to the substantive business terms and covenants reflected in the attached Loan Agreement. If the Resolution is approved by the Board today, the financing team is ready to proceed to close the transaction on January 31, 2022.

FINANCIAL CONSIDERATIONS

The proposed Loan Agreement will generate an estimated total debt service savings (net of all Costs of Issuance) of approximately \$1.75 million through Fiscal Year 2033. Annual savings is approximately \$78,000 except for the 2033 maturity which has approximately \$974,000 in savings. The Loan Agreement is shortening the final maturity to Fiscal Year 2032, and therefore there is more savings in Fiscal Year 2033. Additionally, in order to avoid accruing interest across different fiscal years, the Loan Agreement changes the principal and interest payment from 2/1 and 8/1 to 6/30 and 12/30.

The net present value savings of the refinancing is approximately \$1.6 million which represents about 19.7% of the amount of debt being refinanced. This compares favorably to the District’s Debt Management Policy and the Government Financing Officers Association (GFOA) target of net present value savings of 3% on municipal financings.

The Loan Agreement is payable on parity with the District’s 2017 Bonds from District Revenues net of Operations & Maintenance Costs. Similar to the 2017 Bonds, the Loan Agreement requires the District to generate enough revenues (after O&M Costs) to pay 115% of debt service.

In accordance with California Government Code Section 5852.1, good faith estimates with respect to the Loan Agreement are attached to this staff report.

SUMMARY OF DOCUMENTS TO BE APPROVED

The Resolution approves all documents and actions needed to authorize the execution and delivery of the Loan Agreement, including the engagement of the District’s municipal advisor, special legal counsel, and placement agent.

Loan Agreement – This document outlines the specific terms and interest rate of the loan and describes how the loan proceeds will be used, how payments are to be made, the repayment sources of the loan, the ability for additional borrowings on a parity basis with the loan, the ability to prepay the loan, ongoing reporting obligations, covenants, and other terms of the loan.

Purchaser’s Term Sheet – This document was provided by Sterling National Bank summarizing the terms of its bid, including interest rate, repayment terms, prepayment options, rate lock, and rate covenant.

Attachments: Resolution
 Good Faith Estimates
 Loan Agreement
 Purchaser's Term Sheet

RESOLUTION NO. 22-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN JUAN WATER DISTRICT APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT TO REFINANCE OUTSTANDING OBLIGATIONS OF THE DISTRICT AND AUTHORIZING RELATED ACTIONS

WHEREAS, the District owns and operates facilities for the collection, treatment and supply of water within the service area of the District, both for retail and wholesale customers (the "Water System"); and

WHEREAS, in order to finance and refinance the cost of certain improvements to the Water System, the District previously entered into an Installment Purchase Agreement, dated as of May 1, 2003, between the District and the San Juan Suburban Water District Financing Corporation (the "Corporation"), as amended by Amendment No. 1 to Installment Purchase Agreement, dated as of April 1, 2012, between the District and the Corporation (as so amended, the "Prior Agreement"), and issued its \$15,195,000 San Juan Water District Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A (the "Prior Bonds") pursuant to an Indenture of Trust, dated as of April 1, 2012 (the "Prior Indenture"), by and between the District and Union Bank, N.A. (now known as MUFG Union Bank, N.A.), as trustee; and

WHEREAS, the Prior Bonds maturing on or after February 1, 2023 are subject to redemption, at the option of the District, on any date on or after February 1, 2022, as a whole or in part, without premium; and

WHEREAS, the District has determined that it is in its best interests at this time to refinance, in full, the Prior Agreement and the corresponding portion of the Prior Bonds under the Prior Indenture, and thereby realize interest rate savings and other benefits for the District, and in order to provide funds for that purpose the District has determined to enter into a Loan Agreement with Sterling National Bank and/or its successor by merger, or an affiliate (the "Loan Agreement"); and

WHEREAS, the District is authorized to borrow amounts for the purpose of refinancing the Prior Agreement and the corresponding portion of the Prior Bonds under the Prior Indenture under the laws of the State of California, including the provisions of Article 10, Chapter 3, Part 1, Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code; and

WHEREAS, the information regarding the Loan Agreement required to be obtained and disclosed pursuant to Government Code 5852.1 is set forth in the staff report accompanying this Resolution; and

WHEREAS, the Board of Directors of the District (the "Board") wishes at this time to authorize all proceedings relating to the execution and delivery of the Loan Agreement, and to approve the execution and delivery of all documents and actions relating thereto.

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

1. Findings. The above recitals are hereby made findings of the Board and are incorporated herein.

2. Adoption of Authorizing Procedures. The Board hereby authorizes the Loan Agreement and related documents and actions to be undertaken by the District pursuant to the provisions of Article 10, Chapter 3, Part 1, Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code.

3. Execution and Delivery of Loan Agreement. The Board hereby authorizes and approves the execution and delivery of the Loan Agreement; provided, that the par amount of the Loan Agreement shall not exceed \$8,500,000 and the interest rate on the Loan Agreement shall not exceed 2.00% (although it is understood such rate is subject to increase in certain situations, as described therein). The Loan Agreement, in substantially the form on file with the Board Secretary, is hereby approved by the Board. The General Manager or the Finance Director (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed, for and in the name of the District, to execute and deliver the Loan Agreement in such form, together with such changes, insertions and omissions as may be approved by the District's Bond Counsel and an Authorized Officer, such execution to be conclusive evidence of such approval; and the Board Secretary is hereby authorized and directed to attest such Loan Agreement. The Board hereby authorizes the delivery and performance of the Loan Agreement

4. Purposes. The Loan Agreement will be executed to provide funds to prepay the Prior Agreement and a corresponding portion of the Prior Bonds under the Prior Indenture, and to pay the costs of executing and delivering the Loan Agreement.

5. Pledge of Net Revenues. The Loan Agreement is payable exclusively from certain amounts in the revenue fund and from the net revenues of the Water System as and to the extent set forth in the Loan Agreement. The general fund of the District is not liable and the credit or taxing power of the District is not pledged for the payment of the principal or interest under the Loan Agreement, except that the revenues pledged shall include the District's share of the Placer County and Sacramento County levy of the 1% property tax as specified in the Loan Agreement. The lender under the Loan Agreement may not compel the exercise of the taxing power by the District or the forfeiture of its property, and the principal of and interest payable under the Loan Agreement are not a debt of the District, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues except the revenues of the Water System as and to the extent set forth in the Loan Agreement.

6. Engagement of Professionals. The firm of Jones Hall, A Professional Law Corporation, shall serve as special legal counsel to the District, and the firm of Piper Sandler & Co. shall serve as placement agent to the District in connection with the execution and delivery of the Loan Agreement. Compensation to said firms, as well as to Urban Futures, Inc., which is the District's municipal advisor, shall be payable from the proceeds of the Loan Agreement or other available funds of the Water System.

7. Official Actions. The Authorized Officers, the Board Secretary and all other officers of the District are each, acting alone, authorized and directed on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance or termination, warrants and other documents, which they or any of them deem

necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

8. Effective Date. This Resolution shall take effect from and after the date of approval and adoption thereof.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 26th day of January 2022, by the following vote:

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

Kenneth Miller,
President, Board of Directors

ATTEST

Teri Grant,
Secretary, Board of Directors

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Loan Agreement in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by Urban Futures, Inc. as municipal advisor to the District (the “Municipal Advisor”), each with respect to the Loan Agreement.

Principal Amount. The Municipal Advisor has informed the District that, based on the District’s refinancing plan, its good faith estimate of the aggregate principal amount of the Loan Agreement is \$8,152,536.62 (the “Estimated Principal Amount”).

True Interest Cost of the Loan Agreement. The Municipal Advisor has informed the District that, assuming the Estimated Principal Amount, and based on the interest rate bid provided by Sterling National Bank at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Loan Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the proceeds received from the Loan Agreement, is 1.63%.

Finance Charge of the Loan Agreement. The Municipal Advisor has informed the District that, assuming the Estimated Principal Amount, and based on the interest rate bid provided by Sterling National Bank at the time of preparation of such estimate, its good faith estimate of the finance charge for the Loan Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Loan Agreement), is \$102,538.13.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming the Estimated Principal Amount, and based on the interest rate bid provided by Sterling National Bank at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District, less the finance charge of the Loan Agreement, as estimated above, and any reserve fund funded with proceeds of the Loan Agreement, is \$8,049,998.49.

Total Payment Amount. The Municipal Advisor has informed the District that, assuming the Estimated Principal Amount, and based on the interest rate bid provided by Sterling National Bank at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Loan Agreement, plus the finance charge for the Loan Agreement, as described above, not paid with the proceeds of the Loan Agreement, calculated to the final maturity of the Loan Agreement, is \$8,960,400.37.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Loan Agreement, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual closing date being different than the date assumed for purposes of such estimates, (b) the actual original principal amount being different from the Estimated Principal Amount, (c) the actual debt service payments on the Loan Agreement being different than the debt service payments assumed for purposes of such estimates, (d) the actual interest rate being different than the interest rate estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District’s refinancing plan, or a combination of such factors. The actual closing date of the Loan Agreement and the actual principal amount will be determined by the District based on the timing of the need for proceeds and other factors. Market interest rates are affected by economic and other factors beyond the control of the District.

LOAN AGREEMENT

This LOAN AGREEMENT (this "Loan Agreement"), dated as of January 31, 2022, is between STERLING NATIONAL BANK, a national banking association, and its successors and assigns, including any successor by merger (the "Lender"), as lender, and the SAN JUAN WATER DISTRICT, a community services district duly organized and existing under the laws of the State of California (the "District"), as borrower.

BACKGROUND:

1. The District owns and operates facilities for the collection, treatment and supply of water within the service area of the District, both for retail and wholesale customers (as further defined herein, the "Water System").

2. In order to finance and refinance the cost of certain improvements to the Water System, the District previously entered into an Installment Purchase Agreement, dated as of May 1, 2003, between the District and the Corporation (defined herein), as amended by Amendment No. 1 to Installment Purchase Agreement, dated as of April 1, 2012, between the District and the Corporation (as so amended, the "Prior Agreement"), and issued its \$15,195,000 San Juan Water District Refunding Revenue Bonds (San Juan and Citrus Heights Project), Series 2012A (the "Prior Bonds") pursuant to an Indenture of Trust, dated as of April 1, 2012 (the "Prior Indenture"), by and between the District and Union Bank, N.A. (now known as U.S. Bank National Association), as trustee (the "Prior Trustee").

3. The District has determined that it is in its best interests at this time to refinance, in full, the Prior Agreement and the corresponding portion of the Prior Bonds under the Prior Indenture, and thereby realize interest rate savings for the District, and in order to provide funds for that purpose the District has determined to borrow the amount of \$_____ from the Lender as provided herein (the "Loan").

4. The District is authorized to borrow amounts for the purpose of refinancing the Prior Agreement and the corresponding portion of the Prior Bonds under the Prior Indenture under the laws of the State of California, including the provisions of Article 10, Chapter 3, Part 1, Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code.

5. The repayment of the Loan will be payable from and secured by a pledge of and lien on the net revenues of the Water System, as provided herein.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Lender formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS AND APPENDICES

SECTION 1.1. *Definitions.* All terms defined in this Section have the meanings herein specified for all purposes of this Loan Agreement.

“2017 Bonds” means the \$26,125,000 original principal amount San Juan Water District Water Revenue Refunding Bonds, Series 2017.

“Board” means the Board of Directors of the District.

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income under Section 103 of the Tax Code.

“Corporation” means the San Juan Suburban Water District Financing Corporation, a non-profit public benefit corporation organized and existing under the laws of the State of California.

“Closing Date” means January 31, 2022, being the date of execution and delivery of this Loan Agreement by the parties hereto, as first set forth above.

“Date of Operation” means, with respect to any uncompleted Project, the estimated date by which such Project will have completed and, in the opinion of an engineer, will be ready for commercial operation by or on behalf of the District.

“Debt Service” means, for any period of calculation, the sum of:

(1) the interest accruing during such period on all outstanding Parity Debt (except to the extent the interest evidenced and represented thereby is capitalized), assuming that all outstanding serial bonds and other Parity Debt are retired as scheduled and that all outstanding term bonds and other Parity Debt are prepaid or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized);

(2) those portions of the principal amount of all outstanding serial bonds and other Parity Debt maturing in such period;

(3) those portions of the principal amount of all outstanding term bonds and other Parity Debt required to be prepaid or paid in such period;

but less the earnings to be derived from the investment of moneys in debt service reserve funds established for any bonds or other Parity Debt;

provided that, as to any such bonds or other Parity Debt bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service will, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such bonds or other Parity Debt plus 1%, and

(ii) the highest variable rate borne over the preceding 3 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such bonds or other Parity Debt have 25% or more of the aggregate principal amount of such series or issue due in any one year, Debt Service will be determined for the period of determination as if the principal of and interest on such series or issue of such bonds or other Parity Debt were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and provided further that, as to any such bonds or other Parity Debt or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such bonds or other Parity Debt or portions thereof, such accreted discount will be treated as interest in the calculation of Debt Service; and provided further that if the bonds or other Parity Debt constitute paired obligations, the interest rate on such bonds or other Parity Debt will be the resulting linked rate or the effective fixed interest rate to be paid by the District with respect to such paired obligations; and provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service will be deducted from the amount of principal due at the final maturity of the bonds and other Parity Debt for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess will be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

“Determination of Taxability” means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date when the District files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have occurred;

(ii) on the date when the Lender notifies the District that it has received a written opinion from Bond Counsel to the effect that an Event of Taxability has occurred, which notice shall be accompanied by a copy of such opinion of Bond Counsel, unless, within 180 days after receipt by the District of such notification and copy of such opinion from the Lender, the District shall deliver to the Lender a ruling or determination letter issued to or on behalf of the District by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the District shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from

time to time) that, based upon any review or audit or upon any other ground whatsoever, an Event of Taxability has occurred; or

(iv) on the date when the District shall receive notice from the Lender that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed the interest on the Loan Repayments as includable in the gross income of the Lender due to the occurrence of an Event of Taxability, provided that the Lender has provided a copy of document(s) received from the Internal Revenue Service to the District; *provided, however,* that no Determination of Taxability shall occur under subparagraph (iii) or subparagraph (iv) above unless the District has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however,* that upon demand from the Lender following an event listed in subparagraphs (i), (ii), (iii) or (iv), the District shall reimburse the Lender for any payments, including any taxes, interest, penalties or other charges, Lender shall be obligated to make to the Internal Revenue Service as a result of the Determination of Taxability.

“District” means the San Juan Water District, a community services district formed under the Community Services District Law of the State of California (constituting Division 3 of Title 6 of the California Government Code, commencing with Section 61000).

“Event of Default” means any of the events of default as defined in Section 5.1.

“Event of Taxability” means any action taken or not taken by the District which has the effect of causing interest paid or payable on the Loan Repayments to be includable, in whole or in part, in the gross income of the holder of the Loan Repayments for federal income tax purposes.

“Federal Securities” means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

“Fiscal Year” means each twelve-month period during the Term commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

“Lender” means Sterling National Bank, a national banking association, and its successors and assigns, including any successor by merger.

“Loan” means the loan which is made hereunder by the Lender to the District in the principal amount of \$_____.

“Loan Agreement” means this Loan Agreement, as it may be amended in accordance with its terms.

“Loan Repayment Date” means June 30 and December 30 in each year, commencing June 30, 2022 and continuing to and including the date on which the Loan Repayments are paid in full. [To be Confirmed]

“Loan Repayments” means all payments required to be paid by the District under Section 3.4, including any prepayment thereof under Section 6.2.

“Operation and Maintenance Costs” means (a) costs spent or incurred for maintenance and operation of the Water System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, and including administrative costs of the District that are charged directly or apportioned to the Water System, including, but not limited to, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, and including all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Loan or of this Loan Agreement or any Parity Debt Instrument or of any resolution or indenture authorizing the issuance of any Parity Debt or of such Parity Debt, and (b) costs spent or incurred in the purchase of water, including, but not limited to, water purchased under the Water Contract; but excluding in all cases (y) depreciation, replacement and obsolescence charges or reserves therefor and (z) amortization of intangibles or other bookkeeping entries of a similar nature and all capital charges.

“Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

“Parity Debt” means (a) 2017 Bonds, and (b) any indebtedness or other obligations (including leases and installment sale agreements, bonds or contracts) hereafter issued or incurred and secured by a pledge of and lien upon any of the Net Revenues issued or incurred in compliance with Section 4.7.

“Parity Debt Instrument” means the resolution, trust indenture, loan agreement, installment purchase agreement or installment sale agreement or other evidence of indebtedness adopted, entered into or executed and delivered by the District, and under which Parity Debt is issued.

“Prior Agreement” is defined in the Recitals.

“Prior Bonds” is defined in the Recitals.

“Prior Trustee” is defined in the Recitals.

“Project” means any additions, betterments, extensions or improvements to the District’s facilities designated by the Board as a Project, the acquisition and construction of which is to be paid for by the proceeds of any bonds or other Parity Debt.

“Revenue Fund” means the fund by that name held by the District pursuant to Section 3.6(a).

“Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges or other moneys derived by the District from the sale, furnishing and supply of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System,

(2) the proceeds of any stand-by or water availability charges, development fees and connection charges collected by the District,

(3) all amounts received as the District’s share of Placer County and Sacramento County levy of the 1% property tax, and

(4) the earnings on and income derived from the investment of amounts described in clauses (1) and (2) above and from District reserves;

but excluding:

(x) customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District, and

(y) any proceeds of the taxes or assessments restricted by law to be used by the District to pay bonds or other obligations heretofore or hereafter issued.

“Revenues” shall also include all amounts transferred from the Rate Stabilization Fund to the Revenue Fund during any Fiscal Year in accordance with Section 4.8 (except that amounts that were transferred into the Rate Stabilization Fund from Revenues received by the District in such Fiscal Year shall not be double-counted).

“Taxable Rate” means 2.06%.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Tax Code.

“Term” means the time during which this Loan Agreement is in effect, as provided in Section 3.3.

“Water Contract” means the contract between the United States and San Juan Suburban Water District Providing for Water Service, dated June 19, 1962, by and between the United States and the District, as it may from time to time be amended or supplemented in accordance with its terms.

“Water Service” means the water distribution service made available or provided by the Water System.

“Water System” means the whole and each and every part of the water system of the District, including all real property and buildings, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or electric facilities or any part thereof hereafter acquired or constructed, and excluding any water system acquired through merger, consolidation or similar action, to the extent the exclusion of such acquired water system is required pursuant to the term of such merger, consolidation or similar action.

SECTION 1.2. *Appendix.* The following Appendix is attached to, and by reference made a part of, this Loan Agreement:

APPENDIX A: The schedule of Loan Repayments to be paid by the District hereunder, showing the date and amount of each Loan Repayment.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. *Representations, Covenants and Warranties of District.* The District represents, covenants and warrants to the Lender as follows:

- (a) Due Organization and Existence. The District is a community services district and political subdivision of the State of California, duly organized and existing under the Community Services District Law of the State of California.
- (b) Authorization and Enforceability. The laws of the State of California authorize the District to enter into this Loan Agreement, to enter into the transactions contemplated hereby and to carry out its obligations hereunder, and the Board has duly authorized the execution and delivery of this Loan Agreement. This Loan Agreement constitutes the legal, valid and binding agreement of the District enforceable against the District in accordance with its terms.
- (c) No Violations. Neither the execution and delivery of this Loan Agreement, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing,

or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the District, other than as set forth herein.

- (d) Prior Indebtedness. Except for the Prior Agreement to be paid and prepaid with the proceeds of the Loan and the 2017 Bonds, the District has not issued or incurred any obligations which are currently outstanding having any priority in payment out of the Revenues or the Net Revenues over the payment of the Loan Repayments; the 2017 Bonds are payable on a parity basis with the Loan Repayments.
- (e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement, or the consummation of any transaction herein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, educational or other governmental authority pending or, to the knowledge of the District, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Loan Agreement or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, educational or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Loan Agreement or the financial conditions, assets, properties or operations of the District.
- (g) No Defaults. The District has never not appropriated or defaulted under any of its payment or performance obligations or covenants, either under any loan agreement of the same general nature as this Loan Agreement, or under any of its bonds, notes, or other debt obligations.
- (h) Fee Title. The District is the owner in fee of title, or has necessary rights of access, to the property where the Water System is located. No lien or encumbrance on such property materially impairs the District's use of the property for the purposes for which it is, or may reasonably be expected to be, used.

- (i) Change in Financial Condition. The District has experienced no material change in its financial condition since the adoption of its budget for the fiscal year ending June 30, 2022, which has been provided to the Lender.
- (j) Financial Statements. The financial statements of the District for the fiscal year ending June 30, 2020, and the independent auditor's report with respect thereto, copies of which have heretofore been furnished to the Lender, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the District at such date and for such period, and were prepared in accordance with generally accepted accounting principles.
- (k) Rate Setting. The Board is empowered to set rates, fees and charges for the services and facilities furnished by the Water System without review or approval by any state or local government agency.
- (l) Compliance with Laws. To the best of its knowledge, as currently conducted, the District's activities with respect to the Water System are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.
- (m) No Material Breach. The District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State of California or of the United States or any agency or instrumentality of either or any judgment or decree or any loans, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject (including, without limitation, this Loan Agreement), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the execution and delivery of this Loan Agreement and compliance with the District's obligations herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instruments, except as provided by this Loan Agreement.

- (n) Consents and Approvals. All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the making or accepting of this Loan Agreement and the execution, delivery of and performance of this Loan Agreement by the District have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any state in connection with the offering and sale of this Loan Agreement, as to which no representation is made).

SECTION 2.2. *Role of Lender.* The District acknowledges that (i) the Lender is acting solely for its own loan account and not as a fiduciary for the District or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor, (ii) the Lender has not provided, and will not provide, financial, legal (including securities law), tax, accounting or other advice to or on behalf of the District with respect to this Loan Agreement, (iii) the Lender has expressed no view regarding the legal sufficiency of its representations for purposes of compliance with any legal requirements applicable to any other party, if any, or the correctness of any legal interpretation made by counsel to any other party, if any, with respect to any such matters, and (iv) the District has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the financing effectuated through this Loan Agreement from its financial, legal and other advisors (and not from the Lender nor the Lender's legal counsel) to the extent that the District desired to obtain such advice.

SECTION 2.3. *Representations, Covenants and Warranties of Lender.* The Lender represents, covenants and warrants to the District as follows:

- (a) Due Organization and Existence. The Lender is a national banking association in good standing under the laws of the United States of America, has full legal right, power and authority to enter into this Loan Agreement and to carry out and consummate all transactions contemplated by this Loan Agreement.
- (b) No Violations. Neither the execution and delivery of this Loan Agreement, nor the funding of the Loan, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any material agreement or instrument to which the Lender is now a party or by which the Lender is bound, or constitutes a default under any of the foregoing.
- (c) Participation of Loan Agreement from Lender to SNFC. The Lender hereby notifies the District, and the District hereby acknowledges such notification, that simultaneously with the execution and delivery of this Loan Agreement, the Lender will enter into a participation agreement with Sterling National Funding Corp., a New York corporation and a wholly-owned subsidiary of the Lender ("SNFC"), whereby the Lender will sell to SNFC a 100% participation interest

in this Loan Agreement at par. The Lender will continue to service this Loan Agreement and collect all Loan Payments hereunder.

ARTICLE III

TERMS OF LOAN

SECTION 3.1. *Obligation to Make Loan; Amount of Loan.* The Lender hereby agrees to lend to the District, and the District hereby agrees to borrow from the Lender, the Loan in the principal amount of \$_____, under the terms and provisions set forth in this Loan Agreement. The Loan shall be made by the Lender to the District in immediately available funds on the Closing Date.

SECTION 3.2. *Application of Loan Proceeds.* Proceeds of the Loan shall be applied as follows:

(a) Refunding of Prior Agreement. The Lender shall wire the amount of \$_____ in immediately available funds to the Prior Trustee to fully prepay the Prior Agreement and the corresponding portion of the Prior Bonds under the Prior Indenture.

(b) Payment of Costs of Issuance. The Lender shall wire in immediately available funds costs of issuance to the payees in the amounts set forth in a written request filed with the Lender by the authorized officer of the District, upon which the Lender may conclusively rely.

(c) Remainder to District. Any Loan proceeds not required for the transfers described in (a) and (b) above shall be wired to the District for deposit into the Revenue Fund and used for the purposes set forth in Section 3.6.

SECTION 3.3. *Term.* The Term of this Loan Agreement commences on the Closing Date, and ends on the date on which the Loan is paid in full or provision for such payment is made as provided herein.

SECTION 3.4. *Loan Repayments.*

(a) Payment of Principal and Interest. Subject to the remainder of this Section, the District hereby agrees to repay the Loan in the aggregate principal amount of \$_____, together with interest (calculated at the rate of 1.63% on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof. Such payments shall be made in the respective amounts and on the respective Loan Repayment Dates specified in Appendix A.

(b) Prepayments. The Loan may not be prepaid, except as described in Section 6.2.

(c) Default Rate. If an Event of Default under this Loan Agreement occurs, the District agrees to pay amounts due the Lender with interest thereon, to the extent permitted by law, from the occurrence thereof to the applicable date of payment at the rate of _____% per annum.

(d) Taxable Rate. From and after an Event of Taxability, following a Determination of Taxability, the Loan shall bear interest at the Taxable Rate.

SECTION 3.5. *Nature of the District's Obligations.*

(a) Special Obligation. The District's obligation to pay the Loan Repayments is a special, limited obligation of the District limited solely to the Net Revenues of the Water System as described herein.

(b) Obligations Absolute. The obligation of the District to pay the Loan Repayments from the Net Revenues and the obligation of the District to perform and observe the other agreements contained herein, are absolute and unconditional and are not subject to any defense or any right of setoff, counterclaim or recoupment. Until such time as all of the Loan Repayments have been fully paid or prepaid, the District:

- (i) will not suspend or discontinue payment of any Loan Repayments,
- (ii) will perform and observe all other agreements contained in this Loan Agreement, and
- (iii) will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Water System, the sale of the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Lender to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

SECTION 3.6. *Pledge and Application of Net Revenues and Revenue Fund.*

(a) Maintenance of Revenue Fund. The District has previously established the "Revenue Fund," which the District agrees to hold and maintain for the purposes and uses set forth herein during the Term of this Loan Agreement. The District shall deposit all Revenues of the Water System in the Revenue Fund promptly upon the receipt thereof.

(b) Payment of Operation and Maintenance Costs. The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as they become due and payable.

(c) Pledge of Net Revenues. The Net Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Loan Repayments and the Parity Debt, as provided herein and the Net Revenues shall not be

used for any other purpose while any of the Loan Repayments or Parity Debt remain unpaid; provided, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge shall constitute a first and exclusive lien on Net Revenues, the Revenue Fund and the other funds and accounts created hereunder for the payment of the Loan Repayments and all other Parity Debt in accordance with the terms hereof.

Notwithstanding anything to the contrary in this Loan Agreement, the District's obligations with respect to the 2017 Bonds are intended to be, and shall be, parity with its obligations under this Loan Agreement.

(d) Allocation of Net Revenues. All Net Revenues will be held by the District in the Revenue Fund in trust for the benefit of the Lender and for the security of any Parity Debt. The District shall withdraw from the Revenue Fund and transfer to the Lender an amount of Net Revenues equal to the aggregate amount of the Loan Repayments and transfer to the appropriate payee thereof the debt service on any Parity Debt when due and payable and, if applicable, replenish any reserve funds (or pay any provider of a reserve policy or surety).

(e) Surplus. Moneys on deposit in the Revenue Fund not necessary to make any of the payments required above may be expended by the District at any time for any purpose permitted by law.

(f) Deficiency. If the Net Revenues in the Revenue Fund are insufficient to make the transfers described in (d) above, in full, the District shall transfer amounts in the Revenue Fund to the Lender and appropriate payee for Parity Debt on a parity basis. Such deficiency shall be corrected by transfers from the first moneys which become available as Net Revenues, on a pro rata basis, without any discrimination or preference.

ARTICLE IV

COVENANTS OF DISTRICT

SECTION 4.1. *Release and Indemnification Covenants*. The District shall indemnify the Lender and its officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of the following:

- (a) the use, maintenance, condition or management of, or from any work or thing done on or about the Water System by the District,
- (b) any breach or default on the part of the District in the performance of any of its obligations under this Loan Agreement,
- (c) any intentional misconduct or negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Water System, and

- (d) any intentional misconduct or negligence of any lessee of the District with respect to the Water System.

No indemnification is made under this Section or elsewhere in this Loan Agreement for willful misconduct, gross negligence, or breach of duty under this Loan Agreement by the Lender, its officers, agents, employees, successors or assigns.

SECTION 4.2. *Sale or Eminent Domain of Water System.* Except as provided herein, the District covenants that the Water System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the District to pay the Loan Repayments or any Parity Debt, or would materially adversely affect its ability to comply with the terms of this Loan Agreement or the documents authorizing the issuance of any Parity Debt. The District shall not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Loan Repayments or any Parity Debt, or which otherwise would impair the rights of the Lender with respect to the Net Revenues. If any substantial part of the Water System is sold, the payment therefor must either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied to prepay outstanding obligations of the District relating to the Water System.

Any amounts received as awards as a result of the taking of all or any part of the Water System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the District, shall either (a) be used for the acquisition or construction of improvements and extension of the Water System, or (b) be applied to prepay outstanding obligations of the District relating to the Water System.

SECTION 4.3. *Insurance.* The District shall at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System. If any useful part of the Water System is damaged or destroyed, such part shall be restored to usable condition. All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, shall be applied on a pro rata basis to pay the Loan and any Parity Debt in the manner provided in this Loan Agreement and in the documents authorizing such Parity Debt. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District and the Lender. Any insurance required to be maintained hereunder may be maintained by the District in the form of self-insurance or in the form of participation by the District in a program of pooled insurance. The insurance required by this Section and provided by third party insurance carriers shall name the District and the Lender as insured parties.

SECTION 4.4. *Records and Accounts.* The District shall keep proper books of records and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries are made of all transactions relating to the Water System. Said books shall, upon prior request, be subject to the reasonable inspection of the Lender.

The District shall cause the books and accounts of the Water System to be audited annually by an independent certified public accountant or firm of certified public accountants, not more than 270 days after the close of each Fiscal Year, and shall furnish a copy of such report to Lender. The audit of the accounts of the Water System may be included as part of a general District-wide audit. In the event that the audit is not available within 270 days of fiscal year end, the District will furnish unaudited financial statements to the Lender in the manner described in this paragraph within such period, and will then supply such audit immediately upon the availability thereof. In addition, the District shall provide the Lender, within 30 days after adoption, a copy of its annual budget.

The District shall cause to be published annually, not more than 270 days after the close of each Fiscal Year, (a) a summary statement showing the amount of Revenues and the disbursements from Revenues and from other funds of the District in reasonable detail and (b) a debt service coverage calculation for the Water System and all obligations payable from the Net Revenues thereof. The District shall furnish a copy of the statement, upon reasonable written request, to the Lender.

SECTION 4.5. *Rates and Charges.* The District shall, to the maximum extent permitted by law, fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Water Service which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Revenues equal to one hundred fifteen percent (115%) of Debt Service for such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

For the purpose of computing the amount of Revenues for any Fiscal Year or the amount of Net Revenues for any Fiscal Year for purposes of the preceding paragraph, the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund for purposes of such computation (except that amounts that were transferred into the Rate Stabilization Fund from Revenues received by the District in such Fiscal Year shall not be double-counted), and such transfers may be made until (but not after) one hundred twenty (120) days after the end of such Fiscal Year.

SECTION 4.6. *No Priority for Additional Obligations.* The District may not issue or incur any bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Loan Repayments.

SECTION 4.7. *Issuance of Parity Debt.* In addition to the 2017 Bonds and the Loan, the District may at any time execute or issue Parity Debt, in accordance herewith; provided:

- (1) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adopting by the Board of the resolution authorizing the issuance or execution of such Parity Debt, as the case may be, shall have produced a sum equal to at least one hundred fifteen per cent (115%) of the Debt Service for such twelve month period; and

(2) The Net Revenues for any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of the execution of such Parity Debt or the date of adoption by the Board of the resolution authorizing the issuance of such Parity Debt, including adjustments to give effect as of the first day of such twelve month period to increases or decreases in rates and charges for water service approved and in effect as of the date of calculation, shall have produced a sum equal to at least one hundred fifteen per cent (115%) of the Debt Service for such twelve month period plus the Debt Service which would have accrued on any Parity Debt executed or issued since the end of such twelve month period assuming such Parity Debt had been issued at the beginning of such twelve month period plus the Debt Service which would have accrued had such Parity Debt been issued at the beginning of such twelve month period; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project to be financed from proceeds of such Parity Debt, as evidenced by a certificate of an officer of the District on file with the District, including (after giving effect to the completion of all such uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed, prescribed or received for Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of an officer of the District on file with the District, shall produce a sum equal to at least one hundred fifteen per cent (115%) of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Parity Debt estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects within such Fiscal Years, assuming that all such Parity Debt have maturities, interest rates and proportionate principal repayment provisions similar to the Parity Debt last executed or then being executed or then being issued for the purpose of acquiring and constructing any of such uncompleted Projects.

Notwithstanding the foregoing, Parity Debt issued to refund Parity Debt may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Parity Debt is executed is not greater than Debt Service would have been in each such Fiscal Year prior to the issuance of such Parity Debt.

In addition, nothing in this Loan Agreement shall prohibit or impair the District to issue bonds or other obligations secured by a lien on Revenues or Net Revenues which is subordinate to the lien established hereunder, upon such terms and in such principal amounts as the District may determine.

SECTION 4.8. *Establishment of Rate Stabilization Fund.* The District has previously established a rate stabilization fund, also known as the "Rate Stabilization Reserve" (the "Rate Stabilization Fund"). The District agrees and covenants to maintain and hold separate and apart from other funds and to administer such Rate Stabilization Fund in accordance with this Section 4.8, for the purpose of stabilizing the rates and

charges imposed by the District with respect to the Water System. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues that are released from the pledge and lien which secures the Loan Repayments and any Parity Debt, as the District may determine.

The District may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Revenue Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Revenue Fund shall constitute Revenues for such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Revenue Fund. Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Loan Repayments or any Parity Debt. All interest or other earnings on deposits in a Rate Stabilization Fund shall be withdrawn therefrom at least annually and accounted for as Revenues in the Revenue Fund. The District has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

SECTION 4.9. *Assignment by the Lender.* The Lender has the right to make an assignment of its interests herein, but no such assignment will be effective as against the District unless and until the Lender files with the District written notice thereof. The District shall pay all Loan Repayments hereunder under the written direction of the Lender named in the most recent assignment or notice of assignment filed with the District. During the Term, the District shall keep a complete and accurate record of all such notices of assignment.

SECTION 4.10. *Assignment by District.* Neither the Loan nor this Loan Agreement may be assigned by the District, other than to a public agency which succeeds to the interests of the District in and to the Water System and which (by operation of law, by contract or otherwise) becomes legally bound to all of the terms and provisions hereof.

SECTION 4.11. *Amendment of this Loan Agreement.* This Loan Agreement may be amended by the District and the Lender by a written instrument evidencing such amendment.

SECTION 4.12. *Tax Covenants.*

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Loan Repayments to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall assure that the proceeds of the Loan are not so used as to cause the Loan to satisfy the private business tests of section 141(b) of the Tax Code or the private loan financing test of section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the

Loan Repayments to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Loan Repayments which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Loan Repayments to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(e) [Reserved].

(f) Arbitrage Rebate. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Loan.

(g) Acquisition, Disposition and Valuation of Investments. Except as otherwise provided in the following sentence, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Loan Agreement, or otherwise containing gross proceeds of the Loan (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Agreement or the Tax Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code shall be valued at their present value (within the meaning of section 148 of the Tax Code).

For purposes of this subsection (g), the term “Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1. *Events of Default Defined.* The following are Events of Default under this Loan Agreement:

- (a) Failure by the District to pay any Loan Repayment or other payment required hereunder after the date on which such Loan Repayment or other payment becomes due.
- (b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Lender; *provided, however,* that the Lender may, upon written request of the District prior to the expiration of such 30-day period, consent to an extension of such time in order to cure such failure if corrective action has been instituted by the District and is being diligently pursued and will, in the judgment of the Lender, be diligently pursued until the default is corrected.
- (c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.
- (d) The occurrence of any event of default under and as defined in any documents authorizing the issuance of any Parity Debt that are issued and outstanding during the Term, and such event of default has not been cured within the timeframes provided in such documents.
- (e) Any representation or certification of the District made hereunder or in connection with this Loan Agreement shall have been incorrect or misleading when made.

SECTION 5.2. *Remedies on Default.* Upon the occurrence and during the continuation of an Event of Default, the Lender may, at its option and without any further demand or notice:

- (a) declare all principal components of the unpaid Loan Repayments, together with accrued interest thereon from the immediately preceding Loan Repayment Date on which payment was made, to

be immediately due and payable, whereupon the same will immediately become due and payable; and

- (b) take whatever action at law or in equity may appear necessary or desirable to collect the Loan Repayments then due or thereafter to become due during the Term, or enforce performance and observance of any obligation, agreement or covenant of the District under this Loan Agreement.

The provisions of the preceding clause (a) are subject to the condition that if, at any time after the principal components of the unpaid Loan Repayments have been so declared due and payable under the preceding clause (a), and before any judgment or decree for the payment of the moneys due have been obtained or entered, the District deposits with the Lender a sum sufficient to pay all principal components of the Loan Repayments coming due prior to such declaration and all matured interest components (if any) of the Loan Repayments, with interest on such overdue principal and interest components calculated at the rate of 8% per annum, and a sum sufficient to pay all reasonable costs and expenses incurred by the Lender in the exercise of its rights and remedies hereunder, and any and all other defaults known to the Lender (other than in the payment of the principal and interest components of the Loan Repayments due and payable solely by reason of such declaration) have been made good, then, and in every such case, the Lender may, by written notice to the District, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 5.3. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Lender is exclusive, and every such remedy is cumulative and in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default impairs any such right or power or operates as a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Lender to exercise any remedy reserved to it in this Article V it is not necessary to give any notice, other than such notice as may be required in this Article V or by law.

SECTION 5.4. *Agreement to Pay Attorneys' Fees and Expenses.* If either party to this Loan Agreement defaults under any of the provisions hereof and the non-defaulting party employs attorneys (including in-house counsel) or incurs other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys (including those of in-house counsel) and such other expenses so incurred by the non-defaulting party.

SECTION 5.5. *No Additional Waiver Implied by One Waiver.* If any agreement contained in this Loan Agreement is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE VI

PREPAYMENT OF LOAN

SECTION 6.1. *Optional Prepayment.* The District may prepay the Loan in whole, but not in part, on any Loan Repayment Date, by paying the redemption price shown in the following table; provided, that the District shall provide the Lender at least 30 days' prior written notice of its intention to prepay. The prepayment price, as a percentage of the then-outstanding Loan balance, shall be calculated as follows:

Time Period	Percentage
Loan Repayment Dates through June 30, 2024	Non-Callable
December 30, 2024 through June 30, 2027	101%
December 30, 2027 and Loan Repayment Dates thereafter	100%

SECTION 6.2. *Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain.* The District shall prepay the unpaid principal balance of the Loan in whole on any date, or in part on any Loan Repayment Date, upon at least 30 days' prior written notice to the Lender, from and to the extent the District determines to apply any proceeds of insurance award or condemnation award with respect to the Water System for such purpose under Sections 4.2 or 4.3 at a price equal to 101% of the the principal amount to be prepaid, if such prepayment occurs before August 1, 2027, and at a price equal to 100% of the principal amount to be prepaid if such prepayment occurs on August 1, 2027 or any date thereafter. The District and the Lender hereby agree that such proceeds, to the extent remaining after payment of any delinquent Loan Repayments, shall be credited towards the District's obligations under this Section.

SECTION 6.3. *Security Deposit.* Notwithstanding any other provision of this Loan Agreement, the District may on any date secure the payment of Loan Repayments in whole or in part, by irrevocably depositing with a fiduciary an amount of cash which, together with other available amounts, is either:

- (a) sufficient to pay all such Loan Repayments, including the principal and interest components thereof, when due under Section 3.4(a), or
- (b) invested in whole or in part in Federal Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Loan Repayments when due under Section 3.4(a).

In the event of a security deposit under this Section for the payment in full of all remaining Loan Repayments, the pledge of Net Revenues from the Water System and all other security provided by this Loan Agreement for said obligations, will cease and terminate, excepting only the obligation of the District to make, or cause to be made, all of Loan Repayments from such security deposit.

ARTICLE VII

MISCELLANEOUS

SECTION 7.1. *Notices.* Any notice, request, complaint, demand or other communication under this Loan Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Lender or the District may, by written notice to the other party, from time to time modify the address or number to which communications are to be given hereunder.

If to the District: San Juan Water District
9935 Auburn-Folsom Road
P.O. Box 2157
Granite Bay, California 95746
Attention: Finance Director

If to the Lender: Sterling National Bank
500 Seventh Avenue, 3rd Floor
New York, NY 10018
Attention: Public Sector Finance

SECTION 7.2. *Binding Effect.* This Loan Agreement inures to the benefit of and is binding upon the Lender and the District and their respective successors and assigns.

SECTION 7.3. *Severability.* If any provision of this Loan Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

SECTION 7.4. *Net-net-net Contract.* This Loan Agreement is a “net-net-net” contract, and the District hereby agrees that the Loan Repayments are an absolute net return to the Lender, free and clear of any expenses, charges or set-offs whatsoever.

SECTION 7.5. *Further Assurances and Corrective Instruments.* The Lender and the District shall, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

SECTION 7.6. *Execution in Counterparts.* This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 7.7. *Applicable Law.* This Loan Agreement shall be governed by and construed in accordance with the laws of the State of California.

SECTION 7.8. *Captions.* The captions or headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Loan Agreement.

IN WITNESS WHEREOF, the Lender has caused this Loan Agreement to be executed in its corporate name by its duly authorized officer and the District has caused this Loan Agreement to be executed in its name by its duly authorized officer, as of the date first above written.

STERLING NATIONAL BANK

as Lender

By _____

Kent C. King
Senior Managing Director

SAN JUAN WATER DISTRICT

By _____

Donna Silva
Finance Director

APPENDIX A

SCHEDULE OF LOAN REPAYMENTS

<u>Loan</u> <u>Repayment Date</u>	<u>Loan</u> <u>Principal</u>	<u>Loan</u> <u>Interest</u>	<u>Total Loan</u> <u>Repayment</u>
--------------------------------------	---------------------------------	--------------------------------	---------------------------------------

Totals:



John Riddle
Managing Director
Sterling National Bank
999 Corporate Drive Suite 100
Ladera Ranch, CA 92649
949-370-2907
Email: jriddle@snb.com
Website: www.snb.com

January 5, 2022

San Juan Water District
9935 Auburn Folsom Road
Granite Bay, CA 95746

Project: SAN JUAN WATER DISTRICT 2022 WATER REVENUE REFUNDING BONDS

Sterling National Bank (“SNB”) is pleased to present this financing proposal (the “Term Sheet”) to the San Juan Water District, subject to final credit approval, in connection with the above-referenced project. Working with SNB has several major advantages, including:

- **Experience and Expertise:** Each member of the SNB Public Finance team has significant experience regarding the financing of essential governmental equipment and projects and can help you document your financing in a manner that complies with applicable local laws.
- **Financial Capability:** The SNB Public Finance team is part of Sterling National Bank, a publicly traded commercial bank, which has the capability of funding tax-exempt and taxable financings on a nationwide basis.
- **Reliability:** The SNB Public Finance team prides itself on excellent customer service and the prompt closing of awarded transactions.
- **Simplified Financing Structure:** SNB is proposing to refund 100% of the District’s Revenue Certificates of Participation. Series 2003 and cost of issuance.

We look forward to working with you and your team on this assignment, and please do not hesitate to contact us with any questions, comments or concerns. We are positive that you’ll enjoy working with SNB.

Very truly yours,

John Riddle

John Riddle
Managing Director
jriddle@snb.com



John Riddle
Managing Director
Sterling National Bank
999 Corporate Drive Suite 100
Ladera Ranch, CA 92649
949-370-2907
Email: jriddle@snb.com
Website: www.snb.com

TERM SHEET

TYPE OF FINANCING:	Tax exempt Water Revenue Bonds secured by a pledge of net revenues (the “Bond”) to be directly purchased through a private placement.
ISSUER/BORROWER:	San Juan Water District, CA (the “District”)
PURCHASER/LENDER:	Sterling National Bank and/or its successor by merger (the “Purchaser”)
MUNICIPAL ADVISOR:	Urban Futures, Inc.
PLACEMENT AGENT:	Piper Sandler & Co.
BOND COUNSEL:	Jones Hall
PURCHASER’S COUNSEL:	Gilmore & Bell, P.C. (at no cost to the Borrower)
AMOUNT OF BONDS:	\$8,200,000
FINAL MATURITY:	February 1, 2032
INTEREST RATE:	1.63%
RATE CONVENANT:	1.15x as per the RFP
TAX STATUS:	Tax exempt and non-Bank Qualified
ANTICIPATED CLOSING DATE:	February 1, 2022. Sterling would request flexibility in the closing date if possible.
INTEREST RATE LOCK:	The Interest Rates quoted above are locked through the Anticipated Closing Date.
PRINCIPAL PAYMENT STRUCTURE:	Due annually, commencing on 02/01/2023 through final maturities and as further outlined in the District’s request for proposal dated December 14, 2021.

INTEREST PAYMENT STRUCTURE: Due semi-annually, commencing on 08/01/2022 through final maturity. Based on a 30/360 calculation.

PURCHASE OPTION: The Issuer shall have the right to pre-pay the Bond in whole, but not in part, on any payment date by paying the Redemption Price, provided that Issuer gives Lender at least thirty (30) days prior written notice of its intent to do so. The Redemption Price, as a percentage of the then-outstanding Loan balance, shall be equal to:

Year	Percentage
1 - 2	No Call
3 - 5	101%
Thereafter	100%

FEES OF THE PURCHASER: **None.** Sterling National Bank does not charge any fees.

Any costs of issuance incurred by the District such as financial advisory, placement agent and bond counsel shall be the responsibility of the District and can be included in the borrowed amount.

DOCUMENTATION: This financing is subject to the execution of mutually acceptable documentation to be prepared by Bond Counsel at the District's expense. Documents, including validity and tax opinions, will include those that are normal and customary for a transaction of this type and size.

IRS CIRCULAR 230 DISCLOSURE: The Purchaser and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not written or intended to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with the Purchaser of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

ADVISORY DISCLOSURE: The Purchaser is not a registered municipal advisor as defined under the Dodd-Frank Wall Street Reform and Consumer Protection Act and its related rules and regulations. In providing this Term Sheet, the Purchaser is not providing any advice, advisory services, or recommendations with respect to the structure, timing, terms, or similar matters concerning an issuance of municipal securities. This Term Sheet is a commercial, arms-length proposal that does not create a fiduciary duty by the Purchaser to the District. The District may engage, separately and at its own cost, an advisor to review this Term Sheet and the proposed transaction on the District's behalf.

DIRECT BANK LOAN:

The Purchaser intends to classify the financing as a privately placed loan. As such, the financing will feature (but will not be limited to) the following restrictions:

- The financing will not be assigned a CUSIP.
- The financing will not be registered with the DTC;
- The financing will feature transfer restrictions such that transfer is restricted to Bank affiliates, or to Qualified Institutional Buyers, each of which is a commercial bank with minimum capital, etc.;
- The financing cannot be marketed pursuant to an offering document.

CREDIT APPROVAL:

This Term Sheet is subject to formal credit approval by the Purchaser and the negotiation of mutually acceptable documentation.

PROPOSAL EXPIRATION:

Unless accepted by the District or extended in writing by the Purchaser at its sole discretion, this Term Sheet shall expire on January 14, 2022. Once accepted, this Term Sheet shall expire if the Bond is not issued and purchased by February 15, 2022.

Upon receipt of the signed Term Sheet, we will endeavor to provide you with a timely commitment and we will use good faith efforts to negotiate and purchase the Bond based on the terms herein. It is a pleasure to offer this financing proposal to the District, and we look forward to your favorable response.

Respectfully –
Sterling National Bank

John Riddle

John Riddle
Managing Director

Agreed to and Accepted by:
San Juan Water District, California

_____ (Name)

_____ (Title)

_____ (Date)

STAFF REPORT

To: Board of Directors
From: Paul Helliker, General Manager
Date: January 26, 2022
Subject: Folsom Reservoir Raw Water Delivery Reliability Project

RECOMMENDED ACTION

Authorize the General Manager to Execute a Memorandum of Agreement Regarding Sharing of Costs for the Project

BACKGROUND

Presently, San Juan Water District (SJWD), the City of Roseville (Roseville), and the City of Folsom (Folsom), through an existing 84-inch intake pipeline and associated pumping plant, can take raw water from Folsom Lake near the main concrete dam at Folsom Reservoir. This intake also provides raw water to Folsom State Prison. The existing raw water system has been operated without major interruption or outages. Since there is not a current backup system in place for raw water supply, the three water agencies, the Bureau of Reclamation (Reclamation), and the United States Army Corps of Engineers (USACE) completed a Project Alternatives Solutions Study (PASS) in 2006 to identify potential redundant systems that could bring raw water to the agencies if unplanned outages were to occur again. The Folsom Pumping Plant and existing 84-inch raw water pipeline are auxiliary features of the Folsom Dam Project and are operated and maintained by Reclamation.

The PASS Team developed 14 alternatives and narrowed the list to four conceptual projects to further evaluate. Each of the four alternatives were further evaluated on cost, reliability, and benefit. One of the four alternatives, the River Pump Station, could be built downstream of Folsom Dam and not rely on a fixed water surface elevation in Folsom Reservoir for raw water deliveries and could be operated in any water year type. A second of the four alternatives, the South Side Pump Station with New Intake in New Auxiliary Spillway, could be built near the Auxiliary Spillway built by USACE. This facility would be built upstream of the Auxiliary Spillway and would be limited by the surface water elevation in Folsom Reservoir and could only be operated in certain water year types.

ANALYSIS

In order to accomplish the goals described above and determine the best course of action, the Cities of Folsom and Roseville and the San Juan Water District wish to conduct a planning and feasibility study to perform the following tasks:

1. Working with each agency to determine the relative demands for sizing the facility

2. Review of historic storage and hydrologic conditions to evaluate how often each facility under the different alternatives can be used
3. Identify pros and cons of each alternative, including operations and maintenance requirements if the facility is Reclamation owned and operated or agency owned and operated
4. Identify power supply options for each alternative
5. Identify the environmental requirements for each option (CEQA and/or NEPA)
6. Develop a schedule for any environmental requirements for each option
7. Include drawings (profile not needed) of the layout, alignment and probable construction costs for each alternative
8. Include probable engineering design and specification development costs for each alternative
9. Work with each agency and Reclamation to determine if the agencies need to include a new point of diversion in their contracts with Reclamation for the use of new diversion facilities
10. Identify any regulatory requirements and include a description of what the requirements might be for each alternative
11. Discussions with Reclamation and the agencies about operations and maintenance/ownership of the facility
12. Include an overall project schedule for each alternative that includes design, environmental and construction
13. Identify other potential alternatives to be further discussed

On September 7, 2021, the City of Folsom Environmental and Water Resources Department issued a Request for Proposals for engineering consulting services for the Folsom Reservoir Raw Water Delivery Reliability Project with proposals due to the City of Folsom on November 5, 2021. The Cities of Folsom and Roseville, San Juan Water District, and the Reclamation staff, together the Technical Committee, evaluated the consultant submittal based on relevant project experience, the consultant's understanding of the background and requirements of the project, qualifications and experience of the consultant's design team, previous work with public water agencies and Reclamation, and proposal costs.

Stantec Consulting Services, Inc. was the only team to submit a proposal. Five other consulting firms contacted the City and indicated that they would not be submitting a proposal due to current workload or not having specific experience in one of the areas outlined above. Stantec's proposal meets all of the necessary qualifications and experience requested by the three agencies and the three agencies agree the proposal is responsive. Stantec Consulting Services, Inc. also has several projects and studies they completed with the Bureau of Reclamation and the three agencies. The estimated cost of the study was \$250,000. The City of Folsom will have responsibility for establishing and managing the agreement with Stantec Consulting Services, Inc. for Engineering Consulting Services for the Folsom Reservoir Raw Water Reliability

Project. The agreement will include a not-to-exceed amount of \$269,710. San Juan's share would be a not-to-exceed amount of \$89,903.

ATTACHMENTS

Memorandum of Agreement Regarding the Sharing of Costs for the Folsom Reservoir
Raw Water Delivery Reliability Project

MEMORANDUM OF AGREEMENT REGARDING SHARING OF COSTS FOR THE
FOLSOM RESERVOIR RAW WATER DELIVERY RELIABILITY PROJECT

THIS MEMORANDUM OF AGREEMENT (“MOA”) is entered into, effective _____, 2022 by and among San Juan Water District (“SJWD”), the City of Roseville (“Roseville”), the City of Folsom (“Folsom”).

RECITALS

WHEREAS, the above-named agencies (hereinafter referred to collectively as the “parties,” or each individually as a “party”) have been working together to identify potential raw water supply reliability alternatives;

WHEREAS, the objective of the Folsom Reservoir Raw Water Supply Reliability planning and feasibility study is to value potential raw water supply alternatives to the parties from the United States Department of Interior, Bureau of Reclamation (hereinafter “Bureau”);

WHEREAS, the parties believe it in their best interest, as well as the public’s best interest, to enter into a contract with a Consultant(s) to develop a planning and feasibility study for the Folsom Reservoir Raw Water Delivery Reliability Project.

NOW THEREFORE, in consideration of the mutual obligations set forth herein, the parties agree as follows:

1. Technical Committee. The Parties hereby form a Technical Committee consisting of one representative of each of the Parties. A representative may, from time to time or permanently, designate an individual to act on the representative’s behalf. A representative from the Bureau will also be included on the Technical Committee. Meetings of the Technical Committee may be attended by anyone authorized by any representative. The purpose of the

Technical Committee will be to review and comment on the attached scope of services (Exhibit A). The Technical Committee shall meet as necessary at locations agreed upon by the Technical Committee, including remote meeting platforms.

2. Decisions of the Technical Committee. The Parties expect and intend that decisions of the Technical Committee will be made by consensus. In the event of disagreement over any decision, the representatives will vote to resolve the disagreement, with each representative having one vote, and the vote of the majority of representatives will be the decision of the committee. Should such voting not result in a majority, then the voting will proceed on a weighted basis with each agency representative being assigned a number of votes equal to their costs sharing percentage as defined in number “4” below, and the vote of the majority of the total number of votes so assigned shall be the decision of the committee.

3. Coordination with Consultant. The City of Folsom will act as the lead agency in contracting with the Consultant to complete the Project.

4. Cost-Sharing. The City of Folsom will be responsible for administering the contract for the services of the Consultant. It is understood and agreed the Parties shall each pay a percentage of the total contract as follows:

City of Roseville – 33.33%

San Juan Water District – 33.33%

City of Folsom – 33.34%

Upon receipt of an invoice from Consultant, the City of Folsom will forward a copy of the invoice to the other Parties, who within forty-five (45) days of the date of said invoice shall remit their percentage share of said invoice, as shown above to the City of Folsom for payment to the Consultant. In the event one or more parties believes an invoice should not be paid n

whole or in part, the dispute shall be resolved by the Technical Committee as set forth herein. The Parties agree to exercise good faith and diligence in the resolution of any disputed invoice amounts; provided however, that notwithstanding any provision respective contained herein, the City of Folsom shall be reimbursed by each of the other Parties for their respective percentage share of any and all money ultimately paid to the Consultant by the City of Folsom.

5. Price Ceiling. In no case shall the total value of goods and services procured pursuant to this MOA exceed \$269,710, except by Amendment to this MOA.

6. Cooperation and Further Documents. The Parties shall cooperate in executing any further documents that are reasonably necessary to implement this MOA's terms.

8. Term of MOA. This MOA shall be effective as of the date first written above and shall remain in full force until all services and contracts covered by this MOA have been completed and performed, and all payments required under this MOA have been made.

9. Notices. Any invoice, payment, notice or written communication where required or permitted by this MOA will be provided by U.S. Mail, or by electronic mail transmission, with confirmation of receipt, as follows:

SAN JUAN WATER DISTRICT

Paul Helliker
General Manager
9935 Auburn Folsom Road
Granite Bay, CA 95746
phelliker@sjwd.org

CITY OF ROSEVILLE

Richard Plecker
Environmental Utilities Director
2005 Hilltop Circle
Roseville, CA 95747
rplecker@roseville.ca.us

CITY OF FOLSOM

Marcus Yasutake
Environmental and Water Resources Director
50 Natoma Street
Folsom, CA 95630
myasutake@folsom.ca.us

10. Amendments. Any amendments to this MOA must be in writing and executed by all parties.

11. Counterparts. This MOA may be executed by the parties in separate counterparts; each of which when so executed and delivered to Folsom shall constitute an original. All such counterparts shall together constitute one and the same instrument.

12. General Provisions. There is no agency relationship between the parties. Furthermore, notwithstanding anything contained herein, the employees of each party shall continue to be entirely and exclusively under the direction, supervision and control of the employing party.

Any internal, in-house or administrative costs or expenses incurred by any party related to such party's obligations under this MOA shall be the sole responsibility of such party incurring said costs and expenses.

This instrument and any attachments hereto constitute the entire agreement among the parties concerning the subject matter hereof.

WHEREFORE, the parties execute this Memorandum of Agreement effective the first date written above.

IN WITNESS WHEREOF, the City of Folsom, a municipal corporation, has authorized the execution of this Agreement in duplicate by its City Manager and attested to by its City Clerk under the authority of Resolution No. 10784, adopted by the City Council of the City of Folsom on the 11th day of January 2022, and SJWD and Roseville has caused this Agreement to be executed.

SAN JUAN WATER DISTRICT, a Community Services District

Date

ATTEST:

Teri Grant, Board Secretary

Date

Paul Helliker, General Manager

ORIGINAL APPROVED AS TO FORM:

, District Attorney

Date

CITY OF ROSEVILLE, a Municipal Corporation

Date

ATTEST:

Sonia Orozco, City Clerk

Date

Dominick Casey, City Manager

FUNDING AVAILABLE:

Dennis Kauffman, CFO

Date

ORIGINAL APPROVED AS TO CONTENT:

ORIGINAL APPROVED AS TO FORM:

Richard Plecker,
Environmental Utilities Director

Date

Michelle Sheidenberger, City Attorney

Date

STAFF REPORT

To: Board of Directors
From: Adam Larsen, Field Services Manager
Date: January 26, 2022
Subject: Designation of Critically-Important Positions

RECOMMENDED ACTION

Adopt Resolution No. 22-03 approving an agreement to appoint Chris Mayer and Randy Potter in critically-needed Field Services positions as retired annuitants.

BACKGROUND

After serving as the District's Pump Station Lead Worker for 17 years, Chris Mayer announced on September 29, 2021, his plan to retire from the District on October 28, 2021. Daniel Griego was promoted to Pump Station Lead Worker on November 22, 2021. Darren Van Dusen was promoted to Pump Station Operator (Mr. Griego's prior position) on December 18, 2021. Additionally, after serving as the District's Pump Station Technician for 19 years, Randy Potter announced on November 17, 2021, his plan to retire from the District on December 24, 2021. Cody Sinnock was promoted to Pump Station Technician on December 18, 2021. With the recent retirements in the Pump Team, the District has transitioned two-thirds of its pump station operations staff losing extensive knowledge of distribution operations.

Mr. Van Dusen and Sinnock continue to make good progress in learning the pump station, reservoir, and distribution pressure management operations, as well as carrying out their new duties, but they still need to take advantage of Mr. Mayer and Potter's knowledge and expertise on a temporary basis. This is specifically needed for after hour on-call response. Currently only Mr. Griego is trained for emergency response for after hour call outs. With the assistance of Mr. Mayer and Potter, we will utilize their extensive knowledge to assist Mr. Van Dusen and Sinnock when responding to after hour emergency call outs. This provides relief for Mr. Griego and provides a critical resource for the Pump Team until they are sufficiently trained to perform On-Call Duty on their own.

Additionally, the District has a number of mission-critical, time-sensitive projects that need to continue apace during this transition. Specifically, the Hinkle Reservoir Cover and Lining Replacement Project and the Kokila Tank Project. Both projects include altering distribution system operations utilizing alternative means to serve our customers. Mr. Mayer and Potter have significant knowledge and expertise of the distribution system operations that will be invaluable during the implementation of the projects.

Mr. Mayer and Potter have agreed to serve as retired annuitants during the next 17 months to fill these critical positions and provide their knowledge and expertise as needed to help the transition of this department. As a retired annuitant, they would be paid an hourly rate of \$53.43 (equivalent to Chris's current rate) and \$48.37 (equivalent to Randy's current rate) with no benefits, for the hours worked for the District. They would be able to work up to 960 hours per year.

Staff recommends that the Board designate these positions as critically-important and approve an agreement with Mr. Mayer and Potter to serve in these positions as retired annuitants.

RESOLUTION NO. 22-03

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
APPOINTING CHRIS MAYER AND RANDY POTTER TO RETIRED ANNUITANT
EXTRA HELP POSITIONS**

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

1. Recitals. This resolution is made with reference to the following background recitals:

(a) Chris Mayer has retired from the San Juan Water District in the position of Pump Station Lead Worker effective October 28, 2021. Randy Potter has retired from the District in the position of Pump Station Technician effective December 24, 2021.

(b) Daniel Griego was promoted to Pump Station lead worker on November 22, 2021. Darren Van Dusen was promoted to Pump Station Operator (Mr. Griego's prior position) on December 18, 2021. Cody Sinnock was promoted to Pump Station Technician on December 18, 2021. With the recent retirements in the Pump Team, the District has transitioned two-thirds of its pump station operations staff losing extensive knowledge of distribution operations.

(c) Mssrs. Mayer and Potter were principal responders during off hours for emergencies and other critical needs for pump station, reservoir, and distribution pressure management operations. Mr. Griego is currently the only employee trained for these after-hour responses, and the District needs at least one additional trained responder available to support Mr. Griego.

(d) The District has a number of mission-critical, time-sensitive projects that need to continue apace during this transition. Specifically the Hinkle Reservoir Cover and Lining Replacement Project and the Kokila Tank Project. Both projects include altering distribution system operations utilizing alternative means to serve our customers. Mssrs. Mayer and Potter have significant knowledge and expertise of the distribution system operations that will be invaluable during the implementation of the projects.

(e) The District Board of Directors desires to employ and appoint Mssrs. Mayer and Potter in retired annuitant extra help positions under Government Code sections 7522.56 and 21224, and determines that, in light of their significant prior experience, skills and knowledge, their appointments are necessary to perform this specialized work of limited duration before he has been retired for more than 180 days.

(f) The District Board has reviewed the employment agreements with Mssrs. Mayer and Potter, which provides that each of their his employments shall be limited to 960 hours in each fiscal year to perform the Project tasks requiring specialized skills not possessed by any other District employee.

(g) As stated in the employment agreement and as further required by Government Code sections 7522.56 and 21224, the compensation proposed to be paid to Mssrs. Mayer and Potter

shall not be less than the minimum, nor exceed the maximum, paid by the District to other employees performing comparable duties, divided by 173.333 to equal an hourly rate. The maximum monthly base salary for the Pump Station Lead Worker position with the District is \$9,261.18 and the hourly equivalent is \$53.43. Mr. Mayer will receive an hourly rate of \$53.43 (equivalent to \$9,261.18/month) and will not receive any other benefit, incentive, compensation in lieu of benefit, or any other form of compensation in addition to this hourly rate. The maximum monthly base salary for the Pump Station Technician position with the District is \$8,384.18 and the hourly equivalent is \$48.37. Mr. Potter will receive an hourly rate of \$48.37 (equivalent to \$8,384.18/month) and will not receive any other benefit, incentive, compensation in lieu of benefit, or any other form of compensation in addition to this hourly rate.

(h) The District Board finds that no matters relating to the appointment or employment of Mssrs. Mayer and Potter with the District have or will be placed on the consent calendar.

2. Approval of Employment Agreement. The District Board of Directors hereby certifies that the nature of the appointment and employment of Mssrs. Mayer and Potter as retired annuitants is necessary to fill a critically needed position with the District requiring specialized skills possessed by Mssrs. Mayer and Potter that are necessary in performing project work of limited duration and, on that basis, hereby approves the employment agreements attached to this resolution and incorporated herein as Exhibits A and B.

PASSED AND ADOPTED this 26th day of January 2022 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Kenneth Miller
President, Board of Directors

Attest:

Teri Grant
Secretary, Board of Directors

EXHIBIT A

**EMPLOYMENT AGREEMENT
FOR EXTRA HELP ENGINEERING SERVICES**

**EMPLOYMENT AGREEMENT BETWEEN
SAN JUAN WATER DISTRICT
AND CHRIS MAYER
FOR EXTRA HELP FIELD SERVICES**

THIS AGREEMENT is made and entered into on January 26, 2022, by and between the San Juan Water District, a public District (“District”), and Chris Mayer, an individual (“Employee”), who agree as follows:

1. Employment. District appoints and employs Employee in an extra help retired annuitant position to provide critically needed engineering services, and Employee accepts such employment, on and subject to the terms and conditions of this Agreement and Government Code sections 7522.56 and 21224 governing the employment of CalPERS retired annuitants. Employee warrants that he is not currently employed as a retired annuitant by another CalPERS employer. Employee shall notify District if Employee proposes to accept employment with another CalPERS public agency employer and, if District objects to such proposed employment, Employee shall not accept it. If such additional employment is approved, Employee shall be solely responsible for tracking his total number of hours worked for all CalPERS employers to ensure that he does not exceed the 960 hour annual limit.

2. Term. The term of this Agreement shall commence on February 1, 2022 and will remain in effect until June 30, 2023, or whenever the Projects are completed, whichever is sooner, unless sooner terminated as provided in the termination provision in Section 9 below.

3. Duties. The District, through the Field Services Manager, shall assign Employee his duties and hours of work; such duties shall include maintenance and operation of the booster pump stations and water storage facilities, and distribution system pressure zone management, which requires specialized skills and training and which is critically necessary to the ongoing duties and functions of the District. Employee represents that he is properly trained and certified to perform the duties required under this Agreement. Employee further represents that Employee will maintain, at Employee’s sole expense and on Employee’s own time, all required licenses and certifications as a condition of this extra help retired annuitant employment.

4. Hours. Employee shall be available to work as necessary to fully and competently perform the duties of the position, regardless of the number of hours or time of day or week involved. Employee shall be compensated only for hours actually worked and generally shall not work more than 40 hours in a week unless authorized or requested by the General Manager. Notwithstanding the foregoing, Employee, as a retired annuitant, may not work more than 960 hours each in District’s fiscal year 2022 or 2023, and District shall retain the right to track Employee’s hours and to summarily suspend Employee duties in order to ensure that Employee does not exceed the 960 hour limitation in each fiscal year.

5. Outside Employment and Activities. Employee shall not engage in any conduct, other employment or business, commercial or professional pursuits, whether for compensation or otherwise, that would interfere with his responsibilities and duties to District or that would reflect unfavorably upon the interests of District.

6. Compensation. For all services to be rendered by Employee under this Agreement, District will provide to Employee the following compensation:

a. Salary in the amount of \$53.43 per hour, which falls within the allowable range of \$44.52 to \$53.43 per hour based on the District's published monthly salary range for the Pump Station Lead Worker position divided by 173.33 to determine the hourly range as required by Government Code sections 7522.56(d) and 21224.

b. No additional benefits of any kind shall be provided, except that Employee may be reimbursed for his ordinary and reasonable business expenses incurred in the course of his work in accordance with applicable District personnel and expense reimbursement policies.

7. Other Terms and Conditions of Employment. Employee's employment also will be governed by the District Personnel Manual (as the same may be amended by District from time to time) and the parties will comply with all applicable provisions of the Personnel Manual. If any term or condition of this Agreement is inconsistent or in conflict with a term or condition of the Personnel Manual, this Agreement shall govern. If any term or condition of this Agreement is inconsistent or in conflict with a federal or state law, the law will govern.

8. Ownership of Documents. Every document, report, study, spreadsheet, worksheet, plan, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software, and any other writing or thing prepared by Employee during the term of his employment (the "Work") will be the property of District. District will have the right to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work and prepare derivative and additional documents or works based on the Work without further compensation to or permission from Employee.

9. Termination. This Agreement may be terminated prior to its expiration date in any one of the following ways:

a. By mutual agreement of the parties, expressed in writing.

b. By Employee, upon giving to District not less than two weeks' prior written notice of resignation.

c. By the death of Employee.

d. By District, for cause, upon giving to Employee written notice of immediate termination. The written notice of termination will specify: (1) the particular cause(s) and the facts and circumstances justifying the termination of the Agreement for cause, and (2) the opportunity of Employee to meet with the District Board of Directors on the reasons for the termination. If Employee requests a meeting, the meeting will be held at the Board's earliest convenience in a closed session, unless Employee requests an open session. After the meeting, the Board may affirm, modify or reverse its decision to terminate for cause. For purposes of this Agreement, the following will justify termination for cause: willful breach of duty; habitual neglect of duty; gross insubordination; conviction of a crime involving moral turpitude; conduct that makes it impossible or impracticable to perform the duties under this Agreement or that seriously impedes District operations; conduct that tends to bring discredit to District; conduct unbecoming an employee in public service; mishandling of District funds;

any intentional misrepresentation or fraud in connection with the performance of Employee's duties; theft of District property; violation of law; violation of the District Personnel Manual; or material breach of this Agreement.

e. By District, without cause, upon giving to Employee one week's prior written notice of termination.

10. Conflict of Interest. Employee agrees that during the term of this Agreement, he will not maintain any financial interest or engage in any other employment, occupation, work, or endeavor, whether compensated or not, that would in any way conflict with, or impair Employee's ability to perform the duties described in this Agreement or in conflict with the District's conflict of interest code. Upon the General Manager's determination, Employee shall file any required conflict of interest forms.

11. Entire Agreement. The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the subject matter addressed in the Agreement. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the subject matter of this Agreement, except those other documents that may be expressly referenced in this Agreement.

12. Notices. Any notice to be given to Employee will be sufficiently served if given to Employee personally or if deposited in the United States Mail, regular pre-paid mail, addressed to Employee at the most recent residence address as shown on the District payroll records. Any notice to be given to District will be addressed to the District Board of Directors and delivered or mailed to the District's General Manager at the District offices.

13. Successors and Assigns. This Agreement is personal to Employee. Employee may not transfer or assign the Agreement or any part of it. Subject to this restriction on transfer and assignment, this Agreement will bind, and inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties.

14. Amendments. This Agreement may be amended only by a subsequent writing approved and signed by both parties. Any amendment by District must be approved by the District Board of Directors at a noticed public meeting. Individual Board members do not have the authority, express or implied, to amend, modify, waive, extend or in way alter this Agreement or the terms and conditions of Employee's employment.

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

16. Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

17. Governing Law and Venue. Except as otherwise required by law, this Agreement will be interpreted, governed by, and construed under the laws of the State of California. The County of Sacramento will be venue for any state court litigation and the Eastern District of California will be venue for any federal court litigation concerning the enforcement or construction of this Agreement.

SAN JUAN WATER DISTRICT

EMPLOYEE

Kenneth Miller
President, Board of Directors

Chris Mayer

Attest:

Teri Grant
Secretary, Board of Directors

**EMPLOYMENT AGREEMENT BETWEEN
SAN JUAN WATER DISTRICT
AND RANDY POTTER
FOR EXTRA HELP FIELD SERVICES**

THIS AGREEMENT is made and entered into on January 26, 2022, by and between the San Juan Water District, a public District (“District”), and Randy Potter, an individual (“Employee”), who agree as follows:

1. Employment. District appoints and employs Employee in an extra help retired annuitant position to provide critically needed engineering services, and Employee accepts such employment, on and subject to the terms and conditions of this Agreement and Government Code sections 7522.56 and 21224 governing the employment of CalPERS retired annuitants. Employee warrants that he is not currently employed as a retired annuitant by another CalPERS employer. Employee shall notify District if Employee proposes to accept employment with another CalPERS public agency employer and, if District objects to such proposed employment, Employee shall not accept it. If such additional employment is approved, Employee shall be solely responsible for tracking his total number of hours worked for all CalPERS employers to ensure that he does not exceed the 960 hour annual limit.

2. Term. The term of this Agreement shall commence on February 1, 2022 and will remain in effect until June 30, 2023, or whenever the Projects are completed, whichever is sooner, unless sooner terminated as provided in the termination provision in Section 9 below.

3. Duties. The District, through the Field Services Manager, shall assign Employee his duties and hours of work; such duties shall include maintenance and operation of the booster pump stations and water storage facilities, and distribution system pressure zone management, which requires specialized skills and training and which is critically necessary to the ongoing duties and functions of the District. Employee represents that he is properly trained and certified to perform the duties required under this Agreement. Employee further represents that Employee will maintain, at Employee’s sole expense and on Employee’s own time, all required licenses and certifications as a condition of this extra help retired annuitant employment.

4. Hours. Employee shall be available to work as necessary to fully and competently perform the duties of the position, regardless of the number of hours or time of day or week involved. Employee shall be compensated only for hours actually worked and generally shall not work more than 40 hours in a week unless authorized or requested by the General Manager. Notwithstanding the foregoing, Employee, as a retired annuitant, may not work more than 960 hours each in District’s fiscal year 2022 or 2023, and District shall retain the right to track Employee’s hours and to summarily suspend Employee duties in order to ensure that Employee does not exceed the 960 hour limitation in each fiscal year.

5. Outside Employment and Activities. Employee shall not engage in any conduct, other employment or business, commercial or professional pursuits, whether for compensation or otherwise, that would interfere with his responsibilities and duties to District or that would reflect unfavorably upon the interests of District.

6. Compensation. For all services to be rendered by Employee under this Agreement, District will provide to Employee the following compensation:

a. Salary in the amount of \$48.37 per hour, which falls within the allowable range of \$40.31 to \$48.37 per hour based on the District's published monthly salary range for the Pump Station Lead Worker position divided by 173.33 to determine the hourly range as required by Government Code sections 7522.56(d) and 21224.

b. No additional benefits of any kind shall be provided, except that Employee may be reimbursed for his ordinary and reasonable business expenses incurred in the course of his work in accordance with applicable District personnel and expense reimbursement policies.

7. Other Terms and Conditions of Employment. Employee's employment also will be governed by the District Personnel Manual (as the same may be amended by District from time to time) and the parties will comply with all applicable provisions of the Personnel Manual. If any term or condition of this Agreement is inconsistent or in conflict with a term or condition of the Personnel Manual, this Agreement shall govern. If any term or condition of this Agreement is inconsistent or in conflict with a federal or state law, the law will govern.

8. Ownership of Documents. Every document, report, study, spreadsheet, worksheet, plan, blueprint, specification, drawing, map, photograph, computer model, computer disk, magnetic tape, CAD data file, computer software, and any other writing or thing prepared by Employee during the term of his employment (the "Work") will be the property of District. District will have the right to use, modify, reuse, reproduce, publish, display, broadcast and distribute the Work and prepare derivative and additional documents or works based on the Work without further compensation to or permission from Employee.

9. Termination. This Agreement may be terminated prior to its expiration date in any one of the following ways:

a. By mutual agreement of the parties, expressed in writing.

b. By Employee, upon giving to District not less than two weeks' prior written notice of resignation.

c. By the death of Employee.

d. By District, for cause, upon giving to Employee written notice of immediate termination. The written notice of termination will specify: (1) the particular cause(s) and the facts and circumstances justifying the termination of the Agreement for cause, and (2) the opportunity of Employee to meet with the District Board of Directors on the reasons for the termination. If Employee requests a meeting, the meeting will be held at the Board's earliest convenience in a closed session, unless Employee requests an open session. After the meeting, the Board may affirm, modify or reverse its decision to terminate for cause. For purposes of this Agreement, the following will justify termination for cause: willful breach of duty; habitual neglect of duty; gross insubordination; conviction of a crime involving moral turpitude; conduct that makes it impossible or impracticable to perform the duties under this Agreement or that seriously impedes District operations; conduct that tends to bring discredit to District; conduct unbecoming an employee in public service; mishandling of District funds;

any intentional misrepresentation or fraud in connection with the performance of Employee's duties; theft of District property; violation of law; violation of the District Personnel Manual; or material breach of this Agreement.

e. By District, without cause, upon giving to Employee one week's prior written notice of termination.

10. Conflict of Interest. Employee agrees that during the term of this Agreement, he will not maintain any financial interest or engage in any other employment, occupation, work, or endeavor, whether compensated or not, that would in any way conflict with, or impair Employee's ability to perform the duties described in this Agreement or in conflict with the District's conflict of interest code. Upon the General Manager's determination, Employee shall file any required conflict of interest forms.

11. Entire Agreement. The parties intend this writing to be the sole, final, complete, exclusive and integrated expression and statement of the terms of their contract concerning the subject matter addressed in the Agreement. This Agreement supersedes all prior oral or written negotiations, representations, contracts or other documents that may be related to the subject matter of this Agreement, except those other documents that may be expressly referenced in this Agreement.

12. Notices. Any notice to be given to Employee will be sufficiently served if given to Employee personally or if deposited in the United States Mail, regular pre-paid mail, addressed to Employee at the most recent residence address as shown on the District payroll records. Any notice to be given to District will be addressed to the District Board of Directors and delivered or mailed to the District's General Manager at the District offices.

13. Successors and Assigns. This Agreement is personal to Employee. Employee may not transfer or assign the Agreement or any part of it. Subject to this restriction on transfer and assignment, this Agreement will bind, and inure to the benefit of, the successors, assigns, heirs and legal representatives of the parties.

14. Amendments. This Agreement may be amended only by a subsequent writing approved and signed by both parties. Any amendment by District must be approved by the District Board of Directors at a noticed public meeting. Individual Board members do not have the authority, express or implied, to amend, modify, waive, extend or in way alter this Agreement or the terms and conditions of Employee's employment.

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

16. Construction and Interpretation. The parties agree and acknowledge that this Agreement has been arrived at through negotiation and that each party has had a full and fair opportunity to revise the terms of this Agreement. Consequently, the normal rule of construction that any ambiguities are to be resolved against the drafting party will not apply in construing or interpreting this Agreement.

17. Governing Law and Venue. Except as otherwise required by law, this Agreement will be interpreted, governed by, and construed under the laws of the State of California. The County of Sacramento will be venue for any state court litigation and the Eastern District of California will be venue for any federal court litigation concerning the enforcement or construction of this Agreement.

SAN JUAN WATER DISTRICT

EMPLOYEE

Kenneth Miller
President, Board of Directors

Randy Potter

Attest:

Teri Grant
Secretary, Board of Directors

STAFF REPORT

To: Board of Directors
From: Donna Silva, Director of Finance
Date: January 26, 2022
Subject: Retail Financial Plan and Rate Proposal

RECOMMENDED ACTION

Consider adoption of Resolution No. 22-01 adopting a three-year schedule of retail water rates.

BACKGROUND

The District completed the Retail Master Plan in FY 2020-21, which identified the capital improvements needed to the retail distribution system over the next 10 years. With the last of the rate increases from the previous financial plan in effect as of January 2021, and the completion of the Retail Master Plan, it was time to commence the next Retail Financial Plan and Rate Study.

Hildebrand Consulting worked with staff to update the Retail Financial Plan based on the retail master plan, and propose a rate schedule that would fund both ongoing operations, existing debt service and the capital improvements identified by the master plan. The information about the infrastructure program projects and funding needs (the Capital Improvement Program) was presented to the Board at the September 22, 2021 meeting.

Based on the discussion about funding and rate alternatives at that meeting, the consultant prepared four capital financing scenarios for the Board's consideration at the October 27, 2021 meeting:

1. **Issue debt for near term projects only, WITH the groundwater production facility included;** (*Staff's recommendation*)
2. Issue debt for near term projects only, WITHOUT groundwater production facility included;
3. Expanded use of debt to finance both near and medium term projects, WITH the groundwater production included;
4. Expanded use of debt to finance both near and medium term projects, WITHOUT the groundwater production facility included.

At that meeting, the Board selected the first of these options, as recommended by staff. The Board directed staff to prepare a rate increase notice based on this option, to distribute to property owners and account holders in the retail service area. That notice, which is Attachment 1, includes the proposed rate increases in the following table.

	Proposed Implementation Dates			
	Current	Feb 1, 2022	Jan 1, 2023	Jan 1, 2024
Overall Rate Revenue Increase -->		8%	8%	8%
Daily Base Charges				
Up to 1" meter	\$2.23	\$2.50	\$2.70	\$2.92
1 1/2" meter	\$5.78	\$6.30	\$6.80	\$7.34
2" meter	\$9.20	\$9.95	\$10.75	\$11.61
3" meter	\$17.13	\$18.46	\$19.94	\$21.54
4" meter	\$28.48	\$30.62	\$33.07	\$35.72
6" meter	\$56.88	\$61.03	\$65.91	\$71.18
8" meter	\$90.94	\$97.51	\$105.31	\$113.73
Water Usage Charge (\$/CCF)				
All water usage	\$0.92	\$0.92	\$0.99	\$1.07
Daily Private Fire Line Rates				
4" line	\$0.78	\$1.03	\$1.06	\$1.09
6" line	\$1.16	\$1.20	\$1.24	\$1.28
8" line	\$1.56	\$1.34	\$1.38	\$1.42
10" line	\$1.86	\$1.46	\$1.50	\$1.55
12" line	(na)	\$1.60	\$1.65	\$1.70

Also included in the notice was information about three workshops that staff would organize, to allow customers the opportunity to hear more details about the financial plan and the rationale for the proposed rates. Those workshops were held on December 6 and 15, and were noticed as Board meetings, to allow any of the Board members to attend. Approximately 20 customers attended the workshops, which included good dialogue on the District's infrastructure investment plans, revenues and expenses and long-term financial picture.

The Board held the hearing on the rate plan on January 12, 2022, as required by Proposition 218. As of the end of the protest period, 24 protest letters had been received. Three customers provided comments and questions at the hearing verbally, and one submitted questions in the videoconference chat. Staff responded to all questions raised in comments.

Staff recommends that the Board approve the Retail Financial Plan and adopt the three-year rate schedule.

Attachments:

- San Juan Water District 2021 Retail Water Rate Study
- Proposition 218 Notice
- Resolution 02-01



2021 Retail Water Rate Study Report -
DRAFT

October 29, 2021



October 29, 2021

Donna Silva, Director of Finance
San Juan Water District
9935 Auburn Folsom Rd.
Granite Bay, CA 95746



Re: 2021 Retail Water Rate Study

Dear Ms. Silva,

Hildebrand Consulting is pleased to present this 2021 Retail Water Rate Study (Study) for the San Juan Water District (District). We appreciate the fine assistance provided by you and all of the members of the District staff who participated in the Study, as well as the input and guidance provided by the Water Rate Structure Committee.

If you or others at the District have any questions, please do not hesitate to contact me at:

mhildebrand@hildco.com
(510) 316-0621

We appreciate the opportunity to be of service and look forward to the possibility of doing so again in the near future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Hildebrand'.

Mark Hildebrand
Hildebrand Consulting, LLC

Enclosure

Executive Summary

Hildebrand Consulting, LLC has been retained by San Juan Water District (District) to conduct a water rate study (Study) for the District’s retail water system. The full report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations. The scope of this Study is to prepare a multi-year financial plan, review the water rate structure, propose a 3-year rate schedule, and update the District’s Water Shortage Charges. This Study applied methodologies that are aligned with industry standard practices for rate setting as laid out in the AWWA M1 Manual, and all applicable law, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218.

Financial Plan

A 10-year Financial Plan was developed through several interactive work sessions with District staff. The analysis identifies a revenue shortfall in upcoming years which leads to a conclusion that revenue adjustments are required for the District. The District collects rate revenue bimonthly from water customers in the form of a fixed “Base Charge” assessed based on meter size and a water “Usage Rate” applied to actual water use. In addition to rate revenue, the District receives additional “non-rate revenue” from sources such as miscellaneous service fees, property taxes, leases, Capital Facilities Charges revenue, and interest revenue on investments. The District’s expenses include operating and maintenance expenses, debt service, and capital spending.

The District plans to increase its average annual spending from \$2.8 million to \$8.3 million in order to pro-actively address water system rehabilitation needs associated with aging pipes, pump stations, water tanks, and other system deficiencies. This level of spending is aligned with the District’s 2020 Retail Master Plan. While the District typically follows a policy of cash financing capital projects whenever possible, there are instances when debt financing is appropriate. Such instances are typified by abnormally large spikes in capital spending. Given the District’s current reserves it is recommended that the District issuing new debt for about \$22 million to fund a

portion of FY2022, FY2023, and FY2024 projects (namely the Kokila Reservoir, Eureka Rd Transmission Line and the proposed Retail Groundwater Production Facility). Issuing this debt will allow the District to simultaneously cash finance the rest of the capital projects over the next 10 years and establish larger reserve targets (which promotes pay-as-you-go capital funding) while minimizing water rate increases.

All of the above information was entered into a financial planning model to produce a 10-year projection of the sufficiency of current rate revenues to meet projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period. This Study proposes 3 years of 8% annual rate adjustments.

Cost of Service and Rate Design

The Cost-of-Service (COS) analysis evaluates the cost of providing water and allocates those costs to rate structure components to ensure the proposed rates are aligned with the costs to provide service. The COS analysis is performed in order to comply with Proposition 218, which requires water rates to be equitably apportioned and proportional to the cost of providing water service. This Study employed a COS methodology that is consistent with the “commodity-demand” COSA methodology promulgated in AWWA’s *Manual M1: Principles of Water Rates, Fees, and Charges (M1)*. This is a well-established methodology as recognized by the AWWA and other accepted industry standards.

The cost allocation methodology begins by assigning all costs to one of three revenue recovery categories, including the account charge, the meter charge and the usage charge. The District’s Base Charge was then calculated based on a combination of the account charge and meter charge identified through the cost of service analysis. Base Charges apply to all customer water bills, regardless of the amount of water actually used. In calculating Base Charges, the account charge is allocated equally to all customers and the meter charge is allocated to customers based on their meter size. Under the proposed water rates for CY 2022, the uniform water rate would be \$0.92

per CCF. The 3-year schedule of proposed water rates are presented in the table below.

	Current	Proposed Implementation Dates		
		Feb 1, 2022	Jan 1, 2023	Jan 1, 2024
Overall Rate Revenue Increase -->		8%	8%	8%
Daily Base Charges				
Up to 1" meter	\$2.23	\$2.50	\$2.70	\$2.92
1 1/2" meter	\$5.78	\$6.30	\$6.80	\$7.34
2" meter	\$9.20	\$9.95	\$10.75	\$11.61
3" meter	\$17.13	\$18.46	\$19.94	\$21.54
4" meter	\$28.48	\$30.62	\$33.07	\$35.72
6" meter	\$56.88	\$61.03	\$65.91	\$71.18
8" meter	\$90.94	\$97.51	\$105.31	\$113.73
Water Usage Charge (\$/CCF)				
All water usage	\$0.92	\$0.92	\$0.99	\$1.07

Water Shortage Charges

The Study calculated an update to the District's existing Water Shortage Charges, which are designed to be overlain on then-current water usage rates during water shortage events, as declared by the District. Water Shortage Charges are temporary and affect only the Usage Charge and not the fixed Base Charge. The Water Shortage Charge is a tool the District would use to reduce the financial impacts associated with reduced water sales and increases in operating costs during a drought event.

Water Shortage Contingency Plan Stages:	Normal Supply Conditions	Stage 1 - Alert	Stage 2 - Warning	Stage 3 - Crisis	Stage 4 - Emergency
Corresponding State Mandated Shortage Levels:	(normal)	Stage 1	Stages 2 & 3	Stages 3, 4 & 5	Stage 6
Use Reduction Goal -->	n/a	0% to 10%	10% to 25%	25% to 50%	Greater than 50%
Assumed Water Use Reduction -->		5%	17.5%	37.5%	50%
Drought Rate Surcharge -->	n/a	0%	5%	10%	20%

Private Fire Line Rates

The District assesses a charge for separate private service connections that provide fire suppression capabilities to structures and property (e.g., serving automatic internal sprinkler systems). The District provides maintenance and replacement services up to the backflow device for private fire service lines, which is a service that is not provided to other customers. The monthly Private Fire Line Rates are summarized in the table below and are calculated based on the cost of regular maintenance and the cost of replacing the line.

Service Line Size:	4"	6"	8"	10"	12"
Daily Charge:	\$1.03	\$1.20	\$1.34	\$1.46	\$1.60

It is recommended that the District increase the above rates by 3% per year, which is equal to forecasted annual cost inflation over the next 2 years.

Conclusion

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by AWWA and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the water rates are expected to enable the District to continue to provide reliable service to customers while meeting the state's mandates.

The water rates, including the Water Shortage Charges, will need to be adopted in accordance with Proposition 218, which will require a detailed notice describing the proposed charges to be mailed to each affected property owner or customer at least 45 days prior to conducting a public hearing to adopt the rates.

TABLE OF CONTENTS

SECTION 1.	INTRODUCTION	4
1.1	UTILITY BACKGROUND	4
1.2	SCOPE & OBJECTIVES OF STUDY	5
1.3	STUDY METHODOLOGY	5
SECTION 2.	FINANCIAL PLAN.....	7
2.1	FUND STRUCTURE	7
2.2	BEGINNING FUND BALANCES.....	8
2.3	CUSTOMER GROWTH AND WATER USAGE	9
2.4	RATE REVENUE	9
2.5	NON-RATE REVENUES.....	9
2.5.1	<i>Operating and Debt Expenses</i>	<i>10</i>
2.5.2	<i>Cost Escalation.....</i>	<i>12</i>
2.5.3	<i>Capital Improvement Program.....</i>	<i>12</i>
2.5.4	<i>Debt Strategy.....</i>	<i>13</i>
2.5.5	<i>Debt Service Coverage.....</i>	<i>15</i>
2.5.6	<i>Cash Reserve Policies.....</i>	<i>15</i>
2.5.7	<i>Proposed Rate Revenue Increases.....</i>	<i>17</i>
SECTION 3.	COST OF SERVICE & RATE STRUCTURE	20
3.1	CURRENT RATES.....	20
3.2	CUSTOMER STATISTICS.....	21
3.3	WATER RATE CALCULATIONS.....	23
3.3.1	<i>Water Rate Revenue Requirements.....</i>	<i>23</i>
3.3.2	<i>Cost-of-Service Analysis.....</i>	<i>23</i>
3.3.3	<i>Bill Impacts of Proposed Water Rates.....</i>	<i>28</i>
3.4	ADOPTION OF PROPOSED RATES.....	28
SECTION 4.	WATER SHORTAGE CHARGE ERROR! BOOKMARK NOT DEFINED.	
SECTION 5.	PRIVATE FIRE LINE RATES	32
SECTION 6.	CONCLUSION.....	34

LIST OF TABLES

TABLE 1:	SUMMARY OF PROPOSED DEBT ISSUE	15
TABLE 2:	RECOMMENDED WATER RATE REVENUE INCREASE	17
TABLE 3:	CURRENT DAILY BASE CHARGE.....	21
TABLE 4:	RATED FLOW CAPACITY BY METER SIZE	22
TABLE 5:	SUMMARY OF WATER SERVICE CONNECTIONS AND WATER USAGE.....	23

TABLE 6: FY 2021/22 UNITS COST OF SERVICE	26
TABLE 7: CALCULATION OF PROPOSED DAILY BASE CHARGES.....	27
TABLE 8: BILL IMPACTS FOR A SAMPLING OF CUSTOMERS	28
TABLE 9: PROPOSED WATER SHORTAGE SURCHARGES AND CAPITAL SPENDING REDUCTIONS	31
TABLE 10: PRIVATE FIRE LINE RATE CALCULATION AND SCHEDULE.....	33

LIST OF FIGURES

FIGURE 1: SCHEMATIC OF RETAIL WATER FUNDS AND CASH FLOWS	8
FIGURE 2: BUDGETED REVENUE CATEGORIES (FY 2020/21)	10
FIGURE 3: OPERATING AND DEBT EXPENSE CATEGORIES (FY 2020/21)	11
FIGURE 4: HISTORIC AND PROJECTED CAPITAL SPENDING	13
FIGURE 5: FORECASTED CAPITAL SPENDING WITH DEBT STRATEGY	14
FIGURE 6: FINANCIAL PROJECTION WITH RECOMMENDED RATE INCREASES	18

LIST OF SCHEDULES

Schedule 1 - Projected Operating Expenses

Schedule 2 - Capital Spending Plan

Schedule 3 - Cash Flow Pro Forma (Operating Fund and Capital Fund)

Schedule 4 - 3-Year Schedule of Proposed Rates

List of Acronyms

AF	acre-feet (measure of water volume)
AWWA	American Water Works Association
CAFR	Comprehensive Annual Financial Report
CCF	hundreds of cubic feet (measure of water volume)
CIP	capital improvement program
COS	cost of service
CY	calendar year
DCR	debt service coverage ratio
FY	fiscal year (which ends on June 30 for the District)
O&M	operations and maintenance
OPEB	Other Post-Employment Benefits
pay-go	“pay as you go” (i.e., cash financing for capital projects)
WSCP	water shortage contingency plan

Section 1. INTRODUCTION

Hildebrand Consulting, LLC has been retained by San Juan Water District (District) to conduct a water rate study (Study) for the District’s retail water system. Hildebrand Consulting retained The Reed Group, Inc. as a subconsultant. This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

1.1 UTILITY BACKGROUND

The District is a community services district formed under Section 61000 et seq., Title 5, Division 3 of the California Government Code. The District provides both wholesale and retail water service. The wholesale area (which includes the District’s 17 square mile retail area) covers approximately 46 square miles in northeastern Sacramento and southeastern Placer Counties. The District wholesales water to San Juan Retail, Citrus Heights and Fair Oaks Water Districts, Orange Vale Water Company, and to the City of Folsom for its customers north of the American River. The retail system serves over 10,000 residential accounts and nearly 500 commercial accounts.

The District’s existing water supply consists of three separate raw water contracts. The first source of water is a settlement contract with the U.S. Bureau of Reclamation (Reclamation) that provides, in perpetuity, for the delivery of 33,000 acre-feet of water from the American River based upon the District’s water rights, which date from 1853 and 1928. The second source is a repayment contract with Reclamation for 24,200 acre-feet of Central Valley Project water. The third source is a contract with Placer County Water Agency for up to 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 Reclamation’s Folsom Pumping Plant.

This current rate study directly addresses District’s Strategic Plan goal to “Operate the District Sustainably and in a Financially Sound Manner while Maintaining a Fair Rate Structure.”

The District's retail water rate study was conducted by The Reed Group in 2017 and the last rate adjustment was made in January of 2021.

1.2 SCOPE & OBJECTIVES OF STUDY

The scope of this Study is to prepare a multi-year financial plan, review the water rate structure, propose a 3-year rate schedule, and update the District's Water Shortage Charges.

The primary objectives of this Study are to:

- i. Develop a multi-year financial plan that integrates operational and capital project funding needs with a funding strategy.
- ii. Identify future annual adjustments to water rates to help ensure adequate revenues to meet the District's ongoing financial obligations.
- iii. Update the cost of providing water service using industry-accepted methodologies.
- iv. Recommend specific updates to the District's existing rate structures in order to ensure that the District is equitably recovering the cost of service and comports with industry standards¹ and California's legal requirements.

1.3 STUDY METHODOLOGY

This Study applied methodologies that are aligned with industry standard practices for rate setting as laid out in the AWWA M1 Manual, and all applicable law, including California Constitution Article XIII D, Section 6(b), commonly known as Proposition 218.

The Study began with a review of the District's current financial dynamics and latest available data for the District's operations. A multi-year financial management plan

¹ As promulgated the American Water Work Association (AWWA) M1 Manual: Principles of Water Rates, Fees and Charges: Manual of Water Supply Practices M1, (7th edition), which documents many of the standards used by professionals in the utility rate-setting industry.

was then developed to determine the level of annual rate revenue required to cover projected annual operating expenses, debt service (including coverage targets), and capital cost requirements while maintaining adequate reserves. This portion of the Study was conducted using an MS Excel©-based financial planning model which was customized to reflect financial dynamics and latest available data for the District's operations in order to develop a long-term financial management plan, inclusive of projected annual revenue requirements and corresponding annual rate adjustments.

Revenue requirements calculated for fiscal year ending June 2022 (FY 2021/22²) were then used to perform a detailed cost-of-service (COS) analysis. The COS analysis and rate structure design were conducted based upon principles outlined by the AWWA, legal requirements (Proposition 218) and other generally accepted industry practices to develop rates that reflect the cost of providing service.

² Fiscal years are sometimes indicated by their ending years. For example, FY 2021/22, starts on July 1, 2021, and ends on June 30, 2022, can also be expressed as FY 2022.

Section 2. FINANCIAL PLAN

This section presents the Retail System's 10-year Financial Plan, including a description of the source data, assumptions, and the District's financial policies. The District provided historical and budgeted financial information, including historical and budgeted operating costs, a multi-year capital improvement program (CIP), and outstanding debt service obligations. District staff also assisted in providing other assumptions and policies, such as reserve targets and escalation rates for operating costs (all of which are described in the following subsections).

The 10-year Financial Plan was developed through several interactive work sessions with District staff. As a result of this process, the Study has produced a robust financial plan that will enable the District to meet its future revenue requirements and achieve financial performance objectives throughout the projection period while striving to minimize rate increases.

The analysis identifies a revenue shortfall in upcoming years which leads to a conclusion that revenue adjustments are required for the District. The schedules attached to this report include detailed data supporting the Financial Plan discussed herein.

The Financial Plan reflects assumptions and estimates believed reasonable at the present time. However, conditions change. It is recommended that the District review its financial condition and scheduled rate adjustments as part of the annual budget process, as well as perform a more comprehensive financial plan and water rate update every 3 to 5 years, as conditions dictate.

2.1 FUND STRUCTURE

The Financial Plan is an annual cash flow model. As a cash flow model, it differs from standard accounting income statements, and balance sheets. The Financial Plan models sources and uses of funds into, out of, and between the Retail Water funds.

The Financial Plan model is based on the Retail Water fund structure and incorporates reserve policies for specified purposes. The reserve structure includes an Operating Reserve within the Operating Fund (Fund 50) and a Capital Reserve within the Capital Fund (Fund 55). **Figure 1** includes a schematic diagram of the funds/reserves and major cash flows associated with the financial plan model.

An understanding of the fund/reserve structure is helpful in understanding the financial plan worksheets that model estimated annual cash flows through Retail Water utility from one year to the next.

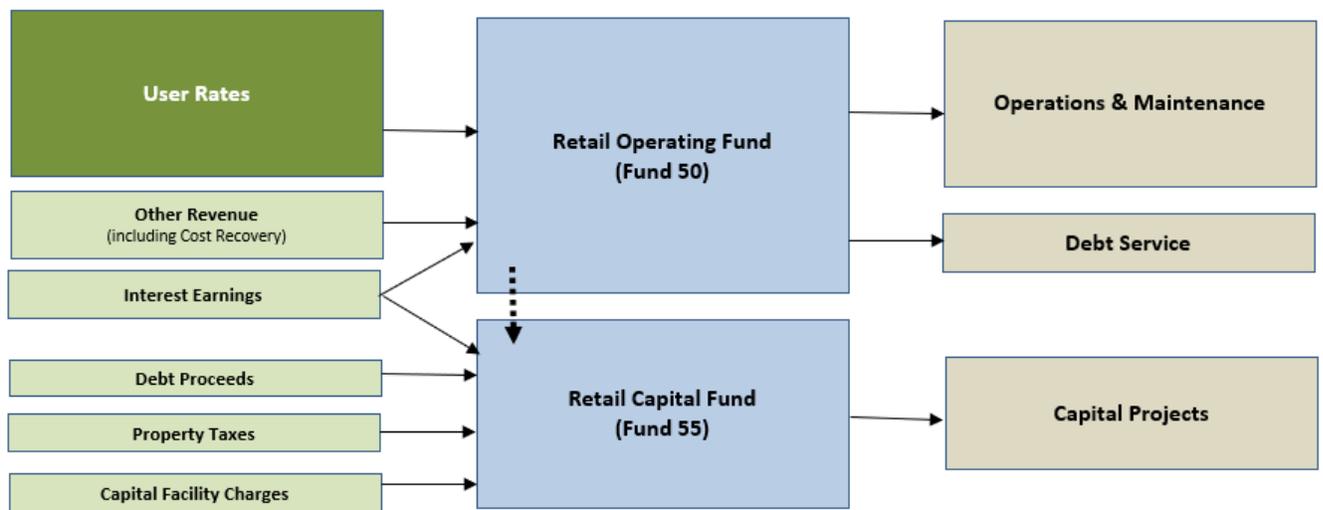


Figure 1: Schematic of Retail Water Funds and Cash Flows

2.2 BEGINNING FUND BALANCES

The budgeted ending cash balance for FY 2020/21 in the Retail Operating Fund was \$2,737,00 while in the Retail Capital Fund the ending cash balance was \$8,039,000. These cash balances were used to establish the “starting point” for the reserve levels for this 10-year financial plan. It should be noted that the amount of cash that the District keeps in reserves is a product of its reserve policies (see Section 2.5.4).

2.3 CUSTOMER GROWTH AND WATER USAGE

Over the period of 2016 to 2020 the District has collected an average of about \$315 thousand per year in Capital Facilities Charge revenue from new customers connecting to the system, which equates to a growth rate of approximately 0.23% per year. This rate of growth is consistent with a utility that is largely “built-out”. This Study assumes that this trend will continue for the duration of the next 10 years.

In the Spring of 2021, the governor declared a drought emergency in 41 counties, including Sacramento County. For purposes of this Financial Plan, it is assumed that water demand will decrease by 5% in FY 2021/22 and rebound the next year. If the decrease in water usage persists or intensifies the District will need to consider enacting its existing or updated Water Shortage Charge policy (see Section 4). It is impossible to reliably forecast future water use since so much depends on future weather conditions.

2.4 RATE REVENUE

Rate revenue is the revenue generated from customers for water service. The District collects rate revenue bimonthly from water customers in the form of a fixed “Base Charge” assessed based on meter size and a water “Usage Rate” applied to actual water use (measured in hundreds of cubic feet or “CCF”, which is equal to 748 gallons). The Financial Plan starts with rate revenue levels that were estimated based on mid-year projections during FY 2020/21. Estimated future water demand and rate revenues include the small amount of customer growth (see Section 2.3), changes in water usage (see Section 2.3), as well as the annual rate revenue adjustments proposed by this Study. Budgeted and projected rate revenues (including proposed rate adjustments) are listed in **Schedule 3**.

2.5 NON-RATE REVENUES

In addition to rate revenue, the District receives additional “non-rate revenue” from sources such as miscellaneous service fees, property taxes, leases, Capital Facilities

Charges³ revenue, and interest revenue on investments. Projections of all non-rate revenues were based on FY 2019/20 actual revenues with the exception of interest income which was calculated annually based upon projected fund balances and assumed interest rate of 1.5%, which is consistent with the District’s historical interest earnings relative to its total reserve levels. Capital facility fees were also updated based on year-to-date actuals. Property tax revenue is forecasted to increase by 2%. Budgeted non-rate revenues are depicted in **Figure 2** below and listed in detail in **Schedule 3**.

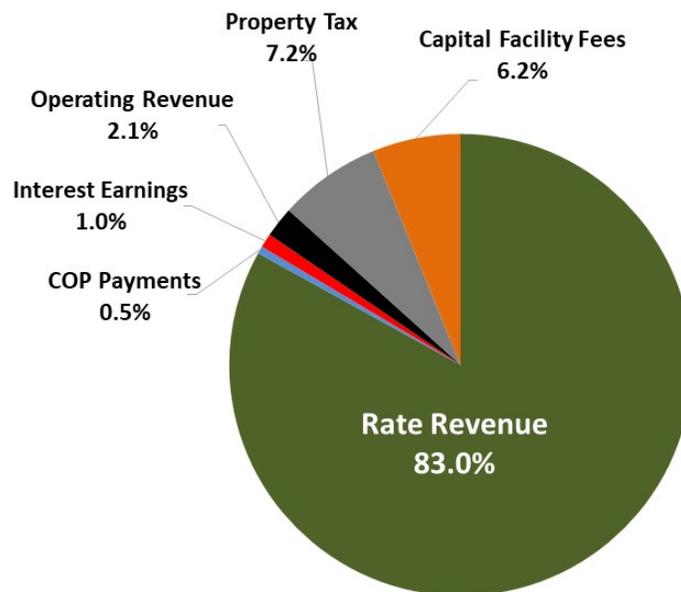


Figure 2: Budgeted Revenue Categories (FY 2020/21 Projections)

2.5.1 Operating and Existing Debt Expenses

The District’s expenses include operating and maintenance expenses, debt service, and capital spending. Capital spending is addressed separately in Section 2.5.3.

³ The District’s “Capital Facilities Charges” are known as “Capacity Charges” per Government Code Section 66013.

Future operating and maintenance expenses were projected based upon the actual expenditures from FY 2019/20, calibrated by certain FY 2020-21 expense trends and adjusted for inflation (see Section 2.5.2).

Major budgeted expense categories for FY 2020/21 are depicted in **Figure 3**. Projected operating and maintenance costs are listed in detail in **Schedule 1**. This schedule specifically breaks out salary and benefit costs since these expenses are forecasted to escalate at a different rate than other operating expenses (see Section 2.5.2).

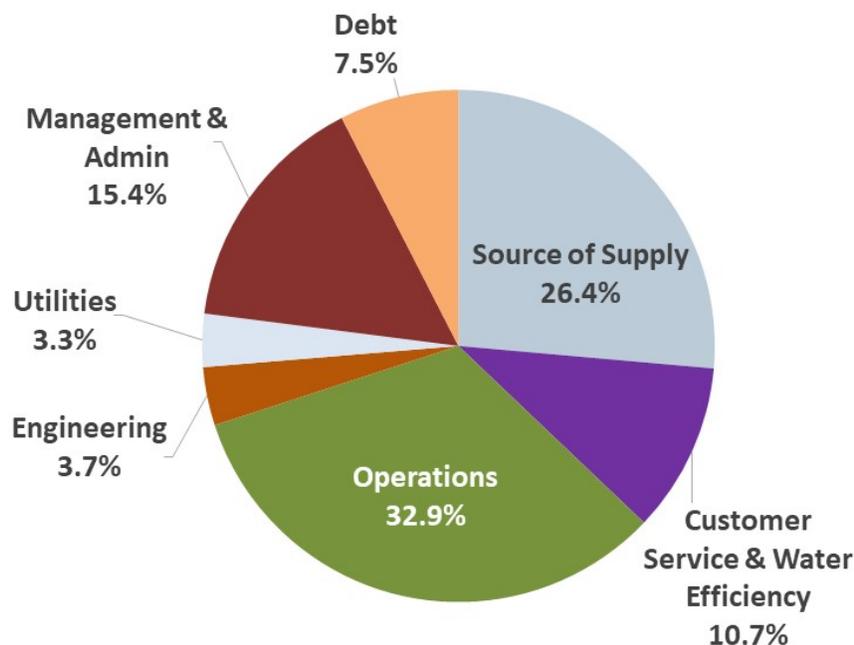


Figure 3: Operating & Existing Debt Expense Categories (Projected FY 2021)

The Retail enterprise’s current debt obligations include repayment of 2012 refunding revenue bonds and 2017 refunding revenue bonds. The retail portion of annual debt service on the 2012 bonds totals about \$300,000 and is about \$560,000 on the 2017 refunding revenue bonds. The 2012 bond is scheduled to be paid off in 2033 while the 2017 bond is scheduled to be paid off in 2039.

2.5.2 Cost Escalation

Annual cost escalation factors for the various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff. During the projection period, expenses related to salaries and benefits are projected to increase at a rate of 5% per year while all other expenses (including Wholesale Rates) are projected to increase by 3% per year.

2.5.3 Capital Improvement Program

Figure 4 shows that from FY 2015/16 to FY 2020/21 the District averaged \$2.8 million in cash financed (“pay-go”) capital spending. Going forward, the District is planning to increase its annual spending to an average of \$8.3 million per year. The District is increasing its capital spending in order to pro-actively address water system rehabilitation needs associated with aging pipes, pump stations, water tanks, and other system deficiencies. This level of spending is aligned with the District’s 2020 Retail Master Plan. A detailed list of capital projects and associated costs is provided in **Schedule 2**. Notable projects include the replacement of the Kokila Reservoir (\$9.5 million), multiple distribution mainline replacement projects on Cavitt Stallman (\$9.8 million), a transmission pipeline project on Eureka Rd (\$4.0 million), a new Field Services / Administration Building (\$4.4 million) needed to address ADA non-compliance, and a proposed Retail Groundwater Production Facility (\$5.2 million).

It is worth noting that the capital spending plan in Schedule 2 show that a number of projects are scheduled to complete the design phase well in advance (sometime multiple years) of the planned construction. This strategy will allow the District to plan more effectively and potentially position the District to qualify for grant-funding that favors “shovel-ready” projects.

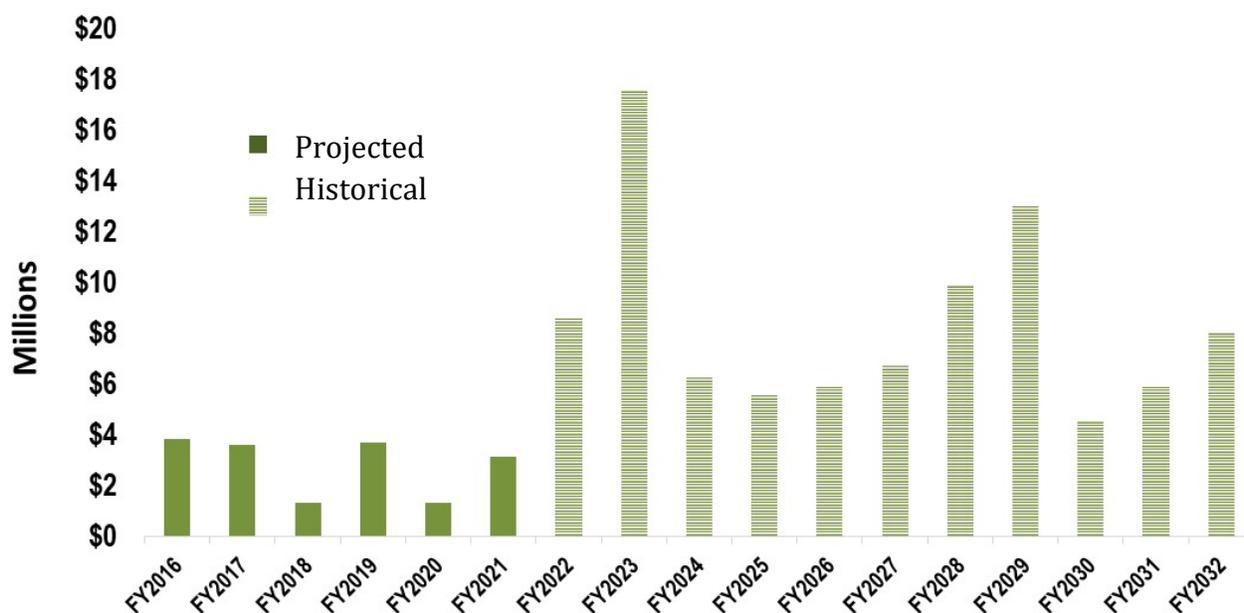


Figure 4: Historic and projected capital spending

2.5.4 Debt Strategy

As part of this study, we worked with District staff to evaluate alternative financing approaches for the above-mentioned capital expenses. While the District typically follows a policy of cash financing capital projects whenever possible, there are instances when debt financing is appropriate. Such instances are typified by abnormally large spikes in capital spending, as can be seen in FY2022/23 and FY2027/28 (see Figure 4). Such spikes in capital spending can either be addressed by drawing down on existing cash reserves or by issuing new debt. Given that the District’s current reserves are insufficient to fund both spikes in capital spending, it is recommended that the District issuing a new bond to fund some of the FY2022, FY2023, and FY 2024 projects (namely the Kokila Reservoir, Cavitt-Stallman #1, Eureka Rd. Transmission Line, general replacement (at Bacon), and Retail Groundwater Production Facilities). Issuing this debt will allow the District to simultaneously cash finance the rest of the capital projects over the next 10 years and establish larger reserve targets (which promotes pay-as-you-go capital funding) while minimizing water rate increases. The total new debt would amount to about

\$21.7 million. **Figure 5** shows how this debt strategy effectively “shaves” the need for cash in the immediate future.

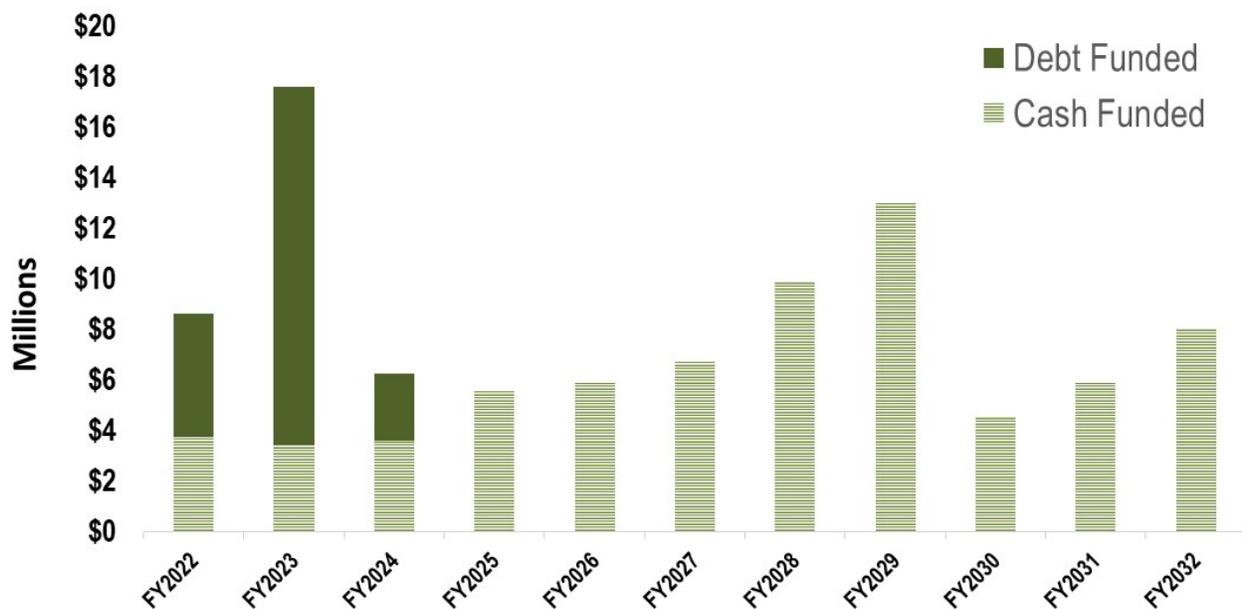


Figure 5: Forecasted Capital Spending with Debt Strategy

This Study assumes the debt will likely be in the form of low interest rate financing through the State of California’s Drinking Water Revolving Loan Fund (SRF) with a repayment period of 30-years and a fixed interest rate of 2.0%⁴. Interest rates in this program are approximately half of the interest rate on a traditional bond issuance. If the District is unable to secure financing from the SRF it would seek traditional bond financing, which would be at a higher interest rate.

⁴ These assumptions were provided by District staff. Hildebrand Consulting is not a financial advisor and cannot provide guidance to the District regarding topics such as future interest rates for bonds.

Table 1 summarizes some of the details of the proposed new debt issues, including the timing and the ensuing annual debt service.

Table 1: Summary of Proposed Debt Issue

	SRF 1	SRF 2
Year of Issue	2022	2023
Bond Funded Projects	\$12,173,000	\$9,565,000
Total Bond Issue (including soft costs)	\$12,843,689	\$10,091,997
Interest Rate on Borrowings	2%	2%
Debt Maturity	30	30
First Payment Year	2023	2024
First Year of Interest Payment	2023	2024
Approx. Annual Debt Payments	\$573,000	\$451,000

2.5.5 Debt Service Coverage

The District's 2017 bond requires the District to maintain a debt service coverage ratio (DCR) of at least 1.15. The DCR is calculated based on the combined financial capacity of both the retail enterprise and the wholesale enterprise. Based on recently published guidance from Fitch Ratings⁵, utility systems with *midrange* financial profiles should maintain a DCR greater than 1.5 times annual debt service. This Financial Plan demonstrates that a DCR of at least 2.9 will be maintained throughout the planning period.

2.5.6 Cash Reserve Policies

⁵ As published on July 31, 2013.

are consistent with 1) the District's established policies and practices; 2) the findings of reserve studies conducted by the AWWA; 3) a healthy level of reserves for a utility per the evaluation criteria published by rating agencies (e.g., Fitch, Moody's, and Standard & Poor's); and 4) Hildebrand Consulting and The Reed Group's industry experience for similar systems.

The following recommended reserve policies are based on Board-approved policies (Policy FIN 5.9). The policy recommendations are intended to help the District mitigate and manage financial risk while meeting service and financial obligations.

Retail Operating Reserve - The purpose of the Retail Operating Reserve is to provide sufficient funds (working capital) for operations of the District. The reserve will be maintained in an amount equal to at least 20% of the annual operating expenditures (excluding depreciation). This amounts to about \$2.2 million in FY 2021/22.

Retail Capital Reserve - The purpose of the reserve is to accumulate funds necessary to pay for the replacement of Retail's aged assets and to fund new Retail assets as deemed necessary by the Districts Master Plan and Capital Improvement Plan. As written, this reserve policy has two components:

- 1) The sum of all annual revenue sources into this reserve should be at least equal to the amount of annual depreciation for Retail's fixed assets.
- 2) The balance of the reserve should be equal to the accumulated depreciation for existing Retail assets, adjusted for inflation. If the Reserve balance is below this threshold, the District will work towards increasing the reserve balance or designate certain large capital replacement projects to be funded by the issuance of debt

The purpose of the second component is to avoid and/or minimize the future issuance of debt for capital asset replacement. The "cushion" provided by cash reserves allows the District to draw down on reserves during above-average capital spending years and build the reserve back up during subsequent years. In reviewing the District's Comprehensive Annual Financial Report (CAFR) and discussing with District Staff, the Retail enterprise's accumulated depreciation is approximately \$29 million. While the District's long term goal of creating such healthy reserves is

commendable, it is not reasonable to achieve such reserve levels within the next ten years. As such, this Report recommends a Capital Reserve target equal to 10-year average annual capital spending levels as an interim goal. This equates to a reserve target of \$8.4 million.

Target Reserves vs. Minimum Reserves – When discussing the two reserve policies above, it is important to discern between two types of reserve policies. A *minimum* reserve policy refers to a reserve level that the District should never *plan* to draw down. Such reserves (such as the Operating Reserve policy) should only be drawn down in the event of an unforeseen circumstance. On the other hand, *target* reserves (such as the Capital reserve) are designed to be drawn down and built up over the course of a planning period. The purpose of such a reserve is to give the District financial flexibility, not to create restrictions on minimum levels.

2.5.7 Proposed Rate Revenue Increases

All of the above information was entered into a financial planning model to produce a 10-year projection of the sufficiency of current rate revenues to meet projected financial requirements and determine the level of rate revenue increases necessary in each year of the projection period.

Based upon the previously discussed financial data, assumptions, policies, and debt strategy, this Study proposes a 3-year schedule of annual rate adjustments as detailed in Table 2.

Table 2: Recommended Water Rate Revenue Increase

Date	Proposed Rate Revenue Adjustment
February 1, 2022	8.0%
January 1, 2023	8.0%
January 1, 2024	8.0%

The numbers provided in **Schedule 3** (cash flow proformas) are summarized graphically in **Figure 6**, which shows that the reserves are maintained over the course of the planning period and the DCR remains above 2.9 at all times.

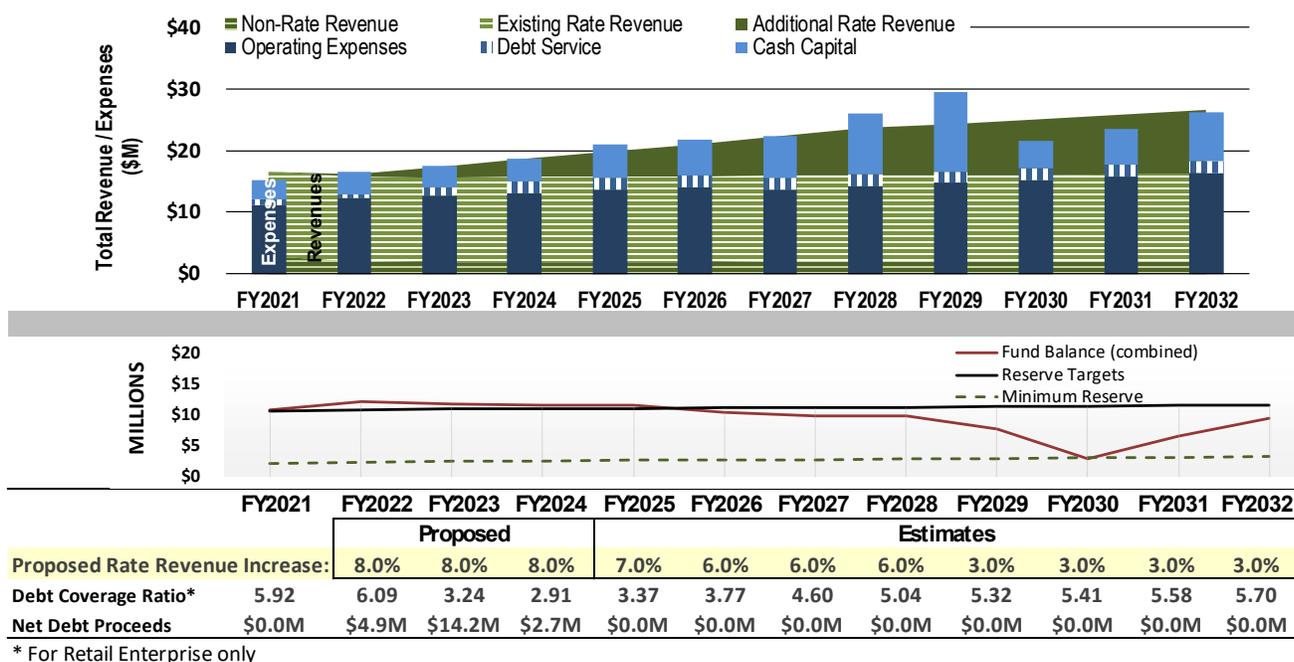


Figure 6: Financial Projection with Recommended Rate Increases

It is important to understand that the rate increases that are being proposed are necessary in order to recalibrate the District’s revenue to be able to support a more proactive capital spending program, which is increasing from \$2.8 million per year to over \$8.3 million per year as outlined by the 2020 Retail Master Plan. The projected rate increases after FY 2024/25 shown in Figure 6 are only estimates to demonstrate that, based on current forecasts, larger rate increases are not anticipated for that time period.

This Study proposes a 3-year rate schedule rather than a 5-year schedule in part because of anticipated state mandates regarding water usage allocations. The financial impacts of those pending water limitations are not yet understood. Once the impacts are better understood, the District will need to consider potential

modifications to its rate structure and the possibility of penalty rates in order to respond to the State's decision.

Section 3. COST OF SERVICE & RATE STRUCTURE

The Cost-of-Service (COS) analysis evaluates the cost of providing water and allocates those costs to rate structure components to ensure the proposed rates are aligned with the costs to provide service. The COS analysis is performed in order to comply with Proposition 218, which requires water rates to be equitably apportioned and proportional to the cost of providing water service.

Upon completion of the COS analysis, a rate structure analysis was performed to evaluate rate structure modifications and calculate specific rate schedules for implementation in FY 2020/21. The complete schedule of proposed rates for FY 2021/22 through FY 2023/24 is detailed in **Schedule 4**.

The rate structure proposed by this Study is designed to:

- ▶ Fairly and equitably recover costs through rates
- ▶ Conform to accepted industry practice and legal requirements
- ▶ Provide fiscal stability and recovery of system fixed costs
- ▶ Meet other rate setting objectives, as described in Section 1.4

This Study employed a COS methodology that is consistent with the “commodity-demand” COSA methodology promulgated in AWWA’s *Manual M1: Principles of Water Rates, Fees, and Charges (M1)*. This is a well-established methodology as recognized by the AWWA and other accepted industry standards.

3.1 CURRENT RATES

The structure for the District’s current water rates follow a common industry practice with a two-part structure that is comprised of a fixed Base Charge and a consumption-based Usage Charge. The Base Charge is scaled based on the individual account’s meter size and currently recovers approximately 68% of rate revenue. The current Base Charge schedule is summarized in **Table 3**. Bills are sent to customers every two months.

Table 3: Current Daily Base Charge

Meter Size	Daily Base Charges
Up to 1" meter	\$2.23
1 1/2" meter	\$5.78
2" meter	\$9.20
3" meter	\$17.13
4" meter	\$28.48
6" meter	\$56.88
8" meter	\$90.94

The Usage Charge is assessed based on actual water usage (measured in CCF). The Usage Charge is a flat (or “uniform”) rate of \$0.92 per CCF.

Section 5.

3.2 CUSTOMER STATISTICS

Water rate calculations are based on a number of factors related to the District’s customer base. Factors include the number of customers, customer classes, meter size, and actual water usage. The District provides water service through 10,675 water service connections (customer accounts). Single family, duplex and triplex customers comprise about 95.6 percent of the customer accounts and about 87.0 percent of annual water usage. Multi-family (4 or more units) and commercial customer accounts make up the remaining 4.6 percent of the customer accounts and 13.0 percent of annual water usage.

While there are extremes on both the low and high ends, average bimonthly single-family water usage is about 68.8 CCF (about 857 gallons per day). Water usage for condominium units and multi-family dwellings is lower than for single family residences for a variety of reasons including fewer people per household and limited landscape irrigation (or irrigation that is separately metered). Non-residential water usage can vary dramatically, and non-residential customers are served by meters of varying sizes to accommodate the differences in water demands.

Service connections with different meter sizes can place different demands on the water system. For example, 8 times more water can be delivered through a 3” water

meter than through a 1” meter. The current rate structure is based on hydraulic capacity factors which relate the potential demands on the water system from customers with different sized water meters. These factors are used to determine the number of equivalent meters represented by the total customer base with variable meter sizes.

Typically, the smallest meter size is assigned a hydraulic capacity factor of 1.0 and the ratios of rated flow capacities of the various meter sizes compared to the capacity of that smallest meter are used to determine the capacity factors for other meter sizes. This capacity relationship across meter sizes is used to allocate capacity-related fixed costs to various customers. This is also a common rate-setting practice used in the water industry. In this particular case the District has a mix of 5/8”, 3/4”, and 1” meter sizes for single family homes since the standard size has changed over the years. Previous cost of service studies took the weighted average of those capacity factors to establish a factor of 0.75 for the average single family home. **Table 4** presents the rated flow capacity of various meter sizes and how these are used to develop hydraulic capacity factors.

Table 4: Rated Flow Capacity by Meter Size

Meter Size	Rated Flow Capacity (gpm)¹	Hydraulic Capacity Factor
1" and below	38 ²	0.75
1 1/2"	100	2.0
2"	160	3.2
3"	300	6.0
4"	500	10.0
6"	1000	20.0
8"	1600	32.0

¹ AWWA M1 Manual, 7th Edition, Table B-2

² Inferred based on calculated hydraulic capacity factor

Table 5 summarizes customer account and water usage data used in water rate calculations for FY 2021/22. Account information is based on the utility billing data from FY 2019/20.

Table 5: Summary of Water Service Connections and Water Usage

	1" and below	1 1/2"	2"	3"	4"	6"	8"	Total	Actual FY 2019/20 Water Use (CCF)
No. of Accounts									
Single Family Residential	10,143	23	19	2				10,187	4,078,686
Multi-Fam. & Non-Resid.	236	89	139	22	2			488	610,647
Total Accounts	10,379	112	158	24	2	-	-	10,675	4,689,333
Hydr. Cap. Factor	0.75	2.0	3.2	6.0	10.0	20.0	32.0		
1" Equivalent Meters	7,784	224	506	144	20	-	-	8,678	

There were two primary steps in calculating the proposed water rates. These are:

- Determine annual water rate revenue requirements
- Analyze the cost of providing service and proportionately allocate costs to be recovered from customers either through the Base Charge or the Usage Charge.

3.3.1 Water Rate Revenue Requirements

The 10-year Financial Plan was used to identify the water rate revenue required to meet financial obligations for each fiscal year of the planning period. The water rate calculations presented herein are based on the revenue to be generated in CY 2022⁶, and reflects the proposed 8 percent overall rate increase to be incorporated in the District’s Financial Plan. The annual water rate revenue requirement with this rate adjustment is \$14,673,600.

3.3.2 Cost-of-Service Analysis

Once the annual water rate revenue requirement was determined using the financial planning model, the next step in the rate-setting process was to allocate costs to be recovered through the various rate elements. Water rate calculations contained herein are intended to generate water rate revenue equal to the revenue requirement from the District’s water service customers. The manner in which each customer is

⁶ The proposed rate increases will occur on February 1, which is past the mid-point of the fiscal year.

responsible for the water utility's costs is the determining factor in the cost-of-service analysis.

The cost allocation approach presented by this Study is consistent with the methodology that was used in the 2017 rate study. Used herein the methodology is commensurate with the available data and the requirement to fairly and reasonably reflect the cost difference to provide services to different types of customers.

The cost allocation methodology begins by assigning all costs to one of three revenue recovery categories. The cost allocation process is performed with data available in the District's detailed budget and other documents. The three categories include:

- The Account Charge recovers customer costs such as meter reading and billing that are fixed costs that tend to vary as a function of the number of customers being served. Customer costs are allocated to customers based on the number of accounts. That is, every customer will pay an equal share of customer-related costs.
- The Meter Charge recovers capacity costs that are also fixed costs; however, these tend to vary in relation to the capacity of the water system and the ability to serve the demands of active customers. Customers that place greater or lesser burdens on the capacity of the water system should bear greater or lesser shares of these costs. The sizing of the water system is based on the potential demand that each customer could place on the water system. Capacity costs are allocated to customers based on the hydraulic capacity of the water meter. The hydraulic capacity reflects the potential demand that a customer could place on the water system at any given time and is a general indicator of each customer's capacity requirement. A customer with a large meter size will be assigned a large share of fixed capacity-related costs than one with a smaller meter. Capacity costs include costs associated with the water system's capacity including contributions to the capital program, debt service, maintenance, and certain fixed operating costs.
- The Usage Charge recovers commodity costs that include costs that vary entirely or substantially in response to the amount of actual water use or are reasonably allocated on the basis of water use. Water purchase costs and energy costs are

two typical examples. Even though some commodity costs are fixed, rather than variable, it is reasonable to recover a portion of fixed costs from customers through usage rates.

Table 6 summarizes how the FY 2021/22 revenue requirement is comprised of various functional categories of operating and maintenance costs, debt service obligations, and capital spending with offsetting revenues and the application of available reserves. It also illustrates how these functional cost categories are each assigned to one or more of the three revenue recovery components, previously described.

The costs within each of the functional categories were derived from the line-item detailed actuals for FY 2019/20, which were then forecasted into a FY 2021/22 budget. In reviewing Table 6, we see that half of Customer Service Costs are recovered through the account charge. All source of supply costs and 17 percent of field services (which is mostly made up of variable costs such as electricity) are recovered through the usage charge. The Use of Reserves (bottom row) is allocated based on the indirect method (based on the weighted average allocation of all previous costs).

The final allocations result in 6.0 percent of costs are recovered through the account charge, 65.6 percent are recovered through the meter charge, and 28.4 percent through usage charge. These percentages are similar but not identical to those developed in the 2017 water rate study. Changes to these allocation percentages is a natural by-product of shifts in the District's cost profile (such as the increase in capital spending).

Once functional cost categories are allocated to the components, the total for each component is divided by the number of units to arrive at total unit costs for each component. The units of demand include the number of customer accounts (service connections), number of 1" equivalent meters, and annual water sales for the customer, capacity, and commodity components, respectively.

	Revenue Recovery			
		Account Charge	Meter Charge	Usage Charge
Administration	\$231,200		\$231,200	
	<i>Allocation:</i>		<i>100%</i>	
Board of Directors	\$32,000		\$32,000	
	<i>Allocation:</i>		<i>100%</i>	
Water Efficiency	\$472,000		\$472,000	
	<i>Allocation:</i>		<i>100%</i>	
Customer Service	\$873,400	\$873,400		
	<i>Allocation:</i>	<i>100%</i>		
Engineering	\$462,600		\$462,600	
	<i>Allocation:</i>		<i>100%</i>	
Executive	\$133,500		\$133,500	
	<i>Allocation:</i>		<i>100%</i>	
Field Services	\$4,748,300		\$3,941,000	\$807,000
	<i>Allocation:</i>		<i>83.0%</i>	<i>17.0%</i>
Finance	\$440,000		\$440,000	
	<i>Allocation:</i>		<i>100%</i>	
Human Resources	\$754,200		\$754,200	
	<i>Allocation:</i>		<i>100%</i>	
Information Technology	\$307,300		\$307,300	
	<i>Allocation:</i>		<i>100%</i>	
Operations	\$404,700		\$404,700	
	<i>Allocation:</i>		<i>100%</i>	
Public Relations	\$76,600		\$76,600	
	<i>Allocation:</i>		<i>100%</i>	
Source of Supply	\$3,289,100			\$3,289,100
	<i>Allocation:</i>			<i>100%</i>
Capital Spending	\$3,730,000		\$3,730,000	
	<i>Allocation:</i>		<i>100%</i>	
Debt Service	\$596,000		\$596,000	
Total:	<i>Allocation:</i>		<i>100%</i>	
Non-Rate Revenue	-\$2,122,000		-\$2,122,000	
Total:	<i>Allocation:</i>		<i>100%</i>	
Use of Reserves	\$245,000		\$171,000	\$74,000
Total:	<i>Allocation:</i>		<i>69.8%</i>	<i>30.2%</i>
Total Revenue Requirement:	\$14,673,900	\$873,400	\$9,630,100	\$4,170,100
Units of Service:		10,675	8,678	4,520,130
		accounts	Equivalent Meters	CCF
Unit Rate:		\$0.22	\$3.04	\$0.92
		per account	per EM	per CCF

3.3.2.1 BASE CHARGES

Base charges are a combination of the account charge and meter charge identified through the cost of service analysis. Base Charges apply to all customer water bills, regardless of the amount of water actually used. Customers that use no water during

a billing period should still be required to pay the Base Charge, as service is immediately available to them. In calculating Base Charges, the account charge is allocated equally to all customers and the meter charge is allocated to customers based on their meter size.

The proposed daily Base Charge in CY 2022 for a 1” meter is \$2.50, as shown in **Table 7**. This value was calculated by adding the daily account charge of \$0.22 plus 75% of \$3.04, which is the daily meter charge per equivalent meter (both at the bottom of **Table 6**).

Table 7: Calculation of Proposed Daily Base Charges

Meter Size	Customer Charge	Hydraulic Capacity Factor	Meter Charge	Daily Base Charge
Up to 1" meter	\$0.22	0.75	\$2.28	\$2.50
1 1/2" meter	\$0.22	2.00	\$6.08	\$6.30
2" meter	\$0.22	3.20	\$9.73	\$9.95
3" meter	\$0.22	6.00	\$18.24	\$18.46
4" meter	\$0.22	10.00	\$30.40	\$30.62
6" meter	\$0.22	20.00	\$60.81	\$61.03
8" meter	\$0.22	32.00	\$97.29	\$97.51

3.3.2.2 WATER USAGE RATES

Current water rates include a uniform usage rate for all customer classes of \$0.92 per CCF. Under the proposed water rates for CY 2022, the uniform water rate would remain at \$0.92 per CCF (as calculated at the bottom of **Table 6**).

3.3.3 Bill Impacts of Proposed Water Rates

Table 8 summarizes how the proposed water rates for CY 2022, with the proposed rate structure changes, would affect a sampling of customers. In most cases, water bills will increase by slightly more or less than the average 8% rate revenue increase for Year 1. These variations are a natural occurrence in the first year after a cost of service update.

Table 8: Bill Impacts for a Sampling of Customers

	Meter Size	Water Use (CCF)	Current Bill	Proposed Bill ¹	Change	
					\$	%
Residential						
Low Use	1"	30	\$161.40	\$177.60	\$16.20	10.0%
Median Use	1"	50	\$179.80	\$196.00	\$16.20	9.0%
Average	1"	69	\$197.28	\$213.48	\$16.20	8.2%
High Use	1"	120	\$244.20	\$260.40	\$16.20	6.6%
Multi-family	1 1/2"	200	\$530.80	\$562.00	\$31.20	5.9%
Multi-family	2"	400	\$920.00	\$965.00	\$45.00	4.9%
Multi-family	3"	800	\$1,763.80	\$1,843.60	\$79.80	4.5%
Retail Business	1"	25	\$156.80	\$173.00	\$16.20	10.3%
Restaurant	2"	400	\$920.00	\$965.00	\$45.00	4.9%
Institution	3"	800	\$1,763.80	\$1,843.60	\$79.80	4.5%
Irrigation	2"	400	\$920.00	\$965.00	\$45.00	4.9%

¹ With Year 1 rate increases

3.4 ADOPTION OF PROPOSED RATES

The 3-year schedule of proposed water rates are presented in Schedule 4). The first rate increase is proposed to be effective as of February 1, 2022 while subsequent increases are proposed to occur each January 1 (halfway through their respective fiscal year).

Section 4. WATER SHORTAGE CHARGE

This section presents recommended updates to the District's existing Water Shortage Charge, which are to be overlaid on then-current water usage rates during the time that a water shortage is declared by the District. Water Shortage Charges would be temporary and affect only the Usage Charge and not the fixed Base Charge.

The Water Shortage Charge is a tool the District would use to reduce the (potentially severe) financial impacts associated with reduced water sales and increases in operating costs during a drought event. The multi-pronged approach includes implementing the temporary surcharge, reducing capital spending, and relying (modestly) on reserves to help bridge the financial deficit.

The proposed updates to the District's Water Shortage Charges addresses the requirements of (recently passed) Senate Bill (SB) 606, which has directed water utilities to establish water shortage contingency plans (WSCP). The District's current WSCP defines 4 stages of water shortage and how those water shortage stages correspond to the 6-stages of water shortage defined by the State.

Table 9 presents:

- 1) The water usage reduction goals (by District stage and corresponding State stage)
- 2) The assumed actual water use reduction during each respective stage
- 3) The proposed Water Shortage Charge expressed as a percent increase to the Usage Charge
- 4) The changes in revenue for each respective stage
- 5) The changes in expenditures for each respective stage including the proposed reduction in capital spending
- 6) The financial deficit that will occur even with the mitigating measures.

The Water Shortage Charges and reduction in capital spending have been calibrated to yield an overall deficit of approximately \$100 thousand to \$200 thousand per year.

This means that the surcharge and the reduction in capital spending will not totally offset the financial impact of the water shortage event. Given the District's reserve policies, this size of a deficit was deemed sustainable for the duration of an extended drought (up to 6 – 8 years).

It should be noted that the capital program will need to be modestly curtailed during the various stages. Based on its recent experience during the historical drought from 2012 to 2016, the District assumes that the cost of its conservation will increase by \$10 thousand per stage.

It should be further noted that the temporary Water Shortage Charges would only partially assist in covering the costs of providing water service during shortage conditions. Revenue from the surcharges would help bridge the financial deficit and would not exceed the cost of providing service.

	Normal Supply Conditions¹	Stage 1 - Alert	Stage 2 - Warning	Stage 3 - Crisis	Stage 4 - Emergency
Corresponding State Mandated Shortage Levels:	(normal)	Stage 1	Stages 2 & 3	Stages 3, 4 & 5	Stage 6
1 Overall Use Reduction Goal -->	n/a	0% to 10%	10% to 25%	25% to 50%	Greater than 50%
2 Assumed Water Use Reduction -->	-	5.0%	17.5%	37.5%	50.0%
Revenues					
3 Base Charge Revenues	\$10,503,500	\$10,503,500	\$10,503,500	\$10,503,500	\$10,503,500
4 Usage Charge Revenue ²	\$4,158,520	\$3,951,000	\$3,431,000	\$2,599,000	\$2,079,000
5 Drought Surcharge Revenue	Percentage:	0%	5%	10%	20%
6	Revenue:	\$0	\$172,000	\$260,000	\$416,000
7 Other Revenue and Transfers In	\$2,122,000	\$2,122,000	\$2,122,000	\$2,122,000	\$2,122,000
8 Use of Reserves ³	\$782,393	\$782,393	\$782,393	\$782,393	\$782,393
9 Total Revenue	\$17,566,413	\$17,358,893	\$17,010,893	\$16,266,893	\$15,902,893
10 (% of Normal)		99%	97%	93%	91%
Expenditures and Transfers					
11 Source of Supply - Fixed ⁴	2,237,642	\$2,237,642	\$2,237,642	\$2,237,642	\$2,237,642
12 Source of Supply - Usage	\$1,051,358	\$998,790	\$867,370	\$657,099	\$525,679
13 Operations	\$4,736,000	\$4,736,000	\$4,736,000	\$4,736,000	\$4,736,000
Other Operations	\$0				
14 Customer Service & Water Efficiency	\$1,345,000	\$1,345,000	\$1,345,000	\$1,345,000	\$1,345,000
Water Conservation ⁵	\$0	\$10,000	\$20,000	\$30,000	\$40,000
General Administration	\$0	\$0	\$0	\$0	\$0
15 Management & Admin	\$1,975,000	\$1,975,000	\$1,975,000	\$1,975,000	\$1,975,000
16 Engineering	\$463,000	\$463,000	\$463,000	\$463,000	\$463,000
17 Utilities ⁶	\$417,000	\$398,235	\$351,323	\$276,263	\$229,350
18 Debt Service	\$910,000	\$910,000	\$910,000	\$910,000	\$910,000
19 Average Cash Capital Spending	\$4,431,413	\$4,431,413	\$4,342,785	\$4,099,057	\$3,988,272
20 Capital Spending Reduction		0%	2%	7.5%	10%
21	\$0	\$0	-\$88,628	-\$332,356	-\$443,141
22 Revenue Requirement	\$17,566,413	\$17,505,080	\$17,159,491	\$16,396,704	\$16,006,801
23 (% of Normal)		100%	98%	93%	91%
24 Surplus/Deficit	\$0	-\$146,187	-\$148,598	-\$129,811	-\$103,908

¹ Analysis based on FY 2021-22 budget and assumed that current usage reflects normal water supply conditions.

² Water usage revenue would decline in proportion to water sales.

³ Represents the calculated change in fund balance during such a test year, which is hypothetical since it uses average capital spending.

⁴ Assumes that wholesale water purchases costs are 68% fixed per 2021 wholesale rate study

⁵ Estimated water conservation program costs increase by \$10,000 with each shortage stage

⁶ Assumes that 90% of the utility bill is proportionately affected by changes in water usage

Section 5. PRIVATE FIRE LINE RATES

The District assesses a charge for separate private service connections that provide fire suppression capabilities to structures and property (e.g., serving automatic internal sprinkler systems)⁷. In effect, these connections extend the public fire suppression capabilities of the water distribution systems (i.e., provided through public fire hydrants) to private property. Fire flow capacity is built into the water distribution system (in pipelines, distribution storage, and pumping capabilities) as an essential public health and safety benefit to the entire community. The costs of maintaining the fire flow capacity within the general system are inextricably embedded in the costs of maintaining the water system and incorporated in the capacity cost component of water rates generally.

The District provides maintenance and replacement services up to the backflow device for private fire service lines, which is a service that is not provided to other customers. Maintenance primarily requires periodic exercising of valves but may also include visual inspection of the surface ancillaries such as valve boxes and covers, corrosion inspection and vault pumping. Replacement of standby fire services, up to the line of responsibility (typically the backflow device), is done by the District or an on-call contractor.

The proposed monthly Private Fire Line Rate is summarized in Table 10 and are calculated based on the cost of regular maintenance and the cost of replacing the line. Based on District staff estimates the maintenance costs for each service are approximately \$95 every 5 years (therefore \$19.00 per year). The replacement costs depend on the size of the service line as summarized in Table 10. The expected useful life of ductile iron pipe is 100 years, and the average length of the service line was assumed to be 40 linear feet.

⁷ Customers who have private fire service connections also have general water service connections for ongoing water use.

The Private Fire Line Rates are estimated the generate about \$47 thousand per year.

Table 10: Private Fire Line Rate Calculation and Schedule

Service Line Size:	4"	6"	8"	10"	12"
Annual Maintenance	\$19.00	\$19.00	\$19.00	\$19.00	\$19.00
Replacement Cost ¹	\$35,800	\$42,000	\$47,100	\$51,300	\$56,600
Annual Replacement ²	\$358.00	\$420.00	\$471.00	\$513.00	\$566.00
Total Annual Charge	\$377.00	\$439.00	\$490.00	\$532.00	\$585.00
Daily Charge	\$1.03	\$1.20	\$1.34	\$1.46	\$1.60

¹ Assumes 40 linear feet of ductile iron pipe

² Assumes 100-year expected useful life

It is recommended that the District increase the above rates by 3% per year, which is equal to forecasted annual cost inflation over the next 2 years. The complete 3-year rate schedule is provided in Schedule 4.

Section 6. CONCLUSION

This Study used methodologies that are aligned with industry standard practices for rate setting as promulgated by AWWA and all applicable laws, including California's Proposition 218. The proposed annual adjustments to the water rates are expected to enable the District to continue to provide reliable service to customers while meeting the state's mandates.

The water rates, including the Water Shortage Charges, will need to be adopted in accordance with Proposition 218, which will require a detailed notice describing the proposed charges to be mailed to each affected property owner or customer at least 45 days prior to conducting a public hearing to adopt the rates. The District should consult with its legal counsel on the appropriate procedures for those fees.

As with past practice, the District should monitor financial conditions and needs on an ongoing (annual) basis and update the financial plan model if conditions or plans change sufficiently to warrant an update. Actual future conditions, such as water demand, water sales revenue, operating and maintenance expenses, capital project costs/timing, project financing, etc., may differ from the financial plan assumptions reflected herein. Material differences affecting the overall financial condition of the retail water system may warrant closer review and/or an earlier update. The need for and magnitude of annual retail water rate increases may also be affected by differences between assumed and actual conditions.

SCHEDULES

Schedule 1 –Projected Operating Expenses

Schedule 2 - Capital Spending Plan

Schedule 3 - Cash Flow Pro Forma (Operating Fund and Capital Fund)

Schedule 4 – 3-Year Schedule of Proposed Water Rates

Schedule 1 –Projected Operating Expense

	Forecast FY 2021	Forecast FY 2022	Forecast FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028	Forecast FY 2029	Forecast FY 2030	Forecast FY 2031	Forecast FY 2032
1 Administration	\$217,100	\$223,600	\$230,300	\$237,200	\$244,300	\$251,600	\$259,100	\$266,900	\$274,900	\$283,100	\$291,600	\$300,300
2 Salaries & Benefits	\$6,100	\$6,300	\$6,600	\$6,900	\$7,200	\$7,500	\$7,800	\$8,100	\$8,400	\$8,700	\$9,000	\$9,400
3 Health	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000	\$2,100	\$2,200	\$2,300
4 Board of Directors	\$7,500	\$7,700	\$7,900	\$8,100	\$8,300	\$8,500	\$8,800	\$9,100	\$9,400	\$9,700	\$10,000	\$10,300
5 Salaries & Benefits	\$23,400	\$24,300	\$25,300	\$26,300	\$27,400	\$28,500	\$29,600	\$30,800	\$32,000	\$33,300	\$34,600	\$36,000
6 Water Efficiency	\$47,200	\$48,600	\$50,100	\$51,600	\$53,100	\$54,700	\$56,300	\$58,000	\$59,700	\$61,500	\$63,300	\$65,200
7 Salaries & Benefits	\$327,700	\$340,800	\$354,400	\$368,600	\$383,300	\$398,600	\$414,500	\$431,100	\$448,300	\$466,200	\$484,800	\$504,200
8 Health	\$78,700	\$82,600	\$86,700	\$91,000	\$95,600	\$100,400	\$105,400	\$110,700	\$116,200	\$122,000	\$128,100	\$134,500
9 Customer Service	\$257,700	\$265,400	\$273,400	\$281,600	\$290,000	\$298,700	\$307,700	\$316,900	\$326,400	\$336,200	\$346,300	\$356,700
10 Salaries & Benefits	\$458,200	\$476,500	\$495,600	\$515,400	\$536,000	\$557,400	\$579,700	\$602,900	\$627,000	\$652,100	\$678,200	\$705,300
11 Health	\$125,200	\$131,500	\$138,100	\$145,000	\$152,300	\$159,900	\$167,900	\$176,300	\$185,100	\$194,400	\$204,100	\$214,300
12 Engineering	\$39,300	\$40,500	\$41,700	\$43,000	\$44,300	\$45,600	\$47,000	\$48,400	\$49,900	\$51,400	\$52,900	\$54,500
13 Salaries & Benefits	\$352,500	\$366,600	\$381,300	\$396,600	\$412,500	\$429,000	\$446,200	\$464,000	\$482,600	\$501,900	\$522,000	\$542,900
14 Health	\$52,900	\$55,500	\$58,300	\$61,200	\$64,300	\$67,500	\$70,900	\$74,400	\$78,100	\$82,000	\$86,100	\$90,400
15 Executive	\$11,700	\$12,100	\$12,500	\$12,900	\$13,300	\$13,700	\$14,100	\$14,500	\$14,900	\$15,300	\$15,800	\$16,300
16 Salaries & Benefits	\$98,300	\$102,200	\$106,300	\$110,600	\$115,000	\$119,600	\$124,400	\$129,400	\$134,600	\$140,000	\$145,600	\$151,400
17 Health	\$18,300	\$19,200	\$20,200	\$21,200	\$22,300	\$23,400	\$24,600	\$25,800	\$27,100	\$28,500	\$29,900	\$31,400
18 Field Services	\$1,375,500	\$1,416,800	\$1,459,300	\$1,503,100	\$1,548,200	\$1,594,600	\$1,642,400	\$1,691,700	\$1,742,500	\$1,794,800	\$1,848,600	\$1,904,100
19 Salaries & Benefits	\$1,793,400	\$1,865,100	\$1,939,700	\$2,017,300	\$2,098,000	\$2,181,900	\$2,269,200	\$2,360,000	\$2,454,400	\$2,552,600	\$2,654,700	\$2,760,900
20 Health	\$418,200	\$439,100	\$461,100	\$484,200	\$508,400	\$533,800	\$560,500	\$588,500	\$617,900	\$648,800	\$681,200	\$715,300
21 Energy Costs	\$405,100	\$417,300	\$429,800	\$442,700	\$456,000	\$469,700	\$483,800	\$498,300	\$513,200	\$528,600	\$544,500	\$560,800
22 Finance	\$44,700	\$46,000	\$47,400	\$48,800	\$50,300	\$51,800	\$53,400	\$55,000	\$56,700	\$58,400	\$60,200	\$62,000
23 Salaries & Benefits	\$315,200	\$327,800	\$340,900	\$354,500	\$368,700	\$383,400	\$398,700	\$414,600	\$431,200	\$448,400	\$466,300	\$485,000
24 Health	\$63,000	\$66,200	\$69,500	\$73,000	\$76,700	\$80,500	\$84,500	\$88,700	\$93,100	\$97,800	\$102,700	\$107,800
25 Human Resources	\$36,900	\$38,000	\$39,100	\$40,300	\$41,500	\$42,700	\$44,000	\$45,300	\$46,700	\$48,100	\$49,500	\$51,000
26 Salaries & Benefits	\$405,600	\$421,800	\$438,700	\$456,200	\$474,400	\$493,400	\$513,100	\$533,600	\$554,900	\$577,100	\$600,200	\$624,200
27 Health	\$2,500	\$2,600	\$2,700	\$2,800	\$2,900	\$3,000	\$3,200	\$3,400	\$3,600	\$3,800	\$4,000	\$4,200
28 Contribution to PERS Liability	\$244,791	\$291,800	\$319,000	\$340,800	\$366,200	\$374,900	\$25,000	\$25,800	\$26,600	\$27,400	\$28,200	\$29,000
29 Information Technology	\$192,900	\$198,700	\$204,700	\$210,800	\$217,100	\$223,600	\$230,300	\$237,200	\$244,300	\$251,600	\$259,100	\$266,900
30 Salaries & Benefits	\$101,900	\$106,000	\$110,200	\$114,600	\$119,200	\$124,000	\$129,000	\$134,200	\$139,600	\$145,200	\$151,000	\$157,000
31 Health	\$2,500	\$2,600	\$2,700	\$2,800	\$2,900	\$3,000	\$3,200	\$3,400	\$3,600	\$3,800	\$4,000	\$4,200
32 Operations	\$29,500	\$30,400	\$31,300	\$32,200	\$33,200	\$34,200	\$35,200	\$36,300	\$37,400	\$38,500	\$39,700	\$40,900
33 Salaries & Benefits	\$298,800	\$310,800	\$323,200	\$336,100	\$349,500	\$363,500	\$378,000	\$393,100	\$408,800	\$425,200	\$442,200	\$459,900
34 Health	\$60,500	\$63,500	\$66,700	\$70,000	\$73,500	\$77,200	\$81,100	\$85,200	\$89,500	\$94,000	\$98,700	\$103,600
35 Public Relations	\$74,400	\$76,600	\$78,900	\$81,300	\$83,700	\$86,200	\$88,800	\$91,500	\$94,200	\$97,000	\$99,900	\$102,900
36 Purchasing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37 Source of Supply	\$3,193,300	\$3,289,100	\$3,387,800	\$3,489,400	\$3,594,100	\$3,701,900	\$3,813,000	\$3,927,400	\$4,045,200	\$4,166,600	\$4,291,600	\$4,420,300
38 Total	\$11,181,691	\$11,614,900	\$12,042,800	\$12,479,600	\$12,935,300	\$13,389,600	\$13,502,200	\$13,982,400	\$14,480,000	\$14,996,100	\$15,530,800	\$16,085,400

Capital Spending Plan (1 of 3)

Schedule 2

	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
Vehicles										
1 Executive - Vehicle #32 - Retail Share (2014 Ford Edge)	\$0	\$0	\$0	\$14,000	\$0	\$0	\$0	\$0	\$0	\$0
2 Customer Service - Vehicle #31 (2015 GEM)	\$0	\$0	\$16,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Customer Service - Vehicle #13 (2010 Chev Colorado)	\$38,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 Conservation - Vehicle #16 (2010 Chevy Colorado)	\$38,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 Conservation - Vehicle #34 (2016 Chevy Colorado)	\$0	\$0	\$0	\$0	\$0	\$44,000	\$0	\$0	\$0	\$0
6 Engineering - Vehicle #23 (2008 F-150 SuperCrew; Fut. 4x4)	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7 Engineering - Vehicle #33 (2016 F-150 SuperCab)	\$0	\$0	\$0	\$0	\$0	\$52,000	\$0	\$0	\$0	\$0
8 Field Ops - Vehicle #6 (2008 F-650 w/ 12' dump bed, diesel)	\$0	\$0	\$90,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Field Ops - Vehicle #12 (2011 F-250 SuperCab)	\$0	\$41,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10 Field Ops - Vehicle #15 (2010 F-150 SuperCrew)	\$0	\$41,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11 Field Ops - Vehicle #19 (2012 F-150 SuperCab)	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Field Ops - Vehicle #24 (2008 F-450 w/ CTEC Utility Bed)	\$96,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12 Field Ops - Vehicle #35 (2017 F-450, used old V9 bed)	\$0	\$0	\$0	\$0	\$0	\$0	\$90,000	\$0	\$0	\$0
13 Field Ops - Vehicle #36 (2017 F-550 w/ Royal Utility Bed)	\$0	\$0	\$0	\$0	\$0	\$0	\$107,000	\$0	\$0	\$0
14 Field Ops - Vehicle #37 (2020 F-250 Crew Cab, 4x4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$65,000
15 Field Ops - Vehicle #38 (2020 F-150 CrewCab, 4x2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,000
16 Field Ops - Vehicle #39 (2020 F-450, used old V#28 bed)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$98,000
17 Field Ops - Equip #E09 (2011 Loader - John Deere)	\$0	\$0	\$0	\$0	\$0	\$151,000	\$0	\$0	\$0	\$0
18 Field Ops - Equip #E18 (2007 Forklift)	\$0	\$41,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19 Field Ops - Equip #E125 (1998 Mud Trailer)	\$7,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
20 Field Ops - Vehicle #E168-15 (2015 Safety Trailer; Night Work; SWPPP)	\$0	\$0	\$0	\$0	\$20,000	\$0	\$0	\$0	\$0	\$0
21 Field Ops - Vehicle #E172-16 (2016 Vermeer)	\$0	\$0	\$0	\$0	\$0	\$108,000	\$0	\$0	\$0	\$0
22 Field Ops - Equip #E178-17 (2017 Compressor) - replaced Veh #E59 in 2017	\$0	\$0	\$0	\$0	\$0	\$0	\$38,000	\$0	\$0	\$0
23 Field Ops - Vehicle #E180-17 (2017 - 270 Mud Trailer) - replaced Veh #E30 in 2017	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0
24 Field Ops - Equip #E187-17 (2017 Mud Trailer) - replaced Veh #E70 in 2017	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$0	\$0	\$0
25 Field Ops - AC Pipe Snappers	\$8,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
26 Customer Service - Two Hand Held Meter Readers	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Distribution Mainline Replacements										
27 Cavitt Stallman (Oak Pine to Sierra Ponds, 2,000 LF of 12")	\$0	\$1,545,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
28 Cavitt Stallman (Sierra Ponds to Vogel Valley, 6,900 LF of 12")	\$0	\$0	\$0	\$0	\$383,000	\$0	\$3,654,000	\$4,182,000	\$0	\$0
29 Lakeland Dr from Douglas to East Granite (650-LF of 12-in)	\$0	\$0	\$0	\$90,000	\$0	\$542,000	\$0	\$0	\$0	\$0
30 Hidden Lakes 12-in Main (950-LF, 15 Serv, 7960 W Hidden Lakes to Haley)	\$0	\$0	\$0	\$123,000	\$0	\$739,000	\$0	\$0	\$0	\$0
31 Fuller Drive Pipeline Extension	\$0	\$0	\$0	\$74,000	\$0	\$443,000	\$0	\$0	\$0	\$0
32 Bacon - ARC-N Intertie at Bacon PS	\$0	\$0	\$0	\$0	\$40,000	\$0	\$241,000	\$0	\$0	\$0
33 Future Main Replacements (TBD based on condition and high No. of breaks)	\$0	\$300,000	\$312,500	\$337,500	\$362,500	\$1,025,000	\$1,087,500	\$1,162,500	\$1,237,500	\$1,325,000
34 Spahn Ranch Road Pipeline (2,980-LF of 8")	\$0	\$0	\$0	\$640,765	\$0	\$0	\$0	\$0	\$0	\$0
35 Cavitt Stallman (Mystery Creek to Oak Pines w/ PRS, 360-LF of 10")	\$413,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36 Auburn Folsom Road (7975 to 8005, 250-LF of 6")	\$161,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
37 Kokila SJWD-PCWA Intertie (12" Intertie Pipeline)	\$331,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
38 North Glenn Bridge Crossing (100-LF of 8", Joint project with Placer County)	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
39 Eckerman 8 inch tie-in to "The Park" Subdivision (100-LF of 8")	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Capital Spending Plan (2 of 3)

Schedule 2

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Distribution Appurtenances										
40 Woodminster Services Replacements (18 services)	\$266,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41 Margo Drive Services Replacements (8 services)	\$180,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
42 Service Line Replacements (85 Planned Replacements/Yr)	\$0	\$1,420,000	\$1,490,000	\$1,560,000	\$2,070,000	\$1,600,000	\$1,720,000	\$1,780,000	\$1,850,000	\$1,930,000
43 Air Release Valve Replacements (20yrs @ 45 ARV Replacements/Yr, 878 Total)	\$0	\$840,000	\$891,000	\$918,000	\$945,000	\$974,000	\$1,003,000	\$1,033,000	\$1,064,000	\$1,096,000
44 Hydrant Replacements (5 Yrs @ 10 Replacements/Yr)	\$140,000	\$144,000	\$148,000	\$153,000	\$0	\$0	\$0	\$0	\$0	\$0
45 Wharf Hydrant Replacements (Total 109, 10-Yr Replacement)	\$218,000	\$225,000	\$231,000	\$238,000	\$245,000	\$253,000	\$260,000	\$268,000	\$276,000	\$284,000
Transmission Pipelines										
46 Eureka Rd. 18" T-main (3925-LF, Barton to Aub-Fols; Steel)	\$4,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storage Tanks										
47 4.0 MG Kokila Reservoir (Replace Hypalon w/ Concrete Tank)	\$800,000	\$8,765,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48 Mooney Ridge Hydro-Tank Recoating (Inside & Outside)	\$0	\$0	\$0	\$219,000	\$0	\$0	\$0	\$0	\$0	\$0
49 Mooney Tank Building New Roof	\$0	\$0	\$0	\$0	\$180,000	\$0	\$0	\$0	\$0	\$0
Pressure Reducing Stations										
50 Canyon Falls Village PRS Replacement	\$0	\$58,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pump Station Improvements										
51 Generator Replacements (Bacon)	\$68,000	\$1,333,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
52 Generator Replacement (UGB)	\$393,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
53 Douglas BPS Electrical Improvements (PG&E service panel)	\$54,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
54 Douglas BPS Pump Station Improvements	\$0	\$0	\$0	\$50,000	\$0	\$0	\$420,000	\$0	\$0	\$0
55 Bacon PS - new roof	\$0	\$0	\$106,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56 Bacon Manifold Piping Modifications (Conn. Surge Valves to Suction)	\$0	\$21,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
57 Bacon Pump Station Security Improvements	\$0	\$31,000	\$127,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
58 Sierra Pump Station - VFD #1 and #4 Relocation and new controls/components	\$70,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
59 ARC-N MCC Replacement/Control Enclosures (MCC next to ARC-N Main Breaker)	\$0	\$0	\$58,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
60 ARC-N #1 and #2 - Relocation into new MCC	\$0	\$0	\$0	\$33,000	\$0	\$0	\$0	\$0	\$0	\$0
61 ARC-N# 3 - New VFD & Controls/Components	\$0	\$0	\$48,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
62 ARC-N #4 and #5 Relocation to Pit Room and new VFD/components	\$0	\$0	\$0	\$0	\$90,000	\$0	\$0	\$0	\$0	\$0
63 Bacon BPS #3 - New VFD/components into new Section w/ Bacon Generator	\$0	\$0	\$0	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0
64 Bacon BPS #4 - New VFD/components into new Section w/ Bacon Generator	\$0	\$0	\$0	\$0	\$62,000	\$0	\$0	\$0	\$0	\$0
65 Bacon BPS #5 - New VFD/components into new Section w/ Bacon Generator	\$0	\$57,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
66 Bacon BPS #3 and #4 - New 200HP inverter rated motor	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
67 Pump Station Prssure Transmitters (E&H Pressure Transmitters)	\$0	\$36,000	\$37,000	\$38,000	\$0	\$0	\$0	\$0	\$0	\$0
68 ARC-S - 4 new pumps	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Capital Spending Plan (3 of 3)

Schedule 2

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Condition Assessment Projects										
69 Bacon Pump Station Manifold Evaluation	\$0	\$31,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
70 Condition Assessments (from Rtl MP)	\$0	\$0	\$0	\$0	\$0	\$90,000	\$1,230,000	\$90,000	\$100,000	\$1,040,000
SJWD Site Building Improvements										
71 Corp. Site Paving Improvements (RSA Share)	\$0	\$0	\$0	\$164,000	\$0	\$0	\$0	\$0	\$0	\$0
72 Containment Area for Vactor Residuals & Materials	\$0	\$0	\$0	\$269,000	\$0	\$0	\$0	\$0	\$0	\$0
73 Field Services 3-Sided Parts Shelter (40x120)	\$480,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
74 Field Services 3-Sided Loose Materials and Equipment Shelter (30'x226')	\$0	\$0	\$0	\$74,000	\$689,000	\$0	\$0	\$0	\$0	\$0
75 Corp. Site Sewer Evaluation and Improvements	\$0	\$26,000	\$26,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
76 Field Services Sewer Lift Station Improvements (includes Primex Programming)	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
77 Admin PG&E Electrical Service Upgrade (50/50 split W/R)	\$225,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Large Non-Capital Projects										
78 CARB Compliance Study (Zero Emission Vehicles)	\$0	\$52,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous CIP Items										
80 Leak Detection Equipment	\$0	\$21,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
81 Replace Engineering Survey Equipment	\$0	\$0	\$17,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
82 Tyler Content Management and Output Director	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
83 SCADA Cyber Security Study & Improvements	\$210,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
84 SCADA Cellular Improvements	\$68,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
85 Retail Groundwater Production Facilities	\$0	\$2,575,000	\$2,652,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
86 Total Capital Water Projects (value accounts for inflation)	\$8,598,300	\$17,603,000	\$6,250,000	\$5,570,265	\$5,873,500	\$6,741,000	\$9,870,500	\$12,965,500	\$4,527,500	\$5,890,000

Schedule 3 (1 of 2) - Cash Flow Pro Forma for Retail Operating Fund

	Forecast FY2021	Forecast FY2022	Forecast FY2023	Forecast FY2024	Forecast FY2025	Forecast FY2026	Forecast FY2027	Forecast FY2028	Forecast FY2029	Forecast FY2030	Forecast FY2031	Forecast FY2032
1 Proposed Rate Revenue Increase:		8.00%	8.00%	8.00%	7.00%	6.00%	6.00%	6.00%	3.00%	3.00%	3.00%	3.00%
Rate Revenue												
2 Rate Revenue	\$13,757,800	\$13,757,800	\$14,675,000	\$16,064,000	\$17,387,000	\$18,645,000	\$19,806,000	\$21,040,000	\$22,351,000	\$23,073,000	\$23,818,000	\$24,587,000
3 Change due to growth & water use		(\$184,000)	\$215,000	\$37,000	\$40,000	\$43,000	\$46,000	\$49,000	\$52,000	\$53,000	\$55,000	\$57,000
4 Increase due to rate adjustments		\$459,000	\$587,000	\$643,000	\$609,000	\$559,000	\$594,000	\$631,000	\$335,000	\$346,000	\$357,000	\$369,000
Non-Rate Revenues												
5 COP Payments	\$86,000	\$86,000	\$86,000	\$86,000	\$86,000	\$86,000	\$86,000	\$86,000	\$86,000	\$86,000	\$86,000	\$0
6 Interest Earnings	\$41,000	\$64,000	\$37,000	\$38,000	\$39,000	\$41,000	\$42,000	\$41,000	\$43,000	\$44,000	\$46,000	\$47,000
7 Operating Revenue	\$355,000	\$348,000	\$358,000	\$369,000	\$380,000	\$391,000	\$403,000	\$415,000	\$427,000	\$440,000	\$453,000	\$467,000
8 Grants	\$0	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 Total Revenue	\$14,239,800	\$14,830,800	\$15,958,000	\$17,237,000	\$18,541,000	\$19,765,000	\$20,977,000	\$22,262,000	\$23,294,000	\$24,042,000	\$24,815,000	\$25,527,000
O&M Costs												
10 Source of Supply	\$3,193,000	\$3,289,000	\$3,388,000	\$3,489,000	\$3,594,000	\$3,702,000	\$3,813,000	\$3,927,000	\$4,045,000	\$4,167,000	\$4,292,000	\$4,420,000
11 Operations	\$3,976,000	\$4,736,000	\$4,909,000	\$5,090,000	\$5,278,000	\$5,472,000	\$5,185,000	\$5,380,000	\$5,583,000	\$5,793,000	\$6,011,000	\$6,231,000
12 Customer Service & Water Efficiency	\$1,295,000	\$1,345,000	\$1,398,000	\$1,453,000	\$1,510,000	\$1,570,000	\$1,632,000	\$1,696,000	\$1,763,000	\$1,832,000	\$1,905,000	\$1,980,000
14 Management & Admin	\$1,868,000	\$1,975,000	\$2,064,000	\$2,151,000	\$2,243,000	\$2,321,000	\$2,043,000	\$2,119,000	\$2,198,000	\$2,279,000	\$2,364,000	\$2,452,000
15 Engineering	\$445,000	\$463,000	\$481,000	\$501,000	\$521,000	\$542,000	\$564,000	\$587,000	\$611,000	\$635,000	\$661,000	\$688,000
16 Utilities	\$405,000	\$417,000	\$430,000	\$443,000	\$456,000	\$470,000	\$484,000	\$498,000	\$513,000	\$529,000	\$545,000	\$561,000
17 Total Operating Expenses	\$11,182,000	\$12,225,000	\$12,670,000	\$13,127,000	\$13,602,000	\$14,077,000	\$13,721,000	\$14,207,000	\$14,713,000	\$15,235,000	\$15,778,000	\$16,332,000
Other Costs												
18 Existing Debt Service	\$910,000	\$596,000	\$864,000	\$864,000	\$863,000	\$863,000	\$864,000	\$864,000	\$864,000	\$866,000	\$864,000	\$865,000
19 New Debt Service	\$0	\$0	\$573,000	\$1,024,000	\$1,024,000	\$1,024,000	\$1,024,000	\$1,024,000	\$1,024,000	\$1,024,000	\$1,024,000	\$1,024,000
20 Transfer Out to Capital Fund	\$592,400	\$3,857,642	\$1,762,000	\$2,131,000	\$2,957,000	\$3,706,000	\$5,439,000	\$6,070,000	\$6,591,000	\$6,813,000	\$7,040,000	\$7,196,000
21 Total Revenue Requirement	\$12,684,400	\$16,678,642	\$15,869,000	\$17,146,000	\$18,446,000	\$19,670,000	\$21,048,000	\$22,165,000	\$23,192,000	\$23,938,000	\$24,706,000	\$25,417,000
Balance Sheet												
22 Beginning Year Balance	\$2,737,442	\$4,292,842	\$2,445,000	\$2,534,000	\$2,625,000	\$2,720,000	\$2,815,000	\$2,744,000	\$2,841,000	\$2,943,000	\$3,047,000	\$3,156,000
23 Surplus/(Shortfall)	\$1,555,400	(\$1,847,842)	\$89,000	\$91,000	\$95,000	\$95,000	(\$71,000)	\$97,000	\$102,000	\$104,000	\$109,000	\$110,000
24 End of Year Balance	\$4,292,842	\$2,445,000	\$2,534,000	\$2,625,000	\$2,720,000	\$2,815,000	\$2,744,000	\$2,841,000	\$2,943,000	\$3,047,000	\$3,156,000	\$3,266,000
25 <i>Operating Reserve Target</i>	\$2,236,000	\$2,445,000	\$2,534,000	\$2,625,000	\$2,720,000	\$2,815,000	\$2,744,000	\$2,841,000	\$2,943,000	\$3,047,000	\$3,156,000	\$3,266,000
26 <i>Available Cash</i>	\$2,056,842	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
27 Debt Coverage Ratio	5.92	6.09	3.24	2.91	3.37	3.77	4.60	5.04	5.32	5.41	5.58	5.70

Schedule 3 (2 of 2) - Cash Flow Pro Forma for Retail Capital Fund

	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026	Forecast 2027	Forecast 2028	Forecast 2029	Forecast 2030	Forecast 2031	Forecast 2032
1 Capital Fund Beginning Balance	8,039,000	\$7,827,400	\$9,279,042	\$9,026,042	\$8,950,042	\$7,752,042	\$7,007,042	\$7,143,042	\$4,809,042	(\$106,958)	\$3,591,042	\$6,238,042
Revenues												
2 Property Tax Revenue	\$1,188,000	\$1,207,000	\$1,231,000	\$1,256,000	\$1,281,000	\$1,307,000	\$1,333,000	\$1,360,000	\$1,387,000	\$1,415,000	\$1,443,000	\$1,472,000
3 Tapping & Connection Fees	\$1,020,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 Investment/Interest Income	\$121,000	\$117,000	\$139,000	\$135,000	\$134,000	\$116,000	\$105,000	\$107,000	\$72,000	(\$2,000)	\$54,000	\$94,000
5 Transfer In from Operations Fund	\$592,400	\$3,857,642	\$1,762,000	\$2,131,000	\$2,957,000	\$3,706,000	\$5,439,000	\$6,070,000	\$6,591,000	\$6,813,000	\$7,040,000	\$7,196,000
6 Total Revenues	\$2,921,400	\$5,181,642	\$3,132,000	\$3,522,000	\$4,372,000	\$5,129,000	\$6,877,000	\$7,537,000	\$8,050,000	\$8,226,000	\$8,537,000	\$8,762,000
Expenditures												
7 Total Capital Spending	\$3,133,000	\$8,598,000	\$17,603,000	\$6,250,000	\$5,570,000	\$5,874,000	\$6,741,000	\$9,871,000	\$12,966,000	\$4,528,000	\$5,890,000	\$7,999,000
8 Bond Proceeds	\$0	\$4,068,000	\$5,453,000	\$2,652,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9 SRF Proceeds	\$0	\$800,000	\$8,765,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10 Cash Funded Capital Projects	\$3,133,000	\$3,730,000	\$3,385,000	\$3,598,000	\$5,570,000	\$5,874,000	\$6,741,000	\$9,871,000	\$12,966,000	\$4,528,000	\$5,890,000	\$7,999,000
Surplus/(Shortfall)	(\$211,600)	\$1,451,642	(\$253,000)	(\$76,000)	(\$1,198,000)	(\$745,000)	\$136,000	(\$2,334,000)	(\$4,916,000)	\$3,698,000	\$2,647,000	\$763,000
11 Capital Fund Ending Balance	7,827,400	\$9,279,042	\$9,026,042	\$8,950,042	\$7,752,042	\$7,007,042	\$7,143,042	\$4,809,042	(\$106,958)	\$3,591,042	\$6,238,042	\$7,001,042
12 <i>Emergency Reserve Target</i>	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000	\$8,390,000
13 <i>Available Cash</i>	(\$562,600)	\$889,042	\$636,042	\$560,042	(\$637,958)	(\$1,382,958)	(\$1,246,958)	(\$3,580,958)	(\$8,496,958)	(\$4,798,958)	(\$2,151,958)	(\$1,388,958)

Schedule 4 – 3-Year Schedule of Proposed Water Rates

	Current	Proposed Implementation Dates		
		Feb 1, 2022	Jan 1, 2023	Jan 1, 2024
Overall Rate Revenue Increase -->		8%	8%	8%
Daily Base Charges				
Up to 1" meter	\$2.23	\$2.50	\$2.70	\$2.92
1 1/2" meter	\$5.78	\$6.30	\$6.80	\$7.34
2" meter	\$9.20	\$9.95	\$10.75	\$11.61
3" meter	\$17.13	\$18.46	\$19.94	\$21.54
4" meter	\$28.48	\$30.62	\$33.07	\$35.72
6" meter	\$56.88	\$61.03	\$65.91	\$71.18
8" meter	\$90.94	\$97.51	\$105.31	\$113.73
Water Usage Charge (\$/CCF)				
All water usage	\$0.92	\$0.92	\$0.99	\$1.07
Daily Private Fire Line Rates*				
4" line	\$0.78	\$1.03	\$1.06	\$1.09
6" line	\$1.16	\$1.20	\$1.24	\$1.28
8" line	\$1.56	\$1.34	\$1.38	\$1.42
10" line	\$1.86	\$1.46	\$1.50	\$1.55
12" line	(na)	\$1.60	\$1.65	\$1.70

* Fire Line Rates are increased by 3% per year based on estimated cost inflation

PUBLIC HEARING AND WORKSHOPS ON PROPOSED INCREASES TO RETAIL WATER RATES

WHY AM I RECEIVING THIS NOTICE?

Our records indicate you are an account holder and/or the owner of a parcel receiving water service in San Juan Water District's retail service area. This notice gives you information about proposed retail water rate increases that the District's Board of Directors will consider adopting at its January board meeting. It also outlines how you can participate in the rate-setting process.

NOTICE OF PUBLIC HEARING AND COMMUNITY WORKSHOPS

On January 12, 2022, at 6 p.m., the San Juan Water District Board of Directors will hold a public hearing to consider proposed increases in rates for retail water service as further described in this notice. The hearing will be conducted both in person at the District's Boardroom at 9935 Auburn Folsom Road, Granite Bay, CA, 95746 and via video conference. Due to State guidelines on physical distancing in public gatherings, the Boardroom can only accommodate a maximum of 10 members of the public at one time. All in-person attendees must wear masks. The District recommends that members of the public participate in the hearing via videoconference per the instructions below:



Please join the meeting from your computer, tablet or smartphone.
global.gotomeeting.com/join/173400029

You can also dial in using your phone.
United States: +1 (224) 501-3412
Access Code: 173-400-029

Prior to the required public hearing, the District will hold two workshops. The first workshop will be held December 6, 2021 in the Eureka School Gymnasium located at 5455 Eureka Road, Granite Bay, CA 95746. Presentations will begin at both 4 p.m. and 6 p.m. Because of the small size of the District's staff and the essential nature of our services, wearing of face masks by all attendees, regardless of vaccination status, will be required. A second workshop will be held, via videoconference only, at 6 p.m. on Wednesday December 15, 2021. See the District's website at www.sjwd.org for log-in instructions.

PUBLIC HEARING
January 12, 2022
6:00 p.m.

WHAT ARE THE PRIMARY REASONS FOR THE NEW PROPOSED WATER RATES?

Water rate revenues are the primary revenue source for the District's retail division, making up 70 percent of its total revenues.

These revenues fund both operations and capital improvements. In the current year budget, capital improvements make up approximately 39 percent of total expenses.

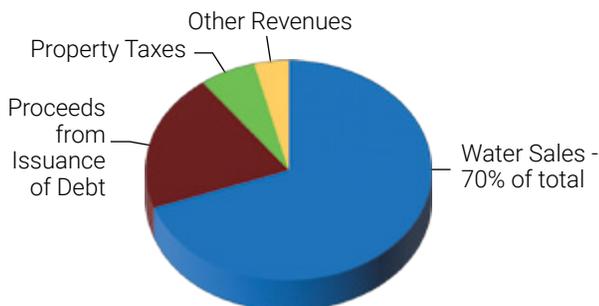
Our recently completed update to the Retail Master Plan identified the need for significant and specific improvements to the District's water distribution system, as well as the maintenance thereof, necessary for ongoing system reliability. An increase in capital spending is necessary in order to replace equipment that is failing or past its lifespan.

The improvements identified in the Retail Master Plan will significantly increase annual expenses to repair and replace aging infrastructure. The Master Plan is available on our publications page at: sjwd.org/publications

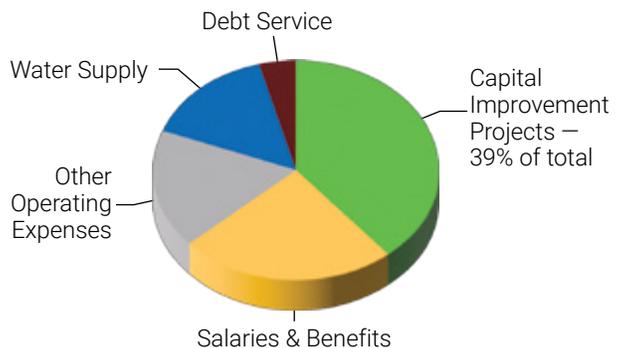
The proposed retail water rate increase is necessary to generate sufficient revenue to ensure San Juan can continue to meet all of its retail operation's service and financial obligations and make the infrastructure investments identified in the Master Plan. The increase in retail water rates will:

- Fund necessary infrastructure repairs and replacements
- Maintain and improve financial stability
- Meet required debt service obligations
- Generate funds to support preferable pay-as-you-go future capital funding (avoiding debt financing reduces costs to ratepayers in the long run)

All Retail Revenues – \$19,817,900
(source: FY 2021-22 Adopted Budget)

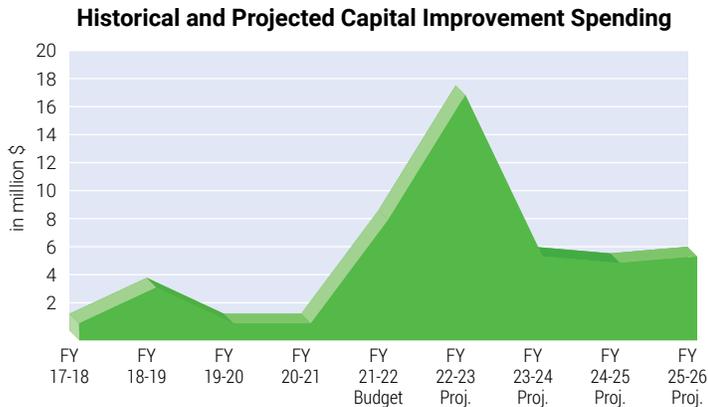


All Retail Expenses – \$22,039,800
(source: FY 2021-22 Adopted Budget)



CAN YOU EXPLAIN MORE ABOUT THE FACTORS AND/OR COSTS THAT ARE DRIVING THE PROPOSED RATE INCREASE?

2020 Retail Master Plan (Capital Improvement Plan): San Juan Retail's 10-year capital improvement plan (CIP), developed as part of the 2020 Retail Master Plan, includes over \$83 million of improvements to ensure the current and future reliability of water deliveries. The average of \$8.35 million per year in capital spending to meet the CIP need is a significant increase over the average of \$2.8 million that has been spent annually during the past six years. The graph below shows historical actual capital spending compared to the future annual capital spending projected by the master plan to be needed.



Increased System Maintenance Programs: San Juan must maintain the distribution system that provides high-quality water to our customers. This system includes over 200 miles of pipeline, multiple pump stations, meters, storage tanks and other equipment. The annual maintenance program was significantly expanded in 2020 to ensure compliance with regulatory and system reliability requirements. Also, most of the District's meters were installed in the early 2000s after the State of California made the use of water meters mandatory. Those initial meters are beginning to fail and need to be replaced. The District is initiating its meter replacement program in FY 2021-22, which will result in replacing approximately 5 percent of the meters annually.

Adopting a PayGo Financial Strategy: In addition to increasing its reinvestment in critical infrastructure, San Juan strives to achieve a level of financial stability that allows the District to fund all of its capital spending with cash and not debt (also known as pay as you go or PayGo). Minimizing new debt will help the District avoid millions of dollars in future interest expenses.

Rising Operating Costs: The cost of operations increases annually due to inflation. During the years covered by the proposed rate increases, expenses related to salaries and benefits are projected to increase at a rate of 5 percent per year while all other expenses (including wholesale rates) are projected to increase by 3 percent per year.

For further information about San Juan's projected finances, please refer to the 10-Year Retail Financial Plan which details the District's current and estimated future revenue needs to provide ongoing, safe and reliable retail water service, including the rationale for the proposed rate increases. The financial plan is a part of the 2021 Retail Water Rate Study, which you can find at sjwd.org/retail-financial-plans, or you can receive/review a copy of the report at the District's offices.

WHAT HAS THE DISTRICT DONE TO CONTROL COSTS TO AVOID/REDUCE RATE INCREASES?

By law, San Juan cannot charge its customers more than the cost of providing water service, which includes the associated costs of ensuring the reliability of the service and the safeguarding of public health and safety. San Juan continually strives to keep costs low, improve efficiencies and optimize the use of its assets.

The proposed rate increases are lower than they otherwise would have been due to the many actions the District has taken over the past five years to control costs. Those actions include reducing the District's salary schedule down to market median, refinancing existing debt to lower interest rates, significantly reducing the District's unfunded pension liability, renegotiating water contracts to dramatically reduce costs and revising fees for new development to achieve full cost recovery, ensuring that ratepayers are not subsidizing those activities. Those and other actions will save ratepayers in excess of \$1.2 million per year over the next 20 years and beyond.

CURRENT AND PROPOSED RETAIL WATER RATES AND FIRE SERVICE LINE RATES

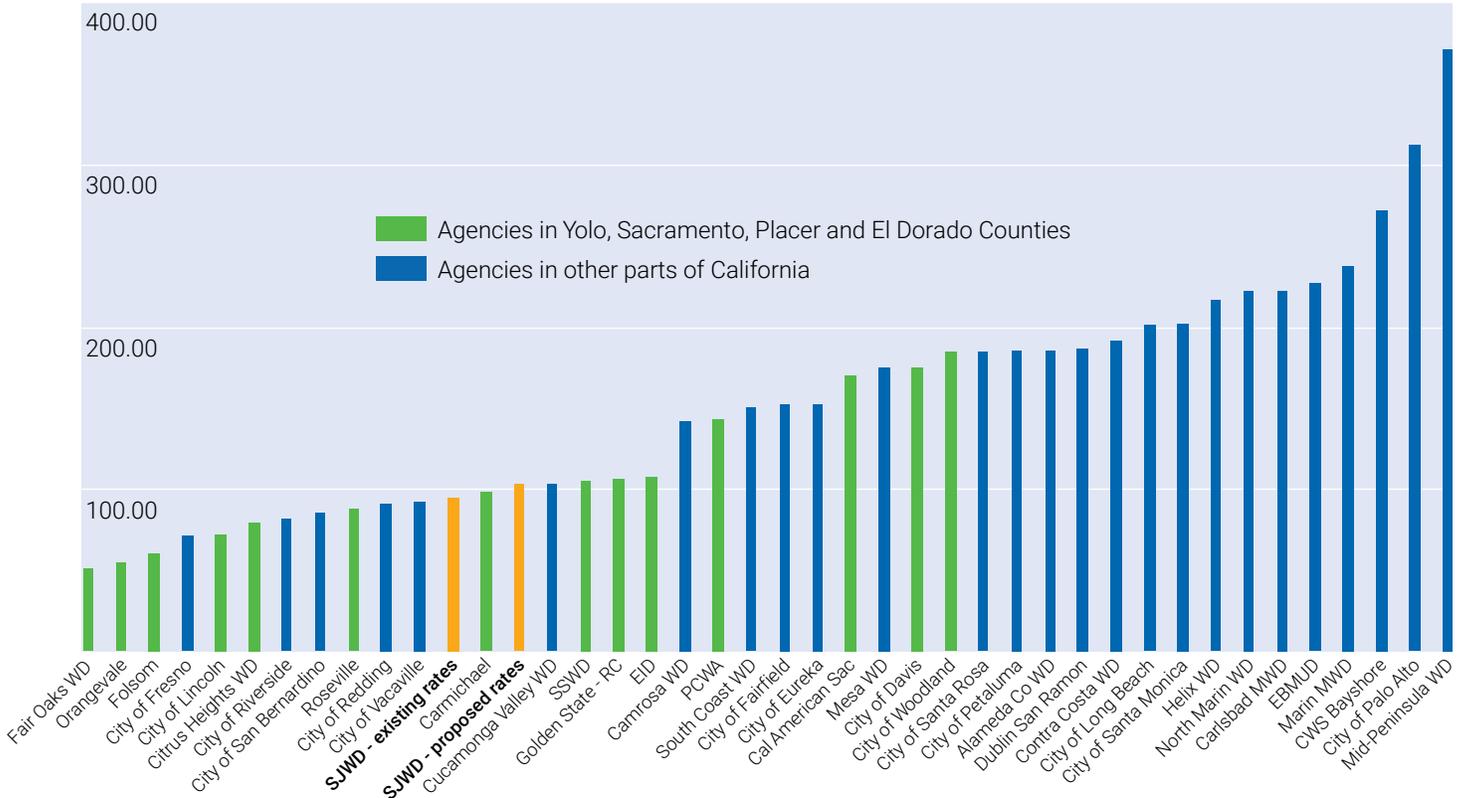
The Board of Directors is considering adopting the following three-year retail water rate schedule, which will generate necessary revenues by spreading increases over multiple years.

	Current	Proposed Implementation Dates		
		Feb 1, 2022	Jan 1, 2023	Jan 1, 2024
Overall Rate Revenue Increase		8%	8%	8%
Daily Base Charges				
Up to 1" meter	\$ 2.23	\$ 2.50	\$ 2.70	\$ 2.92
1-1/2" meter	\$ 5.78	\$ 6.30	\$ 6.80	\$ 7.34
2" meter	\$ 9.20	\$ 9.95	\$ 10.75	\$ 11.61
3" meter	\$ 17.13	\$ 18.46	\$ 19.94	\$ 21.54
4" meter	\$ 28.48	\$ 30.62	\$ 33.07	\$ 35.72
6" meter	\$ 56.88	\$ 61.03	\$ 65.91	\$ 71.18
8" meter	\$ 90.94	\$ 97.51	\$ 105.31	\$ 113.73
Water Usage Charge (\$/CCF)				
All water usage	\$ 0.92	\$ 0.92	\$ 0.99	\$ 1.07
Daily Private Fire Line Rates				
4" line	\$ 0.78	\$ 1.03	\$ 1.06	\$ 1.09
6" line	\$ 1.16	\$ 1.20	\$ 1.24	\$ 1.28
8" line	\$ 1.56	\$ 1.34	\$ 1.38	\$ 1.42
10" line	\$ 1.86	\$ 1.46	\$ 1.50	\$ 1.55
12" line	(na)	\$ 1.60	\$ 1.65	\$ 1.70

Water Bill Comparisons Among Selected Urban California Water Agencies

Most recent data, as of October, 2021

Monthly bill in \$ @ 31 ccf of use per month – 1” meter
(the annual average monthly use per single family household in San Juan retail area)



HOW DO THESE PROPOSED RATES COMPARE TO OTHER WATER AGENCIES RATES?

The graph above shows that San Juan Water District’s current and proposed rates remain highly competitive with those both in the region and across the state.

HOW THIS INCREASE MAY IMPACT YOU

Under the proposed 2022 retail rate increase, a typical homeowner’s fixed or base charge for a 1” meter will increase by \$16.20 per 60-day billing cycle, or 27¢ per day. The current water usage charge of 92¢ per 100 cubic feet of water will remain the same in Year One.

If the Board of Directors adopts this proposed rate structure and increases the base charge component, it is estimated that San Juan’s total retail revenue will increase by 8 percent in 2022. A customer’s actual increase will vary depending upon the size of their meter. If you would like additional information about how the proposed rate changes would affect your specific water bill, please

call the District’s Customer Service Department at (916) 791-0115 and a staff member will be happy to assist you.

The proposed retail water rates shown above are expected to generate the necessary revenues to cover projected cost increases of the District’s retail operations over each of the next three years. San Juan is proposing a change to the composition of the rates in 2022 and a series of increases through December 2024.

The proposed rates have been calibrated to increase the portion of revenue derived from the fixed (i.e., Base Charge) component while still holding the per unit water usage charge constant in 2022. This adjustment will improve alignment between the District’s cost structure and rate structure, reducing the need to raise rates during periods of drought, when the variable cost of producing and delivering water supplies will drop commensurate with the decline in usage revenues. This approach provides financial stability to the District and rate certainty to our ratepayers. A corollary benefit of this approach is that it helps maintain the District’s strong credit rating, thereby reducing the cost of current and future debt obligations. This plan will save ratepayers money by reducing future upward rate pressure.

WHERE CAN I GET MORE INFORMATION?

Annual Budget: sjwd.org/district-budget

Retail Master Plan: sjwd.org/publications

2021 Retail Water Rate Study Report – Draft: sjwd.org/retail-financial-plans
(Note: a complete list of capital projects can be found on page S2-1 of the report, which is page 43 of 48 of the PDF document).



9935 Auburn-Folsom Road
Granite Bay, CA 95746



HOW TO PROTEST THE PROPOSED WATER RATES

Any property owner of record of a parcel that would be subject to the proposed rates or any tenant directly liable for payment of water service fees (i.e., a customer of record), may protest the proposed water rate changes. To be counted, all protests must:

1. Be in writing with an original signature from the property owner of record or tenant directly liable for the payment of the water bill.
2. Identify the parcel for which the protest is filed by street address or Assessor's Parcel Number (APN).
3. State that the signer opposes the proposed water rates.
4. Be received by San Juan Water District at any time prior to the close of the public hearing that will begin at 6:00 p.m. on Wednesday, January 12, 2022. A protest may be mailed to the San Juan Water District, or deposited in our utility bill drop off box located at 9935 Auburn-Folsom Rd, Granite Bay, California 95746, or delivered to the same address during regular business hours. Please include the following notation on the front of the envelope for any written protest: "ATTN: General Manager, Protest of Proposed Water Rates."

If the District receives written protests in excess of 50 percent of the parcels receiving water service from the District the Board will not adopt the proposed rates. Only one protest will be counted for each parcel. By law, email, fax, telephone, or oral protests of any kind will not be counted. Mailed protests received after the close of the public hearing will not be counted, even if they were postmarked earlier.

Over the course of the next three years, the Board of Directors may increase retail water rates up to the maximum amount for each year identified in this notice without providing subsequent hearings or a formal opportunity for protests. Should the Board of Directors decide to increase rates in any given year in an amount greater than that described in this notice, a similar Proposition 218 notice will be provided to customers along with an opportunity for parcel owners and tenants to formally protest such an increase at that time.

RESOLUTION NO. 22-01

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SAN JUAN WATER DISTRICT
ADOPTING A THREE YEAR SCHEDULE OF RETAIL WATER RATES**

WHEREAS, the Board has received and considered the Retail Financial Plan and Water Rate Update Study prepared by Hildebrand Consulting, Inc., dated October 29, 2021 (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 a rate structure for ensuring that the District's retail water rates and charges are sufficient to meet revenue needs for the next three fiscal years, as further discussed in that study;

WHEREAS, as discussed in the Rate Study, the District's existing retail water service rates, consisting of a daily base charge, water usage charges, and, if applicable, a daily private fire line charge ("Retail Rates"), 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 at a sustainable pace;

WHEREAS, the Rate Study identified the need for, and benefits of, implementing increases to the District's Retail Rates so that its property owners and water users ("Customers") will pay their full proportionate share of all costs necessary to provide water service to their parcels;

WHEREAS, the Rate Study demonstrates that the revenues derived from the proposed increases in the Retail Rates will not exceed the funds required to provide water service to the affected parcels;

WHEREAS, the proposed adjustments to the District's Retail Rates will help ensure that the District's financial and water service obligations can be met with reduced risk and uncertainty, and as a result of the proposed adjustments to the Retail Rate structure, Customers will benefit from improved District financial stability and certainty, thereby providing for more reliable water service;

WHEREAS, the proposed increases in the Retail Rates 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, as set forth in the Rate Study, the amount of the proposed Retail Rates imposed on any one affected parcel will not exceed the proportional cost of the

water service attributable to the parcel in compliance with California law, including section 6(b)(3) of Article XIII D of the California Constitution and *Griffith v. Pajaro Valley Water Management Agency* ((2013) 220 Cal.App.4th 586, 601) and other relevant law;

WHEREAS, the District has complied with Proposition 218's requirements by: (1) providing timely mailed notice of the public hearing to Customers; (2) holding several public meetings at which staff and Hildebrand Consulting explained the District's finances and the need to possibly increase the Retail Rates in an amount up to 24 percent above existing rates over the upcoming three year period; (3) receiving protests and comments on the proposed increases; (4) making the 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; and (5) providing Customers with assistance in determining the impact on their parcel of the proposed increases;

WHEREAS, the District held the noticed public hearing required by Proposition 218 on January 12, 2021, at which the Board received protests and written and oral comments from Customers concerning the proposed adjustment of Retail Rates;

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", and, based on the District's 10,696 retail connections, 5,349 written protests were needed to prohibit the fee proposed Retail Rate increase but the District received only a total of 24 protests.

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

1. The above recitals are hereby made findings of the District Board of Directors and are incorporated herein.
2. The Board of Directors has reviewed and considered the Rate Study and hereby approves and accepts it.
3. The Board of Directors has considered the public comments received and the number of valid written protests submitted by Customers, and finds that there was not a majority protest to the District's proposed adjustment of Retail Rates.
4. The Board also finds that the increase in Retail Rates identified in the schedule entitled "San Juan Water District Retail Water Rates is a fair and equitable retail rate plan for the 2022 through 2024 period and will ensure that Customers receiving District water service pay the District's full costs of providing that service during that period.

5. On the basis of the foregoing findings, the Board of Directors hereby approves, adopts, and imposes the following Retail Rates:

	Current	Proposed Implementation Dates		
		Feb 1, 2022	Jan 1, 2023	Jan 1, 2024
Overall Rate Revenue Increase -->		8%	8%	8%
Daily Base Charges				
Up to 1" meter	\$2.23	\$2.50	\$2.70	\$2.92
1 1/2" meter	\$5.78	\$6.30	\$6.80	\$7.34
2" meter	\$9.20	\$9.95	\$10.75	\$11.61
3" meter	\$17.13	\$18.46	\$19.94	\$21.54
4" meter	\$28.48	\$30.62	\$33.07	\$35.72
6" meter	\$56.88	\$61.03	\$65.91	\$71.18
8" meter	\$90.94	\$97.51	\$105.31	\$113.73
Water Usage Charge (\$/CCF)				
All water usage	\$0.92	\$0.92	\$0.99	\$1.07
Daily Private Fire Line Rates				
4" line	\$0.78	\$1.03	\$1.06	\$1.09
6" line	\$1.16	\$1.20	\$1.24	\$1.28
8" line	\$1.56	\$1.34	\$1.38	\$1.42
10" line	\$1.86	\$1.46	\$1.50	\$1.55
12" line	(na)	\$1.60	\$1.65	\$1.70

The increase for 2022 shall become effective on February 1, 2022.

6. The Board also approves and adopts the increases in the Retail Rates for calendar years 2023 and 2024 as provided in the rate schedule above.
7. The General Manager and staff are directed to take all actions necessary to impose and collect the Retail Rates shown above as the same are adopted herein, provided, however, that the Board may either: (1) permit the adopted rate increase for each subsequent year to automatically take effect on January 1 of each year for 2023 and 2024; or (2) review each subsequent year's proposed increase at least 60 days before its January 1 effective date and consider whether it is necessary to enact the increase as adopted or to adjust the increase consistent

with applicable law and District financial covenants and revenue requirements. In no event shall any increase result in rates that exceed the cost of providing retail water service, including ensuring compliance with all applicable debt coverage covenants and accrual of prudent reserves.

8. The adjustments to the District's Retail Rates are, among other things, for the purpose of continuing to provide funds to meet the costs of operating, maintaining and replacing water system facilities and to provide funding for capital projects necessary or required to maintain service within the District's retail service area. The adoption of this Resolution is exempt the California Environmental Quality Act pursuant to section 21080(b)(8) of the California Public Resources Code.

PASSED AND ADOPTED by the Board of Directors of the San Juan Water District on the 26th day of January 2022, by the following vote:

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

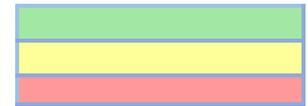
KENNETH MILLER
President, Board of Directors

ATTEST

TERI GRANT
Secretary, Board of Directors

Operations Plan Report Card FY 2021-22

On Track
Delayed
Issues



ADMINISTRATION/WATER RESOURCES/IT

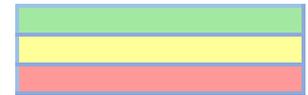
Task	Original Target Date	Updated Target Date	Completion Date	Comments
Water Quality Control Plan – represent District interests and collaborate with regional and statewide partners to ensure the WQCP is reasonable and achievable.	Ongoing			
Delta conveyance – engage as necessary to protect District interests as new project developed, permits sought.	Ongoing			
Represent the District’s interests in the implementation of groundwater banking and in the expansion of the regional groundwater bank	Ongoing			
Monitor and respond to regulatory proposals from the SWRCB and DWR in the “Making Conservation a Way of Life” program (water loss regulations, indoor and outdoor efficiency standards, reporting, etc.); collaborate with ACWA, RWA and others around the state to ensure regulations are reasonable	Ongoing			
Represent the District’s interests in the update of the Water Forum Agreement, including participation in various committees and workgroups	Ongoing			
Develop an agreement with PCWA to provide treatment and conveyance capacity for their West County water supply needs.	Subject to PCWA timeline			
Represent the District’s interests in the preparation and completion of the Sacramento Groundwater Authority’s Groundwater Sustainability Plan	12/2021		12/2021	
If conditions warrant and allow, complete actions necessary to implement a groundwater substitution and/or conserved water transfer	6/2022			
Prepare annual water rights reports to SWRCB and submit estimated schedule of deliveries of PCWA and CVP supplies to Reclamation	Pre-14 > 4/1/22 Post-14 > 4/1/22 Reclamation > 3/31/22			
Provide Monthly summary reports to Reclamation showing usage of water rights, PCWA, and CVP supplies, as well as treatment of SSWD’s PCWA deliveries	The 10 th of the following month			
2 nd Annual SJWD Employee Kids Day	7/2022			Tentative
Update District Ordinances	6/2022			
Facilitate Records Inventory Process	6/2022			

CUSTOMER SERVICE

Task	Target Date	Updated Target Date	Completion Date	Comments
Cross train customer service staff to be proficient in customer service related functions to build redundancy to accommodate vacations, illnesses and staff turnover	Ongoing			
Work with Field Service and Water Efficiency staff to diagnose customer meter problems and repair promptly	Ongoing			

Operations Plan Report Card FY 2021-22

On Track
Delayed
Issues



DISTRIBUTION (Field Services)

Task	Target Date	Updated Target Date	Completion Date	Comments
Complete the 2021-22 CO-OP Maintenance Program	6/2022			
Complete the 2021-22 Cross Connection Control Program	12/2021		12/14/2021	
Complete the 2021-22 Leak Detection Program	6/2022			
Complete the 2021-22 Air/Vacuum Relief Valve Program	6/2022		12/17/2021	
Complete the 2021-22 Dead End Flushing Program	6/2022			
Complete the 2021-22 Valve Exercise Program	6/2022			
Complete the 2021-22 Hydrant Maintenance Program	6/2022			
Implement the new District Meter Replacement and Testing Program	6/2022			

ENGINEERING SERVICES

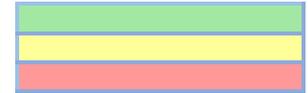
Task	Target Date	Updated Target Date	Completion Date	Comments
Complete the SJWD/PCWA Intertie	12/2021		1/7/2022	Complete
Complete an update of the Wholesale Master Plan	6/2022			Ongoing
Complete the design of the Kokila Reservoir/Tank Project	6/2022			Design underway
Complete construction of the following pipeline and service replacement projects: <ul style="list-style-type: none"> • Cavitt Stallman Pipeline Project • Auburn Folsom Pipeline Project • Woodminster Cir Services Replacement • Margo Dr Services Replacement 	6/2022		1/5/2022	Complete
Complete construction of the Field Services Parts and Materials Shelter	6/2022			Design underway

Operations Plan Report Card FY 2021-22

On Track

Delayed

Issues



FINANCE and HUMAN RESOURCES

Task	Target Date	Updated Target Date	Completion Date	Comments
Complete funding agreement for State Revolving Loan Funds for Hinkle Reservoir Project	8/2021	6/2022		waiting on State
Complete funding agreement for State Revolving Loan Funds for Kokila Reservoir Project	12/2021	6/2022		General and financial applications complete. Remaining applications can't be done until design is complete.
Complete funding agreement for State Revolving Loan Funds for Eureka Road Transmission Pipeline Replacement Project	12/2021	6/2022		General and financial applications complete. Remaining applications can't be done until design is complete.
Refinance 2012 Refunding Bonds	12/2021	2/1/2022		In progress
Complete 5-Year Retail Financial Plan and Rate Study	8/2021		8/2021	Complete
Commence 5-Year Wholesale Financial Plan and Rate Study	6/2022			
Complete revisions to Treatment Plant Shift Operators MOU	12/2021	6/1/2022		
Conduct Compensation Study	6/2022			In progress

WATER EFFICIENCY

Task	Target Date	Updated Target Date	Completion Date	Comments
Rehabilitate outdated sections of the demonstration WEL (Water Efficient Landscape) Garden (wholesale)	6/2022			
Provide 4 educational customer workshops (wholesale)	6/2022			
Implement rebate incentive programs and provide on-site assistance to 100 customers to support State mandated water use reductions requirements	6/2022			
Conduct a student art calendar contest to be distributed to all wholesale agencies	6/2022			
Test and replace inoperable radio read units upon failure and send failed meter information to Field Services for replacement.	6/2022			
Complete landscape area measurements for SWRCB conservation requirements	6/2022			
Evaluate SWRCB variance process and submit any variance requests that would improve the District's aggregate water budget.	6/2022			

WATER TREATMENT

Task	Target Date	Updated Target Date	Completion Date	Comments
Complete Land Maintenance Project at Baldwin Reservoir to Reduce Fire Danger	6/2022			
Integrate In-plant pumps into SCADA System	5/2022			
Replace Wholesale Meter Network Switches	4/2022		12/3/2021	
Retrofit North Filter Lighting and Circuitry to Energy Efficient LED	12/2021		44530	

STAFF REPORT

AGENDA ITEM VI-1.1

To: Board of Directors
From: Paul Helliker, General Manager
Date: January 26, 2022
Subject: General Manager's Monthly Report (December)

RECOMMENDED ACTION

For information only, no action requested.

TREATMENT PLANT OPERATIONS

Water Production

Item	2022	2021	Difference
Monthly Production AF	1,451.70	1,973.46	-26.4%
Daily Average MG	15.26	20.74	-26.4%
Annual Production AF	35,528.39	42,829.88	-17.0%

Water Turbidity

Item	December 2021	November 2021	Difference
Raw Water Turbidity NTU	1,451.70	1,973.46	-26.4%
Treated Water Turbidity NTU	15.26	20.74	-26.4%
Monthly Turbidity Percentage Reduction	35,528.39	42,829.88	-17.0%

*Folsom Lake Reservoir Storage Level AF**

Item	2022	2021	Difference
Lake Volume AF	586,138	288,849	103%

AF – Acre Feet

MG – Million Gallons

NTU – Nephelometric Turbidity Unit

* Total Reservoir Capacity: 977,000 AF

Other Items of Interest:

- Completed meter testing of Cardwell 24"

SYSTEM OPERATIONS

Distribution Operations:

Item	December 2021	November 2021	Difference
Leaks and Repairs	8	16	-8
Mains Flushed	0	0	0
Valves Exercised	0	0	0
Hydrants Maintenance	0	0	0
Back Flows Tested	1	47	-46
Customer Service Calls	31	35	-4

Distribution System Water Quality:

Water Quality Samples Taken	# Failed Samples	Supporting Information
40 Lab	0	
19 In-House	0	

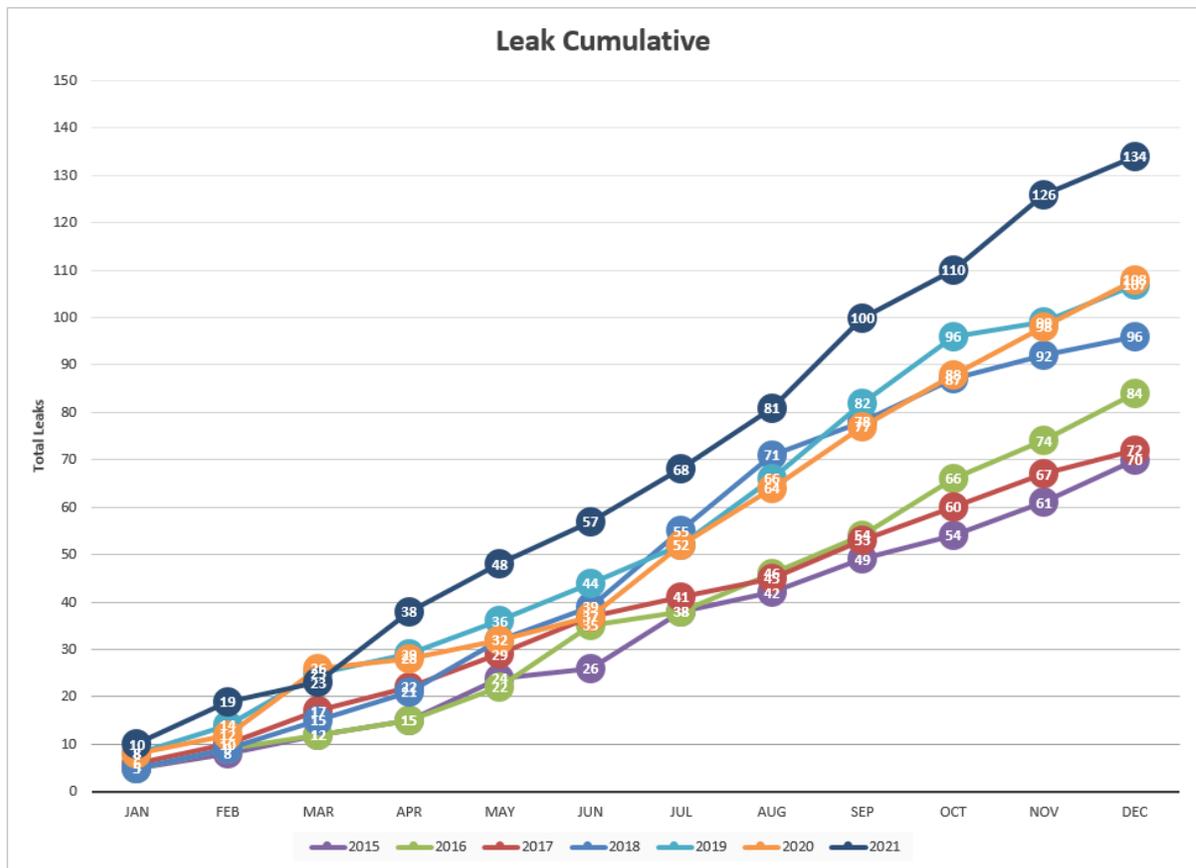


Figure 1: Annual Distribution System Leaks

Other Items of Interest:

- 7-Year record for service line leaks

CUSTOMER SERVICE ACTIVITIES

Billing Information for Month of December

Total Number of Bills Issued	Total Number of Reminders Mailed	Total Number of Shut-off Notices Delivered	Total Number of Disconnections
5016	640	0	0

Water Efficiency Activities for December

Water Waste Complaints Received	Number of Customers Contacted for High Usage (potential leaks)	Number of Rebates Processed	Number of Meters Tested/Repaired (non-reads)
6	151	0	99

Other Activities

- Received \$70,611 from State Water Resources Control Board Arrearages Program that paid delinquent balances from March 4, 2020 to June 15, 2021 for 127 customers. All recipients were notified of the account credit via email or letter.

ENGINEERING - NEW URBAN DEVELOPMENTS (SJWD Retail Service Area)

Project Title	Description	Status	Issues / Notes
Chula Acres	4-Lot Minor Subdivision (8149 Excelsior Ave)	In Construction	Water main installed. Construction in process.
GB Memory Care	Commercial Business (6400 Douglas Blvd)	In Design Review	Planning to begin construction in 2022
Premier Soleil (formerly Granite Bay Townhomes)	52-Lot Subdivision (Douglas, east of Auburn Folsom)	Construction complete	In project close-out
Greenside Parcel Split (5640 Macargo)	Minor parcel split of 2.0-Ac parcel into 3 lots	Approved for Construction	Design approved
Placer County Retirement Residence (3905 Old Auburn)	Commercial Business (145-Unit Multi-story Assisted Living Facility; 3865 Old Auburn Rd)	In Construction	Construction started October 2021
Pond View	Commercial Business (5620 5630 5640 Douglas Blvd)	Approved for Construction	Planning to begin construction in 2022
The Park at Granite Bay	56 lot Subdivision (SCB south of Annabelle)	Approved for Construction	Mass grading done. Re-start in 2022
The Residences at GB	4-Lot Minor Subdivision (NW Cor. Barton & E Rsvl Pkwy)	In Design Review	Project on hold
Ventura of GB	33-Lot High Density Subdivision (6832 Eureka Rd)	In Construction	Initially will only have one source of supply connection, planning for a future 2 nd connection
Whitehawk II	56-Lot Subdivision (Douglas, west of Barton)	Approved for Construction	Planning to begin construction in 2022
Rancho Del Oro Estates	89-Lot Subdivision (Olive Ranch Rd, east of Cavitt Stallman)	In Construction	Construction started June 2020
Canyon Terrace Apartments	Apartment Complex (7 new buildings; 1600 Canyon Terrace Lane)	In Design Review	Design submitted, under review now

ENGINEERING - CAPITAL PROJECTS

Status Update for Current Retail Projects

Project Title	Description	Status	Issues / Notes
Eureka Rd Transmission Main Replacement	Replace approximately 3,925 LF of aged steel transmission pipeline.	In Design	Construction in FY 21/22
SCADA Radio Replacements – North Phase	Replace outdated 900 MHz radios with 173 MHz equipment	In Construction	Radio router issues have now been resolved
Spahn Ranch Rd. Main Extension	Install new pipeline; provides looped distribution network	In Design	Construction in FY 24/25
Cavitt Stallman 12" (Mystery Cr to Oak Pines)	Install new pipeline on Cavitt Stallman between Mystery Creek Ln and Oak Pines Ln.	Complete	In project close-out
Woodminister Circle & Margo Drive Services Replacements	Replace 26 aged residential services and 2 commercial services	Complete	In project close-out
Kokila (SJWD/PCWA) 12-Inch Intertie Pipeline	Interconnection with PCWA	Complete	In project close-out
Kokila Reservoir Replacement	Replace existing hypalon lined and covered reservoir with a new concrete tank.	In Design	Applying for SRF funding. Construction in FY 22/23.
Canyon Falls Village PRS Replacement	Rehabilitation of an existing Pressure Reducing Station (PRV) located near the intersection of Canyon Falls Drive and Santa Juanita Ave.	East PRS is now completed, doing design for West PRS	Construction in FY 22/23
UGB & LGB Low Flow Pumps and LGB/CP MOV	Installation of two new low flow pumps, one each at the Lower and Upper Granite Bay pump stations	Complete	In project close-out
Upper Granite Bay Pump Station Generator Replacement	Replacing generator at Upper Granite Bay Pump Station	In Construction	Construction in FY 21/22
Bacon Pump Station Generator Replacement	Replacing generators at Bacon Pump Station	In Design	Construction in FY 22/23

Status Update for Current Wholesale Projects

Project Title	Description	Status (% Complete)	Issues/ Notes
WTP Filters Improvements	R&R Filter Materials, nozzles, and resurface spalled filter floor and wall areas	Complete	In project close-out
Hinkle Liner & Cover Repl'mt	Replace both the hypalon cover and liner.	Project postponed	Applying for SRF funding. Project postponed due to drought.
Lime System Improvements	Improvements for the WTP's lime system control and feeder system	In Design	
Baldwin Chnl Lining and Solar Field Culvert Replacement Project	Lining the Baldwin Ditch on the main campus to minimize costs for maintenance within the ditch and the replacement of the Solar Field Culvert to provide emergency discharge capacity to Baldwin Reservoir	Design and Environmental Underway	

SAFETY & REGULATORY TRAINING – December 2021

Training Course	Staff
Confined Space Training	Operations Staff
Hearing Testing	Operations Staff
Fit Testing	Operations Staff
Anti-Harassment Prevention Training SB 1343	All Staff

FINANCE/BUDGET

See attached



San Juan Water District, CA

Wholesale Operating Income Statement

Group Summary

For Fiscal: 2021-2022 Period Ending: 12/31/2021

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 010 - WHOLESALE					
Revenue					
41000 - Water Sales	10,043,600.00	9,802,000.00	0.00	4,613,689.04	5,188,310.96
43000 - Rebate	1,500.00	1,500.00	320.81	554.64	945.36
45000 - Other Operating Revenue	29,800.00	29,800.00	33.63	39.58	29,760.42
49000 - Other Non-Operating Revenue	109,800.00	109,800.00	0.00	8,501.23	101,298.77
Revenue Total:	10,184,700.00	9,943,100.00	354.44	4,622,784.49	5,320,315.51
Expense					
51000 - Salaries and Benefits	4,184,300.00	4,184,300.00	257,509.97	1,760,622.70	2,423,677.30
52000 - Debt Service Expense	756,800.00	756,800.00	0.00	73,097.10	683,702.90
53000 - Source of Supply	912,700.00	912,700.00	1,526.98	133,878.26	778,821.74
54000 - Professional Services	609,400.00	609,400.00	8,674.28	243,328.86	366,071.14
55000 - Maintenance	555,400.00	555,400.00	14,919.39	188,628.52	366,771.48
56000 - Utilities	179,700.00	179,700.00	0.00	80,634.14	99,065.86
57000 - Materials and Supplies	616,600.00	616,600.00	25,092.75	199,001.84	417,598.16
58000 - Public Outreach	52,400.00	52,400.00	0.00	1,750.00	50,650.00
59000 - Other Operating Expenses	478,900.00	478,900.00	20,044.41	278,078.11	200,821.89
69000 - Other Non-Operating Expenses	1,500.00	1,500.00	1,475.00	1,475.00	25.00
69900 - Transfers Out	968,000.00	726,400.00	0.00	0.00	726,400.00
Expense Total:	9,315,700.00	9,074,100.00	329,242.78	2,960,494.53	6,113,605.47
Fund: 010 - WHOLESALE Surplus (Deficit):	869,000.00	869,000.00	-328,888.34	1,662,289.96	-793,289.96
Total Surplus (Deficit):	869,000.00	869,000.00	-328,888.34	1,662,289.96	

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
010 - WHOLESAL	869,000.00	869,000.00	-328,888.34	1,662,289.96	-793,289.96
Total Surplus (Deficit):	869,000.00	869,000.00	-328,888.34	1,662,289.96	



San Juan Water District, CA

Wholesale Capital Income Statement

Group Summary

For Fiscal: 2021-2022 Period Ending: 12/31/2021

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 011 - Wholesale Capital Outlay					
Revenue					
42000 - Taxes & Assessments	1,248,000.00	1,248,000.00	4,406.91	17,608.24	1,230,391.76
44000 - Connection Fees	75,000.00	75,000.00	3,748.00	231,435.10	-156,435.10
49000 - Other Non-Operating Revenue	150,000.00	150,000.00	0.00	-5,776.13	155,776.13
49990 - Transfer In	968,000.00	726,400.00	0.00	0.00	726,400.00
Revenue Total:	2,441,000.00	2,199,400.00	8,154.91	243,267.21	1,956,132.79
Expense					
55000 - Maintenance	343,200.00	343,200.00	0.00	102,334.53	240,865.47
61000 - Capital Outlay	1,546,800.00	1,546,800.00	0.00	202,564.75	1,344,235.25
Expense Total:	1,890,000.00	1,890,000.00	0.00	304,899.28	1,585,100.72
Fund: 011 - Wholesale Capital Outlay Surplus (Deficit):	551,000.00	309,400.00	8,154.91	-61,632.07	371,032.07
Total Surplus (Deficit):	551,000.00	309,400.00	8,154.91	-61,632.07	

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
011 - Wholesale Capital Outlay	551,000.00	309,400.00	8,154.91	-61,632.07	371,032.07
Total Surplus (Deficit):	551,000.00	309,400.00	8,154.91	-61,632.07	



San Juan Water District, CA

Retail Operating Income Statement

Group Summary

For Fiscal: 2021-2022 Period Ending: 12/31/2021

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 050 - RETAIL					
Revenue					
41000 - Water Sales	13,816,000.00	13,816,000.00	1,056,351.97	5,360,085.90	8,455,914.10
44500 - Capital Contributions - Revenue	0.00	0.00	0.00	-0.14	0.14
45000 - Other Operating Revenue	466,500.00	466,500.00	5,292.31	131,650.56	334,849.44
49000 - Other Non-Operating Revenue	154,200.00	154,200.00	2,118.35	54,079.31	100,120.69
Revenue Total:	14,436,700.00	14,436,700.00	1,063,762.63	5,545,815.63	8,890,884.37
Expense					
41000 - Water Sales	0.00	0.00	179.00	1,441.41	-1,441.41
51000 - Salaries and Benefits	5,406,500.00	5,406,500.00	397,976.21	2,457,555.29	2,948,944.71
52000 - Debt Service Expense	480,300.00	480,300.00	0.00	40,673.06	439,626.94
53000 - Source of Supply	3,314,300.00	3,314,300.00	0.00	1,566,308.72	1,747,991.28
54000 - Professional Services	1,499,800.00	1,499,800.00	24,613.52	400,091.42	1,099,708.58
55000 - Maintenance	349,300.00	349,300.00	6,868.02	109,319.52	239,980.48
56000 - Utilities	416,100.00	416,100.00	31.55	217,370.14	198,729.86
57000 - Materials and Supplies	782,900.00	782,900.00	11,037.86	187,350.82	595,549.18
58000 - Public Outreach	113,000.00	113,000.00	0.00	24,184.10	88,815.90
59000 - Other Operating Expenses	669,700.00	669,700.00	47,923.17	319,213.79	350,486.21
69000 - Other Non-Operating Expenses	1,500.00	1,500.00	1,475.00	1,474.92	25.08
69900 - Transfers Out	757,200.00	757,200.00	0.00	0.00	757,200.00
Expense Total:	13,790,600.00	13,790,600.00	490,104.33	5,324,983.19	8,465,616.81
Fund: 050 - RETAIL Surplus (Deficit):	646,100.00	646,100.00	573,658.30	220,832.44	425,267.56
Total Surplus (Deficit):	646,100.00	646,100.00	573,658.30	220,832.44	

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
050 - RETAIL	646,100.00	646,100.00	573,658.30	220,832.44	425,267.56
Total Surplus (Deficit):	646,100.00	646,100.00	573,658.30	220,832.44	



San Juan Water District, CA

Retail Capital Income Statement

Group Summary

For Fiscal: 2021-2022 Period Ending: 12/31/2021

Account	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
Fund: 055 - Retail Capital Outlay					
Revenue					
42000 - Taxes & Assessments	1,248,000.00	1,248,000.00	4,406.90	17,608.47	1,230,391.53
44000 - Connection Fees	50,000.00	50,000.00	-4,215.75	1,232,566.79	-1,182,566.79
49000 - Other Non-Operating Revenue	83,200.00	83,200.00	0.00	-5,243.39	88,443.39
49990 - Transfer In	757,200.00	757,200.00	0.00	0.00	757,200.00
Revenue Total:	2,138,400.00	2,138,400.00	191.15	1,244,931.87	893,468.13
Expense					
54000 - Professional Services	210,000.00	210,000.00	0.00	0.00	210,000.00
61000 - Capital Outlay	8,374,300.00	8,374,300.00	154,170.75	1,674,710.20	6,699,589.80
Expense Total:	8,584,300.00	8,584,300.00	154,170.75	1,674,710.20	6,909,589.80
Fund: 055 - Retail Capital Outlay Surplus (Deficit):	-6,445,900.00	-6,445,900.00	-153,979.60	-429,778.33	-6,016,121.67
Total Surplus (Deficit):	-6,445,900.00	-6,445,900.00	-153,979.60	-429,778.33	

Fund Summary

Fund	Original Total Budget	Current Total Budget	MTD Activity	YTD Activity	Budget Remaining
055 - Retail Capital Outlay	-6,445,900.00	-6,445,900.00	-153,979.60	-429,778.33	-6,016,121.67
Total Surplus (Deficit):	-6,445,900.00	-6,445,900.00	-153,979.60	-429,778.33	

Summary

Project Summary

Project Number	Project Name	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
185135	U&L GB Pump Stn Low Flow Pumps wi	1,427.37	48,636.02	-47,208.65
185180	Cavitt Stallman Main - Mystery Crk & C	15,406.50	340,611.14	-325,204.64
191235	Solar Site Access Culvert Replacement	0.00	725.54	-725.54
191255	WTP Filter Basins Rehab Project	0.00	40,689.97	-40,689.97
191280	Hinkle Reservoir Cover	0.00	17,801.75	-17,801.75
195225	Kokila SJWD/PCWA Intertie	10,223.60	308,780.78	-298,557.18
195240	Woodminister 18 Service Replacemen	7,434.56	166,076.00	-158,641.44
195255	Bacon Pump Station Security Improve	5,066.13	0.00	5,066.13
195265	Douglas Booster Pump Station Electric	0.00	357.58	-357.58
201111	Hinkle Reservoir Overflow Channel Lin	0.00	725.55	-725.55
201144	Hinkle Reservoir Temporary Tanks anc	-52,203.95	47,756.18	-99,960.13
205111	Margo Ln Services Replacements (8 Sh	7,589.84	165,473.30	-157,883.46
205114	AFR 6 inch Main Extension Replaceme	6,850.00	137,882.50	-131,032.50
211148	Admin Building Electrical Improvemen	0.00	122.80	-122.80
215105	Eureka Road 18" T-main Design	0.00	95,385.23	-95,385.23
215114	Bacon Pump Station Generator Repla	0.00	36,657.62	-36,657.62
215117	Upper Granite Bay Pump Station Gene	4,812.23	114,826.10	-110,013.87
215120	Kokila Reservoir (Replace Hypalon wtl	0.00	93,766.17	-93,766.17
221139	Turbidimeters Replacement (28)	0.00	82,140.61	-82,140.61
225133	Field Services 3-Sided Parts Shelter	0.00	16,100.50	-16,100.50
225162	Sierra #1 and #4 VFD Replacement	0.00	31,633.91	-31,633.91
Project Totals:		6,606.28	1,746,149.25	-1,739,542.97

Group Summary

Group	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
CIP - Asset	6,606.28	1,746,026.45	-1,739,420.17
CIP - Asset Unplanned	0.00	122.80	-122.80
Group Totals:	6,606.28	1,746,149.25	-1,739,542.97

Type Summary

Type	Total Revenue	Total Expense	Revenue Over/ (Under) Expenses
Administration	0.00	122.80	-122.80
Engineering	6,606.28	1,556,934.17	-1,550,327.89
Field Services	0.00	47,734.41	-47,734.41
Water Treatment Plant	0.00	141,357.87	-141,357.87
Type Totals:	6,606.28	1,746,149.25	-1,739,542.97



San Juan Water District, CA

Balance Sheet

Account Summary

As Of 12/31/2021

Account	010 - WHOLESALE	011 - Wholesale Capital Outlay	050 - RETAIL	055 - Retail Capital Outlay	Total
Asset					
Type: 1000 - Assets					
10010 - Cash and Investments	4,009,904.33	16,401,834.75	3,573,305.53	11,927,752.01	35,912,796.62
10510 - Accounts Receivable	40,725.77	0.01	433,959.87	-0.01	474,685.64
11000 - Inventory	4,720.31	0.00	192,285.96	0.00	197,006.27
12000 - Prepaid Expense	107,375.06	0.00	38,023.98	0.00	145,399.04
14010 - Deferred Outflows	2,397,243.03	0.00	2,408,775.55	0.00	4,806,018.58
17010 - Capital Assets - Work in Progress	8,687,115.48	0.00	871,592.42	0.00	9,558,707.90
17150 - Capital Assets - Land Non-depreciable	98,212.00	0.00	166,272.00	0.00	264,484.00
17160 - Capital Assets - Improvements Other Than Buildings	824,743.09	0.00	94,608.30	0.00	919,351.39
17200 - Capital Assets - Pump Stations & Improvements	7,047,178.00	0.00	6,345,246.76	0.00	13,392,424.76
17300 - Capital Assets - Buildings & Improvements	1,279,892.05	0.00	275,982.16	0.00	1,555,874.21
17350 - Capital Assets - Water Treatment Plant & Imp	35,721,515.04	0.00	16,000.00	0.00	35,737,515.04
17400 - Capital Assets - Mains/Pipelines & Improvements	28,195,288.95	0.00	46,485,787.92	0.00	74,681,076.87
17500 - Capital Assets - Reservoirs & Improvements	2,923,447.50	0.00	2,492,421.90	0.00	5,415,869.40
17700 - Capital Assets - Equipment & Furniture	13,701,788.65	0.00	1,120,712.36	0.00	14,822,501.01
17750 - Capital Assets - Vehicles	312,488.26	0.00	680,799.24	0.00	993,287.50
17800 - Capital Assets - Software	252,082.02	0.00	588,798.30	0.00	840,880.32
17850 - Capital Assets - Intangible	666,196.00	0.00	0.00	0.00	666,196.00
17900 - Less Accumulated Depreciation	-41,462,480.52	0.00	-30,651,966.16	0.00	-72,114,446.68
Total Type 1000 - Assets:	64,807,435.02	16,401,834.76	35,132,606.09	11,927,752.00	128,269,627.87
Total Asset:	64,807,435.02	16,401,834.76	35,132,606.09	11,927,752.00	128,269,627.87
Liability					
Type: 1000 - Assets					
10510 - Accounts Receivable	0.00	0.00	104,680.91	0.00	104,680.91
Total Type 1000 - Assets:	0.00	0.00	104,680.91	0.00	104,680.91
Type: 2000 - Liabilities					
20010 - Accounts Payable	21,344.36	360.50	87,690.05	516,725.74	626,120.65
20100 - Retentions Payable	0.00	181,676.39	7,274.30	61,809.10	250,759.79
20150 - Customer Deposits	3,455.68	0.00	0.00	0.00	3,455.68
21200 - Salaries & Benefits Payable	36,649.93	0.00	64,539.32	0.00	101,189.25
21250 - Payroll Taxes Payable	0.01	0.00	-0.01	0.00	0.00
21300 - Compensated Absences	431,555.36	0.00	550,922.63	0.00	982,477.99
21500 - Premium on Issuance of Bonds Series 2017	1,556,168.70	0.00	868,025.18	0.00	2,424,193.88
21600 - OPEB Liability	1,304,245.49	0.00	1,681,681.61	0.00	2,985,927.10

Balance Sheet

As Of 12/31/2021

Account	010 - WHOLESALE	011 - Wholesale Capital Outlay	050 - RETAIL	055 - Retail Capital Outlay	Total
21700 - Pension Liability	1,428,545.00	0.00	1,893,652.00	0.00	3,322,197.00
22010 - Deferred Income	0.00	0.00	269,152.72	0.00	269,152.72
22050 - Deferred Inflows	851,929.18	0.00	1,135,692.82	0.00	1,987,622.00
24000 - Current Bonds Payables	762,895.50	0.00	422,104.50	0.00	1,185,000.00
24200 - 2012 Bonds Payable	5,217,205.00	0.00	2,832,795.00	0.00	8,050,000.00
24250 - Bonds Payable 2017 Refunding	14,588,800.00	0.00	8,206,200.00	0.00	22,795,000.00
Total Type 2000 - Liabilities:	26,202,794.21	182,036.89	18,019,730.12	578,534.84	44,983,096.06
Total Liability:	26,202,794.21	182,036.89	18,124,411.03	578,534.84	45,087,776.97
Equity					
Type: 3000 - Equity					
30100 - Investment in Capital Assets	37,134,927.67	0.00	16,724,765.17	0.00	53,859,692.84
30500 - Designated Reserves	-192,576.82	16,281,429.94	62,597.45	11,778,995.49	27,930,446.06
Total Type 3000 - Equity:	36,942,350.85	16,281,429.94	16,787,362.62	11,778,995.49	81,790,138.90
Total Total Beginning Equity:	36,942,350.85	16,281,429.94	16,787,362.62	11,778,995.49	81,790,138.90
Total Revenue	4,622,784.49	243,267.21	5,545,815.63	1,244,931.87	11,656,799.20
Total Expense	2,960,494.53	304,899.28	5,324,983.19	1,674,710.20	10,265,087.20
Revenues Over/Under Expenses	1,662,289.96	-61,632.07	220,832.44	-429,778.33	1,391,712.00
Total Equity and Current Surplus (Deficit):	38,604,640.81	16,219,797.87	17,008,195.06	11,349,217.16	83,181,850.90
Total Liabilities, Equity and Current Surplus (Deficit):	64,807,435.02	16,401,834.76	35,132,606.09	11,927,752.00	128,269,627.87



San Juan Water District, CA

Check Report

By Vendor DBA Name

Date Range: 12/01/2021 - 12/31/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: APBNK-APBNK						
	Void	12/06/2021	Regular	0.00	0.00	57495
	Void	12/06/2021	Regular	0.00	0.00	57496
	Void	12/06/2021	Regular	0.00	0.00	57497
	Void	12/06/2021	Regular	0.00	0.00	57498
	Void	12/06/2021	Regular	0.00	0.00	57499
	Void	12/06/2021	Regular	0.00	0.00	57500
	Void	12/06/2021	Regular	0.00	0.00	57501
	Void	12/06/2021	Regular	0.00	0.00	57502
	Void	12/06/2021	Regular	0.00	0.00	57503
	Void	12/06/2021	Regular	0.00	0.00	57504
	Void	12/06/2021	Regular	0.00	0.00	57505
	Void	12/06/2021	Regular	0.00	0.00	57506
	Void	12/06/2021	Regular	0.00	0.00	57507
	Void	12/06/2021	Regular	0.00	0.00	57508
	Void	12/06/2021	Regular	0.00	0.00	57509
	Void	12/06/2021	Regular	0.00	0.00	57510
	Void	12/13/2021	Regular	0.00	0.00	57540
	Void	12/13/2021	Regular	0.00	0.00	57546
	Void	12/13/2021	Regular	0.00	0.00	57547
	Void	12/13/2021	Regular	0.00	0.00	57548
	Void	12/13/2021	Regular	0.00	0.00	57549
	Void	12/13/2021	Regular	0.00	0.00	57550
	Void	12/13/2021	Regular	0.00	0.00	57551
	Void	12/13/2021	Regular	0.00	0.00	57552
	Void	12/13/2021	Regular	0.00	0.00	57553
	Void	12/13/2021	Regular	0.00	0.00	57554
	Void	12/06/2021	EFT	0.00	0.00	407713
01328	Association of California Water Agencies / Joint P	12/06/2021	EFT	0.00	7,291.28	407712
01039	American Family Life Assurance Company of Colu	12/30/2021	Bank Draft	0.00	413.71	Q3869 12-30-21
01039	American Family Life Assurance Company of Colu	12/30/2021	Bank Draft	0.00	354.55	Q3869 12-30-21
01039	American Family Life Assurance Company of Colu	12/30/2021	Bank Draft	0.00	59.16	Q3869 12-30-21
03109	Alfa Laval Inc.	12/06/2021	EFT	0.00	52.31	407711
03406	Alpha Analytical Laboratories Inc.	12/06/2021	Regular	0.00	423.00	57512
03406	Alpha Analytical Laboratories Inc.	12/13/2021	Regular	0.00	455.00	57528
03406	Alpha Analytical Laboratories Inc.	12/20/2021	Regular	0.00	2,346.00	57559
01068	Walker, Glenn C.	12/06/2021	Regular	0.00	1,299.76	57526
01112	Applied Computer Solutions	12/28/2021	EFT	0.00	8,468.19	407744
01138	AT&T Mobility II LLC	12/20/2021	Regular	0.00	63.24	57560
01165	Backflow Technologies	12/06/2021	Regular	0.00	5,805.00	57514
02302	Riebes Auto Parts, LLC	12/06/2021	Regular	0.00	38.10	57522
03594	Borges & Mahoney, Inc.	12/20/2021	Regular	0.00	717.19	57561
03316	Brown, Lisa	12/13/2021	Regular	0.00	8.08	57531
01235	BSK Associates	12/06/2021	EFT	0.00	189.00	407714
01235	BSK Associates	12/13/2021	EFT	0.00	400.00	407725
01235	BSK Associates	12/20/2021	EFT	0.00	56.00	407737
01235	BSK Associates	12/28/2021	EFT	0.00	332.00	407745
03080	California State Disbursement Unit	12/13/2021	Bank Draft	0.00	1,358.76	PAY0000000003
03080	California State Disbursement Unit	12/24/2021	Bank Draft	0.00	1,358.76	PAY0000000003
03078	CalPERS Health	12/08/2021	Bank Draft	0.00	39,812.62	1002001107
03078	CalPERS Health	12/08/2021	Bank Draft	0.00	46,391.99	1002001107
03078	CalPERS Health	12/08/2021	Bank Draft	0.00	46,391.99	1002001107
03078	CalPERS Health	12/08/2021	Bank Draft	0.00	813.64	1002001107
03130	CalPERS Retirement	12/10/2021	Bank Draft	0.00	35,742.10	1002002763
03130	CalPERS Retirement	12/10/2021	Bank Draft	0.00	347.09	1002002763

Check Report

Date Range: 12/01/2021 - 12/31/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
03130	CalPERS Retirement	12/23/2021	Bank Draft	0.00	894.75	1002011732
03130	CalPERS Retirement	12/23/2021	Bank Draft	0.00	366.07	1002011734
03130	CalPERS Retirement	12/23/2021	Bank Draft	0.00	33,963.44	1002011734
03690	California Department of Tax and Fee Administrat	12/06/2021	Regular	0.00	30,543.06	57515
03059	Center For Hearing Health Inc	12/20/2021	Regular	0.00	3,387.00	57562
01366	Citistreet/CalPERS 457	12/10/2021	Bank Draft	0.00	4,310.65	1002002766
01366	Citistreet/CalPERS 457	12/23/2021	Bank Draft	0.00	100.00	1002011731
01366	Citistreet/CalPERS 457	12/23/2021	Bank Draft	0.00	4,199.59	1002011731
01366	Citistreet/CalPERS 457	12/23/2021	Bank Draft	0.00	25,700.00	1002011731
01366	Citistreet/CalPERS 457	12/23/2021	Bank Draft	0.00	100.00	1002011731
01372	City of Folsom	12/20/2021	Regular	0.00	31.55	57563
01378	Clark Pest Control of Stockton	12/13/2021	Regular	0.00	248.00	57532
01378	Clark Pest Control of Stockton	12/28/2021	Regular	0.00	794.00	57582
03836	Clyde G. Steagall, Inc.	12/28/2021	Regular	0.00	91,432.27	57583
01411	SureWest Telephone	12/06/2021	Regular	0.00	3,517.85	57524
03678	Corothers, Kurtis W	12/20/2021	Regular	0.00	183.18	57564
02214	County of Placer Engineering & Surveying	12/13/2021	Regular	0.00	199.28	57533
01423	County of Sacramento	12/28/2021	Regular	0.00	210.00	57584
01521	DataProse, LLC	12/06/2021	EFT	0.00	2,340.88	407715
01521	DataProse, LLC	12/13/2021	EFT	0.00	11,374.39	407726
01521	DataProse, LLC	12/28/2021	EFT	0.00	992.06	407746
01494	Dewey Services Inc.	12/20/2021	Regular	0.00	110.00	57565
01503	Division 5-15, A California Corporation	12/13/2021	EFT	0.00	3,194.30	407727
01509	Domenichelli & Associates, Inc.	12/06/2021	EFT	0.00	9,683.00	407716
01509	Domenichelli & Associates, Inc.	12/13/2021	EFT	0.00	15,167.73	407728
03776	EETS Inc.	12/13/2021	EFT	0.00	8,175.00	407729
03749	Eide Bailly LLP	12/13/2021	EFT	0.00	612.50	407730
01554	Electrical Equipment Co	12/13/2021	Regular	0.00	627.17	57534
01566	Empire Safety & Supply	12/20/2021	Regular	0.00	-243.89	57184
01566	Empire Safety & Supply	12/20/2021	Regular	0.00	243.89	57577
01569	Employee Relations, Inc.	12/20/2021	Regular	0.00	126.22	57566
03702	Flowline Contractors, Inc.	12/06/2021	EFT	0.00	71,253.00	407717
03702	Flowline Contractors, Inc.	12/20/2021	EFT	0.00	9,569.00	407738
01073	Amarjeet Singh Garcha	12/06/2021	Regular	0.00	1,500.00	57513
01073	Amarjeet Singh Garcha	12/13/2021	Regular	0.00	1,500.00	57529
03784	Forsgren Associates Inc.	12/06/2021	EFT	0.00	577.50	407718
03784	Forsgren Associates Inc.	12/28/2021	EFT	0.00	390.00	407747
03091	Granite Bay Ace Hardware	12/13/2021	Regular	0.00	86.09	57535
03091	Granite Bay Ace Hardware	12/20/2021	Regular	0.00	48.17	57567
01706	Graymont Western US Inc.	12/28/2021	EFT	0.00	6,905.71	407748
01721	Hach Company	12/06/2021	EFT	0.00	1,229.65	407719
01721	Hach Company	12/13/2021	EFT	0.00	82,140.61	407731
01733	Harris Industrial Gases	12/28/2021	Regular	0.00	97.54	57585
03841	Hawkins Properties	12/13/2021	Regular	0.00	1,036.53	57536
01738	Hazardous Disposal Specialists, Inc.	12/20/2021	EFT	0.00	2,720.00	407739
01741	HDR Engineering, Inc.	12/06/2021	EFT	0.00	2,315.09	407720
01741	HDR Engineering, Inc.	12/28/2021	EFT	0.00	1,692.74	407749
03164	Internal Revenue Service	12/02/2021	Bank Draft	0.00	240.04	2701736903932
03164	Internal Revenue Service	12/02/2021	Bank Draft	0.00	846.46	2701736903932
03164	Internal Revenue Service	12/10/2021	Bank Draft	0.00	197.74	2701744601120
03164	Internal Revenue Service	12/10/2021	Bank Draft	0.00	46,344.70	2701744601120
03164	Internal Revenue Service	12/10/2021	Bank Draft	0.00	653.82	2701744601120
03164	Internal Revenue Service	12/15/2021	Bank Draft	0.00	126.71	2701744601120
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	6,399.79	2701757542811
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	91.80	2701757542811
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	533.98	2701757542811
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	44,188.11	2701757542811
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	831.64	2701757542811
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	871.34	2701757844080
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	109.71	2701757844080
03164	Internal Revenue Service	12/23/2021	Bank Draft	0.00	681.25	2701757844080

Check Report

Date Range: 12/01/2021 - 12/31/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
03838	Aria Service Group	12/13/2021	Regular	0.00	1,382.00	57530
03828	Richard D. Jones, A Professional Law Corporation	12/06/2021	Regular	0.00	5,985.00	57521
01917	Kennedy/Jenks Consultants, Inc.	12/13/2021	EFT	0.00	13,929.56	407732
03814	Kreisberg Law Firm	12/28/2021	Regular	0.00	150.00	57586
03628	Lees Automotive Repair Inc.	12/20/2021	EFT	0.00	877.80	407740
01959	Les Schwab Tire Centers of California Inc	12/20/2021	Regular	0.00	694.94	57568
02580	The Eidam Corporation	12/13/2021	Regular	0.00	4,621.75	57543
03553	Mallory Safety and Supply LLC	12/20/2021	EFT	0.00	2,528.63	407741
02024	MCI WORLDCOM	12/13/2021	Regular	0.00	53.52	57537
02463	New AnswerNet Inc.	12/13/2021	EFT	0.00	269.95	407733
02131	Office Depot, Inc.	12/06/2021	Regular	0.00	209.36	57516
02131	Office Depot, Inc.	12/13/2021	Regular	0.00	73.78	57538
02131	Office Depot, Inc.	12/28/2021	Regular	0.00	146.18	57587
02150	Pace Supply Corp	12/06/2021	Regular	0.00	7,696.92	57517
02150	Pace Supply Corp	12/20/2021	Regular	0.00	1,556.63	57569
02158	Pacific Storage Company	12/28/2021	EFT	0.00	110.00	407750
03801	PeopleReady, Inc	12/06/2021	Regular	0.00	7,280.00	57518
03801	PeopleReady, Inc	12/20/2021	Regular	0.00	1,400.00	57570
03026	PFM Asset Management	12/13/2021	EFT	0.00	1,000.13	407734
02146	PG&E	12/13/2021	Regular	0.00	136,965.43	57539
02146	PG&E	12/28/2021	Regular	0.00	10.00	57588
02223	Rexel Inc (Platt - Rancho Cordova)	12/06/2021	Regular	0.00	16,103.92	57519
03385	S J Electro Systems Inc	12/06/2021	EFT	0.00	2,678.00	407722
01736	Quadient Leasing USA, Inc. - Lease	12/06/2021	EFT	0.00	462.81	407721
02283	Recology Auburn Placer	12/20/2021	Regular	0.00	714.91	57571
02293	RFI Enterprises, Inc	12/06/2021	Regular	0.00	609.07	57520
02293	RFI Enterprises, Inc	12/13/2021	Regular	0.00	845.67	57541
02298	Richardson & Company, LLP	12/13/2021	Regular	0.00	17,105.00	57542
02357	Sacramento Municipal Utility District (SMUD)	12/20/2021	Regular	0.00	13,020.32	57572
02395	SAFETY KLEEN SYSTEMS INC.	12/06/2021	Regular	0.00	1,152.39	57523
03832	A.E. Media Group, LLC	12/06/2021	Regular	0.00	3,930.00	57511
03163	Economic Development Department	12/13/2021	Bank Draft	0.00	99.25	0-082-473-056
03163	Economic Development Department	12/13/2021	Bank Draft	0.00	9,179.42	0-082-473-056
03163	Economic Development Department	12/03/2021	Bank Draft	0.00	122.85	0-315-502-688
03163	Economic Development Department	12/03/2021	Bank Draft	0.00	26.15	0-315-502-688
03163	Economic Development Department	12/24/2021	Bank Draft	0.00	16.48	0-714-074-208
03163	Economic Development Department	12/24/2021	Bank Draft	0.00	1,176.74	0-714-074-208
03163	Economic Development Department	12/24/2021	Bank Draft	0.00	76.01	0-714-074-208
03163	Economic Development Department	12/24/2021	Bank Draft	0.00	8,744.30	0-714-074-208
03163	Economic Development Department	12/24/2021	Bank Draft	0.00	158.14	0-815-622-240
03163	Economic Development Department	12/24/2021	Bank Draft	0.00	99.50	0-815-622-240
02514	State Water Resources Control Board - SWRCB	12/20/2021	Regular	0.00	17,104.55	57573
03830	Stoel Rives LLP	12/20/2021	Regular	0.00	47,006.00	57574
01641	Sun Life Assurance Company of Canada	12/01/2021	Bank Draft	0.00	9,608.65	663503
02572	Thatcher Company of California, Inc.	12/13/2021	EFT	0.00	6,210.00	407735
02581	The Ferguson Group, LLC	12/06/2021	EFT	0.00	6,000.00	407723
02581	The Ferguson Group, LLC	12/28/2021	EFT	0.00	6,000.00	407751
03763	Trucksmart	12/28/2021	Regular	0.00	4,467.17	57589
03644	Tully & Young, Inc.	12/28/2021	Regular	0.00	4,220.00	57590
02638	Tyler Technologies, Inc.	12/06/2021	Regular	0.00	23,708.06	57525
03671	U. S. Saws, Inc.	12/20/2021	EFT	0.00	203.26	407742
02651	United Parcel Service Inc	12/13/2021	Regular	0.00	99.00	57544
02651	United Parcel Service Inc	12/20/2021	Regular	0.00	35.00	57575
02667	US Bank Corporate Payments Sys (CalCard)	12/13/2021	Regular	0.00	27,971.36	57545
03077	VALIC	12/10/2021	Bank Draft	0.00	3,041.34	207999
03077	VALIC	12/23/2021	Bank Draft	0.00	3,049.01	209642
02690	Verizon Wireless	12/20/2021	Regular	0.00	3,331.91	57576
01687	W. W. Grainger, Inc.	12/13/2021	Regular	0.00	136.15	57555
02710	WageWorks, Inc	12/28/2021	EFT	0.00	98.00	407752
03387	WageWorks, Inc	12/13/2021	EFT	0.00	268.30	407736
03387	WageWorks, Inc	12/28/2021	EFT	0.00	268.30	407753

Check Report

Date Range: 12/01/2021 - 12/31/2021

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
01486	WAPA - Department of Energy	12/06/2021	EFT	0.00	1,520.69	407724
01486	WAPA - Department of Energy	12/20/2021	EFT	0.00	22.19	407743
01486	WAPA - Department of Energy	12/28/2021	EFT	0.00	1,520.69	407754
03791	Water Systems Consulting, Inc.	12/28/2021	EFT	0.00	32,091.84	407755
03842	Yevchenko, Viktor	12/13/2021	Regular	0.00	17,990.00	57556
02766	Youngdahl Consulting Group, Inc.	12/13/2021	Regular	0.00	1,777.50	57557

Bank Code APBNK Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	109	64	0.00	516,630.66
Manual Checks	0	0	0.00	0.00
Voided Checks	0	27	0.00	-243.89
Bank Drafts	46	46	0.00	380,193.80
EFT's	70	45	0.00	323,182.09
	225	182	0.00	1,219,762.66

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	109	64	0.00	516,630.66
Manual Checks	0	0	0.00	0.00
Voided Checks	0	27	0.00	-243.89
Bank Drafts	46	46	0.00	380,193.80
EFT's	70	45	0.00	323,182.09
	225	182	0.00	1,219,762.66

Fund Summary

Fund	Name	Period	Amount
999	INTERCOMPANY	12/2021	1,219,762.66
			1,219,762.66



San Juan Water District, CA

Vendor History Report

By Vendor Name

Posting Date Range 07/01/2021 - 12/31/2021

Payment Date Range -

Payable Number	Description	Post Date	1099	Payment Number	Payment Date	Amount	Shipping	Tax	Discount	Net	Payment
Item Description	Units	Price	Amount	Account Number	Account Name	Dist Amount					
Vendor Set: 01 - Vendor Set 01											
02162 - Tobin, Pamela											
Exp Reimb 08-2021	Mileage Reimbursement-Lunch Mtng Ryan Jc7/31/2021			407538	8/24/2021	41.18	0.00	0.00	0.00	41.18	41.18
Mileage Reimbursement-	0.00	0.00	41.18	010-010-52110	Training - Meetings, Education & Trai	20.59					
				050-010-52110	Training - Meetings, Education & Trai	20.59					
Exp Reimb 10-2021	Mileage & Exp Reimb-Various Mtngs & Water10/31/2021			407688	11/15/2021	108.24	0.00	0.00	0.00	108.24	108.24
Mileage & Exp Reimb-Var	0.00	0.00	108.24	010-010-52110	Training - Meetings, Education & Trai	54.12					
				050-010-52110	Training - Meetings, Education & Trai	54.12					
Vendors: (1) Total 01 - Vendor Set 01:						149.42	0.00	0.00	0.00	149.42	149.42
Vendors: (1) Report Total:						149.42	0.00	0.00	0.00	149.42	149.42

2021/22 Actual Deliveries and Revenue - By Wholesale Customer Agency

July - November 2021							
	Budgeted Deliveries	Budgeted Revenue	Actual Deliveries	Actual Revenue	Delivery Variance		Revenue Variance
San Juan Retail	7,173.64	\$ 1,525,719	6,803.95	\$ 1,495,722	(369.69)	-5.2%	\$ (29,996) -2.0%
Citrus Heights Water District	5,320.63	\$ 1,333,086	3,750.81	\$ 1,205,711	(1,569.82)	-29.5%	\$ (127,375) -9.6%
Fair Oaks Water District	3,786.03	\$ 933,035	3,210.82	\$ 886,363	(575.21)	-15.2%	\$ (46,672) -5.0%
Orange Vale Water Co.	2,195.05	\$ 489,772	1,998.07	\$ 473,788	(196.98)	-9.0%	\$ (15,983) -3.3%
City of Folsom	646.05	\$ 145,309	574.04	\$ 139,467	(72.01)	-11.1%	\$ (5,843) -4.0%
Granite Bay Golf Course	210.94	\$ 7,457	225.89	\$ 7,985	14.95	7.1%	\$ 529 7.1%
Sac Suburban Water District	-	\$ -	158.91	\$ 41,342	158.91		\$ 41,342
TOTAL	19,332.33	\$ 4,434,378	16,722.49	\$ 4,250,379	(2,609.84)	-13.5%	\$ (183,999) -4.1%

Budgeted Deliveries	19,332.33
Actual Deliveries	16,722.49
Difference	(2,609.84)
	-13.5%

Budgeted Water Sale Revenue	\$ 4,434,378
Actual Water Sale Revenue	\$ 4,250,379
Difference	\$ (183,999)
	-4.1%

Conclusion:

November water deliveries were approximately 46% less than budgeted bringing the combined water deliveries for July - November to 13.5% less than budget. As shown in the numbers above, the main drivers of the variance are the Citrus Heights Water District and the Fair Oaks Water District, both taking less than anticipated in the budget. Because the majority of revenues come from the quarterly service charge, this equates to only a -4.1% variance in revenues.

Excluding SSWD, deliveries were 4,740 acre feet less than the same time period last year, a 22.5% decline. The budget anticipated year over year decline of 7.25%.

2021/22 Actual Deliveries and Revenue - By Wholesale Customer Agency

July - December 2021								
	Budgeted Deliveries	Budgeted Revenue	Actual Deliveries	Actual Revenue	Delivery Variance		Revenue Variance	
San Juan Retail	7,559.90	\$ 1,745,790	7,157.15	\$ 1,713,111	(402.75)	-5.3%	\$ (32,679)	-1.9%
Citrus Heights Water District	5,790.49	\$ 1,551,485	3,783.36	\$ 1,388,626	(2,007.13)	-34.7%	\$ (162,859)	-10.5%
Fair Oaks Water District	4,046.90	\$ 1,079,370	3,498.47	\$ 1,034,870	(548.43)	-13.6%	\$ (44,500)	-4.1%
Orange Vale Water Co.	2,347.31	\$ 564,459	2,149.45	\$ 548,404	(197.86)	-8.4%	\$ (16,055)	-2.8%
City of Folsom	692.83	\$ 167,683	617.30	\$ 161,555	(75.53)	-10.9%	\$ (6,128)	-3.7%
Granite Bay Golf Course	212.97	\$ 7,529	225.89	\$ 7,985	12.92	6.1%	\$ 457	6.1%
Sac Suburban Water District	-	\$ -	552.81	\$ 143,819	552.81		\$ 143,819	
TOTAL	20,650.40	\$ 5,116,316	17,984.43	\$ 4,998,371	(2,665.97)	-12.9%	\$ (117,945)	-2.3%

1,261.94

Budgeted Deliveries	20,650.40
Actual Deliveries	17,984.43
Difference	(2,665.97)
	-12.9%

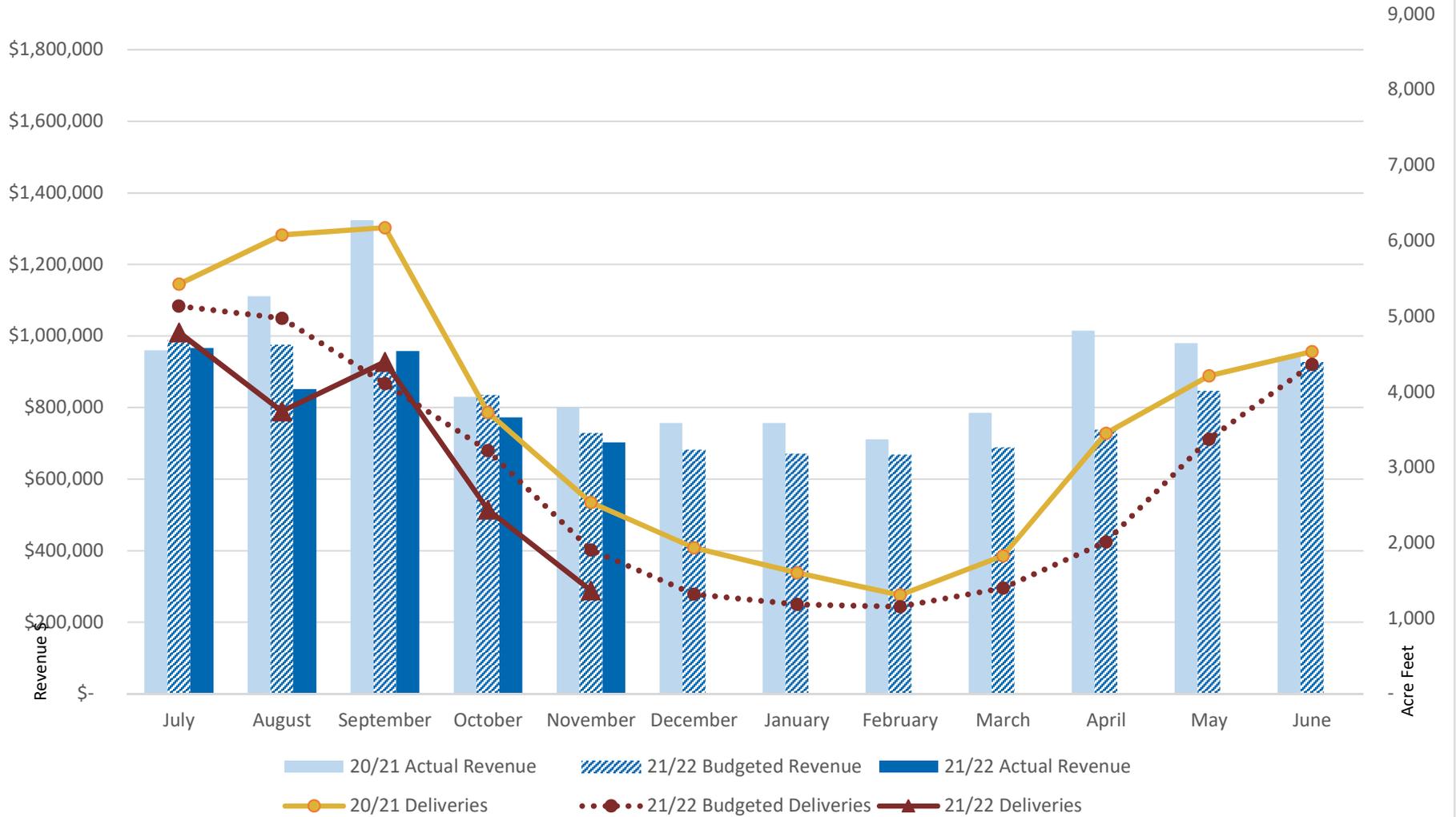
Budgeted Water Sale Revenue	\$ 5,116,316
Actual Water Sale Revenue	\$ 4,998,371
Difference	\$ (117,945)
	-2.3%

Conclusion:

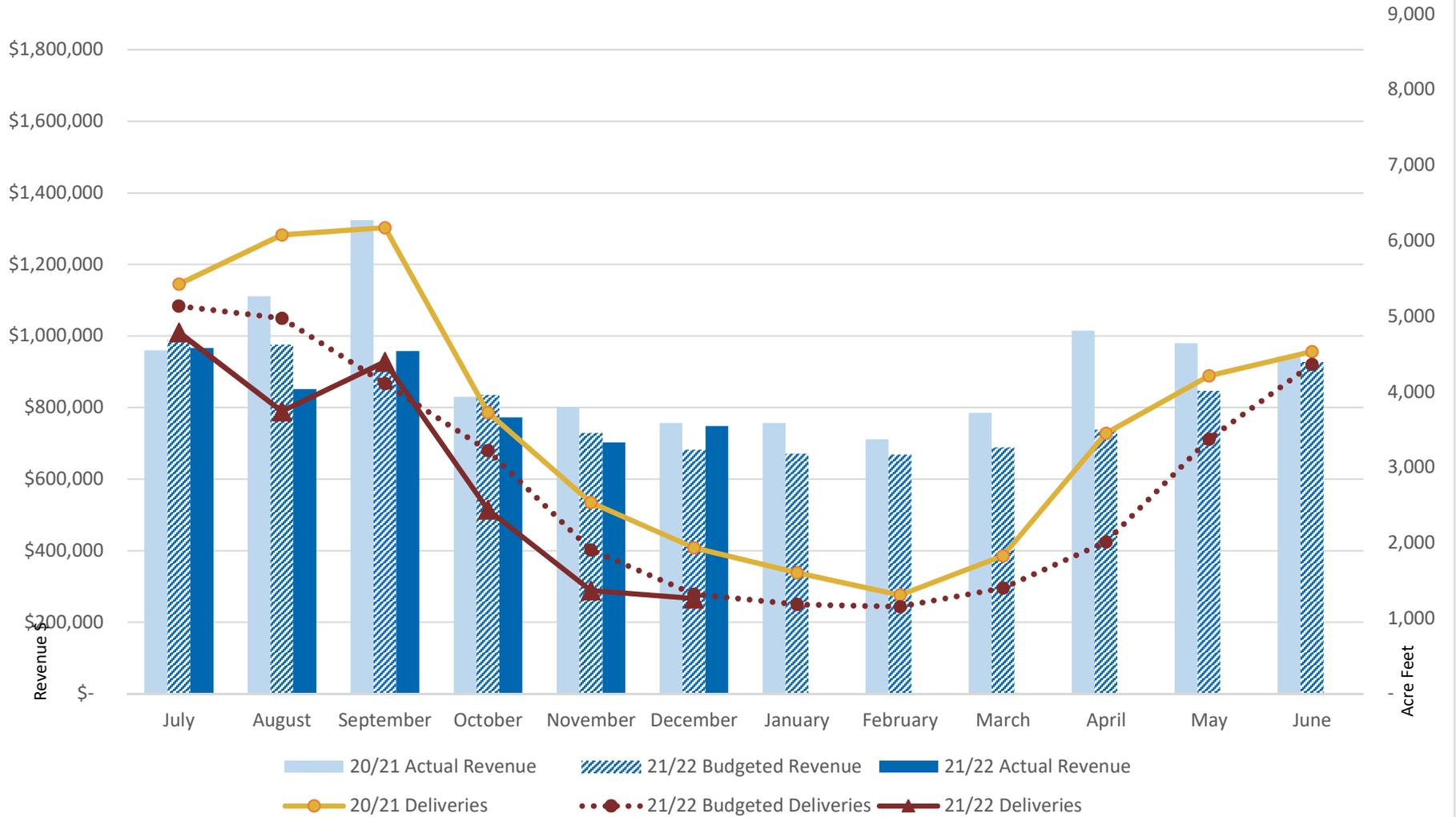
December water deliveries were approximately 4.25% less than budgeted bringing the combined water deliveries for July - November to 12.9% less than budget. As shown in the numbers above, the main drivers of the variance are the Citrus Heights Water District and the Fair Oaks Water District, both taking less than anticipated in the budget. Because the majority of revenues come from the quarterly service charge, this equates to only a -2.3% variance in revenues.

Excluding SSWD, deliveries were 5,366.6 acre feet less than the same time period last year, a 23.4% decline. The budget anticipated year over year decline of 7.25%.

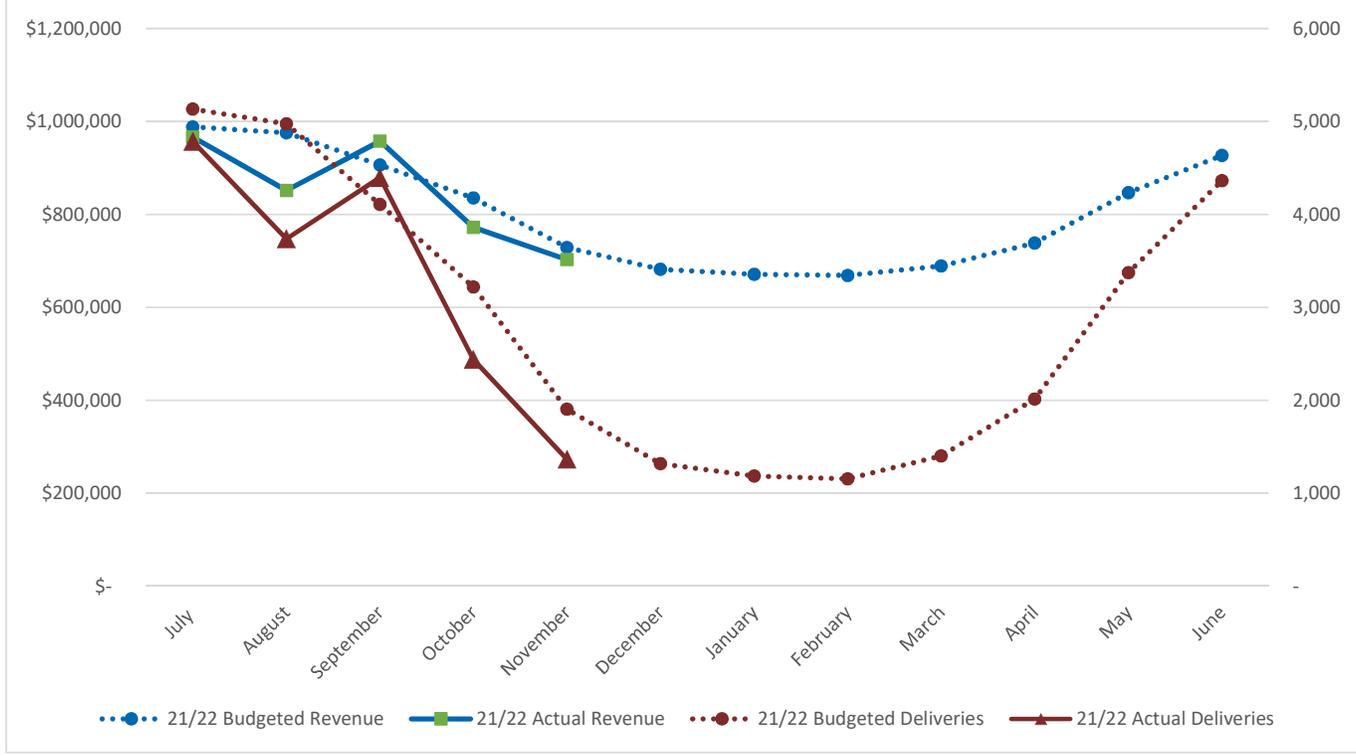
Comparison of Fiscal Year 2020/2021 Actuals to 2021/2022 Projections and Actuals of Deliveries and Revenue



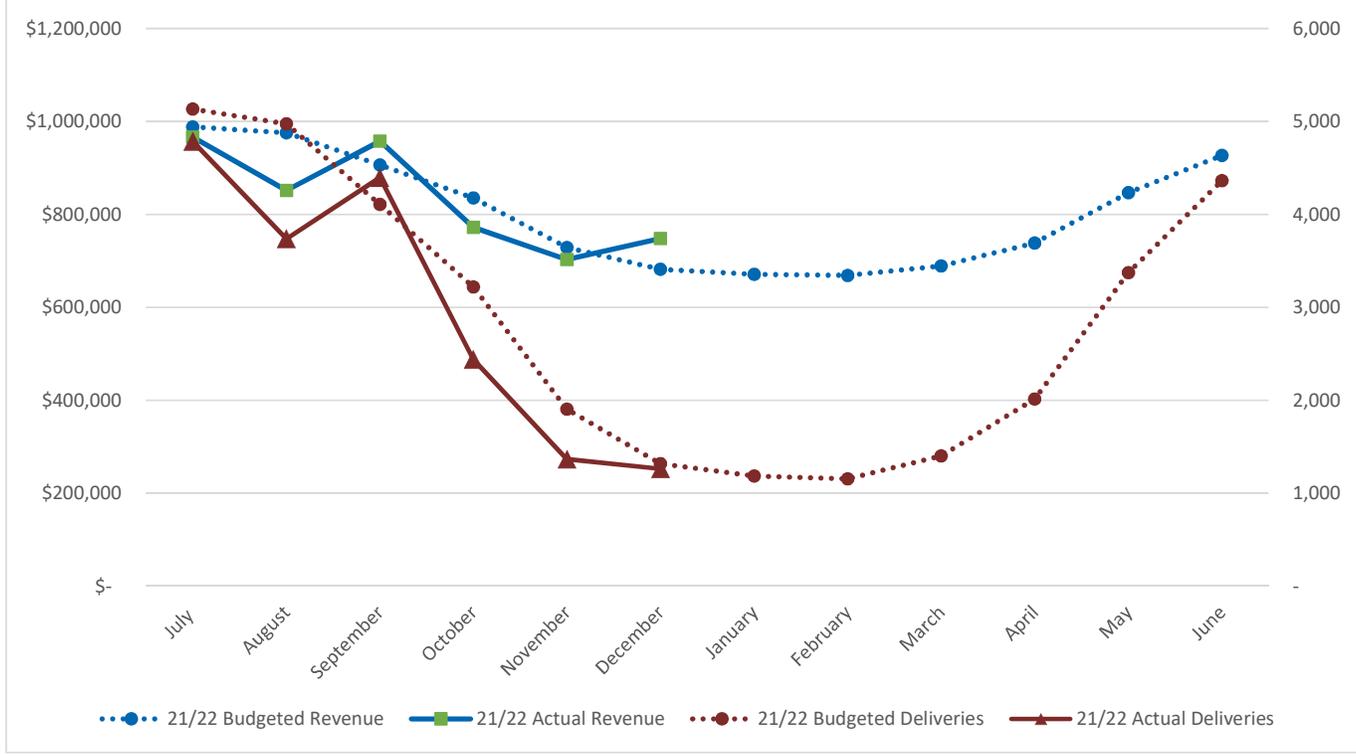
Comparison of Fiscal Year 2020/2021 Actuals to 2021/2022 Projections and Actuals of Deliveries and Revenue



Cumulative Water Deliveries and Revenues FY 2021-22



Cumulative Water Deliveries and Revenues FY 2021-22



AGENDA ITEM VIII-1

DRAFT

Legal Affairs Committee Meeting January 11, 2022 11:00 a.m.

Committee Members: Ted Costa, Chair
Ken Miller, Alternate

District Staff: Paul Helliker, General Manager
Greg Zlotnick, Water Resources Manager
Teri Grant, Board Secretary/Administrative Assistant
Ryan Jones, Legal Counsel

Topics: Approval of Ordinance No. 22-01 to revise Ordinances 1000, 12000, 16000 and 22000 (W & R)
Other Legal Affairs Matters
Public Comment

1. Approval of Ordinance No. 22-01 to revise Ordinances 1000, 12000, 16000 and 22000 (W & R)

GM Helliker provided a staff report which will be attached to the meeting minutes. He informed the committee that the Board has revised two ordinances to date and there are another 16 ordinances which need to be reviewed, to consider changes staff propose to make. He reviewed the proposed changes to four ordinances - ordinances 1000, 12000, 16000 and 22000, and explained that the changes are minor revisions. In addition, he informed the committee that Legal Counsel Jones reviewed the proposed changes.

The Legal Affairs Committee recommends that the Board of Directors introduce and waive the first reading of Ordinance No. 22-01 – An Ordinance of the Board of Directors of the San Juan Water District Amending Ordinances 1000, 12000, 16000 and 22000.

2. Other Legal Affairs Matters (W & R)

Director Miller inquired if the Board is required to officially accept Director Hanneman's resignation. GM Helliker stated that the government code does not require the Board to officially accept the resignation. He explained that the 60-day deadline for the Board to act began when the email was received since that was the time that the District became aware of the resignation. Legal Counsel Jones explained that the clock started immediately since Director Hanneman stated that his resignation was effective immediately. In addition, GM Helliker stated that he requested that Director Hanneman send in a signed document for the record. GM Helliker stated that the Board will discuss this matter at the Board meeting tonight.

3. Public Comment

There were no public comments.

The meeting was adjourned at 11:12 a.m.

AGENDA ITEM VIII-2

**Personnel Committee Meeting Minutes
San Juan Water District
January 18, 2022
11:00 a.m.**

Committee Members: Ken Miller, Chair
Ted Costa

District Staff: Paul Helliker, General Manager
Donna Silva, Director of Finance
Tony Barela, Operations Manager
Adam Larsen, Field Services Manager
Greg Turner, Water Treatment Plant Manager
Kenny Jahn, Maintenance Chief
Teri Grant, Board Secretary/Administrative Assistant

Topics: WTP Maintenance Position(s) (W)
Field Services – Meter Technician Position (R)
Other Personnel Matters
Public Comment

1. WTP Maintenance Position(s) (W)

Mr. Greg Turner provided a staff report which will be attached to the meeting minutes. He explained that staff recommends retitling the Facilities Maintenance Helper to Utilities Maintenance Worker I and providing a second step in the career ladder of Utilities Maintenance Worker II. The committee discussed the position and agreed with staff's recommendation.

The Personnel Committee recommends approval of a name change of the Facilities Maintenance Helper to Utilities Maintenance Worker I and making it a promotable position with the addition of a salary range for Level II

2. Field Services – Meter Technician Position (R)

Mr. Tony Barela provided a staff report and conducted a brief presentation which will both be attached to the meeting minutes. He informed the committee that staff is ready to implement the Meter Replacement Program which was reviewed by both the Engineering Committee and the Board in 2021. He reviewed three options, which were presented previously to the Engineering Committee, and explained that staff recommends Option 2. This option includes a new Meter Technician position in the Field Services Department. In addition, Mr. Barela informed the committee that the position would require a Distribution Operator II certification which would allow this position to assist with field operations should a situation arise that additional coverage was needed. The committee discussed the position and the various meter reading options for possible implementation in the future

The Personnel Committee recommends that the Board approve the establishment of a new Meter Technician position in the Field Services Department for the implementation of the Meter Replacement Program, and to achieve goals identified in the Retail Master Plan related to maintenance of the Distribution System.

3. Other Personnel Matters

There were no other matters discussed.

4. Public Comment

There were no public comments.

The meeting was adjourned at 11:50 a.m.

**Finance Committee Meeting Minutes
San Juan Water District
January 25, 2022
4:00 p.m.**

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

District Staff: Paul Helliker, General Manager
Donna Silva, Finance Director
April Naatz, Finance & Administrative Services Analyst
Teri Grant, Board Secretary/Administrative Assistant

Members of the Public: Ingrid Shepline, Richardson & Company, LLP
Carl Jones

1. Presentation of Independent Audit Results by Richardson & Company, LLP, Certified Public Accountants - Fiscal Year Ending June 30, 2021 (W & R)

Ms. Silva introduced Ingrid Shepline from Richardson & Company, LLP, and explained that they conducted the independent audit of the District's financials for fiscal year ending June 30, 2021. Ms. Shepline provided the committee with their agenda, the Governance Letter, and the Management Letter. A copy of each document will be attached to the meeting minutes. In addition, staff provided the committee with the Annual Comprehensive Financial Report (ACFR). The ACFR is available online under the District's Annual Comprehensive Financial Reports webpage.

Ms. Shepline reviewed the Audit Presentation Agenda and informed the committee that they have issued an unmodified opinion on the financial statements (clean), there were no material weaknesses to report regarding internal controls, and that the District has complied with laws and contracts that are material to the financials.

Ms. Shepline reviewed the Governance Letter and informed the committee that there were no audit adjustments, and that there were no difficulties in performing the audit and no unusual accounting practices. She commended staff for their accounting skills stating that under *Corrected and Uncorrected Misstatements* there were no adjustments noted during the course of their audit which is very rare.

Ms. Shepline reviewed the Management Letter and informed the committee that there were no internal control weaknesses. She mentioned that the last audit noted that there was one recommendation for improvement, which was to reevaluate whether retail capital facility fees currently collected are for future expansion. She explained that the District conducted a retail capital facility fee study and completed the Retail Water Master Plan, but the fee study will not be adopted until the Proposition 218 rate process is complete in January 2022.

2. Wholesale Water Rate Fee Schedule Revision (W)

Ms. Silva reviewed a staff report which will be attached to the meeting minutes. She reported that the wholesale customer agencies were sent the required 150-day Notice of Proposed Changes in Rates in August 2021, and no direct comments were received from them. She explained that the recommended action does not change the total fees, just the allocation of the quarterly service charges amongst the wholesale customers. This action simply updates the allocation of the fixed quarterly charge based on the rolling five-year average of water use for the five years ending June 30, 2021.

The Finance Committee recommends approval of the revisions to the Wholesale Water Rate Fee Schedule, effective January 1, 2022, to adjust the allocation of the fixed quarterly service charge.

3. Review General Manager Reimbursements (W & R)

There was no reimbursement request from the General Manager.

4. Review Check Register from December 2021 (W & R)

The committee reviewed the December 2021 check register and found them to be in order.

5. Review Legal Bills (W & R)

The committee reviewed the legal bills.

6. Other Finance Matters (W & R)

There were no other matters discussed.

7. Public Comment

There were no public comments.

The meeting was adjourned at 4:42 p.m.

SAN JUAN WATER DISTRICT
FINANCE COMMITTEE
AUDIT PRESENTATION AGENDA

January 25, 2022

Presentation by Richardson & Company, LLP of the results of the audit, including the following communications required by Generally Accepted Auditing Standards:

Reports issued

- Auditor's opinion
- Report on internal control and compliance
- Governance (required communications) letter
- Management letter with recommendations

Independent auditor's report (pages 1 to 3)

- Unmodified (clean) opinion
- Financials are management's responsibility
- Reference to Note J, difference of opinion among actuaries, not a qualified opinion
- Financials prepared on accrual basis, different from budgetary reporting

Financial Highlights

- Unrestricted net position of \$27.9 million (page 14)
- Water sales increased \$1 million—increased retail sale (rate and consumption increase) (page 15)
- Expenses increased \$341,000—relatively stable
- Increased capital revenue of \$1.7 million—Capital facility related to new constructions of \$1.4 million
- Net income of \$6.4 million, compared to \$1.5 million in 2020 (page 15)
- Note C—Capital asset expenditures of \$6.7 million, funded from reserves (page 28)
- Note H—Breakdown of reserves, including \$23.4 million of capital reserves (page 32)
- Note I—Pension plan assumptions, liability increased \$866,000 (pages 33 to 37)
- Note J—OPEB assumptions, liability decreased \$2141,000 (pages 37 to 41)

Internal Control and Compliance report (CAFR pages 80 to 81)

- No weaknesses in internal control
- Complied with laws, contracts material to financials

Governance letter

- Accounting estimates
 - Depreciable lives and methods used to depreciate cap assets
 - Pension and OPEB liabilities
 - Pension liability of \$3.3million, based on 2020 valuation
 - OPEB liability of \$3.0 million based on 2020 actuarial valuation

Audit adjustments

- No adjustments as a result of our audit
- Accounting records are clean
- No difficulties in performing the audit and no unusual accounting practices

Management letter

- No internal control weaknesses
- Areas for improvement identified
- Reevaluate whether capacity fees currently collected are for future expansion, once the retail capital facility fee study is completed



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GOVERNANCE LETTER

To the Board of Directors
San Juan Water District
Granite Bay, California

We have audited the financial statements of the San Juan Water District (the District) for the year ended June 30, 2021, and have issued our report thereon dated December 15, 2021. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards*

As stated in our engagement letter dated April 28, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. No internal control weaknesses were noted as a result of our audit.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated April 28, 2017.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

We noted no transaction entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives and method used to depreciate capital assets and the accruals for postemployment and pension benefits. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The accrual for postemployment and pension benefits was determined by actuarial valuations, which are required to be performed by a District-contracted actuarial every two years for postemployment benefits and by CalPERS every year for pension benefits.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the following:

- Information on the District's pension plan, including the District's share of the unfunded pension liability, is shown in Note I. The District's share of the unfunded pension liability at June 30, 2020, the most recent measurement date, was \$3,322,197, which is reflected as a liability in the District's financial statements as of June 30, 2021. As a result of the changes in the net pension liability and related deferred inflows and outflows, the District's pension expense is \$984,060, not including contributions to the plan.
- The postemployment benefit (OPEB) disclosure in Note J shows that the District's share of the unfunded OPEB liability at June 30, 2020, the most recent measurement date, was \$2,985,927 which is reflected as a liability in the District's financial statements as of June 30, 2021. As a result of the recording of the net OPEB liability and related deferred inflows and outflows, the District's OPEB expense is \$(344,026), not including contributions to the trust and retiree premium payments, primarily to record changes in the net OPEB liability and deferred outflows and inflows. In calculating the District's OPEB liability, the District's actuary applied Section 3.7.7(c)4 of the Actuarial Standard of Practice No. 6, as revised, and determined age-adjusted healthcare premiums were not necessary in the computation of the net OPEB liability. Many other actuaries consider it necessary under actuarial standards to use age-adjusted premiums in the computation of the OPEB liability. Had age-adjusted premiums been used, the District's OPEB liability would have been significantly larger. This is an apparent lack of consensus in the industry that was disclosed in Note J to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No adjustments were noted during the course of our audit.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2021.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants, other than consultation with another firm regarding the accounting for various agreements and contracts.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) as reported in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on separate wholesale and retail financial statements listed in the table of contents, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide and assurance on it.

We were engaged to report on the introductory and statistical sections, which accompany the financial statements but are not Required Supplementary Information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

December 15, 2021



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MANAGEMENT LETTER

To the Board of Directors and Management
San Juan Water District
Granite Bay, California

In planning and performing our audit of the financial statements of the San Juan Water District (the District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given those limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However, during our prior year audit, we became aware of the following matters that have been included in this letter for your consideration:

Capacity Fees

Currently the capacity fees collected under Government Code Section 66013(d) and (e) are assumed to be applied against capital costs incurred in prior years. In the prior year, it was determined that the Retail Capital Facility Fees should not be updated until the District's completion of the next Retail Water Master Plan. We recommend that the District implement the recommendations of the consultant to update the capital facilities fee calculation at least once every three to five years and complete the Retail Capital Facility Fees Study. In the current year, the District conducted a retail capital facility fee study and completed the Retail Water Master Plan, but the fee study will not be adopted until a Proposition 218 rate process is complete.

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To the Board of Directors
San Juan Water District
Page 2

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than the specified parties.

Richardson & Company, LLP

December 15, 2021